



भारत सरकार का उपक्रम A Government of India Undertaking



MSME Policy 2020-21

**CP&MSME Department,
Central Office**



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LIST OF ABBREVIATION

ANBC	Adjusted Net Bank Credit
BBB	Business Banking Branches
BCSBI	Banking Codes and Standards Board of India
CAC	Credit Approval Committees
CEGSSC	Credit Enhancement Guarantee Scheme for the Scheduled Castes
CERSAI	Central Registry of Securitization, Asset Reconstruction and Security Interest of India
CGFMU	Credit Guarantee Fund for loan to Micro Units
CGS	Credit Guarantee Scheme
CGSSI	Credit Guarantee scheme for Stand-up India
CGTMSE	Credit Guarantee Fund Trust for Micro & Small Enterprises
CLSS	Credit Linked Capital Subsidy Scheme
CO	Central Office
CMR	CIBIL MSME Rank
CP&MSME	Credit Policy & Micro, Small and Medium Enterprises
CPA	Credit Process Audit
CRILC	Central Repository of Information on Large Credits
CRMC	Credit Risk Management Committee
DGM	Deputy General Manager
EASE	Enhanced Access and Service Excellence
ECGC SAL	Export Credit Guarantee Corporation of India Limited - Specific Approval List
FGMO	Field General Manager's Office
FLCs	Financial Literacy Centres
GCC	General Credit Card
Govt.	Government
GST	Goods and Services Tax
IBA	Indian Banks' Association
IBPC	Inter Bank Participation Certificates
JLG	Joint Lending Group
KRA	Key Result Areas
KVI	Khadi & village Industries Sector
KVIC	Khadi and Village Industries Commission
KYC	Know Your Customer
LAS	Lending Automation Solution
LIE	Lenders Independent Engineer
MCB	Mid-Corporate Branches
MD&CEO	Managing Director & Chief Executive Officer
MFB	MSME Focused Branches
MIS	Management Information System
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MSE	Micro & Small Enterprise
MSE-CDP	Micro and Small Enterprises Cluster Development Programme
MSME	Micro, Small and Medium Enterprises
MSMED Act	Micro, Small and Medium Enterprises Development Act
MUDRA	Micro Units Development & Refinance Agency Ltd.



NABARD	National Bank for Agriculture and Rural Development
NPA	Non-Performing Asset
NSE	National Stock Exchange
NSIC	National Small Industries Corporation
PAN	Permanent Account Number
PEC	Product Evaluation Committee
PIM	Preliminary Information Memorandum
PMEGP	Prime Minister Employment Generation Programme
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMMY	Pradhan Mantri Mudra Yojana
RBI	Reserve Bank of India
RLCC	Regional level Credit Committee
RO	Regional Office
RTI	Right to Information
RXIL	Receivables Exchange of India Ltd
SC/ST/ OBC	Scheduled Caste / Scheduled Tribe / Other Backward Caste
SEFC	Small Enterprises Financial Centres
SFC	State Financial Corporation
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SIDC	State Industrial Development Corporation
SLBC	State Level Bankers' Committee
SLIIC	State Level Inter Institutional Committee
SMA	Special Mention Account
SSI	Small Scale Industries
TAT	Turn Around Time
TEV	Techno - Economic Viability
TOs	Technical Officer
TPA	Third Party Administration
TReDS	Trade Receivables Discounting System
TUFS	Technology Upgradation Fund Scheme
UNIDO	United Nations Industrial Development Organisation
ZLCC	Zonal level Credit Committee



MSME POLICY

1. Introduction:

- 1.1 Micro, Small and Medium Enterprise (MSME) sector has emerged as a very important sector of the Indian economy, contributing significantly to employment generation, innovation, exports, and inclusive growth of the economy. The MSME sector also contributes in a significant way to the growth of the Indian economy with a vast network of about 63.38 million (as per Annual Report of Ministry of MSME 2017-18) enterprises. The sector contributes about 45% to manufacturing output, more than 40% of exports, over 28% of the GDP while creating employment for about 111 million people, which in terms of volume stands next to agricultural sector. The MSME sector in India is exceedingly heterogeneous in terms of size of the enterprises and variety of products and services, and levels of technology employed.
- 1.2 In order to enable identification and facilitate development of MSMEs, Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The MSMED Act, 2006, was enacted to provide enabling policy environment for promotion and development of the sector by way of defining MSMEs, putting in place a framework for developing and enhancing competitiveness of the MSME enterprises, ensuring flow of credit to the sector and paving the way for preference in Government procurement to products and services of the MSEs, address the issue of delayed payments, etc. However, in the changed circumstances, it is imperative that the thrust of this important legislation should be focused more on market facilitation and promoting ease of doing business for MSMEs.
- 1.3 The contribution of the sector in the economy is currently constrained due to several challenges affecting growth of the sector. Some of the major ones are mentioned below:
- a) Policy and institutional interventions
 - b) Accelerating growth and enabling formalization
 - c) Addressing infrastructural bottlenecks
 - d) Facilitating capacity building
 - e) Facilitating access to credit and risk capital
 - f) Technological interventions for improving underwriting standards and delivery
 - g) Enabling market linkage and tie-up with public procurement platforms
- 1.4 Combinations of Digital Public Infrastructure, progressive regulation and new market forces have the potential to energize the MSME Lending Sector. Emergence of a digital lending value chain will provide fast turnaround and easy accessibility for MSME borrowers and use new data and credit scoring algorithms to provide new types of risk-adjusted lending products. This infrastructure can operate at a scale, break access barriers, and provide MSMEs with the ability to access finance and scale to reach their potential.



- 1.5 Further towards bringing in reforms amongst the Public Sector Banks (PSB), the Govt. of India mandated Bank for adoption of “Reforms Agenda” (EASE). The Reforms Agenda is aimed at “Enhanced Access & Service Excellence -EASE” which is broadly based on six themes. One of these themes is dedicated to MSMEs interalia covering “EASE of Financing for MSMEs”. It is imperative that all Branches/ Offices/Business units of the bank work in synchronization to ensure that all needs of MSMEs in line with EASE Agenda are fulfilled in timely manner.

2. MSME Policy:

2.1 Background

Bank has therefore designed a separate document - MSME Policy - to have a standardized approach towards the MSMEs and have a reference material to one and all dealing with MSME matters.

The MSME Policy is a formal policy document mentioning therein the Bank’s role & approach for meeting the need of the MSME clients. Lending to MSMEs being an integral part of MSMED Act and priority sector lending guidelines of RBI is also discussed in the policy, wherever applicable.

Bank has also issued operating guidelines on lending to MSMEs in sync with policy guidelines.

2.2 Objectives:-

2.2.1 The MSME Policy is based on the following principles:

- i. The Policy aims at enlarging the MSME client base through aggressive credit marketing.
- ii. The Policy addresses the credit needs of the existing MSME clients for judicious and prompt credit decision.
- iii. The Policy describes the Bank’s approach towards credit appraisal skills and strategies on the one hand and flexibility and innovation on the other hand.
- iv. The Policy document attempts to ensure that the socio-economic obligations of the Bank are fully met.
- v. The Policy endeavors to ensure continuous growth of loan assets while keeping those assets performing and standard.
- vi. The Policy aims at a comprehensive Management Information System based on a reliable data base and endeavors to mitigate and reduce risk associated with the lending by fine tuning systems and controls.
- vii. The Policy document ensures compliance of all the directives, guidelines issued by Government/Reserve Bank of India and other regulatory authorities on MSME credit



matters. The Bank would follow the guidelines in all aspects issued from time to time by the authorities. CP&MSME Department to communicate MSME related schemes/guidelines of Government Authorities issued from time to time for growth of MSME credit portfolio. In case of varying interpretations of these guidelines, the Bank will adopt reasonable interpretation as determined by CP & MSME Department without deviating from the spirit behind the guidelines.

- viii. One of the basic objective of issuing this Policy is to create awareness among the Branch level functionaries regarding needs of the sector and guidelines issued thereof.

2.3 Scope

- 2.3.1 The Policy would deal with all MSME credit related matters such as fund based, non fund based and other forms of credit dispensation of MSME credit.
- 2.3.2 Since other credit related areas have been dealt in detail by the Loan Policy, these aspects are not covered in the MSME Policy to avoid duplication. Hence, the MSME Policy should be read along with the Loan Policy.
- 2.3.3 The Policy will cover all types of MSME customers such as Individuals, Proprietorship, Partnerships, Limited Liability Partnership, Association of persons, companies registered under Indian Companies Act, SHG, JLG, Co-operative Society etc.
- 2.3.4 This policy has been made in compliance with all RBI & extant regulatory guidelines issued till date.
- 2.3.5 The guidelines enumerated in the policy are applicable for all domestic branches.
- 2.3.6 In view of the changes that are taking place in the financial sector, action may be called for at a short notice and therefore it is necessary that the Credit Risk Management Committee (CRMC) is empowered to take decisions on exceptions or deviations. Such modifications should be placed before the Board for ratification.

2.4 Ownership

- 2.4.1 CP & MSME Department shall frame, design/review/fine tune/modify all policies/procedures in relation to MSME credit in the Bank, with the approval of Board of Directors.

2.4.2 MSME Vertical -Role and Objectives

Bank has adopted a policy package for stepping up credit to MSEs which was approved by the Board in its meeting held on 30th September 2005 and MSE Cell was established at Credit Department, Central Office. Subsequently it was decided to establish an exclusive MSME department to have a focused attention to the MSME business. Accordingly, at the beginning of the Financial Year 2008-09, MSME vertical was established at Central Office headed by General Manager which has



been renamed as Central Credit & MSME (now renamed as Credit Policy and MSME Department) with focused attention on MSME. Following are the Roles and Objectives of the vertical:-

- 2.4.2.1 To keep a track of Government Guidelines/RBI Guidelines, market requirements and accordingly to formulate Bank's Policy on MSME in line with laid down guidelines and to modify the policy from time to time.
- 2.4.2.2 To design lending schemes for segment specific/cluster-specific MSMEs from time to time to drive business growth.
- 2.4.2.3 To put in place marketing strategies and marketing teams at Regional Offices/Branches for aggressive marketing to tap the market potentials for lending to MSMEs.
- 2.4.2.4 To identify broad inputs for the training courses to be conducted for skill development of the field functionaries for quality appraisal and marketing of credit proposals.
- 2.4.2.5 Identification of MSME clusters with a view to market Bank's products/schemes, in consultation with SIDBI / Govt. of India, wherever applicable.
- 2.4.2.6 To fix business growth targets for MSME lending for respective Regional Offices in consultation with ROs/FGMOs and periodical review of actual achievement vis-à-vis targets.
- 2.4.2.7 Identification of credit thrust branches having the maximum MSME finance/potential for MSME business and monitoring these branches directly to have a focused and enhanced MSME business growth.
- 2.4.2.8 To extend support to the field functionaries for achieving business targets under MSME by giving marketing strategies and visit of executives from Central Office to the Controlling Offices for liasioning with other Financial Institutions, Industry and Trade Associations.
- 2.4.2.9 CP&MSME Vertical to also oversee the growth of MSME business of the Bank as a whole apart from the credit thrust Business Banking Branches.
- 2.4.2.10 Apart from this, CP & MSME Vertical will be responsible for the following financial and non-financial KRAs:
 - (i) **Financial KRAs**
 - 1) Growth in MSME Credit
 - 2) Yield on MSME Credit Portfolio
 - 3) Growth in non-interest income from MSME advances
 - 4) Growth in number of MSME accounts
 - 5) Delinquency rate



(ii) Non Financial KRAs

- 1) Establishment of SARALs / SARAL Lite where business opportunities exist - A complete Business Model having adequate Manpower with assured Turn Around Time for quick disposal of MSME proposals.
- 2) Ongoing identification and review of “Business Banking Branches” (BBBs) & “MSME Focused Branches” (MFBs).
- 3) Holding of monthly MSME camps at various potential Centers/Clusters.
- 4) Launch of Cluster Specific Schemes.
- 5) Aggressive MSME Publicity Campaign and Brand Building Initiatives.
- 6) Building of MSME cadre, a silo of specialized officers who will have expertise in Credit Appraisal/Processing of MSME proposals, Marketing and Monitoring.
- 7) Comprehensiveness, accuracy and timeliness of policy documents/ database.
- 8) Submission of Returns to RBI and Ministries.
- 9) Business planning & periodic reviews.
- 10) Timely rectification of credit related grievances.
- 11) Timely empanelment of Valuer/Stock auditor/LIE/TEV Consultants.
- 12) Proper monitoring of reversal of expired Bank Guarantee.
- 13) Effective management of following Cells at Central Office
 - CERSAI Cell
 - Credit Guarantee Cells
 - CGTMSE
 - CGFMU
 - CGSSI
 - CEGSSC
 - CRILC Cell
 - E-confirmation Cell for BG confirmation
 - TUFS Cell
 - TREDS (Trade Receivables Discounting System) Cell
 - Wilful Defaulters/Non-Cooperative Borrowers/RBI Caution Advice Cell
 - PSBloansin59mintues Cell
- 14) Credit related correspondence with MFI/RBI/IBA
- 15) MSME Credit related RTIs

2.4.3 Credit Portfolio Monitoring, Restructuring and Recovery

A Credit Monitoring and Restructuring Department as well as Credit Recovery and Legal Service Department covering all credit verticals have been set up at Central Office. The guidelines issued by the respective department will be equally applicable to MSMEs unless otherwise specified by them. The details of roles & responsibilities and functioning of these departments are brought out through separate policy guidelines by respective verticals.

2.5 Compliance

2.5.1 All the functional divisions are expected to comply with the policy guidelines laid down in this Policy document. In case of any doubt about the applicability of any aspect of the policy contents, clarification/approval shall be sought from CP&MSME Department, Central Office.

2.6 Management Information System (Submission of Weekly Flash data and Monthly MSME Statement)

2.6.1 To reduce the burden of submission of the statements at Branch/ RO level, suitable MIS package is to be utilized and updated thereof from time to time. Proper feeding of data/ particulars relating to the accounts in the Finacle is the prerequisite for the generation of correct report/ return through MIS. Hence, Branches/ROs should ensure that the data/particulars like classification etc relating to the accounts are properly fed / updated in the Finacle for stabilization of the MIS.

3 MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT (Along With Reserve Bank of India Guidelines & internal guidelines thereof)

3.1 The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which was notified on June 16, 2006. With the enactment of MSMED Act, 2006, Services Sector is included in the definition of MSME apart from extending the scope to Medium Enterprises. The MSMED Act, 2006 has modified the definition of Micro, Small & Medium Enterprises engaged in manufacturing or production and providing or rendering services. Reserve Bank of India has notified the aforesaid changes which along with the definition of MSME, as per the Act have been adopted by the Bank for the purpose of credit.

3.1.1 Following significant changes have been introduced through MSMED Act, 2006.

- i. The word “Industry” has been replaced by “Enterprises”.
- ii. The word “Tiny has been replaced by “Micro”.
- iii. The Services sector has been brought under the purview of MSMED Act, 2006.



3.1.2 Definition of Micro, Small & Medium Enterprises**

Segment	Enterprises engaged in the manufacture or production, processing or preservation of goods	Enterprises engaged in providing or rendering of services
Micro Enterprise	Is an enterprise where original investment in plant & machinery does not exceed Rs. 25 Lacs.	Is an enterprise where original investment in equipment does not exceed Rs.10 Lacs.
Small Enterprise	Is an enterprise where original investment in plant & machinery is more than Rs.25 lacs but does not exceed Rs. 5 Crores.	Is an enterprise where original investment in equipment is more than Rs.10 lacs but does not exceed Rs.2 Crores.
Medium Enterprise	Is an enterprise where original investment in plant & machinery is more than Rs. 5 crores but does not exceed Rs.10 crores.	Is an enterprise where original investment in equipment is more than Rs 2 crores but does not exceed Rs. 5 crores.

**The definition of MSMEs is subject to change as per GOI announcement of 23rd Aug 2019 and also in line with U. K. Sinha Committee recommendation. Necessary modifications will be made in MSME definition and related matters in the subject after receipt of statutory / regulatory guidelines, after specific approval from MD&CEO.

- 3.1.2.1 In case of manufacturing enterprises, investment in plant & machinery is the original cost excluding land & building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722 (E) dated October 5, 2006 is enclosed as Annexure I.
- 3.1.2.2 In case of service enterprises, investment in equipment is the original cost excluding land & building and furniture, fittings & other items not directly related to the service rendered or as may be notified under MSMED Act, 2006.
- 3.1.2.3 In terms of Ministry of MSME office memorandum, RBI has clarified that for ascertaining the investment in plant and machinery for classification of an enterprise as Micro, Small and Medium, the following documents could be relied upon:
- A copy of the invoice of the purchase of plant and machinery; or
 - Gross block for investment in plant and machinery as shown in the audited accounts; or
 - A certificate issued by a Chartered Accountant regarding purchase price of plant and machinery.

Further, the Ministry has clarified that for the investment in plant and machinery for the purpose of classification of an enterprise as Micro, Small or Medium, the purchase value of the plant and machinery is to be reckoned and not the book value (purchase value minus depreciation).



The effective date for the above provision would be from the date MSMED Act, 2006 came into force i.e. 16th June 2006 and not prospectively. The above provisions would be applicable to section 7 (1) (a) and section 7 (1) (b) of the MSMED Act, 2006 i.e. enterprises engaged in manufacturing of goods and rendering of services as well.

