LOANS, PSL, NPA
AND
RECOVERY POLICY

The Janata Co-operative Bank Ltd.

THE JANATA CO-OPERATIVE BANK LTD.
H.O.32, Netaji Subhash Marg, Darya Ganj, New Delhi-110 002
Telephones: 23256272-74, E-mail: ho-manager@janatabank.in

S.No.	Topic Area	Page #
1	Mission Statement	1
2	The Objectives of the Loan Policy	1-2
3	Exposure Norms	2-4
4	Inter-Bank Exposure Limit	4-5
5	Statutory Restrictions	5
6	Regulatory Restrictions	5-8
7	Targets Under Priority Sector	8
8	Targets/Sub-Targets for Priority Sector	8
9	Education	8
10	Housing	9
11	Weaker Sections	9-10
12	Priority Sector Lending Certificates (PSLCS)	10
13	Monitoring of Priority Sector Lending Targets	10
14	Non-Achievement of Priority Sector Targets	10-11
15	Income Recognition, Asset Classification And Provisioning	11-12
16	Classification As Special Mention Account (SMA)	12-13
17	Non-Performing Assets (NPA)	13-15
18	Provisioning Norms	15-17
19	Exchange of Credit Information	17-18
20	Valuation of properties	18
21	Responsibility and Accountability of Bank Managers	19
22	Empanelment of Independent Valuers	19
23	Net Worth Certificate	19
24	Security Interest Act	19
25	Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act.2002	19
26	Linking of share holding to borrowing	19
27	Interest Application	20
28	Credit Administration	21-23
29	Implementation of Best Practices	23-24
30	Loan Rules and General Terms and Conditions	25-48
31	Maximum Ceiling on Advances To Nominal Members	48
32	General Terms and conditions	49
33	Recovery Procedure	49-50
34	Conclusion	51

The Jaora Co-operative Bank Ltd.

THE JANATA CO-OPERATIVE BANK LTD.

H.O.32, Netaji Subhash Marg, Darya Ganj, New Delhi-110 002
Telephones : 23256273-74, 23256272
E.mail : ho-manager@janatabank.in

LOAN POLICY DOCUMENT

LOANS, PSL, NPA AND RECOVERY POLICY

The Loan and Recovery Policy in vogue has been reviewed by the Loan Sub-Committee taking into consideration the guidelines/circulars issued by Reserve Bank of India from time to time and approved by the BoM/Board of Directors in its meeting held on 25.08.2026/ 31.08.2026 vide Resolution No.A.1(c)(ii).

Bank is to provide credit facilities as a policy to its members mainly for trade, Commerce and Industry, construction and repair of houses, purchase of durable consumer goods and other consumption/ceremonial purposes, to cater to the credit needs of small artisans, self employed persons (medical practitioners, chartered accountants, engineers etc.) Small Traders, Micro, Small & Medium Enterprises (MSME), Transport Operators and other weaker sections of the society. While making advances, the Bank should satisfy about the normal safeguards such as, sources and adequacy of the income of the borrower for regular repayment, nature of the security offered and standard of borrower. Bank should also satisfy about the economic viability and technical feasibility of the project proposed to be financed. Loan against banks own Fixed Deposits, NSC/LIC Policies may be given to Non-Members also.

1. MISSION STATEMENT

The Mission Statement of the Loan Policy is to :-

a) Formulate credit risk management parameters to identify, measure, monitor and control various risks.
b) Strengthen credit appraisal and monitoring system
c) Create and sustain healthy loan portfolio
d) Diversify loan portfolio to non traditional areas
e) Maximise return on capital

2. THE OBJECTIVES OF THE LOAN POLICY

a) To define clearly the strategies to distribute credit to different sectors of the economy equitably as far as possible, taking into account, the performance of the sector, NPA management and social obligation.

b) To strengthen the credit monitoring system so that there is continuous monitoring of the borrowal accounts with a view to contain NPAs and keep the loan portfolio healthy.

c) To Build up a qualitatively good, yielding but sound credit portfolio with more focus on retail segments.

d) To explore ways and means to accelerate income generation through fee based income in the present scenario of squeezed margins in the interest income by developing more consumer related products and through increased focus on non fund based business.

e) To evolve strategies to improve systems and procedures, sharpen skills and develop human resources in the field of credit administration & management.

f) To provide adequate delegation of authority at all levels to exposures and avoid asset concentrations.

g) To formulate a policy on standards for loan collateral's.

h) To evolve systems and procedures for portfolio management, loan review mechanism risk monitoring and evaluation.

i) To formulate policy on pricing of loans.

3. EXPOSURE NORMS

Limit on Exposure to Single and Group Borrowers/Traders

Exposure Ceiling to Individual /Group of Borrowers

The maximum exposure to single borrower/party does not exceed 15% Tire- I Capital and the group of connected borrowers/parties does not exceed 25% of the capital funds. Capital funds for the purpose of exposure norms would comprises Tier – I capital only. The exposure ceiling be conducted every year after finalization and audit of balance sheet of the bank i.e. as on 31st March of each previous year and with the approval of the Board of Directors.

a) The exposure for the purpose shall comprise credit exposure (loan and advances) which includes :

i) funded and non-funded credit limits and underwriting and similar commitments,

ii) facilities extended by way of equipment leasing and hire purchase financing, and

iii) ad hoc limits sanctioned to the borrowers to meet the contingencies.

b) Credit exposure shall not include loans and advances granted against the security of bank's own term deposits.

c) The sanctioned limit or outstanding whichever is higher shall be reckoned for arriving at credit exposure limit. Further, in case of fully drawn term loans, where there is no scope of re-drawal of any portion of the sanctioned limit, bank may reckon the outstanding for arriving at credit exposure limit.

d) In respect of non-funded credit limit, 100% of such limit or outstanding, whichever is higher, need be taken into account for the purpose.

e) The level of individual bank's share Consortium / Multiple Banking / Syndication shall be governed by single borrower / group exposure.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

f) Exposure ceiling for Individuals and Group of Borrowers as per RBI Circular No.DOR.CRE.REC.No.14/07.10.002/2025-26 dated April 1st, 2025 Urban Co-operative Banks are required to fix with the approval of their Board of Directors Exposure ceiling in relation to bank's capital funds which should not exceed 15% of the Capital Funds to an individual borrower and 25% of the capital funds to group of borrowers. Capital Funds for the purpose of exposure norms which comprises Tier 1 Capital only of the Bank as on 31st March, 2026 which is as under :

Capital Funds	Rs. in lacs	
TIER I CAPITAL		
(i) Paid up Capital	508.54	
Less: Intangible assets and losses	-----	
Net paid up capital	508.54	508.54
(ii) Reserves & Surplus		
1. Statutory reserves	849.45	
2. Capital reserves		
3. Other reserves		
i) Building Fund	167.98	
4. Surplus in profit and loss account	49.47	
Total Reserves and Surplus	1066.90	1066.90
TOTAL TIER I CAPITAL		**1575.44**

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

The Maximum Exposure to an individual borrower should not exceed 15% of the Tier-I capital funds i.e. Rs.236.32 Lakh (15% of Rs.1575.44 Lakh) and 25% of the capital funds to group of borrowers i.e. Rs.393.86 Lakh (25% of Rs.1575.44 Lakh). On the basis of the above Tier-I capital funds it is decided to fix Maximum Exposure of **Rs.230.00 Lakh** to an individual borrower and **Rs.385.00 Lakh** to group of borrowers for the year 2026-2027.

Credit exposure shall include funded and non funded credit limits, adhoc limit sanctioned to the borrower to meet the contingencies. Credit Exposure should not include loan and advances credited against the security of banks own deposits.

The Aggregate exposure of the Bank to residential mortgages (housing loans to individuals) other than those eligible to be classified as Priority Sector, shall not exceed 25% to its total loans and advances Rs.10,761.58 Lakh as on 31.03.2026 and aggregate exposure of the Bank to commercial Real Estate sector, excluding housing loans to individuals shall not exceed 5% of the total loans and advances.

g) The Bank is having deposit base more than 100 crores and is under Tier 2 category. The Bank may extend individual housing loans up to a maximum of Rs.140.00 lakh per dwelling unit subject to extant prudential exposure limits.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

h) Working capital loans given by the Bank against hypothecation of construction materials provided to the contractors who undertake comparatively small construction on their own without receiving advance payments is exempted from the prescribed limit.

i) The bank is not permitted to exceed the limit prescribed for grant of housing, real estate, commercial real estate loans to the extent of funds obtained from higher financing agencies and refinance from National Housing Bank.

j) **Small value loans**

Bank shall have at least 50 per cent of their aggregate loans and advances comprising of Small Value Loans, i.e., loans of value not more than ₹25 lakh or 0.4 per cent of their Tier-I capital, whichever is higher, subject to a ceiling of ₹3 crore per borrower. Board of Bank, however, shall periodically review the portfolio behavior and quality under different loan size categories and where necessary, may consider fixing lower ceilings. Notwithstanding the above bank shall adhere to the exposure limits.

4. INTER-BANK EXPOSURE LIMIT

A) Prudential Inter-bank (Gross) Exposure Limit

The total amount of deposits placed by the Bank with other banks (inter-bank) for all purposes including call money / notice money, and deposits, if any, placed for availing clearing facility, CSGL facility, currency chest facility, remittance facility and non-fund based facilities like Bank Guarantee (BG), Letter of Credit (LC), etc shall not exceed 20% of its total deposit liabilities as on March 31 of the previous year. The balances held in deposit accounts with commercial banks and in permitted scheduled banks and investments in Certificate of Deposits issued by commercial banks, being inter bank exposures, will be included in this 20% limit.

B) Prudential Inter-bank Counter Party Limit

Within the prudential inter-bank (gross) exposure limit, deposits with any single bank should not exceed 5% of the depositing bank's total deposit liabilities as on March 31 of the previous year.

C) Investment (Non-SLR Securities)

a) Investments in non-SLR securities should be limited to 10% of a bank's total deposits as on March 31 of the previous year.

b) Investments in unlisted securities should not exceed 10% of the total non-SLR investments at any time. Where bank have already exceeded the said limit, no incremental investment in such securities will be permitted. Investment in Non-SLR debt securities (both primary and secondary market) by Bank where the security is proposed to be listed in the Exchange(s) may be considered as investment in listed security at the time of making investment. However, if such security is not listed within the period specified, the same will be reckoned for the 10% limit specified for unlisted Non-SLR securities. In case such investments included under unlisted Non-SLR securities lead to breach of 10% limit, Bank would not be allowed to make fresh investments in Non-SLR securities till its investment in unlisted securities is brought within the limit of 10%.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

c) All investments as above will be subject to the prescribed prudential individual / group exposure limits.

d) All fresh investments under Non-SLR category should be classified under Held for Trading (HFT)/Available for Sale (AFS) categories only and marked to market. However, investment by Bank in the long term bonds issued by companies engaged in executing infrastructure projects and having a minimum residual maturity of seven years may be classified under HTM category.

e) The limits prescribed at a) and b) above for investment in Non-SLR/ unlisted securities may be exceeded, if it becomes necessary to do so for acquiring membership in Market Infrastructure Companies such as Clearing Corporation of India Ltd., National Payment Corporation of India and Society for World Wide Inter-Bank Financial Tele-Communication (SWIFT) etc.

5. STATUTORY RESTRICTIONS

A. Advances against Bank's Own Shares

In terms of Section 20(1)(a) of the Banking Regulation Act 1949 (As Applicable to Co-operative Societies), the bank is prohibited to grant loans and advances on the security of its own shares.

B. Restrictions on Power to Remit Debts

Section 20A(1) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) stipulates that the bank shall not, except with the prior approval of the Reserve Bank, remit in whole or in part any debt due to it by

a) any of its past or present directors, or

b) any firm or company in which any of its directors is interested as director, partner, managing agent or guarantor, or

c) any individual, if any of its directors is his partner or guarantor.

In terms of Section 20A(2) of the said Act, any remission made in contravention of the provisions of sub-section (1) above shall be void and of no effect.

