

**The Kangra Co-Operative Bank Ltd.
New Delhi**



**LOAN RULES WITH SURETY RULES AND
VERIFICATION PROCESS**

(Approved by the Board of directors on 20.04.2025)


Version 1,1



The Kangra Co-operative Bank Limited
New Delhi

LOAN RULES

(APPROVED AT THE BOARD MEETING HELD ON 20-04-2025)

1) **UNSECURED (SURETY) LOANS –**

The maximum credit limit for this loan will be Rs. 5 lacs or as fixed by RBI from time to time subject to meeting of certain conditions. Newly enrolled member will be eligible for this loan after completing 30 days membership. However, Board may consider any increase / decrease in this stipulation of 30 days period.

Unsecured loan eligibility criteria will be as given below.

- a) Member having completed minimum prescribed time of membership if provides proof of income in the form of 3 ITRs and/or 3 latest salary certificates from the employer in a proper form to the satisfaction of the Bank will be eligible for loan equal to 12 times of monthly income or Rs 5 Lakhs whichever is less.
- b) A member having completed minimum prescribed time of membership if provides income proof in the form of salary certificate from the employer not in the proper form acceptable to the bank or provides affidavit for income proof will be eligible for loan up to 12 times of the monthly income and Rs 3 lacs whichever is less.
- c) Those members who have membership of 10 years and above and who are unable to provide income proof in the form of ITR or salary certificate in the proper form will be eligible for unsecured loan up to maximum Rs. 3 lacs.

Example 1: If monthly income of a member (through ITR and/or Salary certificate acceptable to Bank) who has not taken any other loan is Rs. 25,000, he will be eligible for loan of Rs. 3.00 lacs and if the income is Rs. 40,000 per month then he will be eligible for Rs. 4.80 lacs. However, if income is Rs. 50,000 per month he will be eligible for Rs. 5 lacs and not Rs. 6.00 lacs as the maximum limit for unsecured loan is Rs. 5 lacs.



Example 2: When a member has already taken secured loan and he applies for surety loan then the eligibility calculation will be made in the following manner:

The total repaying capacity of the member will be calculated on the basis of existing formula of 100% of the monthly salary or monthly income as per ITR. Thereafter, from the monthly income, EMIs' of the existing loans will be subtracted and whatever income will be left will be multiplied by 12 to know for how much surety loan the member is eligible.

Example:-

If a member's monthly income on the basis of 100% calculation comes out Rs. 50,000 per month and he has taken other loans for which the total EMI is Rs. 30,000 per months then the member will be eligible for surety loan of Rs. 2.40 lacs only because 12 times multiple of the remaining income (Rs. 20,000/-) will be Rs. 2.40 lakh.

- a) Special Surety Loan up to maximum of Rs. 3 Lakhs can be considered to a transporter member who has taken **commercial** transport/ vehicles loan and has been a regular paymaster having minimum membership of five years even if there is no margin in the existing income.

Note :- Surety Rules and Criteria will be as per annexure –I (if not given in the relevant Rules) attached to this document.

Classification of loans

Priority Sector Loans

Un-secured loan up to Rs. 1/- Lakh will come under the priority sector i.e. education, house, MSME etc with the production of documentary evidence to the satisfaction of the bank officer with the condition that annual income not exceeding more than Rs. 1,60,000/- .

Shopkeepers members of the bank who have either been registered as MSME or are registered under "udyam" and have either shop or residence on their own name or on the name of spouse or on the name of parents provided they have been living together with the parents are considered priority sector/MSME Loans. For such loans stock statement will be taken on quarterly basis or as stipulated by the bank,



duly certified by the owner of the shop. Such shop keeper members (MSMEs/Udhyami) can be sanctioned term loan maximum up to 5 lacs under General Loan Category. For such loans, surety from a male family member as per the existing surety rules having independent and regular source of income will be taken. Surety from other than family member will also be acceptable. This will be second loan. However, no surety loan will be given to such member.

Weaker Section Loans (Priority Sector Loans sanctioned to either or more following categories.

- i. Loan sanctioned to SC/ST.
- ii. Loan sanctioned to minority communities as noted by GOI (Muslim, Christians, Sikhs, Buddhists and Parsis).
- iii. Loan sanctioned to women up to Rs 1 lakh.
- iv. Loan sanctioned to person with disabilities.

2) SECURED LOANS

A member can take secured loan immediately after enrolling as a member of the bank. However, during the first 12 months of the membership he will be entitled for only two loans i.e. one unsecured/ surety Loan after 30 days and one hypothecation/ Secured Loan immediately after enrolment. However, there will be no restriction of Secured Loan against the mortgage of property. In general in any type of two loans there should always be a gap of minimum three months to make assessment of the repaying capacity.

The following types of secured loans can be considered:

- i) **Consumer Durables / Durable Consumer Goods (DCG)** - Loan for consumer durables such as Computers, TV, Fridge, VCR, AC etc up to 80% of the cost or Rs. 1,00,000/- whichever is less. Loan amount to be disbursed direct to the vendor/ supplier after taking the margin money. Advance payment will not be allowed. Limit of consumer durable and unsecured loans together will be maximum Rs. 6 lakh (Rs. 5 lacs surety loan and max up to Rs. 1 lac for DCG loan) with a stipulation of 1 lakh maximum for Consumer durables.

DCG Loan will be recovered in 48 equal monthly installments. Item to be purchased will remain hypothecated to the Bank. 5% of the loan amount with



minimum Rs. 1000/- is taken as interest free security for giving post loan disbursement papers. This amount on request will be returned immediately on receipt of papers. Surety as per Annexure I.

ii) **Vehicle Loans** – Vehicle Loan eligibility will be as given below:

Sr. No	Length Of Membership	Residential House in NCTD on the name of loanee member or spouse or on the name of the parents provided he lives with them	Business Premises in NCTD (Travel Agency) should be on the name of loanee member or spouse	Maximum loan limit against sureties from regular paymaster members
1	Up to 5 years *	Yes	Yes	Up to Rs. 50 Lakhs
2	Above 5 years and up to 7 years	Yes	Yes	Up to maximum Rs. 75 Lakhs
3	Above 7 years	Yes	Yes	Maximum up to Rs. 1 Crores
4	Above 10 years and to be categorised as Privileged Transport Customer	Yes	Yes	Up to maximum Rs. 1.5 Crores

*For loan up to 25 lacs, house ownership and ownership of business premises can be ignored provided two good paymaster house owner sureties are provided. For loan above Rs. 25 lacs and up to Rs. 50 lacs either of the two conditions has to be complied with.