- 3.1.3 Certain activities have also been included under Micro, Small & Medium (Service) Enterprises, provided such enterprises satisfy the definition of MSMEs (Service) in respect of investment in equipment (i.e., not exceeding Rs.10 lacs for Micro Enterprises, Rs.2 crores for Small Enterprises and Rs.5.00crore for Medium Enterprises). Updated list of activities included in the Micro, Small & Medium Service enterprises by Ministry of MSME is given below: (Kindly note that the list is Illustrative in Nature)
- i. Small Road & Water Transport Operators
 - ii. Small Business/ Retailing Services/ Wholesale Trade services/ Commission Agent Services
 - iii. Professional & self-employed persons
 - iv. All other Service Enterprises.
 - v. Publishing
 - vi. Sanitation service (hiring of septic tank cleaner)
 - vii. Clinical/pathological laboratory and scanning, MRI test.
 - viii. Hospitals
 - ix. Agri-clinic and agri-business
 - x. Restaurant with bar
 - xi. Hotels
 - xii. Motel industry
 - xiii. Consultancy services including management services
 - xiv. Renting of agricultural machinery (harvesting)
 - xv. Composite broker services in risk and insurance management
 - xvi. Third Party Administration (TPA) services for Medical Insurance Claims of Policy Holders.
 - xvii. Seed Grading Services
 - xviii. Training-cum-Incubator Centres
 - xix. Educational Institutions
 - xx. Training Institutes
 - xxi. Practice of Law i.e. legal services
 - xxii. Trading in Medical Instruments (brand new)
 - xxiii. Placement and Management Consultancy Services
 - xxiv. Advertising Agency and Training Centers
 - xxv. Development of software and providing software services
 - xxvi. Canteens
 - xxvii. Medical Transcription Service
 - xxviii. Production of T.V serial and other T.V programmes
 - xxix. Ripening of raw fruits under controlled conditions, [subject to norms prescribed by Food Safety and Standards Authority of India, (Ministry of Health and Family Welfare, Government of India)]
 - xxx. Service Rating Agency (rating and grading services across sectors based on set methodology and standards)



- xxxi. Retreading of Tyre
- xxxii. Infrastructure and Real Estate activity
- xxxiii. Power (Electrical) Distribution Service
- xxxiv. Warehouse, Godown and Cold Storage Services

Specific activities which can be considered as manufacturing:

- i. Printing
- ii. "Printing & Publishing" as integrated unit.
- iii. Medical Equipment and Ayurvedic Products
- iv. Composite unit of Bacon Processing and Piggery Farm (Piggery Farm without Bacon Processing shall not be classified either as manufacturing or service enterprise because this is a farming activity)
- v. Tobacco Processing
- vi. Beedi/Cigarette manufacturing and other tobacco products
- vii. Extraction of Agave Spirit from Agave Juice (imported medicinal plant) extraction of Agave
- viii. Manufacture of Bio-fertilizer
- ix. Separation of iron scraps from slag pots.
- x. Generation of electricity through windmill.
- xi. Seed Processing (for genetic enhancement) (Involving collection of germplasm, cleaning, gravity separation, chemical treatment etc.)
- xii. Composite unit of Poultry with Chicken (Meat) Processing [Poultry farm without chicken (meat) processing shall not be classified either as manufacturing or service enterprise because this is a farming activity]
- xiii. Power Generation by conventional as well as by non-conventional processes
- xiv. Cotton ginning

(As per RBI guidelines on Priority Sector Lending, loans for Food & Agro processing units upto aggregate sanctioned limit of Rs100.00 crore per borrower from Banking system will form part of agriculture).

4 MSME- PRIORITY SECTOR LENDING (Reserve Bank of India Guidelines & Internal Guidelines thereof)

- 4.1 Priority Sector Lending shall continue to be a chosen area of the Bank. Bank will endeavor to exceed the overall share of 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher as at the end of the previous year. Further the sub-target for lending to Micro Enterprises, under priority sector, is 7.5% of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher as at the end of the previous year.
- 4.2 Bank loans to Micro, Small and Medium Enterprises, for both manufacturing and service sectors are eligible to be classified under the priority sector as per the following norms:

4.2.1 Manufacturing Enterprises:

The Micro, Small and Medium Enterprises engaged in the manufacture or production of goods to any industry specified in the first schedule to the Industries



(Development and Regulation) Act, 1951 and as notified by the Government from time to time. The manufacturing enterprises are defined in terms of original investment in Plant & Machinery. (It is clarified that all eligible manufacturing enterprises under MSME irrespective of size of credit exposure will be classified under priority sector.)

4.2.2 Service Enterprises:

All bank loans to MSMEs, engaged in providing or rendering of services as defined in terms of investment in equipment under MSMED Act, 2006, shall qualify under priority sector without any credit cap.

4.2.3 Khadi & village Industries Sector (KVI)

All loans to units in the KVI sector will be eligible for classification under the sub-target of 7.5 percent prescribed for Micro Enterprises under priority sector.

4.2.4 Other finance to MSMEs:

4.2.4.1 Loans to entities involved in assisting the decentralized sector in the supply of inputs to and marketing of outputs of artisans, village and cottage industries.

4.2.4.2 Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries.

4.2.4.3 Loans sanctioned to MFIs for on-lending to MSME sector as per the conditions specified by RBI.

4.2.4.4 Credit outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swarojgar Credit Card, and Weaver's Card etc. in existence and catering to the non-farm entrepreneurial credit needs of individuals).

4.2.4.5 Overdrafts extended up to Rs.10,000/- under Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts will qualify as achievement of the target for lending to Micro Enterprises.

4.2.4.6 Outstanding deposits with SIDBI and MUDRA Ltd. on account of priority sector shortfall.

4.3 To ensure that MSMEs do not remain small and medium units merely to remain eligible for priority sector status, the MSME units will continue to enjoy the priority sector lending status up to three years after they grow out of the MSME category concerned.

4.4 MSMED Act, 2006 does not provide for clubbing of investments of different enterprises set up by same person /company for the purpose of classification of industrial undertakings as Micro, Small & Medium Enterprises.



- 4.5 Investments in Securitized Assets, transfer of pool of loan assets through direct assignments / outright purchases and investments in Inter Bank Participation Certificates (IBPCs) on risk sharing basis shall be eligible for classification under respective categories of priority sector provided the underlying assets are eligible to be categorized under the respective categories of priority sector as per RBI guidelines.
- 4.6 The outstanding Priority Sector lending certificates bought by the bank will be eligible for classification under respective categories of priority sector provided the assets are originated by banks, and are eligible to be classified as priority sector advances and fulfill the Reserve Bank of India guidelines on priority sector lending certificates.
- 4.7 To increase liquidity support for the MSME sector, factoring transactions taking place through TReDS (Trade Receivables Discounting System) shall be eligible for classification under priority sector.
- 4.8 A system should be put in place at all levels for maintaining a register/ electronic record, wherein the date of receipt, sanction/rejection/disbursement with reasons thereof, etc., should be recorded. The register/electronic record should be made available to all inspecting agencies.
- 4.9 An acknowledgement is to be provided for loan applications received under priority sector MSME loans and decision should be communicated in writing to the applicants within prescribed time limit.
- 4.10 **Targets / sub-targets for lending to Micro, Small and Medium Enterprises (MSME) Sector**
- 4.10.1 Advances to Micro, Small and Medium Enterprises (MSME) sector is reckoned for computing achievement under the overall Priority Sector target as per point No.4.1.
- 4.10.2 Bank is required to achieve a sub-target of 7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, for lending to Micro Enterprises.
- 4.10.3 In terms of the recommendations of the Prime Minister's Task Force on MSMEs, Bank has to achieve:
- i. 20 per cent year-on-year growth in credit to micro and small enterprises,
 - ii. 10 per cent annual growth in the number of micro enterprise accounts and
 - iii. 60 per cent of total lending to MSE sector as on corresponding quarter of the previous year to Micro Enterprises.

Hence, all endeavors to comply with the directives should be made in letter and spirit.



5. **COMMON GUIDELINES / INSTRUCTIONS FOR LENDING TO MSME SECTOR**
(Reserve Bank of India Guidelines & internal guidelines thereof)
- 5.1 **Issue of Acknowledgement of Loan Applications to MSME borrowers**
- Acknowledgement of all loan applications, submitted manually or online, by MSME borrowers is mandatory.
 - It should be ensured that a running serial number is recorded on the application form as well as on the acknowledgement receipt.
 - Bank will encourage Central Registration of loan applications and technology will be used for online submission of loan applications as also for online tracking of MSE loan applications.
 - The above guidelines should be read along with Priority Sector guidelines of RBI enumerated under Point No.4.7 & 4.8.
- 5.2 **Credit Guarantee Schemes**
- 5.2.1 Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) was established in August, 2000 and promoted by Government of India and SIDBI with an objective of providing the guarantee cover to the collateral free loans extended to Micro & Small Enterprises under its scheme known as Credit Guarantee Scheme.
- 5.2.2 Further, Government of India through Ministry of Finance, Department of Financial Services has notified (a) Credit Guarantee Fund for loan to Micro Units (CGFMU) for the purpose of providing guarantees to loans extended under Pradhan Mantri Mudra Yojana (PMMY) and (b) Credit Guarantee scheme for Stand-up India (CGSSI) for the purpose of providing guarantees to loans extended under Stand-up India Scheme. Also, Government of India through Ministry of Social Justice and Empowerment has launched Credit Enhancement Guarantee Scheme for the Scheduled Castes (CEGSSC) for SC entrepreneurs engaged in Small and Medium Enterprises. The aforesaid schemes are adopted by the Bank. Further, CGTMSE has introduced new “Hybrid Security” product i.e. Partial Collateral security under Credit Guarantee Scheme wherein the Bank shall be allowed to obtain Collateral Security for a part of the Credit Facility, whereas the remaining part of the credit facility, up to a maximum of Rs 200.00 lakh, can be covered under Credit Guarantee Scheme of CGTMSE. The existing features of the Credit Guarantee Schemes of CGTMSE and other approved Institutions along with the modifications are communicated by CP&MSME Department from time to time.
- 5.2.3 Credit Guarantee Scheme is a tool for:
- i. Widening of credit portfolio
 - ii. Better management of risk
 - iii. Faster recovery of dues
 - iv. Enhancement of profitability



- 5.2.4 No collateral should be accepted in case of loans upto Rs.10 lacs extended to units in the MSE sectors (whether eligible under Credit Guarantee Scheme or not). Also, Collateral-free loans up to Rs. 10 lakh should be extended to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC. Further, Branches/Offices should cover all loans upto Rs. 25 lacs extended to Micro & Small Enterprises and are eligible for coverage under guarantee scheme of CGTMSE or other approved institutions without any exception. If at all there is any exception, the same should be only with the prior permission of their Regional Head.
- 5.2.5 Branches/Offices can provide collateral free credit limits upto Rs.200 lacs under Credit Guarantee Scheme for MSEs subject to availability of Credit Guarantee cover, satisfaction of borrower's track record and good & sound financial position.
- 5.2.6 In order to extend the collateral free loans to number of MSE accounts and cover the same under the Credit Guarantee Scheme, targets are assigned to the Regions for covering accounts under the Credit Guarantee Scheme. The Regions are supposed to distribute these targets among the branches in their jurisdiction. Similarly, Branch level functionaries are to be encouraged to avail the Credit Guarantee Scheme cover by Controlling Offices and the performance of the field functionaries regarding coverage of accounts under Credit Guarantee scheme is to be considered as one of the parameters for evaluating the performance of the field functionaries.
- 5.2.7 **Credit Guarantee Fund for Micro Units (CGFMU):**
Under the CGFMU scheme, the guarantee coverage is available on a portfolio basis for the MUDRA loans sanctioned up to Rs.10 lacs. Presently, in our Bank obtaining the credit guarantee from CGFMU is confined to PMMY loans sanctioned for agriculture allied activities and Overdraft in PMJDY accounts only. However these coverage guidelines are dynamic in nature and are subject to change based on the operational feasibility as informed by CP&MSME dept from time to time.
- 5.2.8 **Credit Guarantee Scheme for Standup India (CGSSI):**
In order to increase the pace of lending under Standup India Scheme, Government of India introduced Credit Guarantee Scheme for Standup India (CGSSI). It facilitates Credit Guarantee Coverage of all eligible accounts sanctioned under Stand-up India. The guarantee coverage is available for the loans sanctioned between Rs. 10 lacs to Rs. 100 lacs.
- 5.2.9 **Credit Enhancement Guarantee Scheme for Scheduled Castes (CEGSSC):**
The scheme is envisaged for extending Term Loans or Composite Loans (combination of term loan, working capital facility and non fund based facility) to SC entrepreneurs engaged in Small and Medium enterprises. The borrower engaged in Manufacturing / Trading / Service Sector may be considered for financial assistance. Working capital and non fund based facility can be availed only along with term loan facility and not independently.
Detailed guidelines on CGTMSE, CGFMU, CGSSI and CEGSSC are communicated to Offices/ Field Functionaries at periodical intervals.



5.2.10 The various credit guarantee schemes/ interest schemes of the Government is subject to periodical changes. In view of the same, GM (Credit Policy and MSME) will be competent authority to enact any changes in the guidelines in guarantee schemes/ interest schemes in line with statutory/regulatory direction.

5.3 Composite loan

- A composite loan upto Rs.1.00 crore can be sanctioned comprising both term loan and working capital to MSMEs through single window based on the track record and financials of the borrower as per delegated authority. Branches/Offices which have sanctioned Term Loan singly or jointly must also sanction working capital limit singly (or jointly) to avoid delay in commencement of commercial production thereby ensuring that there are no cases where term loan has been sanctioned and working capital facilities are yet to be sanctioned.

5.4 Specialized MSME branches

5.4.1 As per Reserve Bank of India guidelines at least one specialised branch is to be opened in each district and categorization of general banking branches having 60% or more of advances to MSME sector as specialized MSME branches for providing better service to this sector as a whole is permitted.

5.4.2 Specialized MSME branches is to be ensured in identified clusters/centres with preponderance of small enterprises to enable the entrepreneurs to have easy access to the bank credit and to equip bank personnel to develop requisite expertise.

5.4.3 The existing specialized SSI Branches are also identified as MSME Business Banking Branches by the Bank. Though their core competence will be utilized for extending finance and other services to MSME sector, they will have operational flexibility to extend finance/render other services to other sectors/borrowers also. Amongst 320 BBBs, the Bank has identified 61 MSME Focused Branches (MFBs) with 4 additional MFBs for regions as per Government's "Reform Agenda for Responsive and Responsible PSBs" to ensure EASE (Enhanced Access and Service Excellence).

5.4.4 Accordingly, Bank have credit focused branches known as Business Banking Branches (BBBs) with special focus on extending finance and other services to MSME Sector and have the operational flexibility to extend finance/render other services to other sectors/ borrowers. Regional Head to ensure that BBBs are provided with credit officers specially recruited for improving MSME finance / or specially trained credit officers in order to provide prompt service to the MSME clients.

5.4.5 Each Business Banking Branch (BBB) and MSME focused branch (MFB) should have a designated single-point MSME relationship officer for monitoring and to provide dedicated services to the top 20 MSME accounts.

5.4.6 Regional offices to designate the MSME relationship officer for each BBB and MFB for monitoring the top 20 MSME accounts pertaining to respective BBB and MFB.



5.5 Delayed Payment

5.5.1 Under the Amendment Act, 1998 of Interest on Delayed Payment to Small Scale and Ancillary Industrial Undertakings, penal provisions have been incorporated to take care of delayed payments to MSME units. After the enactment of the Micro, Small and Medium Enterprises Development (MSMED), Act 2006, the existing provisions of the Interest on Delayed Payment Act, 1998 to Small Scale and Ancillary Industrial Undertakings, have been strengthened as under:

- i. The buyer has to make payment to the supplier on or before the date agreed upon between him and the supplier in writing or, in case of no agreement, before the appointed day. The period agreed upon between the supplier and the buyer shall not exceed forty five days from the date of acceptance or the day of deemed acceptance.
- ii. In case the buyer fails to make payment of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank.
- iii. For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the interest as advised at (ii) above.
- iv. In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.

5.5.2 Branches/Offices to explore fixing of sub-limit within the overall working capital limits sanctioned to the large borrowers specifically for meeting the payment obligation in respect of purchases from MSMEs.

5.6 Framework for Revival and Rehabilitation of MSMEs

5.6.1 The Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated May 29, 2015 has notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs. The Reserve Bank has issued the guidelines on the captioned Framework along with operating instructions on March 17, 2016 for revival and rehabilitation of MSME units having loan limits up to Rs.25 crore. The revised Framework supersedes the earlier guidelines of RBI on Rehabilitation of Sick Micro and Small Enterprises issued vide RBI circular RPCD. CO. MSME & NFS.BC.40/06.02.31/2012-2013 dated November 1, 2012, except those relating to Reliefs and Concessions for Rehabilitation of Potentially Viable Units and One Time Settlement mentioned in 'Policy on Debt Restructuring Mechanism for SMEs'.

The salient features of the Framework are as under:

- i. Before a loan account of an MSME turns into a Non-Performing Asset (NPA), banks or creditors should identify incipient stress in the account by creating three sub-



categories under the Special Mention Account (SMA) category as given in the Framework

- ii. Any MSME borrower may also voluntarily initiate proceedings under this Framework
- iii. Committee approach to be adopted for deciding corrective action plan
- iv. Time lines have been fixed for taking various decisions under the Framework

Bank has put in place a separate Policy on Framework for revival and rehabilitation of MSMEs in consonance with the latest RBI guidelines.

5.6.2 MSE Rehabilitation Cells at Regional Offices for sick Micro and Small Enterprises to monitor / identify sick units / incipient sickness, conduct viability study, follow-up action etc. for timely rehabilitation of viable /potentially viable sick MSE units.

5.6.3 In terms of the RBI circular on Prudential Framework for Resolution of Stressed Assets issued vide ref no. RBI/2018-19/203 DBR.No.BP.BC.45/21. 04.048/2018-19 dated 07.06.2019 Sections I(B) (Implementation of Resolution plan), I(C) (Implementation conditions for Resolution Plan) & I (D) (Delayed Implementation of Resolution Plan) shall not be applicable to Revival & rehabilitation of MSMEs under this Framework.

5.7 The imperative of Financial Literacy and consultancy support to Micro and Small Enterprises Sector

5.7.1 Keeping in view the high extent of financial exclusion in the MSME sector, it is imperative that the excluded units are brought within the fold of the formal banking sector.

5.7.2 The lack of financial literacy, operational skills, including accounting and finance, business planning etc. represent formidable challenge for MSE borrowers underscoring the need for facilitation in these critical financial areas.

5.7.3 Moreover, MSE enterprises are further handicapped in this regard by absence of scale and size.

5.7.4 To effectively and decisively address these handicaps, a special cell at branches, or vertical integration of this function in the Financial Literacy Centres (FLCs) is to be set up as per the comparative advantage.