6. REGULATORY RESTRICTIONS

A. ADVANCES TO DIRECTORS AND THEIR RELATIVES

a) The bank have been prohibited to make, provide or renew either secured or unsecured loans and advances or or extend any other financial accommodation to its directors or their relatives, and the firms / companies/concerns in which they are interested (collectively called as "director related loans"). Further, the directors or their relatives or the firms / companies / concerns in which the directors or their relatives are interested shall also not stand as surety / guarantor to the loans and advances or any other financial accommodation sanctioned by the bank. 'Advances' for the purpose shall include all types of funded / working capital limits such as cash credits, overdrafts, credit cards, etc.

b) The following categories of director related loans are exempted from the purview of the above instructions.

i) Regular employee-related loans to staff directors on the Board of Bank;

ii) Loans to directors and their relatives against Fixed Deposits and Life Insurance policies standing in their own name.

iii)Normal employee-related loans to Managing Directors/Chief Executive Officers of the bank;

(iv)Loans to Directors and their relatives against Government Securities, Fixed Deposits and Life Insurance policies standing in their own name.

c) Bank is required to submit information pertaining to loans and advances granted to their directors and relatives for each quarter end (i.e. 31 March, 30 June, 30 September and 31 December) in the Performa given in Annex 1, to the Head Office of the bank for transmission to concerned Regional Office of the Department of Supervision(CB), RBI within fifteen days from the close of the respective quarter.

d) Concerns in which a director of a primary co-operative bank or his relative is interested shall mean –



i) proprietary concerns / partnership firms (including Hindu Undivided Family), concerns and association of persons in which a director of the bank or his relative is interested as proprietor / partner / co-parcener;

ii) private / public limited companies, where a director of the bank is a guarantor for repayment of loans and advances granted to the company.

e) The 'relative' of a director of the bank shall mean any relative of a director of the bank as indicated hereunder :

f) The word "relative" shall have the meaning as under :

A person shall be deemed to be a relative of another, if and only if :-

i) They are members of a Hindu Undivided Family; or
ii) They are husband and wife; or
iii) The one is related to the other (or vice-versa) in the manner indicated below: List of relatives

(a) Father (including step-father)
(b) Mother (including step-mother)
(c) Son (including step-son)
(d) Son's wife
(e) Daughter (including step-daughter)
(f) Daughter's husband
(g) Brother (including step-brother)
(h) Brother's wife
(i) Sister (including step-sister)
(j) Sister's husband

B. Bank Finance to Stock Brokers

Bank is prohibited from extending any fund based or non fund based credit facilities, whether secured or unsecured, to stockbrokers against shares and debentures / bonds, or other securities, such as fixed deposits, LIC policies etc. Bank Is not permitted to extend any facilities to commodity brokers. This would include issue of guarantee on their behalf.



C. **Bank Finance against Preference Shares and Long Term (Subordinated) Deposits**

The Bank shall not invest in Perpetual Non cumulative Preference Shares (Tier I), other Preference shares (Tier II) such as Perpetual Cumulative Preference Shares, Redeemable Non Cumulative Preference Shares, Redeemable Cumulative Preference Shares and also in Long Term (Subordinated) Deposits (Tier II) issued by other banks; nor should they grant advances against the security of the above instruments issued by them or other banks.

D. **Advances against Fixed Deposit Receipts (FDRs) Issued by Other Banks**

The bank is not allowed to sanction an advance against the Fixed Deposit Receipts/term deposits issued by other banks.

E. **Bank Finance to Non-Banking Financial Companies (NBFCs)**

The Bank shall not finance non banking finance companies including those engaged in hire - purchase/leasing.

F. **Advances against pledge of Gold / Silver Ornaments**

The Bank shall not finance against pledge of gold/silver ornaments in order to mitigate the inherent risks.

G. **Grant of Loans for Acquisition of/Investing in Small Savings Instruments including Kisan Vikas Patras (KVP) :**

The bank shall not sanction loans for acquisition of/investing in small savings instruments including KVPs.

H. **Lending to Public Sector Undertakings**

The bank shall not grant large value loans to Public Sector / Government Undertakings.

I. **Bridge Loans / Interim Finance**

The bank shall not entertain any proposal for bridge loan/interim finance including that against capital / debentures issues and / or in the form of loans of a bridging nature, pending raising of long term funds from the market by way of capital, deposits etc. from all the categories of non-banking financial companies.

J. **Restriction on advances to defaulters of statutory dues**

According to the law, any provident fund contributions that have been deducted from employees' wages but remain unpaid to the Commissioner for more than six months will have the highest priority as a first charge on the assets of the employer, in the event that the borrowing employer becomes insolvent or is being wound up.

Therefore, Branch Manager/Branch Incharge shall satisfy himself that there are no arrears of Provident Fund and other statutory dues of the borrowers by obtaining a declaration from them that all such dues have been duly paid. Proof in this regard may be called for only in cases where banks have reason to doubt the borrowers' declaration. Even where a proof is required, it is not necessary to insist on a certificate from the Regional Provident Fund Commissioner; production of a receipt evidencing the payment of the dues or a certificate from the auditors of the borrower or any other similar proof may be considered sufficient. In the case of stressed borrowers where there are arrears for reasons beyond the control of the borrowers, banks may continue to consider such cases on merits.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

K. FINANCING FOR AGRICULTURAL ACTIVITIES

The bank is permitted to finance agricultural activities under priority sector subject to the following conditions:

a) The Bank would provide direct finance only to members (no nominal members) and not through any agency like primary agricultural credit societies and primary land development banks etc.,

b) Credit shall be extended only after obtaining 'no dues certificate' from the existing credit agencies in the area, and

c) Bank should follow the scales of finance and obtain security as per guideline issued by RBI / NABARD.

7. TARGETS UNDER PRIORITY SECTOR LENDING

The targets under priority sector lending is linked to Adjusted Net Bank Credit (ANBC) while calculating Adjusted Net Bank Credit bank subtract prudential write off. Investments or any other items which are treated as eligible for classification under priority sector target/sub-target achievement, shall also form part of Adjusted Net Bank Credit. For the purpose of calculation of Credit Equivalent of off-balance sheet exposures, bank may use current exposure method. Inter-bank exposures (CEO BSE) including inter-bank off-balance sheet exposures will not be taken into account for the purpose of priority sector lending targets / sub-targets.

8. TARGETS/SUB-TARGETS FOR PRIORITY SECTOR

a) The targets and sub-targets set under priority sector lending, to be computed on the basis of the ANBC/CEOBSE2 as applicable as on the corresponding date of the preceding year, are as below:

The priority sector lending targets for bank shall be as follows:

Categories	Targets as a percentage of ANBC or CEOBSE, whichever is higher
Total Priority Sector	60%
Micro Enterprises	7.5%
Advances to Weaker Sections	12%

9. EDUCATION

Loans to individuals for educational purposes, including vocational courses, not exceeding ₹25 lakh will be considered as eligible for priority sector classification.

10. HOUSING

A. Bank loans to Housing sector as per limits prescribed below are eligible for priority sector classification:

a) Loans to individuals for purchase/construction of a dwelling unit per family subject to the following limits:

Category	Loan Limit	Maximum Cost of Dwelling Unit
Centers with population of 50 lakh and above (NCT of Delhi comes under this category)	50	63

b) Housing loans to bank's own employees will not be eligible for classification under the priority sector.

c) Housing loans which are backed by long term bonds shall not be classified under priority sector, as they are exempted from inclusion in ANBC. Investments made by bank in bonds issued by NHB/HUDCO on or after April 1, 2007 shall not be eligible for classification under priority sector.

B. Loans for repairs to damaged dwelling units shall be eligible for priority sector classification subject to the following limits:

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

Category	Loan Limit	Maximum Cost of Dwelling Unit
Centers with population of 50 lakh and above (NCT of Delhi comes under this category)	15	63

C. Bank loans to any governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers subject to dwelling units with carpet area of not more than 60 sq.m.

D. Bank loans for affordable housing projects using at least 50% of FAR/FSI for dwelling units with carpet area of not more than 60 sq.m.

E.. Outstanding deposits with NHB on account of priority sector shortfall

11. WEAKER SECTIONS

a) Priority sector loans to the following borrowers will be considered as lending to Weaker Sections (overlapping category):

(i)	Small and Marginal Farmers
(ii)	Artisans, village and cottage industries where individual credit limits do not exceed ₹2 lakh
(iii)	Beneficiaries under Government Sponsored Schemes such as National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM) and Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)
(iv)	Scheduled Castes and Scheduled Tribes

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

(v)	Beneficiaries of Differential Rate of Interest (DRI) scheme
(vi)	Self Help Groups/Joint Liability Groups
(vii)	Individuals and individual members of SHGs/JLGs, satisfying criteria as prescribed in Master Direction on Regulatory Framework for Microfinance Loans Directions, dated March 14, 2022
(viii)	Individual women beneficiaries up to ₹2 lakh per borrower (the limit of '₹2 lakh per borrower' is not applicable to Bank)
(ix)	Distressed farmers indebted to non-institutional lenders
(x)	Distressed persons other than farmers, with loan amount not exceeding ₹1 lakh per borrower to prepay their debt to non-institutional lenders
(xi)	Persons with disabilities
(xii)	Transgenders
(xiii	Minority communities

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

b) Overdraft availed by PMJDY account holders as per limits and conditions prescribed by Department of Financial Services, Ministry of Finance from time to time may be classified under loans to Weaker Sections.

c) In States, where one of the minority communities notified is, in fact, in majority, item (xiii) will cover only the other notified minorities. These States/Union Territories are Punjab, Meghalaya, Mizoram, Nagaland, Lakshadweep and Jammu & Kashmir.

12. PRIORITY SECTOR LENDING CERTIFICATES (PSLCS)

Bank is permitted to purchase/sell PSLCs in terms of Reserve Bank of India guidelines on Priority Sector Lending Certificates issued vide Circular FIDD.CO.Plan.BC.23/ 04.09.001/2015-16 dated April 7, 2016 read with Circular FIDD.CO.PSD.BC.No.12/ 04.09.001/2024-25 dated March 24, 2025. The net nominal value of the PSLCs issued and purchased will be eligible for classification under the respective priority sector categories provided the underlying assets originated by banks are eligible to be classified as priority sector advances.

13. MONITORING OF PRIORITY SECTOR LENDING TARGETS

a) To ensure continuous flow of credit to priority sectors, the compliance of bank will be monitored on a calendar quarter basis.

b) The data on priority sector advances shall be furnished by bank at quarterly and annual intervals as per the respective reporting format, within fifteen days and one month, respectively from the end of each quarter and financial year.

14. NON-ACHIEVEMENT OF PRIORITY SECTOR TARGETS

a) In case of shortfall in priority sector lending vis-à-vis the prescribed target/sub-targets shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) and other funds with NABARD/NHB/ SIDBI/MUDRA Ltd., as directed by the Reserve Bank from time to time.

b) While computing priority sector target achievement, shortfall/excess lending for each quarter will be monitored separately. A simple average of all quarters will be arrived at and considered for computation of overall shortfall/excess at the end of the year. The same method will be followed for calculating the achievement of priority sector sub-targets.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

c) The interest rates payable to banks for their contribution to RIDF and other funds shall be as follows:

S. No.	Shortfall in overall priority sector lending target	Deposit Rates
1	Less than 5 percentage points	Bank Rate minus 2 percentage points
2	5 and above, but less than 10 percentage points	Bank Rate minus 3 percentage points
3	10 percentage points and above	Bank Rate minus 4 percentage points

Further, in case of no shortfall in overall PSL target but shortfall in any sub-target, interest rate of Bank Rate minus 2 percentage points will apply.

d) The mis-classifications in PSL, if any, identified by the Reserve Bank's Department of Supervision (DoS) will be adjusted from the PSL achievement of the relevant year, to which the amount of misclassification pertains, and shortfall will be allocated to various funds in the subsequent years.

15. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING

A. Prudence in Lending and Consumer Education

A branch shall comply with the following instructions in respect of all loans sanctioned on or after December 31, 2021:

a) The exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of dates of classification as special mention account (SMA) / non-performing asset (NPA), etc. shall be clearly specified in the loan agreement.



b) The borrower shall be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan.

c) In cases of loan facilities with moratorium on payment of principal and/or interest, the exact date of commencement of repayment shall also be specified in the loan agreements.

B. The bank shall apply the following principles in respect of working capital accounts sanctioned by them:

a) Drawings in the working capital accounts are covered by the adequacy of current assets;

b) Drawing power shall be arrived at based on the stock statement which is current;

c) Notwithstanding sub-paragraph (B), considering the difficulties of large borrowers, stock statements relied upon by a bank for determining drawing power should not be older than three months;

d) The outstanding in the account based on drawing power calculated from stock statements older than three months, shall be deemed as irregular.



C. In case of constraints such as non-availability of financial statements and other data from the borrowers, the bank shall furnish evidence to show that renewal/ review of credit limits is already on and would be completed soon.

D. The branch shall strictly adhere to the Board approved policy on methodology and periodicity for review / renewal of credit facilities within the overall regulatory guidelines.

E. The branch shall avoid frequent and repeated *ad-hoc* / short review / renewal of credit facilities without justifiable reasons.