Note:

- 1) For loans of Rs. 1 Crore and above [combine] , CIBIL rating should be minimum 750
- 2) For transport loans above Rs. 1 crore in general or Rs. 1.5 Crore for privileged transport customers, collateral security is invariably required. However, in case of mortgage of property as security, security coverage can be taken up to 100% of RV of the property and no personal surety will be required. The collateral security in such cases will be equal to the amount for above Rs. 1Crore. For example, if a member has already taken loan of Rs. 1 Crore and applies for fresh loan of Rs. 20 Lakhs then the collateral security will be required only for Rs. 20 Lakhs the amount above Rs. 1Crore and not for entire loan of Rs. 1.20 Crore.



- 3) When a Private Limited Transport Company does not have membership as mentioned above but its Directors meet the membership requirement condition that Private Limited Transport Company will be eligible for loans as per the length of the membership of its Directors as mentioned above.
- 4) Vehicles can be registered in NCTD and NCR (Ghaziabad, Faridabad, Gurgaon, Noida, Bahadurgarh and Sonapat).

The maximum permissible loan limit would be 100 % of the ex-showroom price of the vehicle. Loan will be paid direct to the vendor/supplier/dealer. The loan will be considered on the performa invoice in favour of the member. Margin money and loan processing charges will be taken. Name of the bank will be written on the RC and the vehicle will be insured jointly with the bank during the continuation of the loan. If the name of the bank could not be written on RC, disclaimer certificate should be obtained from the transport authority. For company fitted CNG kit shown separately in the invoice the maximum permissible loan will be up to 80% of the cost of CNG kit. For private fitted CNG kits the maximum permissible limit will be up to 60%.

- a) For Transport / commercial vehicles (HMV & LMV both) maximum repayment period will be 60 Months. However, for private (personal use) vehicles the maximum repayment period can be up to 80 months and repaying capacity will be considered as per loan rule 26 of this document.
- b) For loans for commercial vehicles repaying capacity will not be taken into account but customer has to provide projected business plan/ Cash flow statement for one year and provide transport business proof in the form of Uddyam registration. This is mandatory condition for sanctioning of loan for commercial use. However, if a member who has taken commercial transport loan applies for business loan or LAP or any other type of loans then the repayment capacity will be computed taking into account the EMI already being paid by him for transport loan.
- c) **For second hand vehicles**, the loan eligibility will be 80% of the insurance value for one year old model, 70% for 2 years model and 60% for 3 years model or value of the vehicle from the approved valuer or amount of loan applied; whichever is least. No loan on second hand vehicle will be given if it is more than 3 years old.



For second hand transport loans security will be 10% of the loan. This security amount will be refunded on receipt of requisite papers.

Security – Hypothecation of vehicle in favour of the Bank plus surety as decided by the LCs/Board. Advance payment up to 25% of the cost is allowed subject to providing satisfactory proof.

- d) If the vehicle loan has been paid fully in regular way with increased EMIs and /or in lump sum payment voluntarily by the member before the agreed period of repayment, sanctioning of a fresh **Surety Loan–Secured** to him/her with the earlier hypothecation of the vehicle on prevailing rate of interest and to be recovered with same EMIs spread over in left over contracted period of the earlier loan that would have otherwise been paid in normal way, may be considered. For example, if a member has taken a transport loan of Rs. 9/- lacs repayable in 60 EMIs with monthly EMI of Rs. 15000/- but pays the entire loan earlier in regular installments say in 30 EMIs then he can be eligible for general loan (secured) against the security of the vehicle already under hypothecation with maximum EMI of Rs. 15000/- and maximum repayment period of 30 months.
- e) For transport loans, if consecutively 3 installments were not paid then physical verification of the vehicle has to be done and a report to be submitted to Head (CRD) for placing at LRC for further action.
- f) If a member wants to take transport loan on the name of firm of which he is the sole proprietor and has GST /MSME number on the name of firm, he will be permitted to do so on his request. On the RC Book the name of the firm with the name of the proprietor must be mentioned. The member will have to submit an affidavit stating that he is the sole proprietor of the firm.
- g) If a member who has taken transport loan becomes defaulter he can be permitted to sell his vehicle on the market price with prior permission of the LC 1 / Board and he has to deposit the entire sale amount in his loan account. Whatever loan outstanding amount will be left will be re-cast on the same rate of interest to enable the member to clear the balance loan conveniently.



- h) Secured transport loan for commercial purpose to a member having UDYAM registration under service sector with the production of documentary evidence shall be classified under loan given to weaker section, if the same is given to SC/ST, minority communities (Muslim, Christians, Sikhs, Budhishts and Parsis, and sanctioned to person with disabilities)
- i) In case of default in repayment of transport loan where bank decides to sell the vehicle in the auction process, the successful bidder can be sanctioned loan against same vehicle maximum up to 30% of the auction value, subject to other conditions of obtaining membership and repaying capacity etc.
- j) One vehicle with private number for personal use up to the Ex-showroom price cost of Maximum 30 lacs may be considered/sanctioned to transport operator member having membership minimum five years, fleet of at least five vehicles and regular repayment record.

Privileged Transport Customers:

Transport Loanee member whose membership is more than 10 years and who has residential house on his own name or on the name of spouse or on the name of parents provided he has been living with them and having business premises on his own name or on the name of spouse having good transport business good payment record will be categorised as Privileged Transport Customer. This status will be decided by the Board from time to time. He will have special loan facility for secured and unsecured transport loans. His repayment record will be monitored on monthly basis and if any default occurs in the repayment this special status will be withdrawn by the Board. His repayment record will be monitored by Secretary LC-I.

- k) If a transport member who has taken commercial vehicles loans and is not eligible for any further transport loan for any reason other than default, to his blood relation member one commercial vehicle loan having maximum value up to Rs. 15 lakhs can be considered even showing income through affidavit. In such cases, two good paymaster member sureties preferably from members having residential houses on their own names should be taken.