5.7.5 The bank staff is to be trained through customised training programs to meet the specific needs of the sector.

5.7.6 Government e-Marketplace (GeM) [details available on <https://gem.gov.in>] is the National Public Procurement to facilitate online procurement of common use goods and services required by various Government Departments / organizations / PSUs. GeM will enhance transparency, efficiency and speed in public procurement. It will also provide the tool for e-bidding and reverse e-auction as well as demand aggregation to facilitate the government users to achieve best value for the money. Our MSME customers should be advised to get themselves registered at GeM for easy facilitation of access to market place.



5.8 Structured Mechanism for monitoring the credit growth to the MSE sector

- 5.8.1 The existing systems for monitoring credit growth to the sector is to be strengthened by system-driven comprehensive performance management information system (MIS) at every supervisory level (Branch, Region, Zone, Central office), which is to be critically evaluated on a regular basis.
- 5.8.2 System of e-tracking of MSE loan applications and monitoring the loan application disposal process, giving branch-wise, region-wise, zone-wise and State-wise positions is to be put in place. The position in this regard is to be displayed in Bank's websites.
- 5.8.3 Timely rehabilitation of sick MSE units as discussed under Point 5.6 is to be monitored. The progress in rehabilitation of sick MSE units is to be made available on the Bank's website.

5.9 General Credit Card (GCC) Scheme

In order to enhance the coverage of GCC Scheme to ensure greater credit linkage for all productive activities within the overall Priority Sector guidelines and to capture all credit extended to individuals for non-farm entrepreneurial activity, the GCC guidelines have been revised by Reserve Bank of India and same is adopted by the bank through "Union General Credit Card Scheme".

5.10 State Level Inter Institutional Committee (SLIIC)

- 5.10.1 In order to deal with the problems of co-ordination for rehabilitation of sick micro and small units, State Level Inter-Institutional Committees are set up in the States.
- 5.10.2 However, the matter of continuation or otherwise, of the SLIIC Forum has been left to the individual States / Union Territory. The meetings of these Committees are convened by Regional Offices of RBI and presided over by the Secretary, Industry of the concerned State Government.
- 5.10.3 It provides a useful forum for adequate interfacing between the State Government Officials and State Level Institutions on the one side and the term lending institutions and banks on the other.
- 5.10.4 It closely monitors timely sanction of working capital to units which have been provided term loans by SFCs, implementation of special schemes such as Margin Money Scheme of State Government and reviews general problems faced by industries and sickness in MSE sector based on the data furnished by banks.
- 5.10.5 Among others, the representatives of the local state level MSE associations are invited to the meetings of SLIIC which are held quarterly.



5.11 Empowered Committee on MSMEs

5.11.1 Empowered Committees on MSMEs have been constituted under the Chairmanship of the Regional Directors of RBI with the representatives of SLBC Convenor, senior level officers from two banks having predominant share in MSME financing in the state, representative of SIDBI Regional Office, the Director of Industries of the State Government, one or two senior level representatives from the MSME Associations in the state, and a senior level officer from SFC/SIDC as members.

5.11.2 The Committee will meet periodically and review the progress in MSME financing as also rehabilitation of sick Micro, Small and Medium units.

5.11.3 It will also coordinate with other Banks/Financial Institutions and the State Government in removing bottlenecks, if any, to ensure smooth flow of credit to the sector.

5.11.4 The committees may decide the need to have similar committees at cluster/district levels.

5.12 Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle':

In order to provide timely financial support to MSEs facing financial difficulties during their 'Life Cycle', RBI has issued the guidelines so as to facilitate timely and adequate availability of credit to viable MSE borrowers especially during the need of funds in unforeseen circumstances. The RBI guidelines are detailed as under:

- i. To extend standby credit facility in case of term loans
- ii. Additional Working Capital to meet with emergent needs of MSE units
- iii. Mid-term review of regular working capital limits, where banks are convinced that changes in the demand pattern of MSE borrowers require increasing the existing credit limits of the MSMEs, every year based on the actual sales of the previous year.
- iv. Timelines for Credit Decisions

Bank has in place a scheme called "SME Plus" for financing Micro, Small and Medium Enterprises for their urgent temporary and short term working capital requirements and also a pre-approved standby Tem Loan to fund periodic capital expenditure for existing business. Further, Time limits for disposal of proposal on best efforts basis are specified in the Loan Policy of the Bank.



5.13 Cluster Approach

5.13.1 The credit requirement in the clusters identified by the Ministry of Micro, Small and Medium Enterprises, Government of India, where our Bank is a SLBC Convenor is to be incorporated in Annual Credit Plan.

5.13.2 A full-service approach to cater to the diverse needs of MSE sector may be achieved through extending banking services to recognized MSE clusters by adopting a 4-C approach namely, Customer focus, Cost control, Cross sell and Contain risk.

A cluster based approach to lending may be more beneficial:

- i. In dealing with well-defined and recognized groups
- ii. Availability of appropriate information for risk assessment and
- iii. Monitoring by the lending institutions.

Clusters may be identified based on factors such as trade record, competitiveness and growth prospects and/or other cluster specific data.

5.13.3 Institutional arrangements for delivering credit to the MSME sector, where our Bank is a SLBC Convenor is to be reviewed, especially in 388 clusters identified by United Nations Industrial Development Organisation (UNIDO) spread over 29 states in various parts of the country.

5.13.4 The Ministry of Micro, Small and Medium Enterprises has approved a list of clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Micro and Small Enterprises Cluster Development Programme (MSE-CDP) located in 121 Minority Concentration Districts.

5.13.5 In terms of recommendation of Prime Minister's Task Force more MSE focused Branches at different MSE clusters are to be opened, which could also act as Counselling Centres for MSEs. Further, at least one MSE cluster may be adopted in a district where our bank is a lead bank as per comparative advantage.

5.13.6 The Niti Aayog of the Government of India has identified Aspirational Districts for improving the socio-economic status. The program focuses on 5 themes, including theme on Financial Inclusion & Skill Development. Under the Government's EASE Agenda one of the Action points is reach & ease of institutional financing for small businesses (MSMEs) with focus on disbursement of MUDRA loans. The list of Aspirational Districts is communicated by CP&MSME Department time to time to RO/FGMO for necessary focused attention.

5.13.7 The initiatives taken by the Bank in development of MSE clusters is discussed in Point No.6.5 of the policy.



5.14 Scheme of Small Enterprises Financial Centres (SEFCs)

5.14.1 A scheme for strategic alliance between branches of banks and SIDBI located in clusters, named as “Small Enterprises Financial Centres” has been formulated in consultation with the then Ministry of SSI and Banking Division, Ministry of Finance, Government of India, SIDBI, IBA and select banks.

5.14.2 SIDBI is the premier term lending institution established for extending the financial assistance to MSEs. It has developed expertise and gained vast experience in project financing.

5.14.3 The Bank has entered into an MOU with SIDBI for aggressive marketing and co-financing of MSEs. The salient features of the MOU are as under:

- i. Joint identification of viable projects
- ii. Co-financing of the projects
- iii. In cases where term loan is considered by SIDBI, working capital facilities would be sanctioned by the Bank and vice-versa.

5.14.4 The details of the scheme are communicated through separate guidelines.

5.15 Credit Linked Capital Subsidy Scheme (CLSS)

5.15.1 Government of India, Ministry of Micro, Small and Medium Enterprises has introduced Credit Linked Capital Subsidy Scheme (CLSS) for Technology Upgradation of Micro and Small Enterprises subject to the following terms and conditions:

- i. Ceiling on the loan under the scheme is Rs.1 crore.
- ii. The rate of subsidy is 15% for all units of micro and small enterprises up to loan ceiling at Sr. No. (i) above.
- iii. Calculation of admissible subsidy will be done with reference to the purchase price of plant and machinery instead of term loan disbursed to the beneficiary unit.
- iv. SIDBI and NABARD will continue to be implementing agencies of the scheme.

5.15.2 Bank is implementing the scheme with Lucknow Main Branch as a nodal branch. The details of the scheme are circulated through separate guidelines from time to time.

5.16 Banking Codes and Standards Board of India (BCSBI)

5.16.1 The Banking Codes and Standards Board of India (BCSBI) has formulated a Code of Bank's Commitment to Micro and Small Enterprises (MSE code). This Code sets minimum standards of banking practices for banks to follow when they are dealing with Micro and Small Enterprises (MSEs). It provides protection to MSE and explains how banks are expected to deal with MSE for their day to-day operations and in times of financial difficulty.

5.16.2 This code has been adopted by the Bank in its Board Meeting dated 30th August 2008 and updated from time to time. The Code of Bank's Commitment to Micro



and Small Enterprises has been hoisted on the Bank's website for the knowledge of customers and the staff. Bank has issued operational guidelines for the field functionaries for compliance of the MSE code. All the field functionaries and concerned are required to implement/follow the same in letter and spirit.

5.16.3 However, the Code does not replace or supersede regulatory or supervisory instructions issued by the Reserve Bank of India (RBI) and Bank will comply with such instructions /directions issued by the RBI from time to time. Similarly, the Code does not replace or supersede guidelines issued by the Bank from time to time. Unless it says otherwise, all parts of the Code apply to all the products and services, provided by branches across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other mode.

5.16.4 As and when any modification in the Code is made by the BCSBI, the same can be adopted by the Bank with the permission of Managing Director & CEO unless otherwise falling with the delegation of any specified Committee.

5.16.5 **Objectives of the BCSBI Code:** The Code has been developed to:

- i. Give a positive thrust to the MSE sector by providing easy access to efficient banking services.
- ii. Promote good and fair banking practices by setting minimum standards in dealing with MSE.
- iii. Increase transparency so that a better understanding of what can be reasonably expected of the services.
- iv. Improve understanding of business through effective communication.
- v. Encourage market forces, through competition, to achieve higher operating standards.
- vi. Promote a fair and cordial relationship between MSE and banks and also ensure timely and quick response to banking needs.
- vii. Foster confidence in the banking system.

5.16.6 Acknowledgement to be given to MSE customers in line with BCSBI code is enclosed as Annexure-VI.

5.16.7 MSE code copies should be circulated amongst all the branches for distribution to the MSE customers free of charge.

5.16.8 The complete text of the Code is available at the bank's website. (http://www.unionbankofindia.co.in/code_bank_msme.aspx)

5.17 Reports:

Brief details of the reports of various committees on flow of credit to MSE sector as per Master Circular of Reserve Bank of India is enclosed for information as Annexure-II.



6. BANK'S INITIATIVES FOR STEPPING UP CREDIT TO MSMEs:

Bank has taken various initiatives for the growth of credit to MSMEs which are as under:

6.1 Separate Organizational set up at Central Office

MSME vertical headed by General Manager has been established at Central Office to focus attention on growth of MSME sector through selected Business Banking Branches, MSME Focused Branches and other branches having MSME business.

6.2 Business Banking Branches and MSME Focused Branches:

The Bank has 259 Business Banking Branches (BBB) and 65 MSME Focused Branches (MFB). An MSME Focused Branch is identified in 61 Regions and 1 branch each from 4 Regions namely Azamgarh, Jaunpur, Gazipur & Sambalpur is identified as MFB where BBBs are not there. These branches are directly monitored by the Central Office apart from their controlling Offices for the growth of business.

Modification in the number/list of Business Banking Branches and MSME focused branches can be undertaken by MSME Vertical after obtaining permission from the Managing Director & CEO. Besides above, Bank has set up specialized Mid-Corporate Branches (MCBs) which also caters to large value MSME credit.

6.2.1 MSME Focused Branches (MFBs):

6.2.1.1 The Bank has identified 65 MSME Focused Branches (MFBs) identified by each Regional Office. RO to provide necessary support to the MFBs by posting trained credit officers with very good marketing skill.

6.2.1.2 Targets for garnering fresh sanctions on monthly basis is as under:

- i. If MFB is located at Rural/Semi Urban place: Minimum Rs 1.00 crores per month.
- ii. If MFB is located at Urban place: Minimum Rs 2.00 crores per month.
- iii. If MFB is located at Metro City/Industrial Estate: Minimum Rs 3.00 crores per month.

6.2.1.3 RO/SARAL/SARAL Lite (if there) to provide all sort of support to MFBs for mobilizing as well as processing of applications as per their delegation.

6.2.1.4 ROs should monitor the performance of MFBs closely and inform the FGMO about the business mobilized and the progress made in growth of MSME Advances of these branches on a monthly basis. FGMOs to monitor the performance of MFBs on a quarterly basis and submit their performance report to CP&MSME Department, CO along with further strategies that may be adopted for their growth. Also necessary support would be provided for formulation of new product/approval of cluster scheme by CP&MSME Dept, CO to any RO for ensuring desired MSME growth.



- 6.2.1.5 Endeavor should be made to transfer MSME accounts, as per the consent of the borrower, from other nearby branches to MFBs or BBBs as under-
- For Rural/Semi Urban branches: Accounts having total exposure above Rs.0.50 lacs.
 - For Urban branches: Accounts having total exposure above Rs.1.00 crore.
 - For Metro City/Industrial Estate branches: Accounts having total exposure above Rs.2.00 crore.

6.2.1.6 ROs to advise existing branches to persuade their customers for shifting of accounts to MFBs. Transfer of accounts particularly to MFBs will create a centralized hub for MSME accounts for enhanced and focused customer services and better monitoring of MSME portfolio.

6.3 Establishment of Centralized Processing Centers- SARALs

The SARAL (Systematic Appraisal and Risk Assessment of Loan) i.e. Central Processing Centers (CPC) were established with the following objectives:

- To accelerate the credit flows to MSMEs through focused sales and marketing.
- To enhance Customer service through improved TAT and uniformity in credit appraisal.
- To improve asset quality, by systematic credit appraisal and developing expertise in processing MSME proposals.

In order to achieve the above-mentioned goals, the roles and responsibilities of the SARALs are reviewed & redefined by Credit Department from time to time, as and when required.

6.3.1 In addition to existing SARALs, SARAL Lite model has been introduced in certain regions. The scope of SARAL and SARAL Lite is broadly as under -

SARAL	SARAL Lite
All credit proposals (New/enhancement/review/renewal) including restructuring/modifications/ad-hoc falling beyond Branch delegation or above Rs 0.50 crores of all Branches (except Industrial Finance Branches & Mid-Corporate Branches) in the region to be centrally processed at SARAL and sanctioned by respective delegate (SLCC-II & above).	All credit proposals (New/enhancement/review/renewal) including restructuring/modifications/ad-hoc falling beyond Branch delegation or above Rs 0.10 crores of all Branches (except Industrial Finance Branches & Mid-Corporate Branches) in the region to be centrally processed at SARAL Lite and sanctioned by respective delegate (SLCC-II & above).

6.3.2 A separate format has been devised for New to Bank (NTB) customers wherein Branch shall gather brief information and submit the same to SARAL / SARAL Lite. SARAL will inform the Branch on “GO AHEAD” or “NOT TO GO” for such leads.

6.3.3 The delegated loaning powers at SARAL is governed by policy on delegation of loaning powers.

6.3.4 As per extant guidelines, the Managing Director & CEO is the competent authority to modify the operational guidelines for effective functioning of SARALs / SARAL



Lite (including the sectors with types of proposals to be handled) except delegated loaning powers. Such modifications are to be placed to the Board for information. (Latest operational guidelines on SARALs / SARAL Lite are enclosed as Annexure-III.)

6.4 Developing Credit Officers Cadre

6.4.1 Skill development of the credit officers is advantageous in terms of quick disposal of loan proposal and prompt credit delivery.

6.4.2 Bank to continuously develop a cadre of skilled credit officers in order to meet the challenges at the branch level as well as better credit marketing and appraisal of the proposals. Staff College, Bangalore has designed the training programmes for imparting credit skills as well as updating the skills of the existing credit officers. Credit Officers are identified and are given intensive in-house, on the job and external training, etc. These credit officers to be deployed at the Business Banking Branches/ MSME Branches / SARALs involving the job of credit marketing and processing of the proposals.

6.4.3 Further, experienced MSME credit officers to be recruited by the Bank in a regular way to further strengthen the cadre of credit officers.

6.4.4 In addition to above, Bank to nominate credit officers to the external credit programmes/workshops such as workshop on Credit Guarantee Scheme of CGTMSE, credit appraisal courses conducted by NIBM and other reputed institutes.

6.4.5 Incentive scheme is available for the officers who are successfully completing the certificate examination on SME financing conducted by Indian Institute of Banking & Finance.

6.4.6 Transfer/ postings of Technical Officers to be done only with the concurrence of GM, CP & MSME by Department of Personnel, Central Office.

6.5 Clusters

6.5.1 Bank to take initiatives for financing the units in clusters across the country through its branches and design different cluster specific schemes to boost credit growth taking into account the market environment, customers' requirements etc.

6.5.2 Cluster Specific Schemes are designed to attract more bankable units/enterprises into Bank's fold by offering certain concessions in interest rates, margin, collateral securities etc. so as to be competitive in the market.

6.5.3 The Bank has already put in place various cluster specific schemes as detailed in Annexure IV at various centers to address the business specific requirement of homogeneous borrowers.

6.5.4 The bank shall continue to review performance of each cluster on an ongoing basis. Accordingly, existing cluster specific products to be suitably modified from time to time to make them more attractive and competitive taking into account, customers' requirement and feedback from the field functionaries. New clusters



shall also be identified so as to deepen the credit delivery system and harness the untapped potential of this sector

6.5.5 The delegation for approval/renewal of Cluster specific schemes is per the policy on delegation of loaning powers.

6.6 MSE Care Centers

6.6.1 Bank has designated all its Regional Offices as MSE care centers. Their Details such as name & address of the office, contact person, phone numbers etc. have been made available on the Bank's Web site.

6.6.2 For redressal of MSME complaints each Zonal office will form a Committee headed by the Zonal Head at the FGMO level to look into the complaints and their time bound redressal. The Zonal Head will be the "Nodal Officer" at FGMO level for redressal of complaints. The Committee will verify periodically that the guidelines under Priority Sector in general and MSME sector in particular are compiled by the branches and complaints are redressed promptly. Endeavour should be made to dispose the complaint within 15 working days. The names and addresses with telephone number of the Nodal Officer with whom complaints can be lodged should be displayed on the notice board of every branch.

6.6.2.1 In case the complaint is not redressed the same is to be escalated to Central Office, CP&MSME Dept. for redressal. CP&MSME Department should address the complaint within 15 days of receipt of matter from FGMO.