F. The branch shall capture all the data relating to regular as well as *ad-hoc* / short review / renewal of credit facilities in its core banking systems / management information systems and make the same available for scrutiny as and when required by any audit or inspection by Auditors / the Reserve Bank. Further, the processes governing review / renewal of credit facilities shall be brought under the scope of concurrent / internal audit / internal control mechanism of the bank.

G. The branch shall implement the following instructions for increasing awareness among the borrowers:

a) place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, special mention account and non-performing asset classification and upgradation, with specific reference to day-end process;

b) consider displaying such consumer education literature in its branches by means of posters and / or other appropriate media;

c) ensure that front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction / disbursal / renewal of loans.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

16. CLASSIFICATION AS SPECIAL MENTION ACCOUNT (SMA)

a) The circular DOR.STR.REC.205/21.04.048/2025-26 dated November 28, 2025 on Special Mention Account(SMA) – SMA is an account which is exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of debt obligations, though the account has not yet been classified as NPA. As early recognition of such accounts enables banks to initiate timely remedial actions to prevent their potential slippages into NPAs, Bank shall classify loans/advances accounts as SMA, as under:

SMA Sub-categories	**Basis for classification** Principal or interest payment or any other amount wholly or partially overdue for
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

In case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows:

SMA Sub-categories	**Basis for classification**
	Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

17. NON-PERFORMING ASSETS (NPA)

A. Classification of Assets as Non-Performing

a) A non-performing asset is a loan or an advance where :

i) Interest and / or installment of principal remain overdue1 for a period of more than 90 days in respect of a Term Loan.

ii) The account remains **'out of order'2** , in respect of an Overdraft / Cash Credit (OD/CC) and all other loan products being offered as an overdraft facility, including those not meant for business purposes and/or which entail interest repayments as the only credits.

iii) working capital borrowal account where irregular drawings are permitted in the account for a continuous period of 90 days;

iv) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.

v) an account where the regular / ad-hoc credit limits have not been reviewed or have not been renewed within 90 days from the due date / date of ad-hoc sanction;

vi) Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

b) The exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. should be clearly specified in the loan agreement and the borrower should be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan.

c) identification of assets as NPAs should be done on an ongoing basis

i) The system should ensure that identification of NPAs is done on an on-going basis and accounts are classified as NPA immediately, as soon as they turn into NPA as per the guidelines contained in this circular, without waiting till the end of quarter/financial year. Bank should also make provisions for NPAs as at the end of each calendar quarter i.e. as at the end of March / June / September / December, so that the income and expenditure account for the respective quarters as well as the P&L account and balance sheet for the year end reflects the provision made for NPAs.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

ii) The borrower accounts shall be flagged as overdue by bank as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

B. **Treatment of accounts as NPAs**

a) Record of Recovery

The treatment of an asset as NPA should be based on the record of recovery. Bank should not treat an advance as NPA merely due to existence of some deficiencies which are temporary in nature such as non-availability of adequate drawing power, balance outstanding exceeding the limit, non-submission of stock statements and the non-renewal of the limits on the due date, etc. Where there is a threat of loss, or the recoverability of the advances is in doubt, the asset should be treated as NPA.

b) Accounts regularised near about the balance sheet date

i) The asset classification of borrowal accounts where a solitary or a few credits are recorded before the balance sheet date shall be handled with care and without scope for subjectivity.



ii) Where the account indicates inherent weakness on the basis of the data available, the account shall be deemed as NPA.

iii) In other genuine cases, a bank shall furnish satisfactory evidence to the Statutory Auditors/Inspecting Officers about the manner of regularisation of the account to eliminate doubts on their performing status.

c) Treatment of NPAs - Borrower-wise and not Facility-wise

In respect of a borrower having more than one facility with a bank, all the facilities granted by the bank will have to be treated as NPA and not the particular facility or part thereof which has become irregular/NPA.

d) Housing Loan to Staff

In the case of housing loan or similar advances granted to staff members where interest is payable after recovery of principal, interest need not be considered as overdue from the first month onwards. Such loans / advances should be classified as NPA only when there is a default in repayment of installment of principal or payment of interest on the respective due dates.

e) Categories of non-performing assets

i) A bank shall classify its NPAs further into 'substandard assets'; 'doubtful assets' and 'loss assets'.



ii) In the case of an NPA classified as substandard asset, the current net worth of the borrowers / guarantors or the current market value of the security charged is not enough to ensure recovery of the dues to the bank in full. Such assets will have well defined credit weaknesses that jeopardise the liquidation of the debt and are characterised by the distinct possibility that the bank will sustain some loss, if deficiencies are not corrected.

iii) A loan classified as doubtful has all the weaknesses inherent as that classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

iv) A loss asset is considered un-collectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

v) Classification of assets into above categories should be done taking into account the degree of well-defined credit weaknesses.



vi) Notwithstanding paragraph 38, in respect of accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers, the asset should be straightaway classified as doubtful or loss asset as appropriate.

18. PROVISIONING NORMS

A. Norms for Provisioning on Loans & Advances

a) In conformity with the prudential norms, provisions should be made on the non-performing assets on the basis of classification of assets into prescribed categories.

b) Taking into account the time lag between an account becoming doubtful of recovery, its recognition as such, the realisation of the security and the erosion over time in the value of security charged to the bank, the bank should make provision against loss assets, doubtful assets, sub-standard assets and standard assets as below :

i) Loss Assets

(a) The entire assets should be written off after obtaining necessary approval from the competent authority and as per the provisions of the Co-operative Societies Act / Rules. If the assets are permitted to remain in the books for any reason, 100 per cent of the outstanding should be provided for.

ii) Provisions on Standard Assets

(a) The standard asset provisioning norms applicable as categorized under the revised regulatory framework, shall be as under :

(i) Direct advances to agriculture and SME sectors which are standard, shall attract a uniform provisioning requirement of 0.25 percent of the funded outstanding on a portfolio basis.



(ii) Advances to commercial real estate (CRE) sector which are standard shall attract a uniform provisioning requirement of 1.00 percent of the funded outstanding on a portfolio basis.

(iii) Advances to commercial real estate – residential housing sector which are standard, provision requirement shall be 0.75 percent.

(iv) For all other advances, bank shall maintain a uniform general standard asset provision of a minimum of 0.40 per cent of the funded outstanding on a portfolio basis.

(b) The standard asset provisioning requirements are summarized as under:

Category of Standard Asset	**Rate of Provisioning**
	Tier II
Direct advances to Agriculture and SME sectors	0.25 %
Commercial Real Estate (CRE) sector	1.00 %
Commercial Real Estate-Residential Housing Sector (CRE-RH)	0.75%
All other loans and advances not included in (a) and (b) above	0.40%

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ. NEW DELHI

(c) The provisions towards "standard assets" need not be netted from gross advances but shown separately as "Contingent Provision against Standard Assets" under "Other Funds and Reserves.

(d) In case bank is already maintaining excess provision than what is required/ prescribed by Statutory Auditor / RBI Inspection for impaired credits under Bad and Doubtful Debt Reserve, additional provision required for Standard Assets may be segregated from Bad and Doubtful Debt Reserve and the same may be parked under the head "Contingent Provisions against Standard Assets" with the approval of their Board of Directors. Shortfall if any, on this account may be made good in the normal course.

(e) The above contingent provision will be eligible for inclusion in Tier II capital.

iii) **Sub-standard Assets**

A general provision of 10 per cent on total outstanding should be made.

iv) **Doubtful Assets**

(a) Provision should be for 100 per cent of the extent to which the advance is not covered by the realisable value of the security to which the bank has a valid recourse should be made and the realizable value is estimated on a realistic basis.

(b) In regard to the **secured portion**, provision may be made on the following basis, at the rates ranging from 20 per cent to 100 per cent of the secured portion depending upon the period for which the asset has remained doubtful:

THE JANATA CO-OP BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Tier I and Tier II Banks

Period for which the advance has remained in 'doubtful' category	Provision Requirement
Up to one year	20 per cent
One to three years	30 per cent
Advances classified as 'doubtful for more than three years' on or after April 1, 2010	100rcent

B. Disclosure of Information and Monitoring of Defaulting Borrowers

a) The bank is required to submit the quarterly list of suit filed accounts of ₹1 crore and above, classified as doubtful or loss, to CIBIL and / or any other credit information company which has obtained Certificate of Registration (CoR) from RBI and of which the BANK is a member.

b) The bank is required to submit the list of suit filed accounts of wilful defaulters of ₹25 lakh and above as at the end of quarter March, June, September and December to CIBIL and / or any other credit information company which has obtained.

19. EXCHANGE OF CREDIT INFORMATION

A. Membership of Credit Information Companies (CICs)

The bank has already obtained membership of the following 4 Credit Information Companies for furnishing Credit Information to the CICs and other regulatory measures. The cases admitted with National Company Law Tribunal (NCLT)/ National Company Law Appellate Tribunal (NCLAT) under the Insolvency and Bankruptcy Code, 2016 are also required to be reported to CICs under the suit-filed cases.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ. NEW DELHI

S.No.	List of the CICs
1	CRIF High Mark Credit Information Services Private Limited
2	Equifax Credit Information Services Private Limited
3	Experian Credit Information Company of India Private Limited
4	TransUnion CIBIL Limited

B. Reporting timelines and updation

The bank shall keep the credit information collected / maintained by it, updated regularly on the following basis or at shorter intervals as mutually agreed upon between the bank and CIC:

a) The bank shall submit credit information as on 9th, 16th, 23rd and last day of the month (hereinafter referred to as the reference dates) to CICs.

b) The bank shall submit the full file containing credit information records as on the last day of the month to the CICs, by 5th day of the next month. Full file for this purpose shall include all active accounts in the books of the bank and the accounts wherein relationship between the borrower and the bankhas ended since the last reporting reference date.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

c) For other submissions during the month, i.e., credit information records as on 9th, 16th and 23rd day of the month, the bank shall only furnish 'incremental accounts' to CICs. The bank shall submit such credit information to CICs within four (4) calendar days from the above-mentioned dates. Incremental accounts for this purpose shall include details in respect of the following accounts:

i) Accounts opened since the last reporting reference date;

ii) Accounts wherein the relationship between the borrower and the bank has ended since the last reporting reference date;

iii) Accounts where there is a change from the last reporting reference date because of any action/ transaction initiated by the borrower, and the same shall include instances of repayment, change in outstanding balance, updates in demographic details, related party, guarantors, ownership of account, account type; and

iv) Accounts where interest and / or instalment of principal is overdue

Explanation: Accounts with change only in days past due from the last reporting reference date shall also form part of the reporting.

d) An illustration on timelines for reporting is given as under :

Illustration on the timelines for reporting credit information

	Credit Information to be reported as on date	CIs to share data with CICs by	CICs to ingest and share rectification report with CIs by	CIs to share rectification in rejected data with CICs by
Day of the month	9th	13th	16th	20th
	16th	20th	23rd	27th
	23rd	27th	30th	5th of the next month
	Last day of month	5th of the next month	8th of next month	13th of the next month

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

20. VALUATION OF PROPERTIES

Valuation should be done by professionally independent valuer approved by the Board of Directors.

a) The valuation should be done by professionally qualified independent i.e. the valuer should not have a direct or indirect interest.

b) The bank should obtain minimum two Independent Valuation Reports for properties valued at Rs.50.00 crore or above.

c) The revaluation of the properties should be conducted by the approved independent valuers from the empanelment once in every three years.

d) The bank should maintain a separate registrar for valuation of properties

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

21. RESPONSIBILITY AND ACCOUNTABILITY OF BANK MANAGERS

a) The Bank Branch Head/Incharge should take appropriate steps to review and tighten their internal administration and control measures so as to eliminate the scope for misuse/diversion of funds and malpractices.

b) Bank should take serious view of instances of misuse of power, corruption and other malpractices indulged by the members of staff and erring staff members should be given punishments befitting the seriousness of the irregularity. Quick disposal of enquiries by the bank and award of deterrent punishment would be necessary in all such cases.

c) Responsibility and Accountability of staff for any lapse in slippage of standard assets to Non Performing Assets as per RBI Guidelines be fixed on the concerned officials.

22. EMPANELMENT OF INDEPENDENT VALUERS

a) The valuer should be atleast Civil Engineer, Professionally Govt. approved registered valuer u/s 34 AB of W.T. Act. for valuation of land and building.

b) The bank should maintain a register of approved list of valuers.

23. NET WORTH CERTIFICATE

Networth certificate of the borrower certified by Chartered Accountant should be obtained for loan and advance of Rs.50.00 Lakh & above in case of Business Loan/Overdraft/Cash Credit Limit.