- iii) **Loan for plant and machinery** - Loan up to Rs. 10 lacs for purchasing new machinery will be sanctioned against the hypothecation of the machinery and with two sureties from members in Government service having minimum 5 years remaining service or 2 sureties from members having residential house on their own names or on the names of spouse. The machinery will be insured jointly with the bank up to 1.5 times of the loan. Loan above Rs. 10 lacs with collateral security of property duly evaluated from the approved valuer and search report from advocate on the approved panel. In case of old machinery, the evaluation of machinery from the approved valuer is required. The loan limit for old machinery will be up to maximum 50% of the assessed value and for new machinery up to 70% of the value. For such loans, the security will be hypothecation of machinery and mortgage of property.

Joint insurance of machinery and property is required separately and both jointly with the bank. The maximum repayment period for loans up to Rs. 10 lacs will be 60 EMIs and for loans above Rs. 10 lacs it can be up to 120 EMIs.

Secured Plant and Machinery loan to a member having UDYAM registration under priority sector with the production of documentary evidence shall be classified under loan given to weaker section if same loan is sanctioned to SC/ ST and Loan sanctioned to minority communities - Muslim, Christians, Sikhs, Budhishts and Parsis and loan sanctioned to person with disabilities.

- iv) **Business loan or loan against property** – On the basis of income (to be taken as per Rule No. 26) and collateral security (to be taken up as per rule 32) and within the MCL of the member, loan can be considered for business/ LAP. For such loans verification of business and property has to be invariably done.
- v) **OD limits** - No unsecured OD limit will be given. OD limit will be considered up to 60% of value of stock or 25% of turnover or security coverage of property as mentioned at Rule No. 32, whichever is the least. However, when sufficient collateral security and turnover are available then 60% of stock condition can be relaxed. Stock and property is to be insured separately but both jointly with the bank. Annual accounts for all OD limits are required but above **Rs. 10 lacs** duly certified from a Chartered Accountant with UDIN. **Limits can be sanctioned / renewed up to maximum five years at one time by executing papers for five years and to be reviewed every year and in case of any deficiency or non-matching transaction, limit can be reduced / cancelled.**



- a) **Temporary OD LIMIT** in properly transacted overdraft limit accounts will be up to maximum 25% of the sanctioned OD limit for a period of maximum 3 months. After three months no extension will be given and the member has to clear the TOD amount. For TOD, proportionate processing charges to be taken and share money ratio to be maintained.
- b) OD limit given to a member having UDYAM / MSME registration under priority sector with the production of documentary evidence shall be classified under loan given to weaker section if OD is sanctioned to SC/ ST, or to minority communities - Muslim, Christians, Sikhs, Budhishts and Parsis, sanctioned to person with disabilities.
- c) If a member has taken loan against the mortgage of property and has been repaying EMIs regularly and has repaid minimum Rs. 5 lakh, then he can be given OD up to the paid amount.

Example: If a member has taken term loan of Rs. 20 lakh and has been repaying regularly and has repaid Rs. 7 lakh (More than the minimum prescribed limit of Rs. 5 lakh) he can be given OD limit up to Rs. 7 Lakh against the security of already mortgaged property.

vi) **Fund based limit** for bills discounting within the permissible limits can be considered separately if required by the customer against the collateral security. This limit will be restricted to the level of difference in the collateral security value as per Rule No.32.

vii) **Non Fund Based Limit- Bank Guarantees**

- a) All Bank Guarantees (BGs) will be issued against FD of minimum equal amount or within the sanctioned OD Limit. The following will be the procedure to issue BGs:
 - 1) BG up to Rs. 5 Lakhs will be issued by Branch Head under his signatures.
 - 2) BGs above Rs. 5 Lakhs and up to Rs. 15 lakhs to be issued under the joint signatures of Branch Head and AGM at HO or any other officer duly authorized by CEO.
 - 3) Above Rs. 15 Lakhs and up to Rs. 25 Lakhs under the joint signatures of Branch Head and GM or any other official duly authorized by CEO.
 - 4) Above Rs. 25 lakhs under the joint signatures of CEO and Branch Head.



All BGs up to Rs 5 Lakhs to be issued by the Branch Head may be issued on the same day. However, BGs above Rs 5 Lakhs which have to be issued under joint signatures to be issued within 2 working days.

- b) **Solvency Certificates** are required by the customers (Borrowal & Non-Borrowal) for submission to Government Departments / Municipal Bodies etc. in connection with their registration as approved contractors / suppliers etc.

Solvency Certificates can be issued to our existing members/ customers having current account/ FD / OD account with our bank with satisfactory dealings after due diligence as per b(i) and b(ii) and having assessed the net worth of the customer as per b(iii) and b(iv) :

- b (i) If the member is availing any loan /OD facility from our bank, the repayment track record should be satisfactory and there should not be any overdue.
- b (ii) CIBIL should be drawn and if CIBIL indicates loan from other banks/institutions, there should not be any overdue/ written-off/ settled accounts without convincing justification. If the party declines in having taken any such loan, an Affidavit to this effect should be obtained.
- b (iii) Copy of last three years ITRs, Balance Sheet & Profit and Loss account of customers should be obtained. If Balance Sheet & Profit and Loss account are not available for any valid reason, CA certified key financial figures of last three years i.e. sales, contracts, receipts and profit figures, capital, Reserves & Surplus should be obtained and trend should be satisfactory.
- b (iv) Estimated Net Worth of customers to be calculated as under:

*Net Worth= Capital Investment in the business + Free Reserves & Surplus less losses if any

Solvency certificate need to be issued in following format only:

"This is to state that to the best of our knowledge and information (name of the party), a customer of our Bank is respectable and can be treated as good up to a sum of ₹..... (Rupees in words)*.



It is clarified that this information is furnished without any risk and responsibility on our part in any respect whatsoever more particularly either as guarantor or otherwise. This certificate is issued at the specific request of the customer."