6.6.2.2 The Nodal Officer at FGMO will be responsible for maintaining the repository of all the data related to MSME complaints.

6.6.3 Further, the list of Business Banking Branches and MSME Focused Branches is made available on Bank's website under "MSME Contact Points".

6.7 Pradhan Mantri MUDRA Yojna (PMMY)

6.7.1 Micro Units Development and Refinance Agency (MUDRA) is a Public Sector Financial Institution which was launched by the Prime Minister on 08-04-2015. The prime objective behind setting up of this Agency is for "Funding the unfunded" and "Formalizing the informal". MUDRA aims at providing refinance /finance to the 'Last mile Financial Institutions' which are in the business of financing micro enterprises in manufacturing, trading and services sector in rural and urban areas. Accordingly, MUDRA would be extending refinance to the Banks for their lending to Micro Enterprises in the country.

6.7.2 MUDRA has categorized exposure to Micro Units into different buckets based on amount of Loan. The details of classification are as under:

- i. **Shishu:** Loan amount upto Rs.50,000/-
- ii. **Kishore:** Loan amount exceeding Rs.50000/- and upto Rs.5.00Lacs
- iii. **Tarun:** Loan amount exceeding Rs.5.00Lacs upto Rs.10.00Lacs



- 6.7.3 All the credit facilities extended to Micro Enterprises with overall credit limit upto Rs.10.00 lacs extended on or after 08-04-2015 are to be reported under PMMY. A separate MUDRA loan application is formulated by IBA, which is adopted by the Bank.
- 6.7.4 MUDRA Ltd. has also conceived a product called “MUDRA Card”. The co-branded card will be issued by the Bank which will help the eligible borrower to access credit on a flexible manner to meet working capital needs.
- 6.7.5 The operating guidelines under Prime Minister MUDRA Yojana including instructions of the Ministry will be communicated by CP&MSME Department from time to time.
- 6.8 Standup India**
STAND UP INDIA is an initiative taken by the Honourable Prime Minister of India which basically aims to promote entrepreneurship among SC/STs and Women entrepreneurs. Standup India scheme facilitates Bank loans between Rs. 10 lacs to Rs. 100 lacs for SC / ST / Women beneficiaries for starting green field projects. This enterprise may in manufacturing, services or trading sector.
- 6.9 Start-up India**
A new MSME Scheme “Union Start Up” has been started to provide a bankable platform for economically viable business units to meet their need based business requirement. Unit must be eligible and certified as “Start-up” by the concerned Government Authority as per Start-up India scheme launched by Government of India (GoI).
- 6.10 Management & Skill Development Institute**
- 6.10.1 Bank, in partnership with SIDBI, has set up a Management & Skill Development Institute at Jangipur, Dist. Murshidabad, West Bengal on 31-01-2010.
- 6.10.2 This Institute is aimed at providing training to the rural unemployed youth to enable them to take up suitable economic activities.
- 6.10.3 The successful participants of the training course are also being provided with financial assistance through the Bank’s branches as per norms.
- 6.10.4 Regional Office, Durgapur is identified as a nodal office on behalf of the bank for matters related to the Institute.
- 6.11 Simplified Common Loan Application Form for MSMEs**
- 6.11.1 Indian Banks' Association (IBA) Managing Committee has approved a Simplified Common Loan Application Form for MSMEs to be used by the Bank for loans upto Rs.2.00 crore.
- 6.11.2 Bank has adopted the same and circulated among all the branches for use. (Copy enclosed as Annexure-V).
- 6.11.3 A copy of the same is also available on Bank's website.



6.11.4 All branches to use invariably simplified common loan application forms for MSMEs. However, MSMEs may also utilize the loan application form as per SARAL guidelines, wherever applicable as per their convenience.

6.12 Online Application Facility

6.12.1 For MSME Applicants:

Bank has introduced the online application module for MSE entrepreneurs. Now the MSE applicants have facility to apply online for a loan and can track online the status of his application at any point of time.

Under the module, the entire application for MSE is available online to the applicant. Applicant may choose his preferred branch and shall fill up the entire application form. A unique reference number will be generated by the system through which applicant can track the status of his application. Online acknowledgement will also be generated.

The online loan application facility was extended for MSE loans applications having credit requirement up to Rs.100.00 Lacs only. However, making this facility applicable for MSME loans upto Rs.200.00 lacs is under process.

6.12.1.a The Online loan application Facility for the MUDRA loan on U-Mobile, Website and Tab is launched by the Bank. The online application form will have the provision to select the branch, where 'Mudra loan' facility is proposed to be availed by the customer. The guidelines are issued to the field by CP&MSME Dept.

6.12.1.b The Bank pursues tie-ups with Fintech companies engaged in development of innovative financial technologies and providing an end to end credit dispensation solution. The bank has on-boarded on the "psbloansin59minutes.com"/ "psbloansin59minutes.com/unionbank" portal. The interface enables MSME borrowers to get in-principle approval subject to fulfillment of set criteria. The portal has in-built integration of numerous channels such as GST, Income Tax, Bank Statement analyser, CIBIL, MCA etc. The detailed operational modalities for the usage of the subject portal are already issued separately.

6.12.2 Standupmitra:

Government of India has unveiled standupmitra portal, a virtual market place, where MSME entrepreneurs can apply for loans online through <https://www.standupmitra.in/>, which can be accessed by Bankers and Standupmitra team. As per the preference given by the entrepreneurs, concerned Bank / branch has to pick up the proposal for processing, sanctioning and disbursement. The same is to be updated on the portal simultaneously. All branches have to log in to the portal for verification of proposals submitted by the customers on daily basis.

6.12.3 Udyamimitra:

Udyamimitra is a portal developed by SIDBI for submitting the online loan applications by the MSME entrepreneurs with various Banks which can be accessed through <https://udyamimitra.in/>.



6.13 Assessment of Credit Limits

- 6.13.1 The applicable lending methods and other related matters for assessment of credit limits have been discussed in detail in the Bank's Loan Policy. Hence, they are not being reiterated and can be referred from Loan Policy.
- 6.13.2 In line with Nayak Committee Report, working capital limits to MSE units is to be computed on the basis of minimum 20% of their estimated turnover up to credit limit of Rs.5 crores. The turnover method shall be applied for sanction of fund based working capital limits to the non MSE borrowers requiring working capital facilities upto Rs.100 Lacs from the banking system. Otherwise, the applicable lending methods such as Flexible Bank Finance, Cash Budget Method etc are to be followed. If any schemes allowed any other method of assessment, then assessment as prescribed under the scheme will be valid.
- 6.13.3 In order to mitigate the constraints faced by MSEs and to support Digital Push as desired by Government of India, Bank has introduced a new scheme "Union Turnover Plus" to fund the need based requirement of MSEs having working capital cycle of above 3 months based on projected/accepted sales turnover and which are adopting digital cashless channels for their business transactions. Under the schemes , Bank finance upto 30% if Digital portion and 25% of the balance portion of the projected sales will be considered. In furtherance of the Government initiative in tax reforms, compliance and digitization, a special scheme "Union Trade-GST" is introduced wherein assessment needs to be done strictly as per turnover (sale / supply) specified in appropriate GST returns filed by the borrower.

Detailed guidelines for assessment of working capital are given in Loan Policy.

- 6.13.4 Term Loan can be considered to the MSME borrowers as per the existing guidelines of the Bank.
- 6.13.5 Off-Balance Sheet facilities like Letters of Credit, Bank Guarantee etc. can also be considered to the MSME borrowers as per the existing guidelines of the bank.
- 6.13.6 The scheme for the textiles and jute industries under TUFs (Restructured Technology Upgradation Fund Scheme of Ministry of Textiles, Govt. of India) was in operation with effect from 28.04.2011 to 31.03.2012. The Government has approved extension of TUFs scheme for the 12th Plan period under the name - Revised Restructured - TUFs (RR-TUFs). Now A-TUFs (Amended Technology Upgradation Fund scheme) had been notified by Ministry of Textile on 13.01.2016. The guidelines of A-TUFs on financial and operational parameters and implementation mechanism for A-TUFs during its implementation period from 13.01.2016 to 31.03.2022 were laid down. The salient features of the scheme are circulated by the Bank from time to time and the detailed guidelines can be accessed through http://www.txcindia.gov.in/html/Guidelines_of_ATUFs_.pdf.



6.14 Risk Rating and Pricing

In addition to internal and external rating of borrowers, the Bank has subscribed to CIBIL MSME Rank (CMR) as an additional due diligence tool. It is applicable to MSMEs with aggregate commercial borrowings between Rs.10 lakhs to Rs.10 crores. The applicable guidelines on risk rating and pricing is enumerated in Loan Policy, Internal Risk Rating Policy and Credit Risk Management Policy of the Bank. Hence, they are not being reiterated and can be referred from the subject policies.

6.15 Rejection/Curtailment of MSE proposal

There should not be any delay in sanctioning and disbursement of credit. The time schedule for disposal of application should be adhered to. In case of rejection/curtailment of credit limit of the MSE /Priority Sector loan proposal a reference to next higher authority should be made.

6.16 MSME Products:

The credit requirements of MSMEs vary according to place, cluster, activity etc. In this age of fast changing technology and competition, MSMEs require hassle free credit facilities for updation of technologies, acquisition of machineries, tide over the liquidity crunch etc. Bank has, therefore, designed various MSME products looking into the requirements of the borrowers as detailed below:

1.	Union High Pride	11.	Union General Credit Card
2.	Union Procure	12.	Union Start Up
3.	Union Dealer Finance Scheme	13.	Union Turnover Plus
4.	Union SME plus	14.	Union Trade Plus
5.	Union Parivahan (Erstwhile Union Transport)	15.	Union Trade-GST
6.	Union Progress (W/w Union Laghu Udhyaami Credit Card)	16.	Union GST Input Credit
7.	Union Nari Shakti	17.	Union Trade Receivables Discounting System (TReDS)
8.	Union Liqui property	18.	Scheme for Financing Second hand Light Commercial Vehicle (LCV) earlier finance by our bank
9.	Financing to Small Traders under PMMY	19.	Union Mudra
10.	Union Trade	20.	Union Enterprises

Note: Besides above, Union Rent and Scheme for Financing Gems, Jewellery and Diamond Sector product also falls in the domain of MSME vertical.

The above mentioned MSME products are being Rationalised in line with Amalgamation Process. On re-alignment of the Name/ Nature etc of the products, the same shall change accordingly.

All new credit products are introduced and changes in MSME Credit product/s are placed before Product Evaluation Committee (PEC). On recommendation of PEC,



the product will be placed to Credit Risk Management Committee at Risk Management Department for approval.

Business process changes, if any, in any MSME credit products administration are introduced after vetting by Operational Risk Management Cell at RMD and recommendation are to be placed before Operational Risk Management Committee for approval.

6.17 MOU/Tie-Up/Collaboration with Fintech Companies/Other Agencies -

6.17.1 The external credit rating enables the MSMEs to compete with the market players on global level. Similarly, it also helps banks to evaluate MSME's credit proposals in a better way. However, MSMEs in general are not very keen to get their units/accounts rated from the external credit rating agencies. In order to motivate the MSMEs, National Small Industries Corporation (NSIC) is providing subsidy towards the payment of fees of the external credit rating agencies.

6.17.2 With a view to motivate MSE customers, Bank provides incentive by way of concession in interest rate in case the unit is rated by an approved rating agency.

Rating	Concession
Highest Rating	0.50% pa
2 nd Highest Rating	0.25% pa

6.17.3 Our Bank is already Basel-II (standardized approach for credit risk) compliant with effect from 31.03.2009. As per RBI guidelines all accounts enjoying Fund Based and Non Fund Based limits above Rs.5.00 crores are to be rated by the External Credit Rating Agencies. Henceforth, all accounts enjoying limits (FB+NFB) above Rs.25.00 crore (exposure from the banking system) are to be rated by external credit rating agencies.

6.17.4 RBI accredited seven external rating agencies i.e. CRISIL, CARE, INDIA RATINGS AND RESEARCH PVT LTD, ICRA, Brickwork Ratings India Pvt Ltd , Acuite Ratings & Research Ltd (previously known as SMERA Ratings Limited) and Infomercials for Basel -II compliant rating of the loan facilities of the borrowers of our Bank. The services of Acuite Ratings & Research Ltd, CRISIL, CARE, ICRA and ONICRA can be utilized for external credit rating of the SMEs.

6.17.5 Managing Director & CEO shall be the competent authority for approving the Tie-ups/ MOUs/ Collaboration (New & Renewal) with Fintech companies/ Credit Information Companies for credit off take and improvement of credit underwriting/ dispensation process.

6.18 Channel Financing initiatives

Under channel financing Scheme, finance is extended to select suppliers and wholesale dealers of Bank's identified large corporate borrowers. Under the Channel Finance Scheme, Bank has two Schemes:

6.18.1 **Union Procure** - Financing Pre-Production i.e. financing against receivables of vendors for goods supplied to reputed corporate.

In furtherance to the 'Union Procure scheme' and in compliance with Government directives for registration of all banks on TReDS, Union TReDS - Trade Receivables



Discounting System (TReDS) scheme is introduced which is a digital platform to help MSMEs to get their trade receivables financed (without recourse) at a competitive rate through an auction mechanism where multiple financiers can bid on invoices accepted by PSUs / Corporate Buyers. TReDS will allow MSMEs to post their receivables on the online platform and get them financed at competitive rates as per online bidding process. The Bank has registered itself with all the 3 RBI registered TReDS platforms i) Receivables Exchange of India Ltd (RXIL) [Joint Venture between Small Industries Development Bank of India (SIDBI) and National Stock Exchange (NSE)], ii) A TReDS Limited (invoicemart.com) and iii) M1xchange (setup by Mynd Solutions) as TReDS partners. More such tie-up opportunities will be explored with other RBI approved TReDS platforms (if any) in future.

6.18.2 Union Dealer Financing Scheme - Providing post production finance i.e. working capital limits to dealers of Corporates having tie-up with Banks.

FGMs will identify the selected top OEM / Corporates and recommend to CP&MSME, CO for approval / total outlay for tie up. On approval from CAC-I, the draft MoU to be framed by CP&MSME and vetted by Law Department at CO. This MoU will be executed by respective FGM. (For details on Union Dealer Financing Scheme, refer IC no.1071-2018 dated 05.01.2018).

6.19 Interest Subvention Scheme for Incremental Credit to MSMEs: Government of India with an intension to encourage MSME segment and registrations under GSTIN regime, unveiled “Support and Outreach Campaign for MSMEs”. Under the Campaign, 2% interest subvention for all GST registered MSMEs on fresh and incremental loans sanctioned on or after 02.11.2018 were announced. The operational guidelines for same are communicated separately to field by CP&MSME.

7. Modification and Review

- 7.1 The policy shall be valid upto 31.03.2021 from the date of amalgamation. The continuity of the policy may be extended for a further period of 3 months with the specific approval of Managing Director & CEO.
- 7.2 The Policy shall also be modified to give effect, in case of any changes in the existing guidelines/directives/instructions based on the directives/advice of Reserve Bank of India/Government of India/other regulatory authorities, issued from time to time, subject to reporting and approval of the Board of Directors.
- 7.3 The Policy will be reviewed / revised from time to time, at least once in a year to adapt to the changing economy/environmental demands and to incorporate/ implement any changes in the credit strategy of the Bank related to the MSME customers.

8. Matters pertaining to amalgamated entity:

- 8.1 The various nomenclatures used for the sanctioning / reporting authority, monitoring, compliance, credit approval committees, etc at different levels, and delegation in the subject policy may undergo changes as the organizational



structure / credit dispensation structure may be revamped for the amalgamated entity in due course.

- 8.2 Any reorganization of SARAL/ SARAL Lite/ Specified MSME Branches/ MSE Care Centres/ New MSME Products/ Cells/ BBB/MFB/Cluster Schemes, and related sanctioning / reporting structure formats / templates etc based on the requirements of amalgamated entity, will be approved by MD&CEO in line with the amalgamation process, if required.
- 8.3 In view of the above, the necessary changes / alignment / rationalization in the subject policy (mostly operational in nature) will be approved by CRMC in line with the amalgamation process, if required. Till such operationalisation, extant practices of each Bank shall continue.



MINISTRY OF SMALL SCALE INDUSTRIES
NOTIFICATION
New Delhi, the 5th October, 2006

S.O. 1722(E) - In exercise of the powers conferred by sub-section (1) of 2006) herein referred to as the said Act, the Central Government specifies the following items, the cost of which shall be excluded while calculating the investment in plant and machinery in the case of the enterprises mentioned in Section 7(1)(a) of the said Act, namely:

- i. Equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumables stores;
- ii. Installation of plant and machinery;
- iii. Research and development equipment and pollution controlled equipment
- iv. Power generation set and extra transformer installed by the enterprise as per regulations of the State Electricity Board;
- v. Bank charges and service charges paid to the National Small Industries Corporation or the State Small Industries Corporation;
- vi. Procurement or installation of cables, wiring, bus bars, electrical control panels (not mounded on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;
- vii. Gas producers plants;
- viii. Transportation charges (excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of the manufacture to the site of the enterprise;
- ix. Charges paid for technical know-how for erection of plant and machinery;
- x. Such storage tanks which store raw material and finished produces and are not linked with the manufacturing process; and
- xi. Firefighting equipment.

2. While calculating the investment in plant and machinery refer to paragraph 1, the original price thereof, irrespective of whether the plant and machinery are new or second handed, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;

- i. Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- ii. Shipping charges;
- iii. Customs clearance charges; and
- iv. Sales Tax or Value Added Tax.

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(F.No.4(1)/2006-MSME- Policy)
 JAWHAR SIRCAR, Addl. Secy.