24. SECURITY INTEREST ACT.

Notwithstanding anything contained in section 69 or section 69A of the Transfer of Property Act, 1882 (4 of 1882), any security interest created in favour of any secured creditor may be enforced, without the intervention of the court or tribunal, by the bank in accordance with the provisions of this Act.

25. SECURITIZATION & RECONSTRUCTION OF FINANCIAL ASSETS & ENFORCEMENT OF SECURITY INTEREST ACT.2002

The Government of India by its notification No.S.O.E.105(e) dated 28th January 2003 has made applicable the provisions of the Securitization & Reconstruction of Financial Assets & Enforcement's of Security Act to Urban Co-operative Banks. As the provisions of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act.2002 are also applicable to Urban Co-operative Banks, the Bank can make the best use of above stated laws provided to them for recovering their dues and thus reducing their NPAs.

26. LINKING OF SHARE HOLDING TO BORROWING:

It is mandatory for borrowers of the bank to subscribe to the shares of the bank to the extent of 2.5 - 5.0 per cent of their borrowings. However, the Bank is maintaining minimum capital of risk weighted assets ratio (CRAR) of 14.25% and a Tier 1 CRAR of 12.58% as per the latest audited financial statements and the last CRAR as assessed by RBI during the last statutory inspection as on 31.03.2023. Therefore, linkage of share holding to borrowing be 5% for Unsecured Advances and 2.5% for Secured Advances subject to maximum of Rs.20,000/-.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

27. INTEREST APPLICATION

a) In case of NPAs where interest has not been received for 90 days or more, as a prudential norm, there is no use in debiting the said account by interest accrued and taking this accrued interest amount as income of the bank as the said interest is not being received. It is simultaneously desirable to show such accrued interest separately or park in a separate account so that interest receivable on such NPA account is computed and shown as such, though not accounted as income of the bank for the period.

b) The interest accrued in respect of performing assets may be taken to income account as the interest is reasonably expected to be received. However, if interest is not actually received for any reason in these cases and the account is to be treated as an NPA at the close of the subsequent year as per the guidelines, then the amount of interest so taken to income in the corresponding previous year should be reversed or should be provided for in full.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

c) With a view to ensuring uniformity in accounting the accrued interest in respect of both the performing and non-performing assets, the following guidelines may be adopted notwithstanding the existing provisions in the respective State Co-operative Societies Act :

d) Interest accrued in respect of non-performing advances should not be debited to borrowal accounts but shown separately under 'Interest Receivable Account' on the 'Property and Assets' side of the balance sheet and corresponding amount shown under 'Overdue Interest Reserve Account' on the 'Capital and Liabilities' side of the balance sheet.

e) In respect of borrowal accounts, which are treated as performing assets, accrued interest can alternatively be debited to the borrowal account and credited to Interest account and taken to income account. In case the accrued interest in respect of the borrowal account is not actually realised and the account has become NPA as at the close of subsequent year, interest accrued and credited to income account in the corresponding previous year, should be reversed or provided for.

f) The illustrative accounting entries to be passed in respect of accrued interest on both the performing and non-performing advances are indicated in the Annex 3.

g) The overdue interest reserve is not created out of the real or earned income received by the bank and as such, the amounts held in the Overdue Interest Reserve Account cannot be regarded as 'reserve' or a part of the owned funds of the bank and specifically requires the bank to show 'Overdue Interest Reserve' as a distinct item on the 'Capital and Liabilities' side.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

28. CREDIT ADMINISTRATION

A. Rate of Interest

Lending rates are determined by the bank taking into account their cost of funds, transaction costs etc with the approval of their Board from time to time. However, the interest rates charged by the bank are being displayed on the notice board of the branches and website of the bank and also published in Annual Report.

a) Penalty, if charged for non-compliance of material terms and conditions of loan contracted by the borrower shall be treated as penal charges and shall not be levied in the form of penal interest that is added to the rate of interest charged on the advances. There shall be no capitalization of penal charges i.e. no further interest computed on such charges.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

b) **Foreclosure Charges / Prepayment Penalty** – The bank shall not charge foreclosure charges / prepayment penalties on all fixed/floating rate term loans sanctioned to borrowers.

B. Certification of Accounts of Non-Corporate Borrowers by Chartered Accountants

As per the Income Tax Act, 1961, filing of audited balance sheet and Profit & Loss Account is mandatory for certain types of non-corporate entities. Therefore, the bank must insist on the audited financial statements from the borrowers enjoying large limits; since such borrowers would, in any case, be submitting audit certificate to the income-tax authorities, based on audit of their books of accounts by a Chartered Accountant.

C. Sanction of Advances

Irregularities/deficiencies in credit sanction

Bank shall take suitable precautions to avoid irregular practices such as sanctioning advances beyond discretionary powers and / or without proper credit appraisal in order to minimise chances of frauds.

D. Delegation of powers

a) The Chief Executive Officer/Managing Director is authorized to sanction unsecured loans upto Rs.3.00 Lac and Secured Loan for purchase of vehicles upto Rs.10.00 Lac to members of the bank with the approval of the Chairman subject to ratification by the Board of Directors. The Managers of all the branches are authorized to sanction loan against banks own fixed deposits, NSCs/LIC policies and to allow 10% temporary overdraft over and above the sanctioned limit of the credit facilities **for a period of 15-30 days** which shall be reported to the Head Office on monthly basis for ratification by the Board of Directors.

b) The internal inspectors should examine during the course of inspection of branches whether powers have been exercised properly and any unauthorised exercise of powers should immediately be brought to the notice of Head Office. Similarly, sanctions beyond discretionary powers by the Chairman and Chief Executive Officer should also be reported to the Board of Directors.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

E. Monitoring Operations in Loan Accounts

a) Post-Sanction Monitoring

i) It is the primary responsibility of bank/branch head to be vigilant and ensure proper end use of bank funds / monitor the funds flow. It is, therefore, necessary for Branch Manager/Officer-in-charge to ensure that drawals from cash credit / overdraft accounts are strictly for the purpose for which the credit limits are sanctioned.

ii) Post sanction follow-up of loans and advances should be effective so as to ensure that the security obtained from borrowers by way of hypothecation, pledge, etc. are not tampered with in any manner and are adequate.

iii) Accounts showing sign of turning into NPAs: Bank shall put in place more stringent safeguards, especially where accounts show sign of turning into NPAs. In such cases, the Bank shall strengthen their monitoring system by resorting to more frequent inspections of borrowers' godowns, ensuring that sale proceeds are routed through the borrower's accounts maintained with the Bank and insisting on pledge of the stock in place of hypothecation.



F. Responsibility

a) The primary responsibility for preventing misuse of funds rests with the Branch Manager/Branch Head. Bank shall, therefore, take appropriate steps to review and tighten their internal administration and control measures so as to eliminate the scope for misuse / diversion of funds and malpractices.

b) The Branch Manager/Branch Head shall take serious view of instances of misuse of power, corruption and other malpractices indulged by the members of staff and erring staff members shall be given punishments befitting the seriousness of the irregularity.

G. Annual Review of Advances

For an effective monitoring of the advances, The Branch Manager/Officer-in-charge of the branch to undertake an exercise for review of the advances on a regular basis. Apart from the usual objective of such a review of assessing the quality of operation, safety of funds, etc. the review should specifically attempt to make an assessment of the working capital requirements of the borrower based on the latest data available, whether limits continue to be within the need-based requirements and according to the bank's prescribed lending norms. The review note of the advances be submitted to the Head Office on quarterly basis and the Head Office after compliance of the data received from the branches be placed before the loan committee of the Board.

H. Diversion of Funds

The Branch Manager/Officer-in-charge should monitor the end use of funds by the borrowers. Wherever diversion is observed, they should take appropriate action including recalling the loans, reduction of sanctioned limits, charging penal charges etc. to protect the bank's interest. Bank should keep a proper vigil over requests of their clients for cash withdrawals from their accounts for large amounts. Whenever stocks under hypothecation to cash credit and other loan accounts are found to have been sold but the proceeds thereof not credited to the loan account, such action should normally be treated as a fraud. In such cases, bank may take immediate steps to secure the remaining stock so as to prevent further erosion in the value of the available security as also other action as warranted.



I. Diversion of funds would be construed to include any one of the under-noted occurrences :

a) Utilisation of short-term working capital funds for long-term purposes not in conformity with the terms of sanctions;

b) deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned;

c) transferring funds to the subsidiaries / group companies or other corporates by whatever modalities;

d) routing of funds through any bank other than the lender bank or members of consortium without prior permission of the lender;

e) investment in other companies by way of acquiring equities / debt instruments without approval of lenders;

f) shortfall in deployment of funds *vis-à-vis* the amounts disbursed / drawn, and the difference not being accounted for.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

J. Siphoning of funds

Siphoning of funds should be construed to have occurred if any funds borrowed are utilised for purposes unrelated to the operations of the borrower, to the detriment of the financial health of the entity or of the lender. The decision as to whether a particular instance amounts to siphoning of funds would have to be a judgement of the lenders based on objective facts and circumstances of the case.

K. End-use of Funds

The bank Branch Head/Incharge should ensure end use of funds by due diligence and strengthening of their internal control and the credit risk management system to enhance the quality of their loan portfolio.

Following measures should be taken for monitoring and ensuring end-use of funds by the Branch Head/Incharge :

a) Inspection of borrower assets kept as security with the bank once in a year.
b) Scrutiny of borrowers books of accounts and no lien accounts maintained with other banks.
c) Quarterly progress report/operating statement of borrower should be scrutinized.
d) Visits to the financed units once in a year.
e) Stock checking of the financed units once in six months.

29. IMPLEMENTATION OF BEST PRACTICES

a) The Branch Manager/Branch Head should implement the following best practices observed in well-managed bank regarding Management of NPAs and put in place any other practices which would result in better customer service and business development:

i) Establish sound credit appraisal on well-settled banking norms;

THE JANATA CO-OP BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

ii) Prepare detailed and comprehensive format for credit appraisal report for facilitating sound credit granting decisions and post disbursement supervision and follow up;

iii) Diversify loan portfolio in terms of number of borrowers so as to avoid concentration risk;

iv) Encourage small borrowers in view of lower credit risk and consequent higher profitability;

v) Adopt system of market intelligence for deciding the credibility of the borrowers while considering loan proposals;

vi) Factor in quality of credit appraisal while giving ex-gratia incentives to employees annually;

vii) Put in place internal credit rating system for borrowers enjoying fund based credit facilities of ₹10 lakh and above for objective credit pricing on an on-going basis;

viii) Review position of overdue accounts on a weekly basis to arrest slippage of fresh accounts to NPA category;

ix) Follow up chronic NPA accounts at Head Office level directly in addition to the efforts of the branches;

x) Constitute a Committee at Head Office, to review irregular accounts;

xi) Obtain half-yearly balance confirmation certificates from borrowers regularly;

xii) Emphasise reduction in Gross NPAs rather than the Net NPAs;

xiii) Create separate loan review and audit department, by an independent set of personnel to review the sanctioned loans so as to set right irregularities observed;

xiv) The Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), a Government Company licensed under section 8 of the Companies Act 2013 has been incorporated for the purpose of operating and maintaining the Central Registry under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

xv) Transactions relating to securitization and reconstruction of financial assets and those relating to mortgage by deposit of title deeds to secure any loan or advances granted by bank and financial institutions, as defined under the SARFAESI Act, are to be registered in the Central Registry. The records maintained by the Central Registry will be available for search by any lender or any other person desirous of dealing with the property. Availability of such records would prevent frauds involving multiple lending against the security of same property as well as fraudulent sale of property without disclosing the security interest over such property. It may be noted that under the provisions of Section 23 of the SARFAESI Act, every transaction of security interest s required to be filed with the Registry.

xvi) The bank is advised to file the charges relating to all current transactions with CERSAI on an ongoing basis.

30. LOAN RULES AND GENERAL TERMS AND CONDITIONS

a) Advances against Bank own Deposits : -

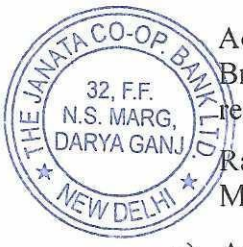
i) Advance can be granted/sanctioned to any person at 1% above the deposit rate with a margin of 5-10% of the deposit.

ii) In case of Demand Loan/Overdraft against third party deposits with the bank, the interest will be charged at the commercial rate fixed by the Board of Directors from time to time.

iii) Demand Loan to staff may be allowed at the rate allowed on the deposit of the staff at 5% margin.

iv) Branch Managers and CEO/MD are authorised to sanction advances/demand loan/ overdraft against the deposits subject to postfacto approval of the Board in their next meeting.

b) Advances against N.S.C :-



Advances against the security of the National Saving Certificates may be granted by the Branch Managers/CEO/MD after getting registered banks lien on the NSCs by the respective post offices.