* (to be calculated by the Branch)

In order to keep record of such solvency certificates issued by the branch, it is advised that all such certificates issued be numbered serially and should be entered in the register named as 'solvency certificate issue register' which should include the following:

Membership number
Current account number
Name, Address & Contact No of applicant
Solvency Certificate No and Date
Purpose for which solvency certificate was issued
Amount of Solvency Certificate

viii) **Housing loans** - For house purchase and house construction the following requirements to be fulfilled.

a) Housing Loan for building construction:

- i) In cases where the applicant owns a plot/ land and approaches the bank for a credit facility to construct a house, a copy of the sanctioned plan by competent authority in the name of member applying for such credit facility must be obtained before sanctioning the home loan.
- ii) An affidavit-cum-undertaking must be obtained from the member applying for such credit facility that he shall not violate the sanctioned plan, construction shall be strictly as per the sanctioned plan and it shall be the sole responsibility of the executants to obtain completion certificate within 3 months of completion of construction, failing which the Bank shall have the power and the authority to recall the entire loan with interest, costs and other usual bank charges.
- iii) An Architect appointed by the bank must also certify at various stages of construction of building that the construction of the



building is strictly as per sanctioned plan and shall also certify at a particular point of time that the completion certificate of the building issued by the competent authority has been obtained. The loan will be released in three installments @ 40%, 35% and 25%. For release of each installment physical verification will be done and also a certificate has to be **obtained** from the Architect that the construction has been done as per the approved plan.

b) Housing Loan for purchase of constructed property/built up property:

- i) In cases where the member approaches the bank for a credit to purchase a built up house/ flat, it should be mandatory for him to declare by way of an affidavit-cum-undertaking that the built up property has been constructed as per the sanctioned plan and/ or building bye-laws and as far as possible has a completion certificate also.
- ii) An Architect appointed by the Bank must also certify before disbursement of the loan that the built up property is strictly as per sanctioned plan and/or building bye-laws.
- iii) In case for purchase of DDA flat or flat constructed by any other government / non government (registered and/ or approved by the government) agencies including Cooperative Group Housing Societies mortgaged permission in favour of Bank is invariably required and the payment to be made direct to the DDA / Govt. or non Govt. Agencies as the case may be.

Housing loan facility in NCR can also be extended for house constructed by Government run authorities such as NOIDA, GDA, HUDCO etc and well known and established builders' for fully built up flats / houses which fulfill all mandatory conditions prescribed by Hon'ble Delhi High Court such as construction of the proposed property has been done as per sanctioned plan and/or building – bye laws and completion certificate has been obtained.

- c) No loan will be given in respect of those properties which fall in the category of unauthorized colonies unless and until they have been regularized and development and other charges paid. Properties allotted under PM UDAY scheme will be considered as approved properties.



No loan should also be given in respect of properties meant for residential use but which the member intends to use for commercial purposes and declares so while applying for loan.

Housing loans must be ensured with following requirements:-

- i) After construction/purchasing two photographs of the house duly signed by the member.
- ii) Location plan duly signed by the member (self made to show the exact location).

The maximum limit of housing loan is Rs. 2 crore per member or as decided by RBI from time to time. Maximum repayment period 240 months

For repairs and renovation maximum loan limit will be Rs 15/-lacs repayable in maximum 120 EMI

In case for purchase of DDA flat or flat constructed by any other government / non government (registered and/ or approved by the government) agencies including Cooperative Group Housing Societies mortgaged permission in favor of Bank is invariably required and the payment to be made direct to the seller/DDA / Govt. or non Govt. Agencies. For such loan maximum limit will be 90% of agreed price (settled value) for which sale deed/conveyance deed will be executed and 80% of agreed price in case of NCR property and maximum up to Rs. 2 crore; whichever is less. For free hold flats/house requirement of NOC can be ignored.

d) Housing loan for Lal Dora properties

- i) If a member having plot of land in Lal Dora Area wants to take housing loan for constructing a house as per the building plan approved by the Government authorities will be permitted to have the housing loan. This housing loan will be given up to maximum 70% of the cost of construction. The loan will be released in three installments at the rate of 40%, 35%, 25% respectively. The loan after each installment will be released after obtaining a certificate form architect that the construction has been made as per the approved plan. Loan in Lal Dora will also be given for the built up house if it has been built as per the approved plan and meet other requirements of Loan Rules.

Note: - Two photographs duly signed and location plan has to be taken in record along with other required paper.



e) **House Renovation:**

House Renovation Loan against the security of property up to maximum 15 lacs or as per the limit fixed by RBI, repayment in 120 EMIs. Duly certified estimate is to be obtained from Architect/Civil Engineer/Registered Contractor. Self made estimate in proper form acceptable to bank can be taken.

ix) **Education loan -**

Unsecured Education loan will be up to maximum Rs. 5 lakhs against the surety from two regular paymaster members in Govt. Service having remaining service of more than 5 years or one of which should be in Government service having remaining service more than 5 years and the second surety from a member employed in limited/ private limited company or other reputed business concern acceptable to bank or from a member having residential house either on his own name or on the name of spouse and the member should have been filing IT returns regularly. **Also, surety from two regular pay master - members both having minimum 5 years membership and should have residential houses on their own name or on the name of their spouses OR on the name of parents or son (when the loanee member has residing with them) and both members should have been filing IT returns regularly for the last 3 years can also be considered.**

Repayment shall in 60 EMI within six months after completion of the course or getting employment whichever is earlier. Loan only for regular professional courses from recognized institutions. No margin money. Interest is to be paid every month on the released installment. Member can also start payment of EMI (of full loan) immediately after taking loan.

Quantum of loan for study in India may be up to Rs. 50 lacs and outside India maximum up to Rs. 1 crore.

In respect of education loan, along with tuition fee, hostel and transport charges can also be considered / paid provided the demand for the above is received in a proper way from the Institution. The demanded amount will be paid through bank draft / banker cheque drawn on the name of the Institution and proper receipt is received and also through RTGS/ NEFT.

If a person has applied for membership to get education loan but before the membership is granted or the loan is sanctioned he has to pay fee on the



demand of the institution, the Loan Committee will consider loan ignoring the fee already paid to the institution. This paid fee can be refunded to the member from the sanctioned loan on production of any document, evidence of having paid the fee to the institution on its demand. The period of this payment should not be more than three months.

Disbursement of loan shall be done according to the demand pattern of the institution and spread over the duration of the course.

Example:- MBA course is of two years and the institution has given total fee structure amounting to 20 lakhs for two years to be received in 4 installments of 5 lakh each. Member has been sanctioned loan for Rs.10 lakh. Rs.10 lakh loan will also be disbursed in 4 installments as per the fee structure / pattern of the institution. The bank on receiving member's request duly supported with institution demand for 1st installment of Rs. 5 lakh, the bank will ask the member to deposit Rs.2.5 lakh and release the demanded amount of Rs. 5 lakh by debiting his loan account with Rs. 2.5 lakh as 1st installment of Loan.