Committees on flow of Credit to MSE sector (As per RBI Master Direction on lending to Micro Small & Medium Enterprises)

1. **Report of the High Level Committee on Credit to SSI (now MSE) (Kapur Committee)**
 - 1.1 Reserve Bank of India had appointed a one-man High Level Committee (June 30, 1998) headed by Shri S L Kapur, (IAS, Retd.), Former Secretary, Government of India, Ministry of Industry to suggest measures for improving the delivery system and simplification of procedures for credit to SSI sector.
 - 1.2 The Committee made 126 recommendations covering wide range of areas pertaining to financing of SSI sector.
 - 1.3 These recommendations were examined by the RBI and accepted 88 recommendations which include the following important recommendations:
 - i. Delegation of more powers to branch managers to grant ad-hoc limits;
 - ii. Simplification of application forms;
 - iii. Freedom to banks to decide their own norms for assessment of credit requirements;
 - iv. Opening of more specialised SSI branches;
 - v. Enhancement in the limit for composite loans to Rs. 5 lakh. (since enhanced to Rs.1 crore);
 - vi. Banks to pay more attention to the backward states;
 - vii. Special programmes for training branch managers for appraising small projects;
 - viii. Banks to make customers grievance machinery more transparent and simplify the procedures for handling complaints and monitoring thereof.
 - 1.4 A circular was issued by RBI vide RPCD.No. PLNFS.BC.22/06.02.31/98-99 dated August 28, 1998 thereby advising implementation of the Kapur Committee Recommendations.
2. **Report of the Committee to Examine the Adequacy of Institutional Credit to SSI Sector (now MSE) and Related Aspects (Nayak Committee)**
 - 2.1 The Committee was constituted by Reserve Bank of India in December 1991 under the Chairmanship of Shri P. R. Nayak, the then Deputy Governor to examine the issues confronting SSIs (now MSE) in the matter of obtaining finance. The Committee submitted its report in 1992. All the major recommendations of the Committee have been accepted and the banks have been inter-alia advised to:
 - i. Give preference to village industries, tiny industries and other small scale units in that order, while meeting the credit requirements of the small scale sector;
 - ii. Grant working capital credit limits to SSI (now MSE) units computed on the basis of minimum 20% of their estimated annual turnover whose credit limit in individual cases is upto Rs.2 crore [since raised to Rs.5 crore];



- iii. Ensure that there should not be any delay in sanctioning and disbursement of credit. In case of rejection/curtailment of credit limit of the loan proposal, a reference to higher authorities should be made;
 - iv. Not to insist on compulsory deposit as a 'quid pro-quo' for sanctioning the credit;
 - v. Open specialised SSI (now MSE) bank branches or convert those branches which have a fairly large number of SSI (now MSE) borrowal accounts, into specialised SSI (now MSE) branches;
 - vi. Standardise loan application forms for SSI (now MSE) borrowers; and
 - vii. Impart training to staff working at specialised branches to bring about attitudinal change in them.
- 2.2 A circular was issued by RBI vide RPCD. PLNFS/ BC. No. 61/06.0262/ 2000-01 dated March 2, 2001 thereby advising implementation of the Nayak Committee Recommendations.
- 3. Report of the Working Group on Flow of Credit to SSI (Now MSE) Sector (Ganguly Committee)**
- 3.1 A "Working Group on Flow of Credit to SSI sector" was constituted under the Chairmanship of Dr. A S Ganguly. The Committee made 31 recommendations covering wide range of areas pertaining to financing of SSI sector. The recommendations pertaining to RBI and banks have been examined and RBI has accepted 8 recommendations so far and communicated the following to banks for implementation which are as under:
- i. Adoption of cluster based approach for financing MSME sector;
 - ii. Sponsoring specific projects as well as widely publicising successful working models of NGOs by Lead Banks which service small and tiny industries and individual entrepreneurs;
 - iii. Sanctioning of higher working capital limits by banks operating in the North East region to SSIs (now MSE) , based on their commercial judgment due to the peculiar situation of hilly terrain and frequent floods causing hindrance in the transportation system;
 - iv. Exploring new instruments by banks for promoting rural industry and to improve the flow of credit to rural artisans, rural industries and rural entrepreneurs.
- 4. Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C. Chakrabarty)**
- 4.1 In the light of the recommendations of the Working Group on Rehabilitation of Sick MSEs (Chairman: Dr. K.C. Chakrabarty, the then CMD of Punjab National Bank), following was advised by RBI:
- i. To put in place loan policies governing extension of credit facilities, Restructuring/Rehabilitation policy for revival of potentially viable sick units/enterprises and non- discretionary One Time Settlement scheme for recovery of non-performing loans for the MSE sector, with the approval of the Board of Directors and



- ii. To implement the recommendations with regard to timely and adequate flow of credit to the MSE sector.
- 4.2 To consider implementation of the recommendations, inter alia, that lending in case of all advances upto Rs 2 crores may be done on the basis of scoring model. To undertake a review of the loan policy governing extension of credit facilities to the MSE sector, with a view to using Board approved credit scoring models in evaluation of the loan proposals of MSE borrowers.
- 5. Prime Minister's Task Force on Micro, Small and Medium Enterprises**
- 5.1 A High Level Task Force was constituted by the Government of India (Chairman: Shri T K A Nair), in January 2010, to consider various issues raised by Micro, Small and Medium Enterprises (MSMEs).
- 5.2 The Task Force recommended several measures having a bearing on the functioning of MSMEs, viz., credit, marketing, labour, exit policy, infrastructure/technology/skill development and taxation. The comprehensive recommendations cover measures that need immediate action as well as medium term institutional measures along with legal and regulatory structures and recommendations for North-Eastern States and Jammu & Kashmir.
- 5.3 It was urged to keep in view the recommendations made by the Task Force and take effective steps to increase the flow of credit to the MSE sector, particularly to the micro enterprises.
- 6. Working Group to Review the Credit Guarantee Scheme for Micro and Small Enterprises**
- 6.1 A Working Group was constituted by the Reserve Bank of India under the Chairmanship of Shri V.K. Sharma, Executive Director, to review the working of the Credit Guarantee Scheme (CGS) of CGTMSE and suggest measures to enhance its usage and facilitate increased flow of collateral free loans to MSEs.
- 6.2 The recommendations of the Working Group included, inter alia, mandatory doubling of the limit for collateral free loans to micro and small enterprises (MSEs) sector from Rs.5 lakh to Rs.10 lakh and enjoining upon the Chief Executive Officers of banks to strongly encourage the branch level functionaries to avail of the CGS cover and making performance in this regard a criterion in the evaluation of their field staff, etc.
- 6.3 RBI has advised not to accept collateral security in the case of loans upto Rs 10 lakh extended to units in the MSE sector and strongly encourage branch level functionaries to avail of the CGS cover, including making performance in this regard a criterion in the evaluation of their field staff.



Annexure III

STRUCTURE OF SARAL

S. No	Particulars	Structure of SARAL
1.1	Name of the CPC	SARAL Systematic Appraisal and Risk Assessment of Loan
1.2	Structure of CPC	a) Central Processing Cell (SARAL) to work independently completely delinked from Credit Department of RO as a credit processing - cum - acquisition center for the Region. However, SARAL will remain an integral part of RO for administrative purpose and reporting to the respective Regional Head. (In case Regional Head is also AGM, the next higher authority for reporting by SARAL will be FGM.) b) It shall be headed by Assistant General Manager.
1.3	Scope of CPC	a) All credit proposals (New/ enhancement/review/renewal) including restructuring/ modifications/ad-hoc falling beyond Branch delegation or above Rs 0.50 crores of all Branches in the region to be centrally processed at SARAL and sanctioned by respective delegate (SLCC-II & above). Saral to self source proposal above Rs 0.50 crs i.e Saral should function as acquisition center also. A Relationship Manager (RM) shall be posted for this purpose in SARAL. Proposal once sanctioned will be maintained at indentified Branch. In region having SARAL, center having Mid Corporate Branches (MCB) & IFB, SARAL will process credit proposals (New / enhancement /review/renewal) including restructuring/ modifications/ad-hoc above Rs 0.50 crores upto Rs 50.00crs of all Branches in the region irrespective of Branch Delegation. MCB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs.50.00crs upto Rs.150.00crs. IFB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs.150.00crs. In region having SARAL, center having Mid Corporate Branches (MCB), SARAL will process credit proposals (New / enhancement /review/renewal) including restructuring/ modifications/ad-hoc above Rs 0.50 crores upto Rs 50.00crs of all Branches in the region irrespective of Branch Delegation. MCB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs.50.00crs. In region having SARAL , center having IFBs - SARAL will process credit proposals (New / enhancement



		<p>/review/renewal) including restructuring/ modifications/ad-hoc above Rs 0.50 crores upto Rs 150.00crs of all Branches in the region irrespective of Branch Delegation.</p> <p>IFB to process credit proposals (New/enhancement/review/renewal) including restructuring/modifications/ad-hoc above Rs.150.00crs.</p> <p>In region which has no SARAL/MCB/IFBs As per existing structure, i.e.- from branch to RO and from RO to sanctioning authority directly, with a copy to intermediary level for information only.</p> <p>a) However, following proposals in isolation will be outside the scope of SARAL:</p> <ul style="list-style-type: none"> • Retail • Agriculture • Staff • SOD-FDR/DRIC <p>Under agriculture sector, following Proposals (subject to ceiling as given in para 1.3 a) will be processed at SARAL.</p> <ul style="list-style-type: none"> • Food and Agro processing • Construction & running of storage facility, • Cold storage, • MFIs, • seed production, • Bio pesticide, • Bio fertilizer, • Vermi compost industry • Floriculture, Poultry, Dairy
1.4	Basic Functions of Branch	<p>a) Generation of Leads/Canvassing of proposals by branch.</p> <p>b) Compliance of KYC guidelines.</p> <p>c) Collection/Compilation of documents as per checklist - Branch to endeavor to submit complete set of documents along with recommendation or within the mentioned timelines (As per the checklist) to SARAL for avoiding queries at later date).</p> <p><i>(However, presentation of data in the prescribed Executive Summary format will be done at SARAL.)</i></p> <p>d) Branch to mandatorily provide acknowledgement to the customers on receipt of loan application & list of documents as per checklist.</p> <p>e) Pre-sanction inspection as per Banks guidelines. <i>[However, pre-sanction joint inspection of unit by Branch & SARAL is mandatory for (New/Enhancement) credit exposure above Rs.1.00 crore.]</i></p>



	<p>Basic Functions of Branch</p>	<p>f) Compilation of credit report/s as per Bank's guidelines by branch.</p> <p>g) Due diligence: Due diligence other than financial diligence is to be done by the branch. <i>(All the required financial documents to be passed onto SARAL (As per checklist) which will do the financial diligence of the proposal.)</i></p> <p>h) Branch to continue to initiate legal, valuation and other third party reports as per Bank's guidelines.</p> <p>i) Forwarding the proposals falling within the scope of SARAL as per Point No.1.3 (Branch recommendation, Qualitative comments on operational performance, wherever applicable, Market based due diligence and Documents as per checklist,).</p> <p>j) Documentation, creation of mortgages/charges, compliance of sanction terms, CPA, disbursement & other credit administration functions for all sanctions shall be done at Branch level.</p> <p>k) Collecting stock statements, updation of Drawing power and insurance reminders shall be done at branch.</p> <p>l) Quarterly security inspection shall be done at branch.</p> <p>m) All post - disbursement monitoring of proposals shall be done at branch as per procedure laid by the extant Credit Monitoring Policy.</p> <p>n) In case of proposals within the scope of Branch/RO:</p> <ul style="list-style-type: none"> • Branch Continue to exercise delegation in proposal of exposure till Rs 0.50crs as per Bank's guidelines on delegated loaning power. All proposals (subject to exception as given in 1.3 c above) above Rs 0.50crs irrespective of Branch Delegation falling in a region is to be send to SARAL for processing. • As there will be no usage of Branch delegation in proposal of above Rs 0.50crs, Credit Evaluation Grid is not applicable. • All proposal in Branch delegation but outside the scope of SARALs should be routed through Credit Evaluation Grid before sanction (Rs.1.00crore & above). • All proposals beyond Branch head delegation / outside the scope of SARAL as defined in point No.1.3 above will be routed through Credit Department at Regional Office. Processing shall be done at branch level and sanction & modification thereof shall be accorded by branch head or higher offices i.e. RLCC and above as per delegation vested with such delegatee.
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	Basic Functions of Branch	
1.5	Basic Functions of independent CPC/SARAL	<p>a) Processing and sanction of all proposals as per scope of SARAL defined under Point No.1.3.</p> <p>b) If the proposal falls beyond SARAL delegation, the proposal shall be processed by SARAL and thereafter submitted to the respective delegated authority (RLCC/ZLCC/CO) for sanction.</p> <p>c) If the proposal falls within the delegation of ZLCC, the same shall be forwarded directly to FGMO for decision with a copy to Regional Office for information.</p> <p>d) If the proposal falls within the delegation of CO, the same shall be forwarded directly to CO for decision with a copy to FGMO & RO for information.</p> <p>e) Collection of documents:</p> <ul style="list-style-type: none"> • Ensure collection of additional documents, if any. • Timeline may be mentioned by the branch for missing documents (Other than “Not applicable”) as per the prescribed checklist. • SARAL to commence the processing/appraisal with the available documents in case timeline is upto 7 working days. Otherwise also, Chief Manager may permit commencement of processing with the documents made available by the branch to ensure timely disposal of proposal. • Duly filled checklist authenticated by Work Cell Manager & coordinator shall be kept in record. <p>f) Queries: SARAL should raise queries directly to the customer with a copy to the branch. Similarly, queries to be raised directly to the SARAL by the Higher Authority. Further, Chief Manager has to vet the queries raised on the proposal at SARAL.</p> <p>g) Financial Diligence: Financial diligence (Analysis of financial/non-financial/ contingent liability aspects as per balance sheet/CMA) is to be ensured by SARAL.</p> <p>h) Defaulter List: CIBIL report/Defaulter lists /CRILC /ECGC SAL List/Caution Advice /CERSAI verification will be an integral part of processing at SARAL along with branch level due diligence.</p> <p>i) Sanction Advice: Sanction letter is to be prepared by SARAL and issued to the customer. A copy of sanction letter also to be sent to the branch. Soft copy of set of documents to be executed by the customer shall be provided to the branch by SARAL. However, branch will be responsible for completing the process of documentation (Including vetting of documents) as per norms as well as receiving acknowledgement from the customer.</p>



		j) In SARAL, Coordinator is posted as a facilitator for the Branches.
1.6	Basic Functions of independent CPC/SARAL (Marketing /Relationship Manager)	<p>a) Relationship Manager to self source leads above Rs.0.50 crore only. In self source leads generated by Relationship Manager the following guidelines is to be followed:</p> <p>i. Generation of Leads/Canvassing of proposals by SARAL through RM.</p> <p>ii. Compliance of KYC guidelines and taking loan application from prospective customer by RM.</p> <p>iii. Collection/Compilation of documents as per checklist - SARAL to endeavor to get complete set of documents from customers (As per the checklist) to for avoiding queries at later date.</p> <p>iv. SARAL to mandatorily provide acknowledgement to the customers on receipt of loan application & list of documents as per checklist.</p> <p>v. Pre-sanction inspection as per Banks guidelines. <i>[However, pre-sanction joint inspection of unit by Relationship Manager (RM) & Saral Head/CM of SARAL is mandatory for (New/Enhancement) credit exposure above Rs.1.00 crore.]</i></p> <p>vi. Compilation of credit report/s as per Bank's guidelines by SARAL.</p> <p>vii. Due diligence: Due diligence other than financial diligence is to be done by the RM posted at SARAL. <i>[All the required financial documents to be passed onto SARAL (As per checklist) which will do the financial diligence of the proposal.]</i></p> <p>viii. SARAL to initiate/complete legal, valuation and other third party reports as per Bank's guidelines.</p> <p>ix. In case of valuation of property (prime or collateral) upto Rs 0.50 crs the confirmation of value of the property is to be done by RM. In case of valuation above Rs 0.50 crs upto Rs 1.00 crs the confirmation of value of the property is to be done by RM & SARAL Head/CM . In case of valuation above Rs 1.00 crs the confirmation of value of the property is to be done by RM & SARAL Head jointly. In case of different valuation confirmation by SH/RM/CM lower of the three will taken for credit decision purpose.</p> <p>x. The services of RM is to be used for fresh proposal only.RM to submit Market based due diligence and Documents as per checklist.</p>



		<p>xi. Documentation, creation of mortgages/charges, compliance of sanction terms, CPA, disbursement & other credit administration functions for all sanctions shall be done at indentified Branch only. Though documentation is not a primary responsibility of RM, he/she can facilitates the process of documentation in case of need.</p> <p>xii. As account will be maintained at Branch, All post - disbursement monitoring of proposals shall be done at branch as per procedure laid by the extant Credit Monitoring Policy/Loan Policy.</p>
1.7	Delegation	As per Policy on Delegation of loaning powers under the revised SARAL structure.
1.7	Marketing aspects	Now SARAL should act as acquisition engine also. Suitable number of RMs to be posted at SARAL.
1.8	Other aspects	<p>a) LAS: Movement of the proposal though LAS.</p> <p>b) Technical Officer: The Technical Officer (TOs) should be posted for conducting technical inspection as per norms. (The service of TO can also be utilized by RO as and when required for inspection of units falling beyond the scope of SARAL.)</p> <p>c) Acknowledgement: Computer generated acknowledgement and reference number to be provided to customers by branch after receipt of minimum documents required from the applicant.</p> <p>d) Rejection: The rejection of proposal/s submitted at SARAL shall be done in consultation with the Regional Head upto RLCCs level delegation and FGM for delegation of ZLCC & above.</p> <p>e) Preliminary Information Memorandum (PIM) (As per prescribed format for new credit proposals above Rs. 20.00 crores) is to be prepared at SARAL even if the lead is generated by branch. (Otherwise falling within the scope of SARAL)</p> <p>f) Performance Management: Weekly review to be done by Regional Head (In case of DGM Headed Regions) and fortnightly review to be done by Field General Manager.</p> <p>g) Morning huddles: Morning huddles to be institutionalized wherein performance of the previous day, action plan for the day for Chief Manager /processing officer/ coordinator/technical officer, debottlenecking issues through requisite escalation etc to be discussed.</p>
1.9	System support	<p>CP&MSME Department to facilitate the following along with respective RO/FGMO:</p> <p>a) Optimum staffing at SARALs.</p> <p>b) Posting of SARAL Head having experience in credit.</p> <p>c) Posting of suitable number of skilled and capable credit officer having experience in marketing</p>



		d) Assigning processing/acquisition targets for SARALs.
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The ownership of the sanctioned/disbursed accounts will continue to be with the Branches and SARAL will work as an extended arm of Regional Office and facilitator for the branches in improving quality of advance as well as TAT.