Rate of Intt.	Commercial
Margin	25-30%

c) Advances against Life Insurance Policies :

i) A Life Insurance Policy, as security, has many attractive features. Firstly it is not subject to market fluctuations in value. Secondly, the loan needs very little supervision and expense. Thirdly, the value of security steadily increases : the longer it is held, the higher will be its value.

ii) The bank may sanction of loans to our members against the security of the Life Insurance Policies upto the 85% of its surrender value, without insisting any surety. The Bank should, however, take certain safeguards and precautions before accepting the insurance policies as security for advances as under :

(i) There are certain policies which cannot be legally assigned and should not be accepted as security by the Banker, for example life policies taken under Section 6 of the married Women's property Act 1874 which constitute a trust in favour of the wife and children are not assignable and hence are not considered as good security.

(ii) The Life Insurance Policies which are operative for less than 8 years should not be generally accepted, because such policies lapse in case of default in payment of premia.

(iii) A policy already assigned by the insured in the name of wife/minors should not be accepted.

(iv) The Bank should prefer endowment policies to whole life policies as there is a definite maturity date in the case of endowment policies.



(v) If the policies offered as security are in the names of persons other than the borrower, the bank should ensure that the borrower has an insurable interest in the life of the assured. Insurable interest is presumed in cases where policies are taken by the husband in the name of his wife or vice versa.

(vi) The Bank should ensure that the polices are kept alive and the premia are paid regularly by the assured.

(vii) The borrower should be advised to produce last premium receipt.

(viii) Age of the insured should have been admitted either on the policy or by a separate letter by the Life Insurance Corporation of India, as otherwise complications might arise in the event of maturity of the policy or death of the assured.

(ix) After preliminary scrutiny of the life policy offered as security, the borrower should be advised to produce a letter from the Life Insurance Corporation of India Indicating the surrender value of the concerned policy.

(x) The Bank should also obtain a declaration from the borrower that the policy is free of charge and that no charge would be created thereon as long as he is indebted to the Bank. He should also declare that he would pay future premia regularly and would not allow the policy to lapse as a measure of precaution, the Bank may obtain an authority letter from the borrower to pay the premia by debit to his loan account if not paid by the borrower before due date.

(xi) An absolute assignment in favour of the Bank duly witnessed should be obtained in a prescribed form. If the policy is in joint names, all concerned should be made of parties to the assignment. The assignment shall normally be made on the insurance policy itself. The insurance policy should then be sent to the Life Insurance Corporation of India for registration of the assignment in its books along with the notice signed by the borrower to the Corporation to the effect that he policy has been assigned in favour of the Bank for valuable consideration. While forwarding the policy and the borrower's notice of assignment the Corporation should once again be requested.

(a) To give the latest surrender value indicating cash bonus

(b) To confirm that the assignment of the policy is registered

(c) To confirm that the premium has been paid upto date and

(d) To confirm that no duplicate policy has been issued in lieu of the one in question.

Advances against life insurance policies are generally granted by way of demand loan/Overdraft.

iii) During the currency of the loan the bank should satisfy itself that the premia are paid regularly. The bank should maintain a due date dairy to watch the payment of premia by the borrower. It should call for premium receipts at least once a year for verification of payment and return the same to the borrower.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

iv)The particulars of policies offered as security should be noted carefully in the securities register. The policies should be kept in envelopes duly sealed, in the custody of a responsible official.

v) The Insurance Policy should be released only on repayment of debt by the borrower. Before releasing the securities the bank should reassign the policies in the name of the borrower and advise the insurance company that it has not interest in the policy.

vi)If the policy matures before the debt is cleared the bank should forward the policy and other required documents to the Corporation and receive the insurance money. Any urplus left after adjusting the loan account should be paid to the borrower. However, before making such payment the bank should make sure that there are no outstanding liabilities to the bank and that the bank has received notice of a second charge.

d) Ceiling on Unsecured advances (with surety and without surety)

Limit on Unsecured advances with or without surety is Rs.5.00 Lakh(Rs.7.50 Lakh w.e.f. 01.10.2026) as Bank is having CRAR more than 9% and DTL above Rs.100 crores.

i) The total unsecured loans and advances (with surety or without surety or for cheque purchase) granted by the Bank to its members should not exceed 10 per cent of its total assets as per the audited balance-sheet as on 31 March of the preceding financial year.

Bank shall not finance a borrower, who is already enjoying credit facilities with another bank, without obtaining a 'NOC' from such financing bank and where the aggregate of the credit facilities enjoyed by the borrower exceeds the ceiling stipulated in the directive for a single party, the prior approval of Reserve Bank of India shall be obtained.

ii) Unsecured advances shall include clean overdrafts, loans against personal security, clean bills or Multani hundies purchased or discounted, cheques purchased and drawals allowed against cheques sent for collection but shall exclude:

(i) advances backed by guarantee of the central or state governments, public sector financial institutions, banks and Deposit Insurance & Credit Guarantee Corporation;

(ii) advances against supply bills drawn on the central or state governments or state owned undertakings which are accompanied by duly authorised inspection notes or receipted challans;

(iii)advances against trust receipts;

(iv)advances against inland D/A bills drawn under letters of credit;

(v) advances against inland D/A bills (even where such bills are not drawn under letters of credit) having a usance of not exceeding 90 days;

(vi)advances granted to salaried employees against personal security, provided that the Co-operative Societies Act of the State concerned contains an obligatory

provision for deduction of periodical loan instalments by the employer out of the employee's salary / wages to meet the bank's claims and provided further that the bank has taken advantages of this provision in respect of each of such advances;

(vii) advances against supply bills drawn on private parties of repute and receipted challans of public limited companies and concerns of repute and not outstanding for more than 90 days;

(viii) advances against book debts which are not outstanding for more than 90 days;

(ix) cheques issued by governments, public corporation and local self governing institutions;

(x) advances in the form of packing credit for exports;

(xi) demand drafts purchased;

(xii) the secured portion of a partly secured advances, and

(xiii) advances against legal assignment of contract moneys due, or to become due.

(xiv) Aggregate Ceiling on Unsecured Advance

(xv) The total unsecured loans and advances (with surety or without surety or for cheque purchase) granted by a bank to its members should not exceed 10 per cent of its total assets as per the audited balance-sheet as on 31 March of the preceding financial year.

Maximum Credit Limit Rs.5,00,000/- (Rs.7,50,000/- w.e.f 01.10.2026)

Repayment Period	50 months
Surety	At least two members of the bank of equal status who has a good and satisfactory record.
Rate of Interest	Rate of interest applicable will be as fixed by the Board/RBI from time to time.
Terms	i. For Govt. employees 12 times of average monthly net salary subject to maximum limit fixed by Board/RBI. ii. for Businessman 10 times of average monthly income from ITR and for others Rs.50,000/- to Rs.1,00,000/- who do not file Income Tax Return have to submit affidavit indicating income or salary certificate on not taxable income. iii. Income will be determined either by salary certificate/ Income Tax Return or by Affidavit in respect of Non-Taxable Income.

THE JANATA CO-OP. BANK LTD. 32. F.F. N.S. MARG, DARYA GANJ NEW DELHI

THE JANATA CO-OP. BANK LTD. 32. F.F. N.S. MARG DARYA GANJ NEW DELHI

Purpose

i. For self, son, daughter, brother/sister marriage.
ii. For family functions and ceremonies.
i. For Medical treatment for self, spouse children and dependant parents on the recommendation of a qualified Medical practioner
v. for higher education of dependants
v. Construction / Additional construction of House.
/i. For business purpose
ii. For Repair & alteration of the House

e) Secured Loans (Individuals) :-

i) <u>Housing Loans</u>

Eligible Category of Borrowers

Bank may grant loans to the following categories of borrowers:

(i) Individuals and co-operative / group housing societies.

(ii) Housing boards undertaking housing projects or schemes for economically weaker sections (EWS), low income groups (LIG) and middle income groups (MIG).

(iii) Owners of houses / flats for extension and up-gradation, including major repairs.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

Eligible Housing Schemes

The borrowers in the above categories will be eligible for finance for the following types of housing schemes:

(i) Construction / purchase of houses / flats / plots for housing by individuals

(ii) Repairs, alterations and additions to houses / flats by individuals

(iii) Schemes for housing and hostels for scheduled castes and scheduled tribes

(iv) Under slum clearance schemes - directly to the slum dwellers on the guarantee of the Government, or indirectly through Statutory Boards established for this purpose

(v) Education, health, social, cultural or other institutions / centres which are part of a housing project and considered necessary for the development of settlements or townships

(vi) Shopping centres, markets and such other centres catering to the day to day needs of the residents of the housing colonies and forming part of a housing project

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Maximum Limit	Rs.1,40,00,000/- (Rupees One Crore Forty Lakhs only) to individuals (Subject to repayment capacity of the borrower) Rs.10,00,000/- (Rupees Ten Lakh only) for carrying out repairs/additions/alteration to their dwelling units.

Period of repayment :

The period of housing loans shall not exceed 20 years, including any moratorium period. Moratorium period in housing loans may be permitted

a) at the option of the beneficiary
b) till completion of the construction,
c) 18 months from the date of first installment of the loan which ever is earlier.

The bank should specify risk management and pricing strategies for housing loans considering *inter alia* the life expectancy of the borrower and the relatively longer duration of these exposures

Moratorium may be allowed only in cases of housing loans extended for under construction houses. Consequently, moratorium shall not be allowed in loans for acquisition of completed houses.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

Rate of Intt.	Rate of interest applicable will be as fixed by the Board/RBI from time to time.
Surety	At least one member of the bank of equal status who has a good and satisfactory record.
Margin	25% to 30 % of the realizable value as certified by the Govt. approved valuer/Architect

Disbursement of loan

(a) In case of acquisition of property the payment of the total balance amount of sale considerations will be made on behalf of the borrower by the bank through Account Payee Pay Order/Demand Draft/RTGS/NEFT in favour of seller directly at the time of execution of Sale Deed before the Sub-Registrar.

(b) In other cases the loan amount shall be disbursed through Account Payee Pay Order by the Bank after being fully satisfied about the genuity of end use by the borrower in accordance with the purpose of loan/limit as stated/declared in the loan application.

(c) In no circumstances loan amount shall be disbursed in cash.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Security

The Immovable property kept as security should be free from encumbrances for which bank should obtain encumbrance certificate for a period of twelve years after scrutiny of relevant records and legal opinion from the legal advisor certifying that the title of the property being good, clear and marketable of the scrutiny of relevant records. The report should be worded in clear and unambiguous term as to the validity of the deed and the legal competence of the borrower to create a mortgage .

Valuation should be done by professionally independent valuer approved by the Board of Directors.

Stamped declaration of ownership must be obtained from the borrower affirming that the property is free from and adverse claims and is not the subject matter of any litigation and

no notice has been received from the municipality, development authorities or any local authority for equitation, encroachment or repair and it is self acquired .

In case of equitable mortgage by deposit of title deeds, the bank should prepare a memorandum of deposit of title deeds by making an entry relating to the transaction of the bank. The memorandum to be recorded should only be a recital or record of the past fact of the deposit and creation of mortgage and should be signed by the person accepting the deposit of title deeds.

Bank shall file/register the current charges relating to all transactions with CERSAI.

Insurance:

The Bank should get the mortgaged building/flat/ insured against fire and other risks, such as, earthquake, riots, strike and civil commotion wherever necessary which must have bank clause.

The loan for construction of residential/commercial properties will be released in three stages after obtaining a certificate from registered Architect / contractor/ self declaration regarding progress of construction on each stage in the following manner.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

(i) 20% of the loan amount — 1st stage i.e. upto laying the foundation
(ii) 40% of the loan amount — 2nd stage i.e. During constructions in installments.
(iii) 40% of the loan amount — 3rd stage i.e. after completion of structure for finishing activities and interiors.

Documentation:

Demand Promissory Note
Continuity Security Letter
Documents of title to property
Mortgage deed & Term Loan Agreement
Non-encumbrance Certificate
Valuation Report of the Property
Estimate for construction of house.
Letter of lien set-off
Memorandum of Deposits and Title deed (in the case of equitable mortgage)
Original Lease or Deeds (in case of Leasehold property)

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Legal Opinion
Undertaking from the borrower to pay rent, taxes, insurance premium etc.,
Letter of Guarantee from the borrowers and guarantors

Registers

Advance Register
Insurance Register
Property Register
Documentation Register
Inspection Register

(ii) Loan against Vehicle:

Maximum Limit	maximum 90% of ex-showroom price.
Period of repayment	Maximum 8 years.
Rate of Intt.	Rate of interest applicable will be as fixed by the Board/RBI from time to time
Sureties	Two sureties of equal status among the members of the bank.
Margin	minimum 10% of ex-showroom price
MCL	a) The applicant must be income tax assessee for atleast two years. b) 20 Times of monthly income and 50 Times of projected income on commercial vehicle.