If at the time of loan application, student, requests for additional loan for insurance premium also, branches while forwarding the proposal to HO, will calculate one time insurance premium for 5 years and make it a part of loan component.

For unsecured Education Loan up to Rs. 5 Lakhs

Insurance of life of applicant for minimum amount equal to the loan account to be assigned to the Bank. However, if even for this loan security of property is given, there is no necessity of life insurance. For all loans above Rs. 5 Lakhs, collateral security of property is required and the maximum security coverage of the property will be 5 percent less than prescribed for other loans against property. However, if for the education loan liquid security in the form of FD , NSCs (National Saving Certificates), IVP (Indira Vikas Patra), KVP (Kisan Vikas Patra), LIC policy or any other acceptable liquid security is offered having surrender value minimum 125% of the loan amount it can be accepted. Beneficiary of such securities will give undertaking to keep the maturity proceeds in fixed deposits under bank lien as security to the loan till its full and final repayment and the owner of the security will stand as co-borrower/ guarantor in the loan account where such securities are provided then taking insurance policy of the student shall be optional and if student opts for life insurance policy, payment to be paid by student/ guardian and will not be made component of loan amount.



- x) **Real Estate loan** - Real estate loan can be sanctioned to a member up to **maximum Rs. 3/- crore** against collateral security of property other than the property under construction and on the basis of income (to be taken as per Rule No. 26) and collateral security (to be taken up as per rule 32) and within the MCL of the member. For such loans verification of business & income and property has to be invariably done.
- xi) **Loan against FDR**
Up to 90% of the face value/surrender value of the deposits as on date in case of re-investment deposit and maximum 75% of the face value of the FD where interest is payable to member monthly or quarterly. Renewal of FD in such cases will be done after squaring up the entire loan with interest and executing fresh papers.
- xii) **Loan against NSC/ KVP/ IVP/ LIC policy:-**
Max up to 75% of the face value in case of NSC/KVP/IVP and in the case of LIC Policy up to 75% of the surrender value.

OTHER LOAN RULES

- 1) For loans up to Rs. 15/- lacs one valuation and one search report will be required. For loans above Rs. 15/- lacs and up to Rs. 50/- lacs, two valuations from different Valuers and one search report will be sufficient. For loans above Rs. 50/- lacs, two valuations and two search reports from different Valuers and different Advocates will be required. The charges for the second valuation and second search report will be borne by the Bank. Only one search report with certified copy will be taken and the second search report will be without certified copy. However, search reports will continue to be taken from two advocates. In case of conveyance deed normally search report may not be required. Certified copies also required in loan take over (swapping cases) and property to be purchased under housing loan category irrespective of loan amount.

Member has to deposit required charges (excluding taxes) to be paid to valuer and advocate along with his loan application. Search report and valuation both have to be arranged by the Bank only from the approved panels. Member is restricted to get it done at his own even from the advocate/ valuer from the approved panel.



- 2) Maximum repayment period for term loan except transport loans will be 240 months. However, normal repayment of any loan for the members up to 55 years of age would be 180 installments (EMI) and above 55 years the same would be 120 installments (EMI).
- 3) If a member resides in NCR and employed on regular basis in Delhi then for hypothecation loans he will have to provide surety from a regular paymaster member in government service having minimum five years remaining service or a member having house on his or his spouse or on the name of parents in NCTD and the member must have been living with them/two regular paymaster members in Delhi.
- 4) The processing charges will be 0.254% plus applicable GST of the loan/ advance sanctioned subject to maximum Rs. 15,000/- plus applicable GST. However, in the case of second or subsequent OD limit renewal the charges will stand reduced by 50% in respect of OD limits being operated properly as per the laid norms.
- 5) The share linkage will be 2.5% for secured loan and 5% for unsecured loan subject to maximum Rs. 20,000/- or as provided in the Delhi Cooperative Societies Act 2003 and rules amended from time to time or as directed by RBI. Minimum amount of share money will be Rs. 5,000/-.
- 6) If loan request of the member is not considered the reason, thereof, will be conveyed to him.
- 7) In joint loans compliance to SM ratio will be taken in both accounts.
- 8) A member can take any number of loans within his overall MCL, subject to repaying capacity, collateral security coverage, previous loan repayment record, credit information company reports/score and also meeting other relevant conditions wherever required.
- 9) Against the security of one property maximum three loans can be considered to only one member. However, in the case of transport loans there will not be any such restriction on the number of loans. On one property, loan to maximum two different regular paymaster members in blood relation can be given only with the permission of the Board.



- 10) Loan to a defaulter member who has been debarred for loan for a specific period will be considered only by the Board. Point no 40.
- 11) Loan sanctioning power of LC -I and LC -II will be as given below:
LC-I: Up to Rs. 2/- crore per customer (total)
LC-II: Up to Rs. 15 lacs per customer (total)
Above Rs. 2/- Crore be considered by the Board.
- 12) The power to consider loan against the mortgage of rented property or against vacant house or plot will lie only with the Board.
- 13) Clubbing of income of spouse will be permitted if he/ she is befittingly employed in govt./ semi-govt./ PSU/ reputed companies and or having separate and regular source of income duly verified by the verification team. Latest three salary slips or three ITRs will be required. Clubbing of income of other blood relation member to be decided by the Board.
- 14) A member can stand max six sureties but total surety liability should not be more than Rs. 2 crore.
- 15) The Branch Heads will have bill purchase power up to 10% of the sanctioned limit or Rs. 2/- lacs whichever is less for a period of 6 working days. The rate of interest on this amount will be 3% over and above the normal rate of interest. The CEO will have power to sanction bill purchase up to 10% of the sanctioned limit or Rs. 10/- lacs whichever is less for maximum 10 days. The Branch Head can purchase govt. bill or bank draft up to Rs. 2 lacs or 90% of the amount of bill whichever is less even where there is no ODL. However, Branch Heads cannot allow cash withdrawals or cash payment facility while exercising this power. This power will be exercised by Branch Head / CEO only when a bill is presented in clearing but sufficient credit is not available to clear the bill. If within 10 days the position was not regularized, the Branch Head will inform CEO in writing.
- 16) Sanctioned loans have to be taken by the members within 60 days from the date of sanction. Thereafter re-validation of the same up to next 30 days can be permitted by the LC-I/ LC-II/ Board on written request. After 90 days the sanction to be cancelled and fresh application to be given for loan. If no revalidation has been sought, the sanction will be cancelled after 60 days.