STRUCTURE OF SARAL LITE

S. No	Particulars	Structure of SARAL LITE
1.1	Name of the CPC	SARAL LITE Systematic Appraisal and Risk Assessment of Loan LITE
1.2	Structure of CPC	a) Central Processing Cell (SARAL LITE) to work independently completely delinked from Credit Department of RO as a credit processing - cum - acquisition center for the Region. However, SARAL LITE will remain an integral part of RO for administrative purpose and reporting to the respective Regional Head. b) It shall be headed by Chief Manager.
1.3	Scope of CPC	a) All credit proposals (New/ enhancement/review/renewal) including restructuring/ modifications/ad-hoc falling beyond Branch delegation or above Rs 0.10 crores of all Branches in the region to be centrally processed at SARAL LITE and sanctioned by respective delegate (SLCC-II and above).The SARAL LITE will be headed by Chief Manager and will exercise the delegated power of SLCC II as per extant norms. b) SARAL LITE to self source proposal above Rs 0.10 crs i.e SARAL LITE should function as acquisition center also. A Relationship Manager (RM) shall be posted for this purpose in SARAL LITE. Proposal once sanctioned will be maintained at indentified Branch. In region having SARAL LITE , center having Mid Corporate Branches (MCB) & IFB, SARAL LITE will process credit proposals (New / enhancement /review/renewal) including restructuring/ modifications/ad-hoc above Rs 0.10 crores upto Rs 50.00crs of all Branches in the region irrespective of Branch Delegation. MCB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs50.00 crs upto Rs 150.00crs. IFB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs.150.00crs. In region having SARAL LITE, center having Mid Corporate Branches (MCB), SARAL LITE will process credit proposals (New / enhancement /review/renewal) including restructuring/ modifications/ad-hoc above Rs 0.10 crores upto Rs 50.00crs of all Branches in the region irrespective of Branch Delegation. MCB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs 50.00 crs. In region having SARAL LITE , center having IFBs,



S. No	Particulars	Structure of SARAL LITE
		<p>SARAL LITE will process credit proposals(New / enhancement /review/renewal) including restructuring/ modifications/ad-hoc above Rs 0.10 crores upto Rs 150.00crs of all Branches in the region irrespective of Branch Delegation.</p> <p>IFB to process credit proposals (New/enhancement/review/renewal) including restructuring/ modifications/ad-hoc above Rs 150.00crs.</p> <p>In region which has no SARAL LITE /MCB/IFBs As per existing structure, i.e.- from branch to RO and from RO to sanctioning authority directly, with a copy to intermediary level for information only.</p> <p>c) However, following proposals in isolation will be outside the scope of SARAL LITE:</p> <ul style="list-style-type: none"> • Retail • Agriculture • Staff • SOD-FDR/DRIC <p>Under agriculture sector, following Proposals (subject to ceiling as given in para 1.3 a) will be processed at SARAL LITE.</p> <ul style="list-style-type: none"> • Food and Agro processing • Construction & running of storage facility, • Cold storage, • MFIs, • seed production, • Bio pesticide, • Bio fertilizer, • Vermi compost industry • Floriculture, Poultry, Dairy
1.4	Basic Functions of Branch	<p>a) Generation of Leads/Canvassing of proposals by branch.</p> <p>b) Compliance of KYC guidelines.</p> <p>c) Collection/Compilation of documents as per checklist - Branch to endeavor to submit complete set of documents along with recommendation or within the mentioned timelines (As per the checklist) to SARAL LITE for avoiding queries at later date). (However, presentation of data in the prescribed Executive Summary format will be done at SARAL LITE.)</p> <p>d) Branch to mandatorily provide acknowledgement to the customers on receipt of loan application & list of documents as per checklist.</p> <p>e) Pre-sanction inspection as per Banks guidelines. [However, pre-sanction joint inspection of unit by Branch & SARAL LITE is mandatory for (New/Enhancement) credit exposure above Rs.1.00 crore.]</p> <p>f) Compilation of credit report/s as per Bank's guidelines by</p>



S. No	Particulars	Structure of SARAL LITE
	Basic Functions of Branch	<p>branch.</p> <p>g) Due diligence: Due diligence other than financial diligence is to be done by the branch.</p> <p><i>(All the required financial documents to be passed onto SARAL LITE (As per checklist) which will do the financial diligence of the proposal.)</i></p> <p>h) Branch to continue to initiate legal, valuation and other third party reports as per Bank's guidelines.</p> <p>i) Forwarding the proposals falling within the scope of SARAL LITE as per Point No.1.3 (Branch recommendation, Qualitative comments on operational performance, wherever applicable, Market based due diligence and Documents as per checklist).</p> <p>j) Documentation, creation of mortgages/charges, compliance of sanction terms, CPA, disbursement & other credit administration functions for all sanctions shall be done at Branch level.</p> <p>k) Collecting stock statements, updation of Drawing power and insurance reminders shall be done at branch.</p> <p>l) Quarterly security inspection shall be done at branch.</p> <p>m) All post - disbursement monitoring of proposals shall be done at branch as per procedure laid by the extant Credit Monitoring Policy.</p> <p>n) In case of proposals within the scope of Branch/RO:</p> <ul style="list-style-type: none"> • Branch Continue to exercise delegation in proposal of exposure till Rs 0.10crs as per Bank's guidelines on delegated loaning power. All proposals (subject to exception as given in 1.3 c above) above Rs 0.10crs irrespective of Branch Delegation falling in a region is to be send to SARAL LITE for processing. • As there will be no usage of Branch delegation in proposal of above Rs 0.10crs, Credit Evaluation Grid is not applicable. • All proposal in Branch delegation but outside the scope of SARAL LITE should be routed through Credit Evaluation Grid before sanction (Rs.1.00crore & above). • All proposals beyond Branch head delegation / outside the scope of SARAL LITE as defined in point No.1.3 above will be routed through Credit Department at Regional Office. Processing shall be done at branch level and sanction & modification thereof shall be accorded by branch head or higher offices i.e. RLCC and above as per delegation vested with such delegatee.



S. No	Particulars	Structure of SARAL LITE
1.5	Basic Functions of independent CPC/SARAL LITE LITE	<p>a) Processing and sanction of all proposals as per scope of SARAL LITE defined under Point No.1.3.</p> <p>b) If the proposal falls beyond SARAL LITE delegation, the proposal shall be processed by SARAL LITE and thereafter submitted to the respective delegated authority (RLCC/ZLCC/CO) for sanction.</p> <p>c) If the proposal falls within the delegation of ZLCC, the same shall be forwarded directly to FGMO for decision with a copy to Regional Office for information.</p> <p>d) If the proposal falls within the delegation of CO, the same shall be forwarded directly to CO for decision with a copy to FGMO & RO for information.</p> <p>e) Collection of documents:</p> <ul style="list-style-type: none"> • Ensure collection of additional documents, if any. • Timeline may be mentioned by the branch for missing documents (Other than “Not applicable”) as per the prescribed checklist. • SARAL LITE to commence the processing/appraisal with the available documents in case timeline is upto 7 working days. Otherwise also, Chief Manager may permit commencement of processing with the documents made available by the branch to ensure timely disposal of proposal. • Duly filled checklist authenticated by Work Cell Manager & coordinator shall be kept in record. <p>f) Queries: SARAL LITE should raise queries directly to the customer with a copy to the branch. Similarly, queries to be raised directly to the SARAL LITE Head by the Higher Authority. Further i.e SARAL LITE head/or second senior most officer has to vet the queries raised on the proposal at SARAL LITE.</p> <p>g) Financial Diligence: Financial diligence (Analysis of financial/non-financial/ contingent liability aspects as per balance sheet/CMA) is to be ensured by SARAL LITE.</p> <p>h) Defaulter List: CIBIL report/Defaulter lists /CRILC /ECGC SAL List/Caution Advice /CERSAI verification will be an integral part of processing at SARAL LITE along with branch level due diligence.</p> <p>i) Sanction Advice: Sanction letter is to be prepared by SARAL LITE and issued to the customer. A copy of sanction letter also to be sent to the branch. Soft copy of set of documents to be executed by the customer shall be provided to the branch by SARAL LITE. However, branch will be responsible for completing the process of documentation (Including vetting of documents) as per norms as well as receiving acknowledgement from the customer.</p>



S. No	Particulars	Structure of SARAL LITE
		j) In SARAL LITE, Coordinator is posted as a facilitator for the Branches.
1.6	Basic Functions of independent CPC/SARAL LITE (Marketing /Relationship Manager)	<p>a) In case of lead generated (subject to exception as given in 1.3.b) upto Rs 0.10 crs by Relationship Manager same to be forwarded to Branch (as per convenience of prospective customers) by Relationship Manager (RM). Branch/RO will do the processing /sanction as per existing guidelines. RM to only provides leads with a copy to RO.</p> <p>b) In case of self source lead above Rs 0.10 crs generated by Relationship Manager the following guidelines is to be followed:</p> <ol style="list-style-type: none"> i. Generation of Leads/Canvassing of proposals by SARAL LITE through RM. ii. Compliance of KYC guidelines and taking loan application from prospective customer by RM. iii. Collection/Compilation of documents as per checklist - SARAL LITE to endeavor to get complete set of documents from customers (As per the checklist) to for avoiding queries at later date. iv. SARAL LITE to mandatorily provide acknowledgement to the customers on receipt of loan application & list of documents as per checklist. v. Pre-sanction inspection as per Banks guidelines. <i>[However, pre-sanction joint inspection of unit by Relationship Manager & SARAL LITE Head/Senior Most officer of SARAL LITE is mandatory for (New/Enhancement) credit exposure above Rs.1.00 crore.]</i> vi. Compilation of credit report/s as per Bank's guidelines by SARAL LITE. vii. Due diligence: Due diligence other than financial diligence is to be done by the RM posted at SARAL LITE. <i>[All the required financial documents to be passed onto SARAL LITE (As per checklist) which will do the financial diligence of the proposal.]</i> viii. SARAL LITE to initiate/complete legal, valuation and other third party reports as per Bank's guidelines. ix. In case of valuation of property (prime or collateral) upto Rs 0.50 crs the confirmation of value of the property is to be done by RM. In case of valuation above Rs 0.50 crs upto Rs 1.00 crs the confirmation of value of the property is to be done by RM & SARAL LITE Head/senior most officer. In case of valuation above Rs 1.00 crs the confirmation of value of the property is to be done by RM & SARAL LITE Head jointly. In



S. No	Particulars	Structure of SARAL LITE
		<p>case of different valuation confirmation by SH/RM/senior most officers lower of the three will taken for credit decision purpose.</p> <p>x. The services of RM is to be used for fresh proposal only. RM to submit Market based due diligence and Documents as per checklist.</p> <p>xi. Documentation, creation of mortgages/charges, compliance of sanction terms, CPA, disbursement & other credit administration functions for all sanctions shall be done at indentified Branch only. Though documentation is not a primary responsibility of RM, he/she can facilitates the process of documentation in case of need.</p> <p>xii. As account will be maintained at Branch, All post - disbursement monitoring of proposals shall be done at branch as per procedure laid by the extant Credit Monitoring Policy/Loan Policy.</p>
1.7	Delegation	As per Policy on Delegation of loaning powers under the revised SARAL structure i.e SLCC II.
1.7	Marketing aspects	SARAL LITE should act as acquisition engine also. Suitable number of RMs to be posted at SARAL LITE.
1.8	Other aspects	<p>a) LAS: Movement of the proposal though LAS.</p> <p>b) Technical Officer: The Technical Officer (TOs) should be posted for conducting technical inspection as per norms. (The service of TO can also be utilized by RO as and when required for inspection of units falling beyond the scope of SARAL LITE.)</p> <p>c) Acknowledgement: Computer generated acknowledgement and reference number to be provided to customers by branch after receipt of minimum documents required from the applicant.</p> <p>d) Rejection: The rejection of proposal/s submitted at SARAL LITE shall be done in consultation with the Regional Head upto RLCCs level delegation and FGM for delegation of ZLCC & above.</p> <p>e) Preliminary Information Memorandum (PIM)(As per prescribed format for new credit proposals above Rs. 20.00 crores) is to be prepared at SARAL LITE even if the lead is generated by branch. (Otherwise falling within the scope of SARAL LITE)</p> <p>f) Performance Management: Weekly review to be done by Regional Head and fortnightly review to be done by Field General Manager.</p> <p>g) Morning huddles: Morning huddles to be institutionalized wherein performance of the previous day, action plan for the day for SARAL HEAD/processing officer/ coordinator/technical</p>



S. No	Particulars	Structure of SARAL LITE
		officer, debottlenecking issues through requisite escalation etc to be discussed.
1.9	System support	CP&MSME Department to facilitate the following along with respective RO/FGMO: a) Optimum staffing at SARAL LITE. b) Posting of SARAL LITE Head having experience in credit. c) Posting of suitable number of skilled and capable credit officer having experience in marketing d) Assigning processing/acquisition targets for SARAL LITE.
1.10	Templates	a) Loan Application Form b) Branch Recommendation Form for fresh/ renewal/ enhancement proposal. This is not required in case of self source lead of above Rs 0.10 crs. c) Branch Recommendation Form for modification/Ad-hoc/Short Review/ review of Term Loan d) Qualitative comments on operational performance of account by the Branch. e) Due diligence on Borrowers by the branch f) Checklist for submission of proposal g) Primary Duties of RM



Approved Cluster Specific Schemes**(Subject to change for Amalgamated Entity after approval by CACs at Central Office)**

Sl. No.	Name of the Cluster Specific Scheme	Applicability
1.	Financing Against Paddy in open ware house managed by CMA	RO, KARNAL
2.	Financing Assistance to Sugar Mills for enhancement and Augmentation of Ethanol Production Capacity	PAN INDIA
3.	Financing Auto Ancillary & fasteners units in Rohtak	RO, KARNAL
4.	Financing Auto Ancillary Manufacturing Units	RO, CHENNAI
5.	Financing Auto Ancillary Units	RO, NASIK
6.	Financing Auto Ancillary Units / General or Light Engineering Units	RO BENGALURU
7.	Financing Auto Ancillary Units in Ranchi Region	RO, RANCHI
8.	Financing Auto Parts/Cycle Industry	RO, LUDHIANA
9.	Financing Carpet Industry	RO ALLAHABAD
10.	Financing Ceramic Vitrified Tiles	RO, RAJKOT, AHMEDABAD
11.	Financing Chemical Traders (Constr.of Godown cum Office)	RO, DELHI SOUTH, DELHI NORTH
12.	Financing Construction of Godown in Jaora	RO, INDORE
13.	Financing Footwear Manufacturer in Kozhikode	RO, KOZHIKODE
14.	Financing Footwear Manufacturing Units	PAN INDIA
15.	Financing for Powerlooms	RO, KOLHAPUR
16.	Financing Granite Cutting & Polishing Units	RO, HYDERABAD
17.	Financing Hosiery Units	RO, LUDHIANA
18.	Financing Hotel Industry	RO, DEHRADUN, CHANDIGARH, JAIPUR
19.	Financing Leather units	RO, CHENNAI & RO SALEM
20.	Financing Mining Activity & marble Units	RO, JAIPUR, UDAIPUR
21.	Financing Plywood Units	RO, ERNAKULAM
22.	Financing Plywood, Peeling & Chipper Units	RO, KARNAL
23.	Financing Scheme for Cr. to Handloom Weavers - PM MUDRA Yojana	PAN INDIA
24.	Financing Soft Loan to Sugar Mills for current sugar season 2018-19	PAN INDIA
25.	Financing Stainless Steel Kitchenware, Cutlery & Oth Untensils Mfg	RO, AHMEDABAD
26.	Financing Sugar Mills agst Pledge of Sugar Stocks & WHR	RO, KOLHAPUR, NAGPUR, NASIK, PUNE
27.	Financing Textile units	RO, SALEM
28.	Financing Textile units	RO, SURAT
29.	Financing Textile units	RO, NASIK
30.	Financing Textile units	RO, COIMBATORE
31.	Financing Textile units in Bhilwara	RO, UDAIPUR
32.	Financing Textile weaving, embroidery & preparatory units	RO, BELGAUM
33.	Financing Textiles Units in Panipat	RO, KARNAL
34.	Financing Timber Traders in Delhi	RO, DELHI NORTH, SOUTH
35.	Financing to Arahatiyas/Commission agent agst. T/Deed.	PAN INDIA
36.	Financing Traders against WHR.(Concession in ROI)	PAN INDIA
37.	Financing Transformer manufacturing & Allied Units	RO, BARODA
38.	IDiscounting of Bills raised on TATA Motors	RO, RANCHI
39.	Issuance of BG at concessional charges to MBBS Students	GUJARAT STATE



यूनियन बैंक
ऑफ इंडिया



Union Bank
of India

APPLICATION FORM FOR MSMEs

To be submitted along with documents as per the checklist

(For Office Use)

1	NAME OF THE ENTERPRISE	
2	REGD. OFFICE ADDRESS:	
3	ADDRESS OF FACTORY/ SHOP:	
4	PREMISES OWNED/RENTED/ LEASED	
	Telephone No. (Office)	
	Mobile No.	
	Email Address	
	PAN Card No	
5	CONSTITUTION:	Individual/Joint/Prop. Concern/ Partnership firm/ Pvt. Ltd/ Ltd. Company/ Trust/ Others
6	UDYOG AADHAR NO/ REGISTRATION NO	
6.A	GST REGISTRATION NO & DATE OF REGISTRATION	
6.B	REGISTRATION ON GEM (YES / NO), IF YES THEN REGISTRATION NO	
7	DATE OF ESTABLISHMENT /INCORPORATION	



8 STATE

9 CITY / DISTRICT WHERE LOAN IS REQUIRED

10 BRANCH WHERE LOAN IS REQUIRED, If Any

11 NAME OF THE PROPRIETOR/ PARTNERS/ DIRECTORS OF COMPANY AND THEIR ADDRESSES:

S. No	Name	Date of Birth	Father / Spouse	Academic Qualifications	Category SC/ST/OBC/ Minority/Women	Mobile No.

S. No	PAN No.	Residential Address	Aadhar No. / DIN No.	Telephone No. (Residence)	Experience in the line of activity (Years)

12. ACTIVITY Existing since
Proposed (#):
If a different activity other than existing activity is proposed/New Unit

13. i. Whether the MSME unit is ZED rated (Yes/No)
ii. If Yes, the gradation obtained by the MSME unit (Tick appropriate one)

Bronze	Silver	Gold	Diamond	Platinum

14 Names of the Associate concerns and Nature of Association

Name of Associate Concerns	Addresses of Associate Concerns	Presently Banking with	Nature of Association	Extent of interest as a Prop./ Partner/ Director or just investor in Associate Concern

15. Relationship of Proprietor/ Partner/ Director with the officials of the Bank/ Director of the Bank (Yes/No):



16. BANKING/ CREDIT FACILITIES (EXISTING):

(Rs. in lacs)

Type of Facilities	Limit (in lacs)	Outstanding as on.....	Presently banking with	Securities	Rate of Interest	Repayment terms
Current Account						
Cash Credit						
Term Loan						
LC/ BG						
Others						
Total						
If Banking with our Bank, Customer No. to be given here						

It is certified that our unit has not availed any loan from any other Bank/ Financial Institution in the past and I am not indebted to any other Bank/ Financial Institution other than those mentioned in column No. 16 above.