Security

Payment must be paid by payees account Pay Order/Demand Draft/RTGS/NEFT in favour of the dealer directly and receipt / invoice be obtained.

Registration on Vahan Portal

The Janata Co-operative Bank Ltd. has been integrated with Vahan for online share of Hypothecation of Termination (HPT) data for registration and auto termination of HP and banks name is appearing on the drop down list for Hypothecation Agreement (HPA).

Insurance

The Vehicle should be comprehensively insured and the policy should be assigned in favour of the bank. The policy shall be renewed on or before the date of expiry by the borrower or by bank if the borrower fails to submit the copy of the renewed insurance policy.
In case of an accident, the borrower should undertake to inform the bank, the insurance company and the police about details of accident and the extent of the damage caused to the Vehicle.

Notes:

The payment be made by Pay Order/Demand Draft/RTGS/NEFT directly to the dealer/manufacturer of vehicle.

The Vehicle should be inspected by the Official of the bank once in a year and the inspection report be kept in the record.

The Bank should obtained Form No. 20, 29, 30,34 and 35 issued by the Regional Transport Authority in duplicate duly executed by the borrower.

Documents:

Demand promissory note
Hypothecation deed
Letter of lien set-off
Registration certificate with bank's lien
Insurance policy with bank clause
Blank forms as mentioned above
Letter of Guarantee from the sureties as well as the borrower.

Books, Register, etc.

Advances register
Inspection Register
Valuation Report
Document Register

(iii) <u>Secured Term Loan to individual/Firms/companies against hypothecation of Machinery.</u>

Maximum Limit	Prudential exposure limit fixed by the Bank for Individual/group of connected borrowers.
Maximum Repayment Period	120 months
Rate of Interest	Rate of interest applicable will be as fixed by the Board/RBI from time to time
Sureties	Minimum one surety of equal status among the existing members of the bank.
Margin	20% to 30% of invoice value and 30% of the realizable value of the immoveable property offered as collateral security
Security	Offered.

Hypothecation of Machinery and Collateral Security of immovable property.

Term loan should be disbursed generally by Pay Order or Demand Draft/RTGS/NEFT directly to the supplier on the basis of invoices so as to ensure end-use of funds. Proper stamp receipt should be obtained and kept in record.

Amount of invoices should be compared with that of the estimate given earlier. Item of Machinery or other fixed assets actually received at the site of the unit should be as per the list of items mentioned in the invoice.

The Immovable property kept as security should be free from encumbrances for which bank should obtain encumbrance certificate for a period of twelve years after scrutiny of relevant records and legal opinion from the legal advisor certifying that the title of the property being good, clear and marketable of the scrutiny of relevant records. The report should be worded in clear and unambiguous term as to the validity of the deed and the legal competence of the borrower to create a mortgage and charge be created with CERSAI.

Valuation should be done by professionally independent valuer approved by the Board of Directors.

Stamped declaration of ownership must be obtained from the borrower affirming that the property is free from and adverse claims and is not the subject matter of any litigation and no notice has been received from the municipality, development authorities or any local authority for equitation, encroachment or repair and it is self acquired .

In case of equitable mortgage by deposit of title deeds, the bank should prepare a memorandum of deposit of title deeds by making an entry relating to the transaction of the bank. The memorandum to be recorded should only be a recital or record of the past fact of the deposit and creation of mortgage and should be signed by the person accepting the deposit of title deeds. The memorandum should not be executed by the borrower as any written memorandum taken from the borrower may require registration under the Indian Registration Act, 1908. Charge be credited with CERSAI.

After disbursement of terms loan post sanctioned inspection should be conducted in ensuring the end-use of satisfactory installation of machinery and working condition thereof.

Inspection of plant and machinery, land and building and other assets should be done periodically once in a year.

The end-use of fund should monitored continuously.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

Insurance:

The Bank should get the hypothecated machinery and the mortgaged building insured against fire and other risks, such as, earthquake, riots, strike and civil commotion wherever necessary which must have bank class.

Documentation:

Demand Promissory Note
Continuity Security Letter
Letter of lien & set-off
Documents of title to property
Hypothecation Agreement/Mortgage deed
Non-encumbrance Certificate
Valuation Report of the Property
Valuation Report/Invoice of Plant and Machinery
Memorandum of Deposits and Title deed (in the case of equitable mortgage)
Original Lease or Deeds (in case of Leasehold property)

THE JANATA CO-OP BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

Legal Opinion
Undertaking from the borrower to pay rent, taxes, insurance premium etc.,
Letter of Guarantees from the individual, proprietor, partners, directors and guarantors

Registers

Advance Register
Insurance Register
Property Register
Documentation Register
Inspection Register

(iv) Cash Credit Limit/Working Capital loan against hypothecation of Goods and Book Debts:

A Cash Credit Limit should be granted to the proprietory concern, partnership firm, company or any other body corporate constituted under law for the time being except co-operative society registered under the Co-operative Societies Act.

(a) Working Capital Requirements

The assessment of working capital requirement of borrowers, requiring fund based working capital limits upto maximum limit fixed by the Board may be made on the basis of their projected annual turnover.

(i) In accordance with these guidelines, the working capital requirement is to be assessed at 25% of the projected turnover to be shared between the borrower and the bank, viz. borrower contributing 5% of the turnover as net working capital (NWC) and bank providing finance at a minimum of 20% of the turnover. Projected turnover may be interpreted as 'Gross Sales' including excise duty.

(ii) The bank may, at their discretion, carry out the assessment based on projected turnover basis or the traditional method. If the credit requirement based on traditional production / processing cycle is higher than the one assessed on projected turnover basis, the same may be sanctioned, as borrower must be financed up to the extent of minimum 20 per cent of their projected annual turnover. The projected annual turnover would be estimated on the basis of annual statements of accounts or other documents such as returns filed with sales-tax / revenue authorities. Actual drawals may be allowed on the basis of drawing power to be determined by the bank after excluding unpaid stocks.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

(iii) Drawals against the limits should be allowed against the usual safeguards including drawing power and it is to be ensured that the same are used for the purpose intended. Bank will have to ensure regular and timely submission of monthly statements of stocks, receivables, etc., by the borrowers and also periodical verification of such statements vis-a-vis physical stocks by their officials.

(iv) Borrowers availing Cash Credit /Overdraft facilities can convert the Cash Credit / Overdraft in term loan with the approval of the Board.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

(v) MAXIMUM CREDIT LIMIT:

The bank should considered the MCL based on commercial judgement and other prudential business within the exposure norms fixed by the Board of Directors of the Bank i.e.maximum upto Rs.230.00 Lacs in case of single borrower/party and Rs.385.00 Lacs in case of connected group of borrowers/parties.

Rate of Intt.	Rate of interest applicable will be as fixed by the Board/RBI from time to time
Margin	Stock-30% Book Debts-40%
Surety	At least one member of the bank of equal status who has a good and satisfactory record.

Security:

Hypothecation of stock of Goods/Book Debts (below 90 days) and additional collateral security of immovable property.

Valuation:

The Bank should carefully ascertain the value of goods hypothecated wherever possible. The value for a particular variety and the price as recorded in the books of the borrower with reference to invoices may be accepted. The stocks should be valued at cost price or market price whichever is lower.

Valuation should be done by professionally independent valuer approved by the Board of Directors.

In case of equitable mortgage by deposit of title deeds, the bank should prepare a memorandum of deposit of title deeds by making an entry relating to the transaction of the bank. The memorandum to be recorded should only be a recital or record of the past fact of the deposit and creation of mortgage and should be signed by the person accepting the deposit of title deeds. The memorandum should not be executed by the borrower as any written memorandum taken from the borrower may require registration under the Indian Registration Act, 1908. Charge be created with CERSAI.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

Creation of charge with CERSAI

Bank should obtain/ascertain from the record of the CERSAI that property to be kept as security has not been already mortgaged by the borrower to any financial institution/bank and bank should create a charge with CERSAI immediately after disbursement of the credit facility.

Non Encumbrance Certificate:

The Immovable property kept as security should be free from encumbrances for which bank should obtain encumbrance certificate for a period of twelve years after scrutiny of relevant records and legal opinion from the legal advisor certifying that the title of the property being good, clear and marketable of the scrutiny of relevant records. The report should be worded in clear and unambiguous term as to the validity of the deed and the legal competence of the borrower to create a mortgage .

THE JANATA CO-OP. BANK LTD. 32, F.F N.S. MARG DARYA GANJ NEW DELHI

Stamped declaration of ownership must be obtained from the borrower affirming that the property is free from and adverse claims and is not the subject matter of any litigation and no notice has been received from the municipality, development authorities or any local authority for equitation, encroachment or repair and it is self acquired .

Insurance:

The Bank should get the mortgaged building/flat/ insured against fire and other risks, such as, earthquake, riots, strike and civil commotion wherever necessary which must have bank clause.

Age of Book Debts:

Bank should not accept the debts which are more than 90 days old for the purpose of calculating drawing power, debts relating to goods returned should be excluded.

Companies Charge

In case of limited companies charge on goods/book debts hypothecated to the Bank should be registered with the Registrar of Companies and that there are no subsisting prior charges

Bank's name Board

The Bank's name Board should be displayed prominently on the premises to serve as a notice to the public about the bank's charge on stock.

Stock Statement

The borrower should be directed to submit stock statements on monthly basis showing the purchases and sales during the period to which the statement relates showing the quantity, rate and value of stock at the end of the period. Such statement should be carefully scrutinize to assess the market value/cost price and the receipt of such statement should be recorded in a Register and should be filled separately in chronological order, If the borrower fails to submit such statement he should be reminded and if necessary his further debit operation be suspended till stock statement is received.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

Inspection of Stock/Book Debts:

Atleast once a year inspection of Stock of goods/Book Debts and other securities should be conducted by Officer from Branches/controlling offices. Observations of the visiting officer and compliance thereof should necessary find place in the every renewal/enhancement proposal of the borrower.

It should be ensured that quality and quantity of the stock are correct and in accordance with the entries in the record and the stock shown do not include damage/unsalable/obsolete/old goods. While inspecting the Book Debts, age wise and value wise valuation of debtors, reason for non-payment of old debts if any and verification of debtors with records, should be done.

The inspecting officer should verify whether rates given are based on cost price/market rate/invoice value less rebate/discount whichever is lessor.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

The Goods should be adequately covered by insurance against fire and other necessary risk. The Officer should enquire whether all premia of insurance policies must have been paid and the policies are enforce.

The Immovable property kept as collateral security should be free from encumbrances, for which bank should obtain encumbrance certificate for a period of twelve years and also scrutiny and legal opinion from the legal advisor certifying that the title of the property being good, clear and marketable after scrutiny of relevant records. The report should be worded in clear and unambiguous term as to the validity of the deed and the legal competence of the borrower to create a mortgage .

Valuation should be done by professionally independent valuer approved by the Board of Directors.

A stamped declaration of ownership must be obtained from the borrower affirming that the property is free from and adverse claims and is not the subject matter of any litigation and no notice has been received from the municipality, development authorities or any local authority for equitation, encroachment or repair and it is self acquired.

In case of equitable mortgage by deposit of title deeds, the bank should prepare a memorandum of deposit of title deeds by making an entry relating to the transaction of the bank. The memorandum to be recorded should only be a recital or record of the past fact of the deposit and creation of mortgage and should be signed by the person accepting the deposit of title deeds.

The control returns received from the branches should be scrutinized thoroughly and time remedial steps should be initiated without fail. Any irregularity in the borrower accounts like exceeding of sanctioned limit/drawing power, dishonour of cheque, non-submission of statement/return etc should be dealt with promptly with proper follow up.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

Documentation:

Demand Promissory Note
Continuity Security Letter
Letter of Lien and set-off
Documents of title to property
Hypothecation Agreement/Mortgage deed
Declaration of ownership of goods and prior encumbrances
Non-encumbrance Certificate
Valuation Report of the Property
Memorandum of Deposits and Title deed (in the case of equitable mortgage)
Original Lease or Deeds (in case of Leasehold property)
Legal Opinion
Undertaking from the borrower to pay rent, taxes, insurance premium etc.,
Letter of Guarantees from the individual, proprietor, partners, directors and guarantors
Letter of authority to pay debts directly to the Bank
Undertaking to submit Invoices in duplicate(in respect of future debts)

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

Books & Registeres

Hypothecation Register
Drawing Power Register
Market Price Register
Balance confirmation Register
Insurance Register
Monthly statement of Book Debts with age wise classification
Monthly stock statement Register
Property Register
Documentation Register
Inspection Register

(vi) Term Loan/Overdraft Facilities/business loan Against Immovable Property

(a) Eligibility : -

(a) Borrower should be a regular Member/Associate Member of the Bank and should be a resident of National Capital Territory of Delhi.