- 17) When a loan has been sanctioned against the security of the property the member can neither give that property on rent nor part with the possession in any way without the written permission of the Bank. The borrower will also not make any structural changes without the written permission of the Bank. If it happens entire loan will be recalled.
- 18) After the clearance of transport loan no dues certificate and form no. 35 may be provided online.
- 19) A Special Loan Sanctioning Committee consisting of Chairman, Vice-Chairman, CEO, GM/DGM and Secretary of LC-I will be authorized to sanction in exigency maximum 2 transport loans with loan amount not exceeding Rs. 50 Lakhs and Unsecured General and Education Loan up to the prevailing limit fixed by the Board. For sanctioning such loans, the following three signatures will be required: Chairman or Vice-Chairman, CEO and in his absence GM or DGM Secretary of LC-I

In the absence of both Chairman and Vice-Chairman, the Committee consisting of :

1. CEO
2. GM or DGM
3. Secretary of LC-I will be authorized to sanction such loans.

In the absence of Secretary, Alternate Secretary will sign on behalf of the Secretary. However to privileged transport members, transport loan can be sanctioned up to Maximum Rs. 75 lacs.

The sanction of special loans will be recorded in a proceeding register to be signed by the members sanctioning the loans. For all such loans, post facto approval from LC-I has to be invariably obtained in the next meeting.

- 20) Power to sanction rebate will lie with the DS Committee up to Rs. 30,000/- and above by the Board on the recommendations of the DS Committee.
- 21) Power of reversal of interest as approved by the Board will lie ONLY with the **Chief Executive Officer (CEO)**.



- 22) In case of theft or total loss of vehicle rebate in interest can be given up to maximum 50% of interest amount accrued for four months or till the time insurance claim against total loss vehicle is received, whichever comes earlier. Above rebate can be approved by CEO on receipt of an application from the member duly supported with documentary proofs along with recommendations of concerned **Branch Head**.
- 23) If a regular paymaster member has repaid 50% of the loan taken against the security of property then on his request additional loan not more than the repaid loan will be permissible on the same EMI. In such a case the existing outstanding loan will be cleared and a new loan bond for total loan (existing plus additional sanctioned) will be executed with **new** sureties. For example, if a member has taken a loan of Rs. 10/- lacs payable in 120 EMIs, each EMI amounting to Rs. 13,000/- and has repaid minimum 50% of the loan (i.e., an amount of Rs. 5/- lacs) in regular installments then on his request, with the same EMI of Rs. 13,000/-, he can be given additional loan up to Rs. 5/- lacs. This will be an additional facility for such regular paymaster needy members whose income has not increased but they need additional loan. If there is any interest variation the EMI can be re-cast accordingly.
- 24) When mortgaged property belongs to any member/person other than the loanee member or his/ her spouse, it will be the duty of Bank to explain to the owner about the loan being raised over the security of property and the fact that in case of default the property can be disposed of.
- 25) If a member has his own residential house but wants to give collateral security of another property owned by him given on rent, in such case the tenant should not be more than 5 years old and a registered tripartite agreement has to be executed amongst the owners of the property, the bank and the tenant. Rent of property should be deposited invariably in an account being maintained by the loanee member in the Kangra Co-operative Bank.
- 26) The following will be the repaying capacity percentage of income to be computed while considering loan request:
- | | | |
|------|--|-------------------------------|
| i) | Regular paymaster – up to 70% of the ITR | up to 70% of take home salary |
| ii) | Normal paymaster – up to 60% of ITR | up to 60% of take home salary |
| iii) | Irregular paymaster – up to 50% of ITR | up to 50% of take home salary |

For regular paymaster member having completed 10 years membership, income up to 100% can be considered for computing repayment capacity.



- 27) If a member wants to take loan to purchase a property already taken into possession by the Bank under SARFAESI Act, then the following will be the Loan Rule:
- i) He has to pay himself minimum 30% of the liability on the property.
 - ii) He will be eligible for loan amount equal to the remaining liability on the property or RV of the property, whichever is less. The loan will be considered as per the repaying capacity norms.
 - iii) He should meet all the conditions for becoming a member as per Bank policy to be able to become eligible for loan.
- 28) Swapping of loan in between the members of the KCB will be allowed subject to the following norms:
- a) The loanee member should not be a defaulter.
 - b) Both members will give a joint request for swapping.
 - c) The member interested to purchase the property should not be a defaulter. He should have repaying capacity as per the norms of the Bank for the loan to be swapped.
 - d) He will submit a formal application and will comply with share money and processing charges requirement as per the prevailing norms.
- 29) No loan will be considered if during physical verification the properties are not properly identifiable or separately indicated in a plan where the portion to be mortgaged to be marked in red colour and the detail of the properties on its right and left is distinctly mentioned.
- 30) For almost all secured loans and first surety loans physical verification has to be done.
- 31) Unless specifically mentioned, "house owner surety" means the member living in a house either owned by him or his spouse or by his father, mother and son provided they live together in the same house.
- 32) The security coverage percentage and classification of property will be as given below:



- a) **Category I Properties- Security coverage up to maximum 70% of the RV.**

Properties based on conveyance deed/sale deed

- I. DDA allotted free hold flats. Housing and group housing societies free hold flats
- II. Houses built on Government allotted plots as per the approved plan
- III. Any other types of free hold plots allotted by Government or any Government agency.
- IV. Lal Dora properties constructed with approved plan.

- b) **Category II Properties- The security coverage percentage will be up to maximum 55% of the RV.**

Properties purchased/ transferred through sale deed, partition deed, gift deed etc having full previous chain and lying in areas not mentioned under Category III properties. Freehold flats/ houses built by reputed builders as per approved plan in Delhi and transferred through Sale Deed. The width of the street on which these houses are situated should not be less than 15 feet and the property should not be below road level. **Conveyance deeds executed under PM UDAY Scheme will be considered in Category –II property.**

- c) **Category III properties (Properties in non-conforming areas)**

Sant Nagar Burari, Bhajanpura, Mandawali Fazalpur, Sagarpur, Mahavir Nagar I, II, III, Chanakya Place, Nihal Vihar, Nazafgarh, Uttam Nagar, Usmanpur, Khajuri Khas, Gandhi Nagar, Pulpehladpur, Mahavir Vihar Palam Budh Vihar Shastri Nagar (Both Shastri Nagars) Sultanpur, Mehrauli Sangam Vihar Aya Nagar etc.

The security coverage percentage for these properties will be maximum 45% of RV and with the condition that width of lane should be minimum 10 feet and should not be below road level.

- d) **NCR- Only Category I properties and the coverage will be up to maximum 45% of RV.**
- e) **The normal percentage of security coverage is 70% for Category –I property, 55% for Category II properties and 45% for Category III**



properties in NCTD and Category I properties in NCR. But, when this security is given for education loan, it will be five percent less.

- f) In Category III properties, if the width of the street is 15' and above and prospects of its selling are good, the verification team can recommend security percentage up to 50% of RV.
 - g) In Category III properties, if the width of the street is in between 10' and 15', the eligibility of loan will be up to 35% of the RV of the property. In specific cases, if the width of the street is even less than 10', the prospects of its selling are good, the verification team can recommend sanction of loan up to 40% of security. The verifying team has to write about the prospects, **Loans up to 50% as a special case on the recommendation of verification team stating property is well situated and can be sold easily.**
 - h) The security coverage percentage of property will be 10 % more for repair and renovation loan of Rs.15 Lakh and for GL sec.
 - i) Property built/constructed in private colony having approved sanctioned plan from competent authority will be considered category –I properties for considering LAP.
- 33) No loan on farad / agriculture land will be considered.
- 34) The re-valuation will be taken only after a period of three years or as and when required by the bank.
- 35) If in two property valuations there is a variation of more than 20% in RV, third valuation to be taken by the Bank. The valuation to be taken from the valuer on the approved panel.
- 36) The properties will be invariably re-verified physically by a team consisting of Area Director and Branch Head / Deputy Manager **if consecutively three EMIs were not paid.** At the time of verification the description of the property will be matched with the description given in the valuation report. A visit report to be kept in loan file and a copy to be sent to CEO.



- 37) In the loan form at first page, date of receipt of the application in the branch, date of receipt of the application at HO from branch and date of sanction has to be specifically mentioned to ensure that no inordinate delay has occurred in processing.
- 38) All approved and empanelled Valuers and Advocates will prepare valuation and search reports of properties to be mortgaged **ONLY after seeing the original property papers. This should be specifically mentioned in the reports that original property papers have been seen.** No report based on photocopies would be accepted. Valuers should clearly/ distinctly demarcate and mark the coloured sketch of the property and its adjoining areas / door numbers and land marks etc so as to identify the property duly mortgaged to the Bank. On the contrary, the valuation report will not be accepted. **Irrespective of the property valuation amount, the charges will be Rs. 2500/-.**
- 39) Property verification visiting team will verify from the Property Dealers in the vicinity of the property to be verified that RV of the property given in the valuation report is correct. The name of the valuer(s) consulted to be mentioned.
- 40) If from a defaulter member the recovery has been made through Recovery Department of RCS after filing arbitration case or recovery has been made through SARFAESI case or through Section 138 of NIA, such members will be debarred from loan for 5 years after the full repayment of the previous loan and demanded amount in Section 138 of NIA. If a member pays the dues before the case is sent for recovery in the RCS office or under SARFAESI Act he clears the dues before the ceiling of the property, such members will be debarred from loan for 1 year after making full repayment of the previous loan. Defaulter members whose loan has not become NPA will be debarred for 6 months.
- 41) Credit Information Report to be obtained for all loan requests. If a member has CIBIL rating below 500 no loan to be given. If any member have no credit history/record shown at cibil and having score -1 to 200, member has eligible for loan on higher R.O.I.

Secretaries of both Loan Committees are required to examine the reports critically and in case of adverse features in reports like overdue/ written off accounts / heavy borrowings from other banks, will put separate note for the consideration of committee members.



- 42) When a loan against property is applied, information about CERSAI report should also be obtained that there is no loan on the property.
- 43) If a member has been given loan against the mortgage of two properties and subsequently he wants to take back one property, then the security coverage percentage of the property which will remain with the bank will be considered 10% less than the normal security percentage coverage. Valuation of the remaining property has to be taken latest not more than 3 months from the request date.
- 44) Bank will not seal the property if borrower pays the entire overdue amount plus legal charges and amount equal to 6 additional installments. This amount of 6 installments will be kept in the Optional Deposit account adjustable against the next 6 EMIs.
- 45) Where the property has been sealed under SARFAESI Act but defaulter member gives a request in writing that he would make some payment to get the property de-sealed, he will have to pay minimum 50% of the total dues plus legal charges. The balance amount will have to be paid in maximum 10 regular EMIs or as decided by the Board. The request has to be given in writing.
- 46) Wherever Category II and III property is proposed to be given as security for any type of loan/ advance, two photographs duly signed and location plan has to be given invariably.
- 47) Departure to these rules can be permitted only by the Board of Directors.
- 48) Insurance of immovable properties mortgaged / to be mortgaged equivalent to 100 % of construction / superstructure value as per valuation is to be taken by the borrower member. Land value to be excluded from the insurance. In case of two valuations, higher of the two should be considered for insurance purpose.
- 49) Surety Rules and criteria shall be as per attached Annexure-1, if not given in the relevant rule itself. Verification process and Time bound loan processing period to be followed as given in Annexure-II.
- 50) In case of loan facility or Bank Guarantees provided to a Pvt. Company/ Limited Company/ LLP – (Limited Liability Partnership), charge has to be filed / registered with ROC (Registrar of Companies) within 30 days of creation of such charge and registration certificate issued by ROC to be kept in record .



- 51) Bank may allow rescheduling of loan instalments by reducing the amount of EMI, if a member makes advance payment of amount minimum equal to 12 EMIs in one go. - Such rescheduling can be permitted only one year after the release of loan. Member will have to pay remaining revised EMIs every month as per schedule.
- 52) Loan can be given in the name of the firm / partnership. Partnership firm, should however be registered with a valid partnership deed between two members and having GST registration.
- 53) If loan request is up to Rs.10 lakhs against the security of property, no valuation would be required if the verification team/sanctioning authorities (LC-1, LC-II or Board) is convinced with justification that RV of the property seems more than the Rs 30 lakh. However, search report will be obtained.
- If face value of conveyance deed or sale deed is more than the loan applied for loan up to Rs. 10/- lakh no valuation would be required.
- 54) End use verification to be done in almost all secured loans and when ever required in unsecured loans.
- 55) BOD will have full power to amend to make departure/relaxation in the Loan Rules.

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Note :- Surety Rules and Verification Process have been defined in attached Annexure-I and Annexure-II respectively.



Surety Rules

For transport loans, up to Rs. 1 Crore for all members and Rs. 1.5 Crore for privileged transport customers where vehicle to be registered in NCTD

ONLY ONE surety will be required, if a member is in Government service and the remaining service is more than the repayment period.

OR

ONE HOUSE OWNER surety (house to be on the name of member or spouse or parents or son and loanee member has been living with them).

OR

Two sureties from regular paymaster non-house owner members

For vehicles to be registered in NCR up to loan of Rs. 1 Crore and for privileged transport customers up to Rs. 1.5 Crore, surety member should have minimum 5 years membership and meeting other conditions mentioned above for loans in NCTD.

However, Board or the Loan Sanction Committees may put condition of more than one surety where there is doubt for repayment of loan or there are some other reasons.

Surety requirement for unsecured Education Loan up to Rs. 5 lakh

Surety from two regular pay master members in government service having minimum remaining service of more than 5 years OR one of which should be in government service having minimum more than 5 years remaining service and the second surety from a member employed in limited/ private limited company or other reputed business concern acceptable to the Bank or from a member having residential house either on his name or on the name of his spouse and the member should have been filing IT Return regularly.



Surety from two regular pay master- members both having minimum 5 years membership and should have residential houses on their own name or on the name of their spouses OR on the name of parents or son (when the loanee member has residing with them) and both members should have been filing IT returns regularly for the last 3 years).

Surety Criteria for Loan

A regular paymaster can stand only 6 sureties but total surety liability should not be more than Rs 2 crore

If a member has to stand surety for a loan up to Rs 5 lakh, he should give one latest ITR or copy of latest proper salary slip/ certificate issued by his employer & monthly income should not be less than Rs 20,000/- p. m

For surety above Rs 5 lakh up to Rs 10 lacs, 2 latest ITR/2 latest salary slips /certificate required and monthly income should not less than Rs 25,000/- p.m.

For surety above Rs 10 lakh up to Rs 20 lakh, 2 latest ITR/ 2 latest salary slips / certificate required and monthly income should not less than Rs 30,000/- p.m and should have been residing in a house owned by him or his spouse, parents or son (when the Loanee member has been residing with them).

For surety above Rs 20 lakh, 3 latest ITRs/ 3 latest salary slips/ certificate required and monthly income should not less than Rs 35,000/- p.m and should have residing in a house owned by him or his spouse, parents or son (when the laonee member has been residing with them)

However, if surety has income through affidavit or through a salary certificate not in a proper format he can stand surety only up to maximum Rs. 5 lakh. And monthly income should not be less than Rs 20,000/- p.m.



When for a loan two members have to stand sureties, individual income must be not less than Rs 20,000/- p.m, through proper salary certificate / through ITR.

Surety from a family member permitted provided a documentary evidence of independent income is submitted. However, no CROSS SURETY will be permitted among family member.

Female members employed in government /Semi -Govt/ Autonomous Bodies service will be permitted to stand surety for the loan of a male member. However, surety from a female member to another female member will be permitted only when either of them is in Government/ Semi -Government/ Autonomous bodies service.


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VERIFICATION PROCEDURE

Time bound Loan Processing Period

1. Loan request where verification not required has to be considered/ placed before Loan Sanctioning Committees within maximum 7 days from the date of receipt of the loan application in the branch.
2. Hypothecation loans where verification has to be done, such loans should be considered within maximum 14 days from the date of receipt of the loan request in the branch.
3. Where loans below Rs. 50 Lacks have to be considered against the security of property and where valuation and search report have to be obtained, the maximum time in which the loan application has to be considered/ placed at the loan sanctioning committees should not be more than 3 weeks.
4. For loans of Rs. 50 Lakhs and above where search report has to be prepared with certified true copy from the Sub-Registrar Office should be processed in maximum 6 weeks.

VERIFICATION PROCEDURE

1. For first loan of new members and any loan after a gap of two years whether Secured or Unsecured, verification has to be done invariably.
2. For transport loans, if a member has been repaying EMI regularly and apply for loan within two years from the date of the previous loan then there will be no need for verification. If transport loan is applied after 24 months then the verification has to be done. Verification in respect of all transport loans irrespective of time should be done if the member has been erratic in paying EMIs of the previous loan.
3. For any type of loan against property the verification has to be done.

In between two transport loans, there must be a gap of minimum three months with the condition that the member must have paid three EMIs regularly. This will not applicable for privileged transporters.



VERIFICATION TEAMS

The following Loans/ Advances verification system will be followed:

Sr. No.	Amount of loan	Verification Officials of Concerned Branch
1	Up to Rs. 5 Lakhs	DM or AM or Senior Most Executive Assistant [One]
2	Above Rs. 5 Lakhs and up to Rs. 15 Lakhs	DM + AM or Senior Most Executive Assistant [Two]
3	Above Rs. 15 Lakhs and up to Rs. 50 Lakhs	Branch Head + AM or Senior Most Executive Assistant [Two]
4	Above Rs. 50 Lakhs and below Rs. 1 Crore	AGM I or AGM II + concerned Branch Head [Two]
5	Rs. 1 Crore and above	AGM I + AGM II + Branch Head or in his absence Senior Most DM [Three]

Marking for verification for Sr. No. 1, 2, 3 will be done by Branch Head and in his absence by the Senior Most DM.

For Sr. No. 4 and 5 marking will be done by AGM-I

Note:

1. Loan Applications of Rs. 1 crore and above after verification will be routed through Credit Appraisal Committee before placing at LC-I/ Board Meeting. Credit Appraisal Committee will consists of CEO, AGM-I, AGM-II and Internal Auditor- 1.
2. Loan Amount will be single request applications.


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Version	Date of Revision	Author	Approved By	Description of Changes
1.0	19.05.2024	Kangra	Board Of Directors The Kangra Co – Operative Bank Ltd.	Established Policy
1.1	20.04.2025	HO	Board Of Directors The Kangra Co – Operative Bank Ltd.	Minor corrections/ changes