17. CREDIT FACILITIES (PROPOSED):*

Type of Facilities	Amount (in lacs)	Purpose for which required	Security	
			Primary Security (Details with approx. Value to be mentioned)	Whether Collateral Security offered (Please mention yes or no) (If Yes, then provide details in column 16 & 19)
Cash Credit**				
Term Loan				
LC/ BG				
Others				
Total				

* Mandatory Fields

** Basis of Cash Credit Limit applied

Cash credit	Projected						
	Sales	Working cycle in months	Inventory	Debtors	Creditors	Other current assets	Promoters Contribution

18. In case of term loan requirements, the details of machinery may be given as under:

Type of Machine / Equipment	Purpose for which required	Whether imported or indigenous	Name of supplier	Total cost of machine (in case of imported machine, the breakup of basic cost, freight, insurance and customs duty may be given)	Contribution being made by the promoters	Loan required

19. Details of Collateral Security offered, if any, including 3rd party guarantee*

(*As per RBI guidelines banks are not to take collateral security for loans upto Rs.10 lakhs to MSE Units)

a) Third party Guarantee:

S. No	Name of Guarantor	Father/Spouse Name	Residential Address	Telephone No.(Residence)	Mobile No.	Net Worth (in lacs)	Aadhar No.	PAN No.
1								
2								
3								

b) Other collateral Security:

S. No	Name of owner of Collateral	Collateral Security		
		Nature	Details	Value (Rs. In lacs)
1.				
2.				
3.				

20. PAST PERFORMANCE/ FUTURE ESTIMATES

(Actual performance for previous years, estimates for current year and projections for next year to be provided for working capital facilities. However for term loan facilities projections to be provided till the proposed year of repayment of loan):

(Rs. in lacs)	Past Year-II (Actual)	Past Year-I (Actual)	Present Year (Estimate)	Next Year (Projection)
Net Sales				
Net Profit				
Capital (Net worth in case of companies)				

21. Status regarding Statutory Obligations:

Statutory Obligation: Remarks (Any details in Connection with the relevant obligation to be given)

Statutory Obligation	Whether Complied with (write Yes/ No). If Not Applicable then write N.A.
1. Registration under Shops and Establishment Act	
2. Registration under MSME (Provisional/ Final)	
3. Drug License	
4. Latest Sales tax return filed	
5. Latest Income tax returns filed	
6. Any other statutory dues remaining outstanding	

22. a) ID Proof (Any of the following)

Passport/Voter Identity Card/Pan Card/Driving License/Job Card/Aadhaar Card/Identity Card (subject to the satisfaction of the bank)

ID Proof No.....



b) Address Proof (Any of the following)

Electricity Bill/Telephone Bill/Bank Account statement of any other bank/Letter from reputed employer/ Letter from recognized public authority verifying the address of the customer to the satisfaction of the Bank/Ration Card.

Address Proof.....

Declaration

I/ We hereby certify that all information furnished by me/ us is true, correct and complete that I/ We have no borrowing arrangements for the unit except as indicated in the application; that there is no overdue/ statutory dues against me/us/promoters except as indicated in the application; that no legal action has been/ is being taken/ initiated against me/us/promoters by any Bank/FIs. I/We shall furnish all other information that may be required in connection with my/ our application that this may also be exchanged by you with any agency you may deemed fit and you, your representatives or Reserve Bank of India or any other agency as authorized by you, may, at any time, inspect/verify my/our assets, books of accounts etc in our factory/ business premises as given above. You may take appropriate safeguards/action for recovery of Bank's dues including publication of defaulters name in website/submission to RBI; further agree that my/our loan shall be governed by the rules of your Bank which may be in force from time to time.

SPACE FOR PHOTO	SPACE FOR PHOTO	SPACE FOR PHOTO	SPACE FOR PHOTO
Space for Signature	Space for Signature	Space for Signature	Space for Signature
SIGNATURES OF PROPRIETOR/ PARTNER/ DIRECTOR WHOSE PHOTO IS AFFIXED ABOVE			
Only one photo of proprietor/ each partner/ each working Director is required to be affixed. Each photo will be certified/ attested by the Branch Team with name and signatures on the photograph with Branch stamp. The concerned staff will put his name below the signatures.			

To be signed at the designated branch only

Documents attached:

I/We have attached the copies of the following supporting documents (put a ✓ wherever applicable)

- Proof of identity- Voter's ID card/ Passport/ driving licence/ PAN card/ signature identification from present bankers of proprietor, partner or Director (if a company)
- Proof of residence - Recent telephone bills, electricity bill, property tax receipt/ passport/ voter's ID card of proprietor, partner or Director (if a company)
- Proof of business address



- Proof of Minority
- MSME registration if applicable
- Last three years' Balance Sheets of the units along with income tax/ GST returns etc (applicable for all cases from Rs. 2 lacs and above). However, in case of total exposure of the party from all Banks/ FI is below Rs 25 lakh, if audited balance sheets are not available, then unaudited balance sheets are also acceptable as per extant instructions of the Bank. For case of Rs 25.00 lakh and above, the audited balance sheets are necessary.
- Projected balance sheets for the next two years in case of working capital limits and for the period of the loan in case of term loan (for all cases of Rs. 2 lacs and above)
- Passport size photograph/s of the applicant/s
- Application form
- Credit information Form of concern/ promoter / guarantors, as applicable
- Any other document as per checklist(Please specify)

Date:

Place:

Applicant's Signature



CHECKLIST (For Loan upto Rs.2.00 crore)

1. Proof of Identity- Voter's ID card/ Passport/ Driving License/ PAN card/ signature identification from present bankers of proprietor, partner or Director (if a company)
2. Proof of residence - Recent telephone bills, electricity bill, property tax receipt/ passport/ voter's ID card of proprietor, partner or Director (if a company)
3. Proof of business address
4. Applicant should not be defaulter in any Bank / FI.
5. Last three years balance sheets of the units along with income tax / GST returns etc. (Applicable for all cases from Rs. 2 lacs and above). However, in case of total exposure of the party from all Banks/ FI is below Rs 25 lakh, if audited balance sheets are not available, then unaudited balance sheets are also acceptable as per extant instructions of the Bank.
6. Memorandum and articles of association of the Company/ Partnership Deed of partners etc
7. Assets and liabilities statement of promoters and guarantors along with latest income tax returns.
8. Rent Agreement (if business premises on rent) and clearance from pollution control board, if applicable.
9. SSI/MSME registration, if applicable.
10. Projected balance sheets for the next two years in case of working capital limits and for the period of the loan in case of term loan (for all cases of Rs. 2 lacs and above).
11. In case of takeover of advances, sanction letters of facilities being availed from existing bankers/ Financial Institutions along with detailed terms and conditions.
12. Photocopies of lease deeds/ title deeds of all properties being offered as primary and collateral securities.
13. Position of accounts from the existing bankers and confirmation about the asset being Standard with them (in case of takeover).
14. Copy of GST returns, if applicable
15. The Audited Balance Sheets are necessary for limit of Rs.25.00 lacs and above.

For cases with Exposure of Rs.25.00 Lacs and above

16. Profile of the unit (includes name of promoters, other directors in the company, the activity being undertaken, addresses of all offices and plants, shareholding pattern etc.
17. Last three years balance sheets of the Associate/ Group Companies (if any)
18. Project Report (for the proposed project if term funding is required) containing details of the machinery to be acquired, from whom to be acquired, price, names of suppliers, financial details like capacity of machines, capacity utilization assumed, production, sales, projected profit and loss and balance sheets for the next 7 to 8 years till the proposed loan is to be paid, the details of labour, staff to be hired, basis of assumption of such financial details etc.
19. Review of account containing month-wise sales (quantity and value both), production (quantity and value), imported raw material (quantity and value), indigenous raw material (quantity and value), value of stocks in progress, finished goods (quantity and value), debtors, creditors, bank's outstanding for working capital limits, term loan limits, bills discounted.
20. Manufacturing process, if applicable, major profile of executives in the company, any tie-ups, details about raw material used and their suppliers, details about the buyers, details about major-competitors and the company's strength and weaknesses as compared to their competitors etc.

(The check list is only indicative and not exhaustive and depending upon the local requirements at different places addition could be made as per (necessity)).

Data / information at Point No.17, 18, 19 may be sought from unit requesting limit of Rs.50.00Lacs and above.



UNION BANK OF INDIA

_____Branch

Applicant Inward No. _____

ACKNOWLEDGEMENT

Received from Mr./Ms. _____ application dated _____ for Rs. _____ under Financing to Micro & Small Enterprises (MSEs).

The application will be disposed off on or before _____* provided your application is complete in all respects and is accompanied by the documents as per 'check list' provided.

Additional details/ requirements to be submitted:

- 1)
- 2)
- 3)

Date:

Signature of Branch Manager
with seal

Place:

* Branches to refer the code of bank's commitment to Micro and small Enterprises.



259 BUSINESS BANKING BRANCHES

Sr No	Solid	Zone	Region	Branch Name
1	37200	AHMEDABAD	AHMEDABAD	ASHRAM ROAD AHMEDABAD
2	43550	AHMEDABAD	AHMEDABAD	C.G. ROAD AHMEDABAD
3	44910	AHMEDABAD	AHMEDABAD	DR S R MARG AHMEDABAD
4	31280	AHMEDABAD	AHMEDABAD	ELLISBRIDGE, AHMEDABAD
5	57790	AHMEDABAD	AHMEDABAD	PRAHLAD NAGAR
6	50360	AHMEDABAD	AHMEDABAD	SSI AHMEDABAD
7	31350	AHMEDABAD	AHMEDABAD	SSI VADEJ, AHMEDABAD
8	39330	AHMEDABAD	AHMEDABAD	VASTRAPUR AHMEDABAD
9	43390	AHMEDABAD	BARODA	ALKAPURI BARODA
10	53340	AHMEDABAD	BARODA	IFB BARODA
11	31050	AHMEDABAD	BARODA	M G ROAD BARODA
12	35020	AHMEDABAD	BARODA	NIZAMPURA, BARODA
13	35510	AHMEDABAD	BARODA	PRATAPNAGAR
14	46480	AHMEDABAD	BARODA	RACE COURSE BARODA
15	38110	AHMEDABAD	BARODA	RAOPURA BARODA
16	38600	AHMEDABAD	BARODA	SAMA
17	31060	AHMEDABAD	BARODA	SAYAJI GUNJ, BARODA
18	52700	AHMEDABAD	BARODA	SUBHANPURA-BARODA
19	31230	AHMEDABAD	BARODA	VALLABH VIDYANAGAR, ANAND
20	38760	AHMEDABAD	MEHSANA	KALOL
21	63770	AHMEDABAD	MEHSANA	MEHSANA HIGHWAY
22	34260	AHMEDABAD	MEHSANA	PATAN
23	44820	AHMEDABAD	MEHSANA	VIJAPUR
24	55970	AHMEDABAD	MEHSANA	ZUNDAL
25	31370	AHMEDABAD	RAJKOT	BHAVNAGAR
26	35060	AHMEDABAD	RAJKOT	BHUJ-RAJKOT
27	31450	AHMEDABAD	RAJKOT	JETPUR
28	31390	AHMEDABAD	RAJKOT	JUNAGADH
29	43510	AHMEDABAD	RAJKOT	KALAWAD ROAD, RAJKOT
30	53690	AHMEDABAD	RAJKOT	RACE COURSE RAJKOT
31	31430	AHMEDABAD	RAJKOT	RAJKOT MAIN
32	50530	AHMEDABAD	RAJKOT	SSI RAJKOT
33	36410	AHMEDABAD	SURAT	NANPURA SURAT
34	31110	AHMEDABAD	SURAT	TEXTILE MARKET, SURAT
35	38120	AHMEDABAD	SURAT	VAPI
36	33130	BANGALORE	BANGALORE	AVENUE ROAD BANGALORE
37	33110	BANGALORE	BANGALORE	BANGALORE CANTONMENT
38	35310	BANGALORE	BANGALORE	GANDHINAGAR, BANGALORE
39	52270	BANGALORE	BANGALORE	HENNUR RD BANGALORE
40	37940	BANGALORE	BANGALORE	JAYANAGAR BANGALORE



41	41020	BANGALORE	BANGALORE	RICHMOND TOWN, BANGALORE
42	58280	BANGALORE	BELGAUM	BAGALKOT
43	59940	BANGALORE	BELGAUM	BIDAR
44	33190	BANGALORE	BELGAUM	BIJAPUR MAIN
45	45540	BANGALORE	BELGAUM	GULBARGA, RO Belgaum
46	33170	BANGALORE	BELGAUM	HUBLI
47	67580	BANGALORE	BELGAUM	MAHANTESH NAGAR BELGAUM
48	37030	BANGALORE	BELGAUM	MARKET YARD BELGAUM
49	37620	BANGALORE	BELGAUM	MUDHOL
50	37390	BANGALORE	BELGAUM	RAVIWARPETH BELGAUM
51	59040	BANGALORE	HYDERABAD	BANJARA HILLS HYDERA
52	53410	BANGALORE	HYDERABAD	BEGUMPET, HYDERABAD
53	44880	BANGALORE	HYDERABAD	CHIKKADAPALLY HYDERABAD
54	45620	BANGALORE	HYDERABAD	DILSUKHNAGAR, HYDERABAD
55	32720	BANGALORE	HYDERABAD	HYDERABAD MAIN BRANCH
56	52760	BANGALORE	HYDERABAD	JUBILEE HILLS HYDERABAD
57	55390	BANGALORE	HYDERABAD	KAMALAPURI COLONY
58	32800	BANGALORE	HYDERABAD	KARIMNAGAR, NRO HYDERABAD
59	32770	BANGALORE	HYDERABAD	NIZAMABAD
60	34770	BANGALORE	HYDERABAD	RAMKOTE HYDERABAD
61	37060	BANGALORE	HYDERABAD	SAIFABAD HYDERABAD
62	32730	BANGALORE	HYDERABAD	SECUNDERABAD
63	50820	BANGALORE	HYDERABAD	SOMAJIGUDA, HYDERABAD
64	41150	BANGALORE	HYDERABAD	STATION ROAD SECUNDERABAD
65	35960	BANGALORE	NELLORE	CHITTOOR
66	33070	BANGALORE	NELLORE	ONGOLE
67	43590	BANGALORE	NELLORE	TIRUPATHI
68	49620	BANGALORE	VIJAYAWADA	BHIMAVARAM
69	33020	BANGALORE	VIJAYAWADA	GUNTUR MAIN
70	54540	BANGALORE	VIJAYAWADA	LABBIPET, VIJAYAWADA
71	40900	BANGALORE	VIJAYAWADA	LAKSHMIPURAM, GUNTUR
72	50880	BANGALORE	VIJAYAWADA	PATTABHIPURAM VIJAYAWADA
73	52300	BANGALORE	VISHAKHAPATNAM	GOPALPATNAM, VISAKHAPATNA
74	50910	BANGALORE	VISHAKHAPATNAM	SSI VISAKHAPATNAM
75	32890	BANGALORE	VISHAKHAPATNAM	VISAKHAPATNAM MAIN
76	53710	BHOPAL	BHOPAL	M P NAGAR BHOPAL
77	37350	BHOPAL	INDORE	DEWAS
78	32650	BHOPAL	INDORE	RATLAM
79	42210	BHOPAL	INDORE	SINDHI COLONY-INDORE
80	32620	BHOPAL	INDORE	SIYAGANJ INDORE
81	40850	BHOPAL	JABALPUR	GOPAL BAGH JABALPUR
82	32580	BHOPAL	JABALPUR	KATNI
83	55290	BHOPAL	JABALPUR	MADAN MAHAL BRANCH
84	52200	BHOPAL	JABALPUR	NAPIER TOWN JABALPUR



85	42380	BHOPAL	RAIPUR	BILASPUR
86	55750	BHOPAL	RAIPUR	PANDRI-RAIPUR
87	53950	BHOPAL	RAIPUR	RAIGARH,RO RAIPUR
88	32700	BHOPAL	RAIPUR	RAIPUR MAIN
89	50400	BHOPAL	RAIPUR	SSI RAIPUR
90	40920	CHENNAI	CHENNAI	ASHOK NAGAR, CHENNAI
91	33230	CHENNAI	CHENNAI	CHAMIERS RD CHENNAI
92	33260	CHENNAI	CHENNAI	CHENNAI MAIN
93	44900	CHENNAI	CHENNAI	EGMORE, CHENNAI
94	50680	CHENNAI	CHENNAI	OVERSEAS BRANCH, CHENNAI
95	52630	CHENNAI	CHENNAI	SSI GUINDY CHENNAI
96	50440	CHENNAI	CHENNAI	SSI TSK NAGAR CHENNAI
97	35210	CHENNAI	CHENNAI	TNAGAR CHENNAI
98	33450	CHENNAI	COIMBATORE	COIMBATORE MAIN
99	44140	CHENNAI	COIMBATORE	GANDHIPURAM, COIMBATORE
100	33490	CHENNAI	COIMBATORE	SOMANUR COIMBATORE
101	50840	CHENNAI	COIMBATORE	SSI COIMBATORE
102	33750	CHENNAI	ERNAKULAM	ALUVA
103	42590	CHENNAI	ERNAKULAM	ERNAKULAM MAIN
104	39670	CHENNAI	ERNAKULAM	PANAMPILLY NAGAR ERNAKULA
105	38540	CHENNAI	ERNAKULAM	THRIKKAKARA RO ERNAKULAM
106	34800	CHENNAI	KOZHIKODE	PALKKAD
107	33890	CHENNAI	KOZHIKODE	TRICHUR(THRISSUR)
108	33510	CHENNAI	MADURAI	MADURAI MAIN
109	43540	CHENNAI	MADURAI	SOUTH MASI STREET MADURAI
110	33550	CHENNAI	MADURAI	THIRUTTANGAL
111	33600	CHENNAI	MADURAI	TIRUNELVELI
112	36490	CHENNAI	MADURAI	TUTICORIN
113	55870	CHENNAI	SALEM	KRISHNAGIRI
114	42560	CHENNAI	SALEM	RANIPET INDUSTRIAL ESTATE
115	52530	CHENNAI	SALEM	SSI ERODE
116	33300	CHENNAI	SALEM	VELLORE CHENNAI
117	33680	CHENNAI	TRIVANDRUM	ALAPUZHA
118	39580	CHENNAI	TRIVANDRUM	CHALAI BAZAR TRIVANDRUM
119	33650	CHENNAI	TRIVANDRUM	KAZHAKUTTAM DISTT. TRIVEN
120	54500	CHENNAI	TRIVANDRUM	KOLLAM CIVIL STATION
121	33630	CHENNAI	TRIVANDRUM	TRIVANDRUM, MAIN
122	35880	KOLKATA	BHUBANESHWAR	ANGUL
123	38080	KOLKATA	BHUBANESHWAR	BHUBANESWAR MAIN
124	52320	KOLKATA	BHUBANESHWAR	NAYAPALLI, BHUBNESHWAR
125	36130	KOLKATA	DURGAPUR	RANIGANJ
126	48500	KOLKATA	GUWAHATI	ATHGAON
127	38060	KOLKATA	GUWAHATI	CHANDMARI,GUWAHATI
128	30010	KOLKATA	GUWAHATI	GUWAHATI MAIN



129	39310	KOLKATA	GUWAHATI	JORHAT
130	39460	KOLKATA	GUWAHATI	MAIDAMGAON
131	38320	KOLKATA	GUWAHATI	TINSUKHIA
132	40160	KOLKATA	KOLKATA	CAMAC STREET KOLKATA
133	30130	KOLKATA	KOLKATA	DHARAMTOLLA KOLKATA
134	30160	KOLKATA	KOLKATA	INDIA EXCHANGE PLACE,KOLK
135	39070	KOLKATA	KOLKATA	LAKE TOWN , KOLKATA
136	39700	KOLKATA	KOLKATA	M.G. ROAD KOLKATA
137	35320	KOLKATA	KOLKATA	NEW ALIPORE KOLKATA
138	49560	KOLKATA	KOLKATA	OVERSEAS BRANCH, KOLKATA
139	30180	KOLKATA	KOLKATA	STRAND ROAD KOLKATA
140	42450	KOLKATA	PATNA	MACHUATOLI PATNA
141	30020	KOLKATA	PATNA	PATNA MAIN
142	30110	KOLKATA	RANCHI	JAMSHEDPUR
143	50590	KOLKATA	RANCHI	SSI JAMSHEDPUR
144	53330	KOLKATA	RANCHI	UPPER BAZAR RANCHI
145	37380	KOLKATA	SAMASTIPUR	SAMASTIPUR
146	50210	KOLKATA	SILIGURI	DESHBANDHUPARA-SILIGURI
147	54960	KOLKATA	SILIGURI	MALDA
148	38050	KOLKATA	SILIGURI	SILIGURI,MAIN
149	54000	LUCKNOW	AGRA	AGRA DEV AUTHORITY
150	30560	LUCKNOW	AGRA	DAYAL BAGH, AGRA
151	30570	LUCKNOW	AGRA	MATHURA
152	51870	LUCKNOW	AGRA	MATHURA CANTT
153	51380	LUCKNOW	AGRA	OVERSEAS BRANCH, MORADABA
154	41160	LUCKNOW	DEHRADUN	HALDWANI
155	52400	LUCKNOW	DEHRADUN	KASHIPUR
156	56450	LUCKNOW	DEHRADUN	PATEL NAGAR
157	34400	LUCKNOW	DEHRADUN	ROORKEE
158	50510	LUCKNOW	DEHRADUN	RUDRAPUR (DEHRADUN)
159	34610	LUCKNOW	KANPUR	JHANSI MAIN
160	30250	LUCKNOW	KANPUR	KANPUR MAIN BRANCH
161	45520	LUCKNOW	KANPUR	RAWATPUR, KANPUR
162	30260	LUCKNOW	KANPUR	SARVODAYA NAGAR KANPUR
163	39480	LUCKNOW	KANPUR	SWARUPNAGAR, KANPUR
164	51960	LUCKNOW	KANPUR	UNNAO,RO KANPUR
165	53390	LUCKNOW	LUCKNOW	ALAMBAGH LUCKNOW
166	35420	LUCKNOW	LUCKNOW	AMINABAD LUCKNOW
167	43720	LUCKNOW	LUCKNOW	CHANDGANJ, LUCKNOW
168	53140	LUCKNOW	LUCKNOW	LUCKNOW LATOUCHE RD STB
169	38150	LUCKNOW	LUCKNOW	SACHIVALAYA, LUCKNOW
170	35480	LUCKNOW	MEERUT	DELHI ROAD , MEERUT
171	30610	LUCKNOW	MEERUT	GHAZIABAD MAIN
172	62100	LUCKNOW	MEERUT	LOHA MANDI GHAZIABAD



173	30600	LUCKNOW	MEERUT	MEERUT MAIN
174	30630	LUCKNOW	MEERUT	MUZAFFAR NAGAR MAIN
175	51370	LUCKNOW	MEERUT	MUZAFFARNAGAR SSI
176	49660	LUCKNOW	MEERUT	SHASTRI NAGAR, MEERUT
177	50850	LUCKNOW	MEERUT	SSI GHAZIABAD
178	53240	LUCKNOW	MEERUT	STB Hapur
179	32040	MUMBAI	MUMBAI (NORTH)	BHIWANDI
180	56680	MUMBAI	MUMBAI (NORTH)	CORPORATE & SME BRANCH PO
181	31690	MUMBAI	MUMBAI (NORTH)	GHATKOPAR, MUMBAI
182	54970	MUMBAI	MUMBAI (NORTH)	GHOD BUNDER ROAD THANE
183	32010	MUMBAI	MUMBAI (NORTH)	KAPURVADI THANE, MUMBAI
184	55960	MUMBAI	MUMBAI (NORTH)	MHAPE
185	31930	MUMBAI	MUMBAI (NORTH)	SION (E), MUMBAI
186	32000	MUMBAI	MUMBAI (NORTH)	THANE (W), MUMBAI
187	35010	MUMBAI	MUMBAI (NORTH)	THANE EAST
188	35220	MUMBAI	MUMBAI (SOUTH)	GOWALIA TANK
189	37890	MUMBAI	MUMBAI (SOUTH)	NARIMAN POINT(MMO),MUMBAI
190	31900	MUMBAI	MUMBAI (SOUTH)	PRABHADEVI
191	31910	MUMBAI	MUMBAI (SOUTH)	PRINCESS STREET, MUMBAI
192	31950	MUMBAI	MUMBAI (SOUTH)	VEER NARIMAN ROAD MUMBAI
193	31980	MUMBAI	MUMBAI (SOUTH)	ZAVERI BAZAR MUMBAI
194	31550	MUMBAI	MUMBAI(WEST)	ANDHERI(EAST),MUMBAI
195	55840	MUMBAI	MUMBAI(WEST)	SAKI NAKA
196	31920	MUMBAI	MUMBAI(WEST)	SANTACRUZ (W), MUMBAI
197	49960	NEW DELHI	CHANDIGARH	SECT 35C CHANDIGARH
198	39890	NEW DELHI	CHANDIGARH	SECTOR 21C CHANDIGARH
199	35810	NEW DELHI	DELHI NORTH	AZADPUR DELHI
200	30710	NEW DELHI	DELHI NORTH	CHANDANI CHOWK NEW DELHI
201	37930	NEW DELHI	DELHI NORTH	KASHMERE GATE, NEW DELHI
202	30730	NEW DELHI	DELHI NORTH	KHARIBAOLI
203	62300	NEW DELHI	DELHI NORTH	MUNDKA
204	44830	NEW DELHI	DELHI NORTH	PASCHIM VIHAR NEW DELHI
205	40630	NEW DELHI	DELHI NORTH	PUNJABI BAGH NEW DELHI
206	51040	NEW DELHI	DELHI NORTH	SSI WAZIRPUR NEW DELHI
207	30780	NEW DELHI	DELHI SOUTH	CONNAUGHT PLACE, NEW DELH
208	38880	NEW DELHI	DELHI SOUTH	GURGAON MAIN
209	39850	NEW DELHI	DELHI SOUTH	NOIDA COMPLEX (HAROLA)
210	37850	NEW DELHI	DELHI SOUTH	SAMALKA NEW DELHI
211	51320	NEW DELHI	DELHI SOUTH	SSI NOIDA
212	50220	NEW DELHI	DELHI SOUTH	SSI OKHLA, NEW DELHI
213	34460	NEW DELHI	DELHI SOUTH	VASANT VIHAR, NEW DELHI
214	44220	NEW DELHI	JAIPUR	ALWAR
215	36920	NEW DELHI	JAIPUR	BAPU NAGAR JAIPUR



216	59180	NEW DELHI	JAIPUR	BHIWADI
217	30970	NEW DELHI	JAIPUR	JAIPUR MAIN
218	50870	NEW DELHI	JAIPUR	OVERSEAS BRANCH, JAIPUR
219	49700	NEW DELHI	JAIPUR	RAMGANJ AJMER
220	51060	NEW DELHI	JAIPUR	SSI FINANCE BRANCH JAIPUR
221	30820	NEW DELHI	JALANDHAR	AMRITSAR MAIN
222	38960	NEW DELHI	JALANDHAR	BATALA
223	30940	NEW DELHI	JALANDHAR	JAMMU MAIN
224	38790	NEW DELHI	JALANDHAR	PATHANKOT
225	50860	NEW DELHI	JALANDHAR	SSI JALANDHAR
226	48300	NEW DELHI	KARNAL	BHIWANI(LOHARA RD)
227	37990	NEW DELHI	KARNAL	KARNAL MAIN
228	30920	NEW DELHI	KARNAL	ROHTAK MAIN
229	50250	NEW DELHI	KARNAL	SSI PANIPAT
230	39730	NEW DELHI	LUDHIANA	G T ROAD LUDHIANA JALANDH
231	30900	NEW DELHI	LUDHIANA	LUDHIANA MAIN JALANDHAR
232	38910	NEW DELHI	LUDHIANA	MANDI GOBINDGARH
233	52060	NEW DELHI	LUDHIANA	SDP HIGHER SCHOOL
234	31010	NEW DELHI	UDAIPUR	UDAIPUR MAIN
235	68700	PUNE	GOA	KUDAL
236	37840	PUNE	GOA	PONDA
237	34280	PUNE	KOLHAPUR	LATUR
238	41030	PUNE	KOLHAPUR	SOLAPUR CAMP
239	32160	PUNE	KOLHAPUR	SOLAPUR MAIN
240	37680	PUNE	KOLHAPUR	STATION ROAD, KOLHAPUR
241	32330	PUNE	NAGPUR	AMRAVATI,RO NAGPUR
242	44240	PUNE	NAGPUR	CIVIL LINES NAGPUR
243	32320	PUNE	NAGPUR	GANDHIBAGH NAGPUR
244	34980	PUNE	NAGPUR	GOKULPETH NAGPUR
245	50930	PUNE	NAGPUR	WARDHMAN NAGAR NAGPUR
246	34450	PUNE	NASHIK	AURANGABAD MAIN
247	34160	PUNE	NASHIK	JALGAON
248	32380	PUNE	NASHIK	NASIK CITY
249	34290	PUNE	NASIK	NANDED
250	54130	PUNE	PUNE	AUNDH
251	37000	PUNE	PUNE	KARVE ROAD PUNE
252	32170	PUNE	PUNE	PUNE CAMP PUNE
253	50170	PUNE	PUNE	SSI PUNE
254	30360	VARANASI	ALLAHABAD	AURAI
255	35340	VARANASI	ALLAHABAD	MIRZAPUR
256	56850	VARANASI	GORAKHPUR	RAJENDRANAGAR
257	40800	VARANASI	VARANASI	CHETGANJ VARANASI
258	30400	VARANASI	VARANASI	VARANASI - CANTONMENT
259	30350	VARANASI	VARANASI	VARANASI MAIN



LIST OF 65 MSME FOCUSED BRANCHES (MFBs)			
S. NO.	Name of RO	RO Code	MSME Focused Branches
1	AGRA	556092	AGRA MAIN
2	AHMEDABAD	553328	JODHPUR TEKRA AHMEDABAD
3	ALLAHABAD	556076	SSI BHADOHI
4	AZAMGARH	535192	AZAMGARH MAIN
5	BANGALORE	536741	SSI BANGALORE
6	BARODA	540978	MANJUSAR
7	BELGAUM	538213	RAICHUR
8	BHOPAL	554693	MALVIYA NAGAR
9	BHUBANESHWAR	539520	BALASORE
10	CHANDIGARH	540986	BADDI
11	CHENNAI	538493	MOUNT ROAD
12	COIMBATORE	547280	SSI TIRUPUR
13	DEHRADUN	553255	DEHRADUN MAIN
14	DELHI-NORTH	556033	SHALIMAR BAGH
15	DELHI-SOUTH	535087	SSI GURGAON
16	DURGAPUR	556114	DURGAPUR
17	ERNAKULAM	535133	PERUMBAVOOR
18	GUWAHATI	538281	AGARTALA
19	GHAZIPUR	536245	GAJIPUR MAIN
20	GOA	556131	PANAJI
21	GORAKHPUR	547620	GORAKHPUR MAIN
22	GWALIOR	577553	GWALIOR MAIN
23	HOWRAH	571113	HOWRAH
24	HYDERABAD	546879	SSI HYDERABAD
25	INDORE	536890	SSI INDORE
26	JABALPUR	535168	JABALPUR CITY
27	JAIPUR	544035	M I ROAD JAIPUR
28	JALANDHAR	536831	JALANDHAR MAIN
29	JAUNPUR	536253	JAYCEES CROSSING
30	KANPUR	538230	GENERAL GUNJ
31	KARNAL	556106	PANIPAT MAIN
32	KOLHAPUR	538183	ICHALKARANJI
33	KOLKATA	552585	EZRA STREET KOLKATA
34	KOTTAYAM	567281	KOTTAYAM MAIN
35	KOZHICODE	556149	PETTA (FEROKE)
36	LUCKNOW	538485	CLARK AWADH LUCKNOW
37	LUDHIANA	556068	SSI LUDHIANA
38	MADURAI	554197	KOCHADAI,
39	MANGALORE	566721	RANEBENNUR
40	MEERUT	536237	KAVINAGAR
41	MEHSANA	566373	GANDHINAGAR-GUJARAT
42	MUMBAI(WEST)	556041	GOREGAON (E)
43	MUMBAI(WEST)	556041	VILE PARLE (W)



44	MUMBAI (NORTH)	538337	VASHI TURVE
45	MUMBAI (SOUTH)	538167	BYCULLA MUMBAI
46	MUMBAI (SOUTH)	538167	MAHALAXMI BRANCH MUMBAI
47	NAGPUR	536784	DHANTOLI
48	NASIK	543985	SSI NASIK
49	NELLORE	556122	NELLORE
50	PATNA	540102	STB PATNA
51	PUNE	535109	KASARWADI
52	RAIPUR	543969	SAMTA COLONY
53	RAJKOT	536717	MORVI
54	RANCHI	547271	JAMSHEDPUR
55	REWA	544582	REWA MAIN
56	SALEM	556084	SALEM MAIN,
57	SAMASTIPUR	568201	MUZAFFARPUR
58	SAMBALPUR	568741	ROURKELA MAIN
59	SILIGURI	546976	SEVOKE ROAD SILIGURI
60	SURAT	556050	SALABATPURA
61	TRIVANDRUM	536750	KARMANA
62	UDAIPUR	567272	BHILWARA MAIN
63	VARANASI	538175	SSI VARANASI
64	VIJAYWADA	543977	SSI VIJAYWADA
65	VISHAKHAPATNAM	547417	RAJAMUNDRY



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2. Modification in Delegation of Loaning Powers (IC no.927-2017 dated 02.08.2017)
3. RBI Master Direction - Lending to Micro, Small & Medium Enterprises vide RBI / FIDD / 2017-2018/56 Master Direction FIDD.MSME & NFS.12/06.02.31/2017-18 dated 24.07.2017 (www.rbi.org.in)
4. IC no.746-2017 dated 25.01.2017
5. IC no.776-2017 dated 23.02.2017
6. IC no.777-2017 dated 23.02.2017
7. IC no.510 dated 13.07.2016
8. IC no.612-2016 dated 20.02.2016
9. IC no.646-2016 dated 11.11.2016
10. IC no.846-2017 dated 08.05.2017
11. IC no.774-2017 dated 22.02.2017
12. Government Resolution no.6/5/2015-TUFS dated 13.01.2016 (http://www.txcindia.gov.in/html/Guidelines_of_ATUFS_.pdf)
13. RBI Master Circular on lending to MSMEs vide notification - RBI / FIDD / 2017-2018/56 dated 24.07.2017 (updated as on April 25, 2018) (www.rbi.org.in)
14. RBI notification RBI/2016-17/37 FIDD. CO.Plan.BC.10/04.09.01/2016-17 dated 11.08.2016 (www.rbi.org.in)
15. CGTMSE Circular no. 142/2017-18 dated 28.02.2018 (ref no. 6458/44).
16. RBI circular on Prudential Framework for Resolution of Stressed Assets issued vide ref no. RBI/2018-19/203 DBR.No.BP.BC.45/21. 04.048/2018-19 dated 07.06.2019.