(b) Borrower should be suitably employed or having own business activities in National Capital Territory of Delhi.

(c) Borrower should be mentally and physically sound in health and should enjoy good credibility and have sufficient means to repay the loan/overdraft amount.

(b) Purposes : -

(a) To acquire Additions and alterations/construction of residential/commercial property in an authorized area ;

(b) For enhancement of business activities;

(c) For Higher Education of Children/Sister/Brother in reputed preformed/technical institutions in India lawfully established and recognized by the Government.

(d) And for such purposes not specifically restricted by the RBI.

(c) Conditions : -

i. Loan/Limit can be considered for sanction against the property/properties which are having clear marketable title either in the name of the borrower, spouse, parents singly or jointly;

ii. The property under consideration should be located in the Government approved areas.

iii. No Term Loan, OD Limit shall be granted against collateral security of property which has been located in non approved areas of the National Capital Territory of Delhi and where interest of minor is involved.

iv. Loan/Limit facility shall not be granted against mortgage of agriculture land;

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ. NEW DELHI

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYA GANJ NEW DELHI

v. For salaried persons the applicant should either be employed in Government/Semi Government Departments or employed in reputed national/multinational private companies/firms where he has completed at least five years of continuous regular service and preferably having Income Tax Return for the last threee years.

vi. Self employed/business persons should be engaged in a profession or the business for a minimum period of three years which will be judged on the basis of Income Tax Return with details of income computation for the last three years.

vii. Preference will be given to the existing borrower who had been regular good pay master in repayment of earlier loan;

viii. Members availing loans for the first time from the bank would be required to submit their Current/Savings Bank Account Statement from the Bank they are currently dealing with.

ix. A statement duly authenticated by authorized signatories would be required for the previous loan if availed of from his/her earlier lending financial institution.

x. The OD limit/term loan shall be considered on furnishing two sureties of equal status.

xi. No Term Loan/OD against collateral security of property which has been bought on special/general Power of Attorney shall be considered.

xii. In case of new business/project proposal of the bank will decide about the sanction of loan/limit after studying the viability of the projected proposal.

xiii. In no case loan/limit can be granted for un-productive and speculative purpose such as trading in shares/securities, lotteries and/or for booking of shares in future projects of companies.

xiv. An undertaking/declaration be obtained from the borrower that he/she is not availing credit facility from any other bank/financial institution.

(d) Limit

The maximum limit of loan/limit will be decided by the lowest amount of the following options :

i. Upto a maximum exposure fixed by the Board of Directors of the Bank in accordance with the directives issued by Reserve Bank of India from time to time to a single borrower/party and group of connected borrowers/parties taking into account the repaying capacity of the borrower.

ii. Term Loan/Overdraft facilities against immoveable property shall be granted upto 60 - 70% of the realizable value of the property duly certified by the registered valuer or circle rate of the area which ever is higher.

iii. EMI should not preferably exceed to 50% of the applicant's net income.

iv. Clubbing of stable and regular family income can be considered in specified cases.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

(e) Disbursement of loan

i. In case of acquisition of property the payment of the total balance amount of sale considerations will be made on behalf of the borrower by the bank through Account Payee Pay Order/Demand Draft/RTGS/NEFT in favour of seller directly at the time of execution of Sale Deed before the Sub-Registrar.

ii. In other cases the loan amount shall be disbursed through Account Payee Pay Order by the Bank after being fully satisfied about the genuinely of end use by the borrower in accordance with the purpose of loan/limit as stated/declared in the loan application.

iii. In no circumstances loan amount shall be disbursed in cash.

(f) End Use of Loan

i. After disbursement of loan amount, the concerned branch Managers/Incharge will obtain a certificate from the borrower that he has duly utilized the loan amount for the purpose of stated/declared in the loan application.

ii. The concerned Branch Manager/Incharge will certify that the loan amount has fully been utilized for the given purpose after inspection carried out relevant assets/documents.

iii. The Branch Manager/Incharge shall be responsible for maintaining a proper record of completion/compliance of post loan disbursement formalities in a property prescribed register for monitoring.

(g)Time Limit for repayment of Loan

i. The borrower will be allowed maximum 180 monthly installments for repayment of Term Loans including moratorium or repayment holiday.

a. The moratorium or repayment holiday may be granted at the option of the beneficiary till completion of construction, or 18 month from the date of disbursement of first installment of the loan whichever is earlier.

b. The installments should be fixed on a realistic bases taking into account the repaying capacity of the borrower.

ii. The loan for construction of residential/commercial properties will be released in three stages after obtaining a certificate from registered Architect / contractor/ self declaration regarding progress of construction on each stage in the following manner.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

(i) 20% of the loan amount 1st stage i.e. upto laying the foundation
(ii) 40% of the loan amount 2nd stage i.e. During constructions in installments.
(iii) 40% of the loan amount 3rd stage i.e. after completion of structure for finishing activities and interiors.

(h) The OD limit will be allowed for an initial period of one year and further renewal will be subjected to satisfactory operations, matching turnover and conduct of the account to the satisfaction of the Bank/RBI.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

(i) **Rate of Interest**

The rate of interest will be charged at monthly rests at the rate prevalent at the time of sanction of the limit/loan which will be subject to change by Bank from time to time.

(j) **Security**

i. The OD Limit/Term Loan will be allowed against registered/equitable mortgage of the property of the borrower singly or jointly in names of the family members. In the case of joint property, a registered partition deed duly executed earmarking clearly demarcated/separated/divided portion of each share of the property of each co owner shall be submitted alongwith the papers of the mortgaged property.

a. The property papers should be mortgaged in favour of the Bank.

b. Two sureties of equal/better financial status will have to be furnished by the borrower.

c. Charge be created with CERSAI.

d. Preference will be given to sureties who are Government servants.

e. All the original papers alongwith the chain of title deeds, if any, related to the property will be kept in the custody of the Bank.

f. If Bank feels the necessity of additional surety to safeguard its interest then the applicant may be asked to furnish an additional surety of son/spouse.

g. Clear, free and unrestricted marketable title report and non-encumbrance certificate from the advocate. A valuation report from the government approved valuer be obtained which should clearly mentioned its sale/reliable circle value in his opinion and also the status of its occupancy/possession of the property.

h. In case of construction of the building, the applicant has to give an undertaking that he/she will submit to the bank the insurance risk cover under construction risk category with name of the bank as joint insurer. The construction risk cover has to be submitted to the bank before the start of construction work.

i. After the construction work of the building is completed the said insurance risk of the building be got converted against the fire, s pecial perils, earthquake, terrorism and flood, lighting etc. with bank's clause.

i. The cost of obtaining the clear marketable title verification, non encumbrance certificate valuation report, preparation of mortgage deed and insurance cover of the building will have to be borne by the applicant.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

j. Latest salary certificate of the borrower/sureties in case the applicant and the sureties are in service may/will be verified by the bank official from the employer. A Balance Sheet/Profit & Loss Account/Trading Account for the last three years giving date and head-wise details of Sundry Debtors and Sundry Creditors outstanding for more than 90 days duly audited by the Chartered Accountant with the registration and telephone Number of CA Firm be submitted by the businessman applicant.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

k. If the applicant is businessman he has to submit Income Tax Return, GST Return for last 3 years.

l. Photo copy of the PAN of the applicant is required in all cases.

m. In case of construction of the building a copy of the approved plan by competent authority alongwith complete construction estimate is to be submitted by the applicant.

n. A copy of the Agreement, if any, between the applicant and Architect/Contractor is to be submitted to the Bank in case of turn key project.

(k) Documents to be obtained from intending borrower

i. A report stating nature of business working project report with cash inflow and outflow alongwith the margin money is to be submitted.

ii. NOC from other banks where the applicant has his account should be submitted to the Bank.

iii. No Dues Certificate as regards government liabilities/dues/payments is to be submitted by the borrower.

iv. A certificate along with proof of utilization of loan by the borrower/applicant is to be submitted to the Bank that he has fully utilized the loan/limit amount for the purpose stated/declared in the request application.

v. Copy of latest House Tax assessment receipt is to be submitted by the applicant if it is already build up house and intended to be mortgaged with the Bank.

vi. A copy of the last paid electricity/water bills in respect of the building intended be mortgaged with the Bank are required to be submitted.

vii. A copy of the Adhar Card and PAN Card of the applicant should be submitted to the Bank.

viii. An undertaking from the borrower authorizing the Bank to debit charges for insurance cover of residential/business properties, inspection and visits by Bank officials to the business premises to his/her account maintained in the bank without any prior notice/intimation to the borrower in the event of non submission and non compliance of bank requirements in time.

ix. A Declaration/undertaking should be taken from the borrower that the funds will be utilized for the purpose applied for and had not taken credit facility from any other financial institution's and bank's.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

x. **In case of Proprietorship concern :**

a. declaration of proprietorship
b. Passport/PAN Card/Voter I Card/Driving Licence/Adhar Card
c. Telephone Bill, Bank Account Statement, Electricity Bill

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

xi. **In case of Partnership firm borrowers :**

a. Partnership firms registration certificate, if registered
b. Partnership deed
c. Power of Attorney granted to partner or employee of the firm to transact business on its behalf
d. Any officially valid documents identifying the partners and the persons holding the Power of Attorney and their address.
e. Telephone bill in the name of the firm/partners
f. All the partners should be the regular member of the bank and firm should be associate member of the bank.

xii. **In case of Companies borrowers**

(a) Certificate of Incorporation, Memorandum and Articles of Association
(b) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account.
(c) Power of Attorney granted to its managers, officers or employees to transact the business on its behalf.
(d) Charge to be created after the disbursement of OD/Term Loan with the Registrar of Companies.
(e) All the Directors should be the regular member of the Bank and company should be associate member of the bank.

xiii. Documents to be executed obtained by the Borrower with the Bank

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

(a) Demand Promissory Note
(b) Continuity Security Letter
(c) Original documents of title of property with complete chain
(d) Mortgage Deed & Term Loan Agreement
(e) Non-encumbrance Certificate
(f) Valuation Report of the Property
(g) Estimate for construction of house
(h) Letter of Lien set-off
(i) Memorandum of Deposits and Title Deed (in the case of equitable mortgage)
(j) Original Lease or Deeds (in case of Leasehold property) and NOC from the - Allotment Authority.
(k) Legal Opinion
(l) Undertaking from the borrower to pay rent, taxes, insurances premium etc.,
(m) Letter of Guarantees from the individual and guarantors
(n) An affidavit from the borrower containing debt acknowledgement, Non-encumbrance declaration, consent and delivery and mortgaging the property to the Bank.
(o) Affidavit cum Undertaking by the borrower that the construction/modification has been/will be undertaken strictly in accordance with the plans sanctioned by the Competent Authorities.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

(xiv) **Educational Loan**

1. **Objective & purposes**

The education loan scheme aims at providing financial support from the bank to the deserving/meritorious students for pursuing higher education in India and Abroad. The main emphasis is that every meritorious student is provided with an opportunity to pursue education with the financial support on affordable terms and conditions.

(a) Expenses considered for loan
(b) Fee payable to College/school/hostel.
(c) Examination /Library/Laboratory fee.
(d) Purchase of Books/Equipments/Instruments/Uniform.
(e) Caution deposit/building fund/refundable deposit supported by institution bill & receipts.
(f) Travel expenses/passage money for studies in abroad.
(g) Purchase of computer/laptop essential for completion of course.
(h) Any other expenses required to complete the course like study tour, project work, thesis etc.
(i) As per brochure /demand and letter from the Institution.

2. **Eligibility criteria**

i. **Student Eligibility**

(i) Should be member of the bank.
(ii) Student should have secured admission to the higher education courses in recognised universities/institutions in India and Abroad after completion of higher secondary courses (10 + 2 or equivalent).
(iii) Good Academic carrier.
(iv) The student should not have outstanding education loan from any other institution.
(v) Father/Mother should be co-borrower & should also be members of the bank.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

ii. Eligible Courses

Approved courses leading to graduate/post graduate degree and Post Graduate Diplomas conducted by recognised colleges/ universities in India and Abroad.

c) Quantum of Finance

(a) Need based finance subject to earning potential of student on completion of the course with following ceilings.

