

From:	Report	
	Subject	Credit Appraisal & Monitoring -Personal Loans-Specific Issues
	Date	
	Circulation	

Specific issues in respect of Credit Appraisal & Monitoring of Personal Issues.

Sr. No.	Specific Issues:	Action
	Sec. 49 Loan:	
1	Board of Directors should approve the scheme loan and should specify following points: Maximum Loan per employee, Max. Limit for the company, rate of interest, eligibility, margin, processing charges, moratorium, repayment period, purpose, NOC from other co-op. institution, share linkage, open ended / close ended scheme, supporting papers to be obtained from borrowers, relaxation of service period, age, net take home pay etc	
2	The accounts of the company for last 3 years should be scrutinized with special reference to Sales growth, profitability, outside loans, Debt-equity ratio, number of permanent staff, salary level, Trade union disturbance, dividend, reputation in the market, credit report from their bankers, location, product, order input, Qualifications in Audit Report, Contingent liabilities, Arrears of statutory payments, Director's report etc.	
3	Accounts of the company should be obtained every year till loan is repaid.	
4	Undertaking from the employer to deduct the loan installment and remit the same to Bank duly signed by authorized official should be kept on record.	
5	The said undertaking should also confirm that company will send intimation to Bank in case of retirement, resignation, termination, retrenchment, VRS, close down, lock out, strike etc. and should agree to settle the dues of the staff in above cases after recovery of balance loan amount.	
6	Loan installment deducted by employer should be remitted to Bank either by local cheque or demand draft. Mode of remittance of cheque/DD by post, courier and hand delivery or to be collected by bank should also be informed.	
7	Salary certificate of last 2 years should be taken on record to decide the loan amount.	
8	OT, Special allowance, Shift allowance should be ignored for working out loan eligibility.	
9	Xerox of Salary slip should be obtained on half yearly basis after loan is disbursed to confirm that employee has not again availed	

	any loan from other bank, credit society etc.	
10	Supporting papers in support of utilization of loan for the purpose for which it was granted should be obtained.	
11	If not, actual expenditure statement & undertaking / certificate should be obtained from borrower confirming the utilization of loan for the purpose for which it was sanctioned.	
12	The branch should keep record of receipt of loan installment cheque from the company. In case of delay the matter should be brought to the notice of HO for further action.	
13	Loan recovery should be credited to individual loan account immediately on realization of cheque / DD.	
14	Due date of first installment should be properly recorded in the computer loan limit master otherwise the loan will be shown as overdue from 1 st installment itself.	
15	Goodwill visit should be made periodically depending upon circumstances of each case. Track should also be kept of industry in which the company operates.	
16	Attempt should be made to canvass our Loan & Deposit products during our visit to factory / office.	
17	Duly acknowledged copy of Loan installment deduction letter along with authority to employer should be kept on record.	
18	EMI should be arrived at after considering the date first installment.	
19	Maximum period of repayment should be kept at 60 months.	