(i) Studies in India - Maximum Limit is Rs. 40.00 Lakhs
(ii) Studies in Abroad - Maximum Limit is Rs.100.00 Lakhs

ii.Margin
(i) Studies in India - 5%
(ii) Studies in Abroad - 10%

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYA GANJ NEW DELHI

d) Security

The security should be in the form of land/building/Public Sector Bonds/National Saving Certificates/Life Insurance Policies/Banks own term deposits etc. in the name of the student/ parents/guardian/guarantors with suitable margin.

e) Sureties

Minimum two sureties from the bonafide members of the bank.

f) Rate of interest

(i) Studies in India : As decided by the board from time to time.
(ii) Studies in Abroad : As decided by the board from time to time.

g) Repayment

(i) Repayment period - 10 years after commencement of repayment
(ii) Repayment Holiday/Moratorium - Course Period + one year
(iii) or the co-borrower/guardian has the option to repay the principal alongwth interest on regular basis.

h) Disbursement

The Interest accrued during the Moratorium period shall be added to the principal and shall be repayable alongwith principal or the same may be repaid as and when due at the option of the borrower.

i) Other Conditions

Loan shall be disbursed in stages as per requirement/demand, directly to the Institution/ vendors of the books/equipments/ instruments to the extent possible

The loan shall be disbursed in joint name of the student and father/mother. The borrower Undertake to execute borrower's consent note on getting gainful employment authorising the prospective employer to remit to the bank the amount of monthly installment of loan or any other sum of money as and when demanded by the bank, by debiting to his/her salary. The borrower has to undertake that he/she will intimate any change of his/her address to the bank immediately. The borrower should also undertake that he/she shall inform the bank about the completion of course of studies and securing employment immediately.

j) Charge

Charges be credited with CERSAI.

k) Bank charges

Bank charges shall be charged as per bank's policy on service charges.

(ji) Bank Guarantee

i. **Purpose :**

Bank may issue only financial guarantees and not performance guarantees,

ii. **Maturity :**

Guarantees should be for relatively short time maturities and should not, in any case, be issued for periods exceeding ten years.

iii. **Volume :**

Total volume of the Guarantee obligation outstanding at any time shall not exceed 5% of the total assets of the bank as per previous financial year's balance sheet.

iv. **Secured Guarantees**

Bank should preferably issue secured guarantees. A secured guarantee means a guarantee made on the security of assets (including cash margin), the market value of which will not at any time be less than the amount of the contingent liability on the guarantee, or a guarantee fully covered by counter guarantee/s of the Central Government, State Governments, public sector financial institutions and / or insurance companies.

v. **Unsecured Guarantees**

The bank is not allowed to issue unsecured guarantees.

vi. **Safeguards in Issuance of Guarantees**

While issuing financial guarantees, bank should observe the following safeguards :

(a) Bank guarantees should be issued in security forms serially numbered to prevent issuance of fake guarantees.

(b) Guarantees above a particular cut off point, as may be decided by each bank, should be issued under two signatures in triplicate, one copy each for the branch, beneficiary and Controlling Office / Head Office. It should be binding on the part of the beneficiary to seek confirmation of the Head Office as well for which a specific stipulation be incorporated in the guarantee itself.

(c) The guarantees should not normally be allowed to the customers who do not enjoy credit facilities with the bank but only maintain current accounts. If any requests are received from such customers, the bank should subject the proposals to thorough scrutiny and satisfy themselves about the genuine need of the customers. Bank should be satisfied that the customers would be in a position to meet the claims under the guarantees, when received, and not approach the bank for credit facility in this regard. For this purpose the bank should enquire into the financial position of the customers, the source of funds from which they would be in a position to meet the liability and prescribe a suitable margin and obtain other security, as necessary. The bank may also call for the detailed financial statements and Wealth-tax / Income-tax returns of the customer to satisfy themselves of their financial status. The observations of the bank in respect of all these points should be recorded in banks' books.

vii. **Payment under Bank Guarantees - Immediate Settlement of Cases**

The bank should, honour bank guarantees issued by it promptly on their invocation as reluctance on their part to honour commitments in respect of invoked guarantees tend to bring the banking system into disrepute.

viii. **Delay in Obtaining Certified Copies of Judgments**

(a) The Ministry of Finance has advised that some of the Departments such as Department of Revenue, Govt. of India, are finding it difficult to execute judgments delivered by various courts in their favour as bank do not honour their guarantees unless certified copies of the court judgments are made available to them.

(b) Keeping in view these difficulties, bank may follow the following procedure:

(i) Where the bank is a party to the proceeding initiated by Government for enforcement of bank guarantee and the case is decided in favour of the Government by the Court, bank should not insist on production of certified copy of the judgment as the judgment order is pronounced in open court in the presence of the parties / their counsels and the judgment is known to the bank and a copy of the judgement is available on websites of the Courts.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ. NEW DELHI

(ii) In case the bank is not a party to the proceeding, a signed copy of the minutes of the order certified by the Registrar / Deputy or Assistant Registrar of the High Court duly attested to be true copy by Govt. Counsel should be sufficient for honouring the obligation under the guarantees unless the guarantor bank decides to file any appeal against the order of the High Court.

x) **Correspondence with Government Departments**

(a) The Constitution of India states that all executive action relating to Union of India shall be, and shall be stated to be, in the name of President of India. However, the business of the Government of India is transacted through several ministries / departments and even though documents such as guarantees reflect the President of India as one of the parties, correspondence is not to be exchanged with the President of India but with concerned Government Ministry / Departments.

(b) The bank should, therefore, ensure that any correspondence relating to guarantees furnished by the bank in the name of the President of India favouring the Government Departments should not be addressed to the President of India causing avoidable inconvenience to the President's Secretariat.

31.MAXIMUM CEILING ON ADVANCES TO NOMINAL MEMBERS

The bank may sanction loans to nominal members for short / temporary period and purchase of consumer durables, subject to the ceiling of loan amount Rs.1,00,000/- per borrower.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

32. GENERAL TERMS AND CONDITIONS:-

a) Normally a member can apply for a loan after one month of his enrolment as member approved by the Board of Directors.

b) Applicant and sureties will have to submit their respective latest salary certificate/ income-proof/income tax return for determining their eligibility.

c) Only a Bank's member can stand surety for a loan.

d) A member can stand surety for maximum six unsecured loans and there is no limit for secured loan as loans are granted against the collateral security of immoveable property.

e) Processing charges as prescribed for the loan applied for is to be deposited at the time of filling the loan application.

f) The applicant should ensure the compliance of all the formalities and remove all the deficiencies in the loan application otherwise it will not be considered by the Board and the bank will not be responsible to inform the member/s.

g) An applicant can be asked for more surety(s)/satisfactory surety(s) in addition to minimum/stipulated required sureties at any stage.

h) In case applicant and all proposed sureties are working in a same institution, then surety of atleast one member working elsewhere shall be required.

i) If borrower's sureties are not regular in repaying their loan installment, loan application of borrower will not be considered.

j) If the sanctioned loan is not availed within 3 months from the date of sanction then the loan will be allowed after submitting a request letter giving reason for not taking the loan with in stipulated time and after getting the approval of CEO/MD.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

k) If a member does not withdraw the amount of loan sanctioned within 6 months from the date of sanction by BOD, the loan shall stand cancelled. If the member still requires the loan than he/she can apply a fresh application for consideration.

l) If the required information is not furnished in the loan application form with in 3 months, the application form will be treated as rejected and filed. If the applicant still requires the loan then he/she should submit a fresh application for consideration.

m) The application of the member will not be considered for the loan if in the case of previous loan.

   i) He has been served with more than three registered notices.
   ii) His loan was recovered by salary attachment.
   iii) Or his case has been referred to Registrar Co-operative Society for execution.

n) Loan limits will be fixed by the Board of Directors from time to time.

o) Bank reserves the right to reject any application at any stage without assigning any reasons and its decision will be final.

p) The Bank should Review all borrowal accounts enjoying fund-based working capital credit limits of Rs.10 lakh and above at least once a year.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ, NEW DELHI

33. RECOVERY PROCEDURE

a) Loans are to be repaid by the borrowers every month in the monthly installments. If there is any default, necessary reminders are to be issued by the Bank to the concerned borrower. All the borrowal accounts be watched regularly by the branch Managers, on one overdue installment an ordinary notice should be served to the borrower, on two overdue installments a notice requesting borrower to repay the installments which should be followed by reminders also.

i) A loan of such defaulted borrowers should be referred to the NPA Sub-committee for it recommendations for filing arbitration proceedings against such borrowers

ii) The borrower who has taken unsecured loan from the bank and expires during the pendency of the loan, the interest on such loan be waived from the date of the death of the deceased borrower subject to submission of necessary documents. This facility is applicable up to one year from the date of death of the borrower. Advances granted against the security of immoveable property or collateral security of property will be governed by the policy as applicable to normal cases.

iii) Recovery calls and visits are restricted between 8.00 A.M. and 7.00 P.M. unless specifically requested otherwise by the borrowers.

iv) On the recommendations of the NPA Sub-Committee the action against the defaulted borrowers be taken under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI Act.) as applicable and in case of Unsecured Advances under Arbitration through the Registrar, Office of the Registrar Cooperative Societies, New Delhi for recovery of outstanding from the such borrowers. Bank shall take a serious note of an account becoming Non-performing and Staff Accountability will be fixed at all stages viz from sanction of the Loan/Advance/Credit facility to disbursement, post disbursement supervision and recoveries. Staff Sub-Committee of the directors and Board of Management shall take suitable panel action, if necessary.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

v) The recovery staff should discuss the matters related to the loan dues and collection / recovery thereof only with the borrower / guarantor, as applicable.

vi) The recovery staff should interact with the borrower / guarantor in a civil manner. Further, he / she shall maintain decency and decorum during visits to the borrower's / guarantor's place for collection / recovery of loan dues.

vii) Only the representative(s) authorised by the Bank / recovery staff shouldl visit the borrower's / guarantor's premises for activities related to recovery of loan dues.

viii) The recovery staff should contact / visit the borrower / guarantor only between 08:00 hours and 19:00 hours. Calls / visits earlier or later than the prescribed time period shall be done only when the borrower / guarantor has expressly given a request or authorisation to do so. Further, the borrower's / guarantor's request to avoid call / visit at a particular time shall be honoured in normal circumstances.

ix) The recovery staff should ordinarily contact a borrower / guarantor at the place of the borrower's / guarantor's choice. In the absence of any specific choice or if the borrower / guarantor fails to appear at the chosen place on two or more successive occasions, the employee / recovery agent may contact the borrower / guarantor at the place of his / her residence or at the place of his / her business / occupation.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

x) The recovery staff should avoid inappropriate occasions such as bereavement in the family, medical emergencies, or such other calamitous occasion, or marriage functions, etc., for making calls / visits to recover loan dues from a borrower / guarantor.

xi) Written communication, if any, sent by an employee / recovery staff to the borrower / guarantor shall have prior approval of the Bank and should contain the name and contact details of the sender.

xii) The recovery staff should promptly give proper acknowledgement / receipt on collection / recovery of loan dues from the borrower / guarantor.

b) The bank's recovery staff should not engage in any harsh methods towards collection / recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh:

i) Use of minatory or abusive language;

ii) Use of social media for posting video / audio recordings or personal details of the borrower / guarantor;

iii) Sending inappropriate messages either on mobile or through social media;

iv) Excessively calling / messaging to the borrower / guarantor and / or calling / messaging outside the prescribed hours;

v) Making threatening and / or anonymous calls;

vi) Intimidating or harassing the borrower / guarantor and / or his / her relatives, referees, friends, or co-workers in either verbal, physical or any other manner, including acts intended to humiliate them publicly or intruding upon their privacy;

vii) Use or threat of use of violence or other similar means to harm the borrower / guarantor or their family / assets / reputation;

viii) Making false or misleading representations to the borrower / guarantor, especially about the extent of the debt or the consequences of non-repayment.

34. CONCLUSION

Board of Directors may amend the loan policy from time to time in view of business requirements and change in law effecting banking business. Further any modification/ addition in the Loan Policy subsequent to change in the RBI policy in this regard should be effected immediately. The change made by the Reserve Bank of India and Govt. of India must be complied with and the policy should be revised/rectified/amended accordingly thereafter that will be integral part of this policy from the date effected. This policy is a dynamic concept which has to keep pace with market change. Keeping this in mind, the policy has been framed and shall be valid till it is revised.

For The Janata Co-operative Bank Ltd.

(P.S. Pathania)
Managing Director

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI