

**THE HARYANA STATE COOPERATIVE AGRICULTURE AND
RURAL DEVELOPMENT BANK LTD., PANCHKULA**

LOAN POLICY

PART-I LOANS

This shall be called the “**Revised Loan Policy - 2015**” for the District Primary Cooperative Agriculture and Rural Development Banks (hereinafter referred to ‘the District Banks’) and the Haryana State Cooperative Agriculture and Rural Development Bank Ltd; (hereinafter referred to ‘the State Bank’). Further, the power to make any amendment in this policy shall be vested with the BOD of the State Bank subject to approval of Registrar Cooperative Societies, Haryana.

1. **DEFINITION** :

This policy unless there is anything repugnant to the subject or context:

- i) ‘Act’ means the Haryana Cooperative Societies act 1984 and the ‘Rules’ means the Haryana Cooperative Societies Rules 1989;
- ii) ‘Applicant’ means person who is member of the District Bank and applied for loan to the District Bank;
- iii) ‘Board’ means the Board of Directors of the State Bank;
- iv) ‘Branch’ means the branch of District Bank;
- v) ‘CEO’ means the Chief Executive Officer of the District Bank;
- vi) ‘District Bank’ means the District Primary Cooperative Agriculture and Rural Development Bank Ltd; for a particular area to which its area of Jurisdiction extends under its bye-laws;

- vii) 'Executive Committee' means the Executive Committee of the State Bank;
- viii) 'Hypotheca' means the land, which is being mortgaged in favor of the District Bank as security;
- ix) 'LVO' means the Land Valuation Officer posted in the District Bank or its branches and the State Bank;
- x) 'Managing Committee' means the Managing Committee of the District Bank;
- xi) 'Manager' means the Branch Manager of the District Bank;
- xii) 'Managing Director' means the Managing Director of the State Bank;
- xiii) 'NABARD' means National Bank for Agriculture and Rural Development;
- xiv) "Registrar" means a person appointed to perform the function of the Registrar of Co-operative Societies under this Act, and includes any person appointed to assist the Registrar when exercising all or any of the powers of the Registrar;
- xv) 'State Bank' means the Haryana State Cooperative Agriculture and Rural Development Bank Ltd;

2. OBJECT:-

(A) The main objective of the HSCARDB is:

- (i) to provide Long Term/ Medium Term Credit (Refinance, Cash Credit & Loans) facilities to its members against the security of Mortgage Deeds executed by the borrowers and surety bonds favouring Branch of District Banks & other tangible security etc. as per norms fixed/to be fixed by State Bank.
- (ii) to supervise & control over the functioning of District Banks alongwith their branches.

- (B) The objective of the District Banks is to promote the economic interest of its members and more particularly to provide Long Term Credit facilities to its eligible members (“A” class members) against the landed security / immovable property alongwith two sureties for various purposes of loans under Farm and NonFarm Sector. The Medium Term and Short Term Loans shall be provided subject to the approval of the Registrar.

3. **MEMBERSHIP AND APPLICATION FOR LOAN**

- i) A person may apply for membership if he is eligible for admission as “A” Class member in accordance with the norms given in the bylaws of District Banks. The existence of membership shall be governed by the Bye laws of District Banks. The admission fee for membership Shall be Rs. 10/- only alongwith prescribed value of one share.
- ii) Every member of the District Bank can apply for loan provided he/she has the sufficient security for raising the loan for genuine purpose under Farm and Non Farm Sector. The application for loan shall be submitted by the applicant in person to the Manager of the District Bank on prescribed form along with the required documents. **(See Annexure-1)**
- iii) Any registered Cooperative Society, Self Help Group (SHG) and NGO may become the member of District Bank and avail the credit investment facility for genuine purpose under Farm and Non Farm Sector.
- iv) In case, the applicant is a Cooperative Society, Self Help Group (SHG) and NGO, the Fard Jamabandi of land shall be applied in relation to all persons whose land is offered for mortgage and in addition to the documents, mentioned above, the following documents shall be attached along with the loan application:- attested copy of Registration certificate; copy of the latest orders of officer concerned fixing its Maximum Credit Limit and classification; copy of the latest audited balance sheet; list of members of the society with parentage and

complete address etc. latest resolution of the Society regarding the member who will mortgage his land in favour of the District Bank.

4. **DOCUMENTATION**

All loans shall be provided against the landed security. However, to ensure timely recovery/repayment from the borrower, the District Bank shall obtain the post dated cheques drawn on local bank within the jurisdiction of branch of District Bank. The concerned LVOs are required to ensure that all requisite documents are collected before the sanction of loan but the concerned branch manager shall also ensure the proper documentation of the loan case file apart from maintenance of loan movement register. The main documents mentioned below are necessary to be available in a complete loan case file.

A. **FARM SECTOR**

- 1) Index sheet
- 2) Membership form duly filled in.
- 3) Loan application duly filled in properly.
- 4) Copy of Ration Card, Voter Card, Driving License, PAN and Aadhaar Card as a residential proof. (Any One).
- 5) Three latest passport size photos of the loanee duly attached on front side.
- 6) Training certificate (if applicable).
- 7) No dues certificate from the PACS/Credit society/C.C.B. and other service area banks.
- 8) Loan case movement sheet
- 9) Copy of Jamabandi of agriculture land with copy of mutation (if required)
- 10) Copy of Khasra Girdawari of the last two crops (as proof of cultivation of land).
- 11) Surplus land certificate.

- 12) Cost of estimate of the unit to be financed.
- 13) Non encumbrance certificate from the competent authority.
- 14) L.V.O. report/appraisal reports.
- 15) Copy of S.P.A./G.P.A. if applicable.
- 16) Loan sanction order of competent authority.
- 17) Loan sanction letter to borrower showing recovery schedule of principal and interest (installment wise), indicating broken period interest separately with 1st installment of loan.
- 18) Mortgage deed duly executed by loanee (photocopy of original duly attested).
- 19) Surety Bond duly executed by two “A” class member of the concerned District Bank.
- 20) Post dated cheques furnished by the borrower duly filled in properly and signed drawn on any local bank within the jurisdiction of branch of District Bank to ensure timely recovery / repayment of each installment fixed by the bank.
- 21) Proper Utilization Certificate for each disbursement and also as final/completion certificate.
- 22) Borrowers Receipts, authorization of borrower for third party and third party payment receipt (if applicable). Copy of sale deed executed by third party to whom the loan was disbursed in the case of loans for purchase of land.
- 23) Undertaking from Tractor loanee to take the tractor in custody in case of default in repayment of his loan installments.
- 24) Advance consent for leasing out his land kept under mortgage, in case of default in future (U/S 75) of the Act.
- 25) Photo of assets created out of bank loan assistance.
- 26) Copy of Form 35 issued by Bank to Registration Authority for hypothecation of tractor/vehicle in favor of District Bank’s branch (Full Name).

- 27) Copy of Registration Certificate (R.C.) from tractor/vehicle loanee duly hypothecated in favor of the bank. (Full name).
- 28) Copy of mutation duly confirmed by competent Revenue Authority.
- 29) Any other relative document required from the loanee depending upon the nature of activity.

B. NON FARM SECTOR

- 1) Index Sheet
- 2) Membership form duly filled in.
- 3) Loan application duly filled in properly
- 4) Three latest photos of passport size of the applicant.
- 5) No dues certificate from the PACS/Credit Society/CCB and other service area banks.
- 6) Copy of Ration Card/Aadhaar Card/Voter Card/Driving Licence, PAN as a residential proof.(Any One)
- 7) Project report with site plan prepared by C.A (applicable only to loan cases above Rs.10 lacs).
- 8) Training certificate (if required).
- 9) Non encumbrance certificate from competent authority.
- 10) Surplus land certificate in case the security is landed security.
- 11) Security in the form of Agriculture land/Commercial property.
- 12) Copy of Mutation duly confirmed, if required.
- 13) L.V.O. report/Appraisal Report.
- 14) Loan Sanction letter to borrower showing recovery schedule of principal and interest (installment wise), indicating broken period interest separately with 1st installment of loan.
- 15) Undertaking to hypothecate the assets created out of the loan amount within the reasonable period.

- 16) Surety Bond duly executed by two “A” class member of the concerned District Bank.
- 17) Photocopy of original Mortgage Deed executed by loanee.
- 18) Post dated cheques furnished by the borrower duly filled in properly and signed drawn on any local bank within the jurisdiction of branch of District Bank to ensure timely recovery / repayment of each installment fixed by the bank.
- 19) Proper Utilisation of loan Certificate for each disbursement and also as final/completion certificate.
- 20) Borrower’s receipt and third party payment authorization, if required.
- 21) Photocopy of the assets created out of the Bank loan assistance.
- 22) Any other relative document required from the loanee depending upon the nature of activity.
- 23) All the documents mentioned above shall be obtained and kept in the loan case file invariably.

5. **LOAN FEE AND SANCTION PROCEDURE**

A. The loan fee shall be got deposited from the applicant borrower alongwith the loan application at prescribed rate as mentioned under the head “Important changes/Additions”. In case of withdrawal and unfit loan application, the Manager of District Bank shall refund the loan fee after deducting the actual expenses incurred on Non-Encumbrance Certificate, legal opinion Fee, inspection of revenue record and Traveling Allowance of the Land Valuation Officer etc. If the application is found properly filled in, the Manager of the District Bank shall ensure that the purpose of the loan is genuine and covered under one of the following major heads of the Schemes covered in Farm/Non Farm Sectors:-

- a) Minor Irrigation.
- b) Farm Mechanization.
- c) Horticulture Development/Medicinal Plants/Floriculture.
- d) Farm Forestry and waste land development.
- e) Land Development.
- f) Animal Husbandry/Poultry farming/Fish farming.
- g) Personal/Consumer loan facility to employees of State Bank, District Banks, Govt., Board & Corporation etc. can be provided on the terms and conditions to be fixed by the State Bank subject to the approval of Registrar, Haryana and availability of surplus funds.
- h) Purchase of Agriculture land:- For raising the loan for this purpose the copy of the registered agreement entered between the applicant and the seller shall be compulsory. The eligibility for loan for the purchase of land shall be worked out on the basis of agreement deed, production of Girdawari showing the applicant as tenant/lessee, can be considered, if so necessary. Land less farmers will also be eligible. The loan shall be sanctioned up to 75% of the purchase price of the land. After the advancement of loan the total land holding of the loanee shall not exceed 5 acres. The land being purchased shall also be included in the hypotheca. The loan amount shall be disbursed through cheque by the Manager of the District Bank on the authority of the applicant to the

seller of land, in the presence of Sub-Registrar, when the sale deed and mortgage deed are simultaneously presented for registration. It shall be the sole responsibility of the Land Valuation Officer and Manager to ensure that payment is made only in case the above compliance does not disclose any fact which adversely affects the interest of the District Banks.

- i) All other purposes/activities which are not covered above but approved by State Bank/ NABARD/Govt. from time to time with prior approval of the Registrar Cooperative Societies, Haryana.
- j) Non-Farm Sector:- All eligible purposes approved by NABARD and State Bank.

All the loans shall be sanctioned and disbursed on the terms and conditions fixed/to be fixed by State Bank/NABARD and in accordance with the loan policy.

B. First Step:- After the receipt of loan fee the Manager shall register the loan application in loan case movement register allotting loan application number and this number shall be given in each loan case movement sheet and forward it to the Land Valuation Officer for borrower appraisal on prescribed proforma. **(See Annexure-2).**

C. Second Step:- In case, the application is found incomplete or there exists any objection/short comings the Manager shall enter it in a separate register and return the application with any one or more of the following reason in writing.

- 1) Remaining documents required. (Mention)
- 2) Other Banker's report about the applicant is not satisfactory.
- 3) Applicant reported to have indulged in illegal and anti-social activities.
- 4) Financial position of the applicant is not satisfactory
- 5) Cost of the project is unduly high.
- 6) Promoter's contribution unusually low and promoters decline to increase it.

- 7) Location of the proposed unit has apparent disadvantages i.e. far away from sources of raw materials, market etc.
- 8) Collaborators have inadequate experience.
- 9) Equipments supplied by the proposed machinery suppliers to some other units have not been performing satisfactorily.
- 10) Process know-how/technology to be adopted has not been proved successful on a commercial scale.
- 11) Process know-how/ technology have become obsolete.
- 12) Availability of raw material in adequate quantity and on study basis is doubtful.
- 13) There is no certainty that utilities like power, water etc. will be available by the time the project will need them.
- 14) Products to be manufactured do not have sufficient market potential.
- 15) Any other reason (specify).

6. PROJECT APPRAISAL

The Land Valuation Officer shall ensure that, the purpose of loan and the required documents enclosed with the application are correct. The Land Valuation Officer shall undertake the appraisal of project after perusal of the guidelines about project approach given below:-

PROJECT APPROACH

Project: Means a location specific activity with specific objectives, time and cost limitations and of non-repetitive nature. In banking, a Project is an activity in which financial resources are expended to create capital assets that produce benefits over an extended period of time and which logically lends itself to planning, financing and implementing as a unit.

a) PROJECT INCLUDES

- ❖ Capital investment
- ❖ Creation of Capital Assets
- ❖ Generation of Benefits over an extended period of time.

- b) PROJECT COULD BE AN ACRONYM FOR :-
- P—Product of Goods and Services
R—Resources- Men, Material, Money etc.
O—Organization
J—Justification – Social benefits, wealth, jobs
E—Economic – Viability, profits etc.
C—Continuity—Planning, Research & Development
T—Time bound implementation & operation

PROJECT CYCLE

1.	Identification
2.	Formulation
3.	Appraisal
4.	Implementation
5.	Monitoring
6.	Evaluation

7. ESSENCE OF PROJECT APPRAISAL

- ❖ Appraisal is a comprehensive and systematic review of all aspects of a project
- ❖ It is a second look at the project report by a person who is in no way involved in its preparation;
- ❖ No cut and dry formula to straightway decide a project to be acceptable or unacceptable; the project report should be examined thoroughly to ensure as to whether it is viable or not.
- ❖ Appraisal highlights the weak areas in the project with the ultimate objective of strengthening them adequately to ensure final success of the project;
- ❖ Project appraisal is an exercise in future, based on certain assumptions. Hence, it is necessary to understand an environment in which the project has to sustain itself;

- ❖ Appraisal is a joint exercise by promoters and institutions. Speed of appraisal therefore, depends very much, on the speed with which the information is forthcoming from the entrepreneurs;
- ❖ Project should be appraised within a time bound programme- any undue delay distorts profitability projections and success of the project becomes a difficult proposition;
- ❖ In case of technocrat and new entrepreneur, a tolerant and understanding attitude is necessary

8. **STEPS AND METHODOLOGY FOR APPRAISAL**

- ❖ Entrepreneur seeking financial assistance should furnish detailed information about the project

a) **THE FIRST STEP FOR APPRAISAL**

- ❖ The first step in detailed appraisal is in regard to information submitted by the entrepreneur i.e.
- ❖ Adequate data has been furnished against every item;
- ❖ Prima facie, information furnished is correct;
- ❖ Consistency of data and information furnished shall be cross-checked;
- ❖ Both in the scrutiny of preliminary information and processing of application, personal discussions between the officials of the financial institution and the borrowing concerns are both necessary and desirable. This will reduce avoidable correspondence and facilitate expeditious disposal of applications;
- ❖ Clarification/additional information shall be called for wherever necessary;

b) **THE SECOND STEP**

- ❖ Involves site inspection team by appraisal team if required for which notice of site inspection to be given to the applicant;

- ❖ Inspection team to pay attention regarding suitability of the site, distance from Railway Station , National Highway, Source of raw materials; market for end-products, timely availability of utilities;
- ❖ Scanning the Environment protection arrangements
- ❖ Ascertaining sources of skilled and unskilled man-power
- ❖ Availability of social infrastructure etc.
- ❖ Most importantly, collect market reports, his financial strength, credibility and capacity.

c) **TECHNICAL APPRAISAL**

Technical Appraisal will focus into the following areas:

- ❖ Manufacturing Process/technology
- ❖ Technical Arrangement like parting know-how, etc.
- ❖ Size of the Plant (minimum economic size)
- ❖ Product Mix (various items to be manufactured by the unit)
- ❖ Selection of the Plant and Machinery (whether any unit purchased is reputed & no trouble, service back up etc.)
- ❖ Procurement of plant and machinery (sellers' name-cost, etc.)
- ❖ Plant lay out
- ❖ Land
- ❖ Raw Material
- ❖ Market
- ❖ Labour
- ❖ Utilities such as, water, power, fuel etc.
- ❖ Effluent Disposal
- ❖ Transportation

- ❖ Development of other industries

d) COMMERCIAL APPRAISAL

In the Commercial Appraisal the following aspects will be looked into:

- ❖ Demand Techniques of Forecasting
- ❖ Import substitution
- ❖ Past trend
- ❖ End-use – whom are we going to cater
- ❖ Export market
- ❖ Supply and depth of competition
- ❖ Pricing Policy- whether price will be lower when compared to the competitors
- ❖ Life cycle of the Product
- ❖ Brand Name
- ❖ Packing and Advertisement
- ❖ Sales Promotion
- ❖ Salesmen
- ❖ Advertising
- ❖ Servicing
- ❖ Sources of market Information and Publications useful to study various aspects of marketing

e) FINANCIAL APPRAISAL

In the Financial Appraisal the following aspects will be kept in view:

- ❖ Capital cost of the project
- ❖ Land and site development

- ❖ Building
- ❖ Plant and Machinery
- ❖ Technical know-how and Engineering fees
- ❖ Miscellaneous Fixed assets
- ❖ Preliminary and pre-operative expenses
- ❖ Provision for Contingencies
- ❖ Margin money for Working capital
- ❖ Source of Finance
- ❖ Financial Projections
- ❖ Profitability Estimates
- ❖ Cash Flow Statements
- ❖ Projected Balance Sheet

f) MANAGEMENT APPRAISAL

The most important aspect of Project appraisal is the Management appraisal. Some of the points to be considered while appraising the management are :

i) Qualities of entrepreneur

- ❖ Social Reputation and goodwill
- ❖ Involvement in the Project
- ❖ Financial resources in case of over-run, whether he can arrange resources
- ❖ Competence
- ❖ Risk taking
- ❖ Initiative

- ❖ Intelligence
- ❖ Drive and energy
- ❖ Self-confidence
- ❖ Frankness
- ❖ Patience

ii) Types of the Organization

- ❖ Sole proprietorship
- ❖ Partnership
- ❖ Corporate Sector
- ❖ Board of Directors
- ❖ Committee of the Board
- ❖ Chief Executive
- ❖ Other Executives
- ❖ Organizational Set-up
- ❖ Management

g) ECONOMIC APPRAISAL

- ❖ Objective is to examine the project from the entire Economy's point of view to determine whether the Project will contribute to the economic welfare of the Country
- ❖ Generally conducted by the World Bank and development agencies of the Government for the projects with huge investment and profound implication for the whole economy.
- ❖ Projects where economic analysis is required are big Dams, Forestry projects, big Industrial Projects etc.

- ❖ Economic Appraisal is slightly different from Financial Analysis which examines the project slightly from the individuals/entrepreneurs point of view.
- ❖ The appraisal of loan proposal shall be made by the L.V.O. on the prescribed proforma (See Annexure-3).

9. **VALUATION OF LAND**

- a) After the loan application is scrutinized and appraisal work of non proposal is completed and found in order by the Land Valuation Officer, He will proceed with the valuation of land, keeping in view the standard D.C. rates of the area concerned. A copy of latest standard DC rates shall be kept with the Branch of Distt. Bank which is revised from time to time.
- b) In case, any applicant is not satisfied with the valuation method mentioned above and project is viable, the prior permission of the Managing Director through proper channel shall be required. To get the land evaluated at prevalent market rate. In that case the Land Valuation Officer will evaluate his land by collecting the sale statistics from the mutations of similar kind of land for three years, from the same village, in which hypotheca is situated and the average value calculated thus, will be the value of the hypotheca for the purpose of security.
- c) In case, the loan given is for sinking of wells, installation of pumping sets, tubewells, land levelling and water channels, construction of building, the cost of improvement as well as the value of fixed and immovable assets created out of the loan shall be added to the gross value of the hypotheca, if the hypotheca offered by the loanee for any of the above purposes, falls short under the normal standard of the valuation.
- d) The following kinds of land shall be accepted as security, (provided land is free from water logging or saim or thur or kallar) :- (i) Nehri & Chahi (ii) Barani. The Agriculture land offered for security against loan, situated near Yamuna belt or any river on their both sides atleast upto half kilometer shall not be accepted due to apprehension of soil erosion. While calculating the value of land, its kind as actually found on the spot and not one shown in the revenue record should be taken into consideration. No 'Shamlat land' shall be accepted as security against loan.
- e) Two sureties for every type of loan (agriculture and non-agriculture) shall be necessary to be provided by the borrower before disbursement of loan.

- f) The Land Valuation Officer may reduce the value, as calculated above, giving reasons that the above calculated value comes to be too excessive, as compared with the market value of similar kind of land and as assessed by him by making local enquiries, due to certain special circumstances in a particular transaction and those figures of value have been considered by him while assessing the cost of hypotheca. He may exclude such high and inflated figures of value while calculating the average value. He may thus adopt the so reduced value to evaluate the hypotheca.
- g) In case, the applicant is a co-sharer in a joint khewat, the land included in hypotheca shall be out of the due share of the applicant in each khewat.

10. INSPECTION OF LAND

The importance of the Land Inspection work should not be minimized and the Land Valuation Officer shall carry out this work carefully. The inspection shall be carried out with the help of Shajra and Field Book. He may also get the assistance of the responsible persons of the village such as Panch, Sarpanch or Nambardar and the village Revenue Patwari, to enable him to identify the fields, their quality of land and the market value. A questionnaire provided in the Land Valuation Officer report needs to be replied correctly. The LVO report should also contain information with regard to the followings: -

- (i) Name of Nambardar or Sarpanch who has been contacted by the LVO at the time of verification, should be mentioned.
- (ii) Date of local enquiry.
- (iii) Location of the residential house.
- (iv) Sources of his income and repaying capacity.
- (v) General reputation of the loanee in the village.
- (vi) Status of the land offered for security as per local enquiry.
- (vii) The Land Valuation Officer shall report after the inspection of revenue record from the Patwari that the land offered as security is not from the surplus pool.

- (viii) In case, the holding is more than the permissible limit and some portion of the holding is apprehended to have been declared surplus, the Land Valuation Officer shall get a certificate to that effect from the higher authority, under the law relating to the ceiling on the land holding.
- (ix) It shall be ensured whether the land included in the hypotheca is under the cultivation of the applicant or of the mortgagee or not. If yes, he shall obtain the copy of Khasra Girdawari for the last two crops only, if the land is Chahi or Nehri & for the last four crops, if the land is Barani or Sailab. In case such land has been consolidated during the last two years, the copy of Khasra Girdawari shall be secured of all crops sown after consolidation.
- (x) That the title of applicant to the land offered for security is quite sound and, it shall be the sole responsibility of the Land Valuation Officer, to ensure correctness of the record before he makes his recommendations. In case, the Land Valuation Officer finds any lapse regarding title of land and correctness of report, he may return it to the Manager of the District Bank with reasons recorded in writing based on ground realities. The Manager shall immediately inform the applicant about the fate of his application stating the reasons.
- (xi) In case any irregularity or error is found in respect of the land taken as security after disbursing the loan, the concerned L.V.O. shall be responsible.

11. SANCTION OF LOAN

- (A) The financing of loan shall be made for different schemes/purposes under Farm & Non Farm Sectors in accordance with the Unit Costs, repayment period, mode of recovery, due dates for repayment as fixed by State Bank from time to time. The Managing Director shall be competent to revise such terms and conditions from time to time as may be required.
- (B) No under financing loan shall be recommended for sanction. However, in case the applicant ensures the down payment of project, the competent authority shall cautiously take decision on the sanction of the loan.

(C) Pre-Disbursement- Action points on the part of LVO/branch Manager.

- a) Each form must be read before hand and collect information well before disbursement. Do not keep forms blank.
- b) All the information about the case shall be put on record in the file so that others may use it, if required.
- c) Have personal spot verification of the fact stated by the borrowers. This is more true in case of land being taken as security, wherein location, type of land etc., shall be verified.
- d) Try to understand atleast the working part of the enterprise (activity) for which loan is sought for.
- e) Look whether the planning by the borrower can be executed
- f) Over invoicing or over financing to be avoided.

(D) Competency for final appraisal and sanction of the loan:-

Action at the level of District Bank.

- a) The power to make final appraisal and sanctioning the loans upto Rs.6.00 lacs shall be vested with a committee called as 'Appraisal & Loan Sanction Committee' of District Bank consisting the following members :

- | | |
|---|------------------|
| i) The Chairman of District Bank. | Chairman |
| ii) Two Directors of District Bank. (By Rotation) | Members |
| iii) The CEO of District Bank. | Member Secretary |

In case of those DPCARDBs where Managing Committee or Board has no elected/nominated Chairman, the Chairman shall be elected for the day. The quorum for the meeting of aforesaid committee shall be of atleast three members. For the loan proposals above Rs. 6.00 lakhs, the project reports and appraisal of loan cases shall be considered only provided the same are duly scrutinized and verified by a C.A.

- b) In case, the CEO is not convinced either with the report of the Land Valuation Officer and Manager or any defect comes to his knowledge,

he may return the case to the Manager for removal of the defects, without referring it to the **Appraisal & Loan Sanction Committee** of the District Bank or any other authority. Ordinarily, the District Bank shall process the loan proposal within 15 days under all circumstances.

- c) The power to sanction loans above Rs. 6.00 lacs and upto 20.00 lacs shall be vested with the Managing Director provided that the loan proposal is duly considered and recommended by the Appraisal & Loan Sanction Committee of the concerned District Bank.
- d) All the loan proposal above Rs. 20.00 lacs or as per NABARD Norms shall be referred to NABARD by the State Bank for consideration and sanction.
- e) While sending the loan case to State Bank the CEO would be required to certify that appraisal of the loan proposal has been undertaken by the Land Valuation Officer and also by **Appraisal & Loan Sanction Committee** and the loan case is fit for sanction. He shall also point out, if the case is to be sanctioned, subject to any condition.
- f) In case, the loan application is submitted by a Cooperative Society, the CEO of District Bank shall forward the loan application to the Assistant Registrar, Cooperative Societies, before placing it in the meeting of **Appraisal & Loan Sanction Committee** of the District Bank. The Assistant Registrar, Cooperative Societies shall either recheck it himself or get it rechecked through an official not below the rank of an Inspector and return the application with report to the District Bank.

(E) Action at State Bank Level

At State Bank level, the officer Incharge shall ensure, while checking the loan cases, all the norms of loan policy and the stipulated terms and conditions of the scheme have been complied with. He will also recheck the all aspect of appraisal of loan proposal thoroughly and if the loan case is found defective involving some irregularities, it may be sent back to CEO for necessary compliance with the permission of Managing Director.

- a) Further, on receipt of the loan case back from the District Bank after removing the objection, the Incharge of the concerned section or any other officer, authorized by the Managing Director, shall re-check the

same thoroughly. If the loan case is found fit for sanction it shall be put up before the Managing Director for the grant of necessary approval/sanction of the loan.

(F) **Action at District Bank Level after sanction by State Bank.**

- a) On the receipt of the loan case from the State Bank, the Manager of the District Bank shall issue a letter to the applicant named as '**Loan Sanction Order**' (See **Annexure-4**) informing him about the sanction of loan and to make compliance, if required on the specific points before disbursement. Take the acceptance of the terms and conditions of sanction letter. Send a copy of sanction letter to the sureties also
- b) To comply with such other conditions as laid down in the loan sanction letter, the Land Valuation Officer/Manager shall extend necessary help to the applicant in making compliance.

12. **NON-ENCUMBRANCE CERTIFICATE**

- a) Just after the mortgage deed executed by the applicant, is presented for registration, the Manager or the Land Valuation Officer shall arrange to secure a Non-Encumbrance Certificate from the office of sub-Registrar. The Land Valuation Officer shall also issue the Non-Encumbrance Certificate, after verifying the record of the office of the Sub-Registrar. He shall also seek clarification, if any, required in order to ensure the soundness of the title of the land and that no part of the hypotheca is encumbered or otherwise involved in any such transaction, litigation or other liabilities which may harm the interest of the Bank. The said Non-Encumbrance Certificate, shall ordinarily, be secured for the period of last 12 years immediately preceding the date of the presentation of the mortgage deed in favour of the District Bank.
- b) Where, the land included in the hypotheca is situated in the jurisdiction of more than one sub-Registrar, the Non-Encumbrance certificate shall be secured from the offices of all such sub-Registrars, in whose jurisdiction, any part of the land comprised in the hypotheca or owned by the applicant, is situated.
- c) The expenses incurred on securing the Non-Encumbrance certificates shall be borne by the District Bank.

13. MUTATION

It shall be the duty of the Land Valuation Officer of the District Bank, to see that the Mutations of mortgages, in favour of the District Banks, are entered in the revenue record before disbursement of the loan. He shall maintain a register showing the mutations entered and confirmed. It shall be the duty of the Manager of the District Bank to arrange this, in his own presence or in the presence of the Land Valuation Officer, to represent the Bank at the time the said mutation is entered by the Revenue Officers in the revenue record. The Manager of the District Bank shall arrange to supply, the duly attested copy of the mortgage deed, to the Revenue Officer, at the time of such confirmation.

14. SECOND NON-ENCUMBRANCE CERTIFICATE

A second Non-Encumbrance Certificate shall be secured by the Manager of the District Bank, for a period of four months, from the date of the execution of the mortgage deed in favour of the District Bank, in order to see that the property, offered as security has not been alienated by the applicant in any mode through a deed which might have been presented for registration after the date of presentation of the mortgage deed in favour of the District Bank, but may have been executed before the date of the execution of the mortgage deed in favour of the District Bank and thus take precedence over the mortgage deed, made in favour of the District Bank. In case, any encumbrance is disclosed by such a certificate, the District Bank shall immediately intimate the State Bank about the same and take suitable action to recover the entire amount in lump sum.

15. COMPLIANCE OF LOAN SANCTION ORDER

It shall be the sole responsibility of the LVO and Manager of the District Bank, to ensure the proper compliance of the loan sanction order. Moreover, the Manager may secure the opinion of the CEO or officer concerned in the State Bank, wherever; he thinks it proper to check the genuineness and correctness of the said compliance. Further he needs to ensure that:-

- (i) The original copy of the mortgage deed has been secured from the office of sub-Registrar. In cases, where the said copies are not available, without inordinate delay, a copy of the mortgage deed, duly attested by the official, in whose presence it was presented for

registration, may also be considered. In the said mortgage deed, it shall be further checked and ensured that all the points i.e. the name of the applicant, the address, the amount of loan, purpose of loan, rate of interest, mode of recovery the extent of land mortgaged, repayment period, due date of installment and clause giving the land on lease to the bank in case of default and consent of giving post dated cheques for each instalment are mentioned.

- (ii) The mortgage deed is witnessed by atleast two independent witnesses of the same village out of which one should be Namberdar or Panch or Sarpanch. Whether the words, Left Thumb Impression or Right Thumb Impression have been written with the thumb impressions? And whether the Thumb Impressions are in pad ink and are quite clear?
- (iii) The payment of loan amount shall be made by way of 'Payee A/c cheque' only and in case payment is made through Special Power of Attorney, the same should be registered.
- (iv) Where an attorney or guardian or any other person, is signing the mortgage deed on behalf of such other person, the words – 'for and on behalf of' are written with the signatures or Thumb Impression. Whether copy of the above authority has been secured and examined.
- (v) If the copy of registered mortgage deed is secured from the office of Sub-Registrar, the endorsement of the office of the Sub-Registrar is correctly worded and bears the signature with proper seal of the Sub-Registrar.
- (vi) Whether the affidavit given is in the prescribed form or not and is attested by the appropriate authority and does not contain any fact which is contrary to the interest of the Bank.

16. DISBURSEMENT OF LOAN

- i) After having made the compliance of all the terms and conditions fixed for sanctioning the loan, the Manager shall record a note on the loan case file that all formalities about the sanction of loan stand completed and the loan amount of Rs.____lakhs is duly sanctioned by the competent authority as stipulated in loan policy. Hence, the payment of loan is released.

- ii) The disbursement of loan in number of installments prescribed in scheme shall be made to the borrower, as per directions of the State Bank issued from time to time, provided that before the issue of any subsequent installment, a certificate about the proper utilization of the previous installments is submitted on the prescribed proforma (See **Annexure-5**) by the LVO or the Manager or the CEO of the District Bank as per instructions and guidelines of the State Bank.

17. SUPERVISION & FOLLOW UP

A) Importance

- i) The real meaning of the supervision and follow up is to ensure ongoing basis compliance of terms and conditions of sanction through system of control measures and feedback.
- ii) It is post sanction operation and it shall be maintained till the loan is fully liquidated.
- iii) Effective follow-up is important to ensure the maintenance of quality of asset, to avoid defaults, keeping watch for early warning and alertness – proactive is also necessary.
- iv) Appraisal and supervision are two sides of the same coin and both constitute essential parameters of good lending.
- v) To keep watch of loan utilization – submission of Proper Utilization Certificate - monitoring of recovery , insurance etc. – regular visits to project site village etc. are essential.

SINCERE SUPERVISION & FOLLOW-UP OF THE LOANS ADVANCED SHALL CERTAINLY HELP IN RECOVERY AND HENCE IMPROVEMENT IN FINANCIAL HEALTH.

B) Periodical inspection of the asset :-

The concerned Land Valuation Officer shall make the speedy inspection for verification of physical existence of assets created out of loan, health of security– proper mortgage with the bank, efficient running of the project– expected income generation alongwith control over operation course. Lastly identification of problems & finding solutions to solve the problem.

The proper utilization of loan can be also be checked by any officer deputed by the Managing Director, the Chief Executive Officers of the District Banks, and the team of NABARD at the time of their visit to the District Bank or at any time.

18. DRAWL OF LOAN FROM THE STATE BANK

A. Refinance Facility

- i) As the District Banks do not have the sufficient own funds to disburse the loan to the borrowers, they can avail the refinance facility in the shape of loan from the State Bank against the security of the Mortgage deeds executed by the borrowers in favour of District Banks. The terms and conditions of such refinance/loan shall be as fixed by State Bank from time to time.
- ii) While claiming the refinance/loan from the State Bank, the District Banks shall submit all such documents as required by the State Bank for the verification of NABARD. These documents are installment bonds, original mortgage deeds, borrower's receipts, prescribed Managers Certificate, statement of funds position with cash inflow & outflow statements (**See Annexure-6**) and any other document which may be required by the State Bank.
- iii) In cases where Registered Mortgage Deeds are not available without much delay, copy duly attested by the Land Valuation Officer and countersigned by the Manager of a District Bank can be considered by State Bank for giving refinance subject to acceptance by NABARD.
- iv) The State Bank shall release the loan amount to a District Bank provided the documents mentioned above are found correct, the claim within the Maximum Credit Limit of the District Bank as approved by the Registrar and also within the eligibility/targets allotted to them by State Bank.
- v) The refinance facility to District Bank shall be subject to the availability of funds at State Bank level and genuine requirement for making qualitative lending. The refinance to the Distt. Banks shall be released by the Managing Director or by any officer authorized by him.

B. Cash Credit Facility

- i) Apart from above facility, the District Bank may apply for sanction of the Cash Credit Limit with State Bank equal to the amount of their paid-up share capital with State Bank on the terms and condition fixed/to be fixed from time to time for the disbursement of loan under Farm and Non Farm Sector.
- ii) The use of cash credit facility has to be need base as it is a costly source of funds. Prompt repayment of Cash Credit liability is yet another matter to be closely monitored and the use of Cash Credit shall always be avoided.

C. Building Loan facility

The District Banks who own their Plot/land, may seek the loan facility for the construction of their banks building from the State Bank for which terms and conditions shall be decided by State Bank.

Note: All the loan facilities mentioned above cannot be claimed as a matter of right.

19. SUBSEQUENT LOANS

Ordinarily, no subsequent loans shall be advanced by the District Bank to the loanee farmer. However, the subsequent loan can be advanced in exceptional cases, provided, the repayments of first loan are deposited regularly on or before due dates. The second loan for the same purpose will not be given within a period of one year from the date of disbursement of first loan, except with the approval of the State Bank. Moreover, the number of such loans should not exceed three at any time.

20. SPECIAL INSTRUCTIONS

- a) No loan shall be granted by District Banks if, it is not in accordance with this “**Revised Loan Policy-2015**”.
- b) District Banks will strictly adhere to loan policy of the bank and instructions/ guidelines issued/to be issued from State Bank as well as NABARD from time to time. Any violation of ‘Revised Loan Policy-2015’ of State Bank and other instructions will be viewed seriously.

21. **DUTIES OF CHIEF EXECUTIVE OFFICER DISTRICT BANKS
IN ADDITION TO THOSE ASSIGNED IN THIS LOAN POLICY**

- 1) To administer the affairs of the District Bank subject to the directions of the Board or State Bank.
- 2) To supervise and control the work of the employees of the District Bank and its branches.
- 3) To get the proper accounts and record maintained.
- 4) To check utilization of 5% loan cases on quarterly basis and to submit the report to State Bank with a copy to manager for necessary action.
- 5) To receive deposits, other money, issue receipts and also to pay amount due from the District Bank.
- 6) To arrange and remit the funds to the branches as per their requirement for lending and other expenses.
- 7) To submit the balance sheets and profit and loss account of the District Bank level to State Bank level within one month from the closing date of financial year.
- 8) To accompany the field staff of branches in tackling the tough cases where recovery of loan haunted for any reason. He shall make personal efforts to effect recovery from such tough/chronic defaulter.
- 9) To ensure cash remittances of total recoveries effected by the branches; to State Bank.
- 10) To sign on behalf of the District Bank and conduct its correspondence.
- 11) To sue and to be sued in the name and on behalf of the District Bank.
- 12) To have custody of all the properties of the District Bank.
- 13) To arrange to call and attend meetings of the General Body, Board and Appraisal and Loan Sanction Committee .
- 14) To make, draw, accept, endorse and execute cheques, payment orders, mail remittance, Deposit, Receipts, drafts and other negotiable instruments for and on behalf of the District Bank.

- 15) To invest surplus funds, to discharge, buy, sell and collect interest on Government Promissory Notes and Securities on behalf of the Primary Bank subject to the specific and general sanction of the Board.
- 16) To submit the compliance reports of Audit and inspection within stipulated period.
- 17) To report recovery position of Distt. Banks in the manner prescribed by State Bank.
- 18) To arrange for the investigation of legal title and determine the market value and yielding capacity of the property proposed for hypothecation according to the instructions of the State Bank.
- 19) To refix terms and conditions i.e. rate of interest, repayment period and time selection for recovery etc. in respect of outstanding loans as well as fresh loans against members in accordance with the instructions issued/to be issued by the State Bank from time to time.
- 20) To ensure timely and proper compliance of audit reports, Inspections and visit notes pertaining to the District Bank including all branches.
- 21) To attend the meeting of District/State level convened by various authorities from time to time to review the working of Bank regarding loan advancement and recoveries etc.
- 22) To ensure that all type of information and reports etc. are prepared and furnished well in time to all concerned quarter as per requirement.
- 23) To submit the report about utilization of 25% loan cases to State Bank after obtaining from the Manager on quarterly basis.
- 24) To perform all other duties and exercise all such powers as may be assigned to him by the Board and the State Bank.

22. **DUTIES OF MANAGERS DISTRICT BANKS IN ADDITION TO THOSE ASSIGNED IN THIS LOAN POLICY**

- 1) To generally administer the affairs of the Branch subject to the directions of the CEO, Committee and State Bank.
- 2) To supervise and control the work of the employees posted in branch of the District Bank.
- 3) To get the timely & proper maintenance of accounts and record.
- 4) To check utilization of 25% loan cases on quarterly basis and submit a copy of report to the CEO for onward submission to the State Bank.
- 5) To submit the receipt and disbursement (RD) showing the balance of each head of account to CEO, Distt. Banks on monthly basis.
- 6) To receive deposits all other money and issue receipts and also to pay amount due from the branch.
- 7) To sign on behalf of the branch and conduct its correspondence.
- 8) To certify copies of entries in the books of the branch.
- 9) To arrange for the inspection of the mortgaged property.
- 10) To have custody of all the properties with the branch.
- 11) To make, draw, accept, endorse and execute cheques, payment orders and mail remittance, Deposits, Receipts, drafts and other negotiable instruments for and on behalf of the branch subject to the instructions of the CEO/Committee.
- 12) To submit the loan cases which are found fit for sanction, to CEO for approval by Appraisal and Loan Sanction Committee.
- 13) To issue proper utilization certificates in all loan cases of Rs. 6.00 lakhs and above in addition to PUC given by LVOs.

- 14) To ensure proper utilization of all loans issued by branch for various Agriculture and Non Agriculture purposes and also to ensure proper supervision and follow up action.
- 15) To ensure the timely preparation as well as the closing of quist bandis and issuance of notices for recovery well in time.
- 16) To attend the meeting of District/State level convened by various authorities from time to time to review the working of Bank regarding loan advancement and recoveries etc.
- 17) To get the quistbandi prepared as per procedure laid down in the loan policy/ instruction of State Bank.
- 18) To assist the field staff in affecting recovery of the branches and accompany them for the recovery from chronic and tough defaulter.
- 19) To issue clearance certificate or no due certificate as and when required by the loanee. The Manager only shall issue such certificates under his signature showing full name and stamp of the Branch of District Bank.
- 20) To ensure the recovery of all staff loans provided by State Bank and to remit such recovery amount to State Bank regularly on monthly basis.
- 21) To ensure that all type of information and reports etc. are prepared and furnished well in time to all concerned quarter as per requirement.
- 22) To perform all other duties and exercise all such powers as may be assigned to him by the CEO, Managing Committee and the State Bank.

23. DUTIES OF FIELD OFFICERS DISTRICT BANKS IN ADDITION TO THOSE ASSIGNED IN THIS LOAN POLICY

- 1) To check the loan cases and due comments, before sanction by Appraisal Loan Sanction Committee and also before disbursement.
- 2) To prepare claims for getting refinance/loan from the State Bank.
- 3) To maintain Installment Bonds and Mortgage Deeds files.
- 4) To check the tour programmes and daily working diary of the LVOs.
- 5) To prepare statement and reports of recovery, classification of overdues etc. for meetings and to other concerned quarters.
- 6) To ensure the issue of demand notices to lonees well in time.
- 7) To prepare legal cases for recovery from the defaulters of the bank and to pursue with concerned offices for expediting the action against the defaulters.
- 8) To prepare and pursue all legal cases u/s 138 of the Negotiable Instrument Act if the post dated cheques issued by the loanee are dishonored.
- 9) To maintain files and registers of all legal cases i.e. sales of mortgaged property of defaulter loanee as per rules.
- 10) To maintain age-wise defaulters register.
- 11) To make correspondence and pursue legal cases of recovery in Courts.
- 12) To supervise and assist the LVOs in difficult cases.
- 13) All other duties in addition to the above as assigned by the Manager, CEO, Committee and State Bank from time to time.

24. **THE DUTIES OF LAND VALUATION OFFICERS DISTRICT BANKS IN ADDITION TO THOSE ASSIGNED IN THIS LOAN POLICY**

- 1) To collect loan applications, processing and making proper appraisal of the loan proposal.
- 2) Comparison of copies and checking to title of the HYPOTHECA from the Revenue record of Patwari or Tehsil Office.
- 3) Spot verification of landed property offered for security of loan.
- 4) Checking of No Dues Certificates of Village Cooperative Society and other Financing Institution/Bank.
- 5) To check and ensure that the landed property offered for security is not in surplus pool.
- 6) To complete loan cases for sanction by competent authority.
- 7) To maintain Movement Register of loan cases of the circle.
- 8) To prepare loan sanction order as prescribed by the State Bank.
- 9) To execute Mortgage Deed of the sanctioned loan and get those registered in S.R. Office.
- 10) To ensure that the land taken in security is free from all encumbrance.
- 11) To ensure compliance of loan sanction order.
- 12) To ensure the mutation of land taken in security entered and confirmed in relevant Revenue Record before disbursement of loan.
- 13) To ensure proper utilization of loans and issue Utilization Certificate within the time limit.
- 14) To prepare demand note books in both harvest, Rabi and Kharif as per norms fixed by the State Bank.
- 15) To assist the Field Officer in preparing legal cases against the defaulters and to keep a record of defaulters of the circle, warrant and sale cases and other cases under trial in the Courts.

- 16) To effect recovery of the loans from the loanees as per demand raised by the branch of Distt. Bank
- 17) To inspect the project created out of loan of the Bank and the hypotheca annually and submit the report to the Bank.
- 18) To obtain post dated cheques from the borrowers for all the recovery installment, before disbursement of loan.
- 19) All other duties in addition to the above assigned by the Manager, CEO, Committee and State Bank from time to time.

25. DUTIES OF OTHER STAFF

1. The duties of Assistant Manager, Clerk, Daftri and Peon etc. shall be allotted by the Manager and CEO who will be competent to depute the above staff for maintenance of accounts books and checking of record etc.
2. Other kind of duty including the recovery from the borrowers.
3. The Assistant Manager shall check the work done by each clerk and ensure that every entry in the books of account is signed by maker and checker.
4. The Assistant Manager shall also prepare and ensure that all type of information and financial statement etc. sought by higher authorities are furnished well in time.
5. All other duties assigned by the manager and CEO of District Banks.

26. **GUIDELINES FOR QUALITATIVE LENDING**

In order to strengthen the Loan Sanctioning Mechanism, the District Banks, are required to ensure that the following norms are followed in its true letter and spirit :-

Repaying Capacity Linked Loaning

1. The most important aspect to be relied upon for deciding the amount of Loan and the period of loan should be repaying capacity of the borrower. Field officer has to make realistic assessment of the repaying capacity in each case taking into account all sources of income.
2. Sanctioning authority should conduct field level random verification of the repaying capacity reported by the field officer before sanctioning the loan. Further, appropriate action should be taken against field officers for repeated lapses in this regard. Similarly, sanctioning authority should not hesitate to reject a loan application on the ground of insufficient repaying capacity.
3. The District banks shall strive to go in for quality types of lending only which will improve their Recovery automatically. A pre-sanction appraisal note containing not only the Technical feasibility and financial viability aspects but also the integrity of the borrower (Borrower appraisal) is to be made. The sanction process must be placed in the loan case file. The loan application must contain the every detail of the borrower regarding a profile of the activity indicating cost estimate of different components of project, availability of required forward and backward linkages, infrastructure and market etc.
4. The details of loan facility availed from other Banks by the borrowers shall also be obtained in loan application which will help in working about the repaying capacity of the applicant. The verification of borrowers appraisal may be undertaken through Credit Information Bureau of India Ltd;(CIBIL).

5. The Field Officer or Accountant shall mandatorily be authorized/ required to re-check the document of the loan case before sanction and disbursement of loan.
6. The loan sanction order shall invariably be signed and issued by Managers of District Banks. The terms and conditions of the sanction of loan showing the Repayment Schedule shall be conveyed clearly. Acceptance of the borrower of the terms and conditions must be obtained on the copy of the loan sanction letter itself and same be preserved in the office record of concerned loanee.
7. The bank shall introduce a system of creating charge on **assets created** out of bank loan by executing hypothecation deed in addition to land mortgaged in all schemes.
8. The bank shall maintain the system of obtaining bills/receipts for the items/ machinery/material purchased or expenditure incurred by the borrower subsequently or delivery order issued by the supplier for keeping the same in the loan file as a mark of utilization.
9. Project profile and unit costs (item wise) must be available in the loan file. The bank shall have the record about the number of animals purchased by the borrower, quality of animals, amount spent by him for purchase of animals, cost of insurance, feed cost, construction of shed etc. The animal shall be properly tagged to identify the animals purchased by the loanee from the loan secured from the bank.
10. Although the due date of recovery shall be as 30th June and 31st Dec. for Dairy Dev., Poultry farming and NFS loans but taking into account the income generation from the assets financed, **the recovery of these loans can be done on monthly basis.** The Distt. Banks shall also ensure that the land on which poultry farm or any other asset is proposed to be developed is included in security offered by the applicant.
11. Post- disbursement inspection of the project must be undertaken by the LVO/ Branch Manager on six monthly basis and the report be placed in the loan case file.

12. The CEOs must ensure submission of complete loan cases for more than Rs.6.00 Lacs to State Bank duly approved from their Appraisal and Loan Sanction Committee.
13. The utilization of loans shall be checked by Manager and CEOs on quarterly basis. The Manager shall check the utilization in 25% loan cases and CEOs shall check 5% loan cases and submit their reports to State Bank for monitoring of loan cases with a copy to record/Loan case file.
14. The District Banks shall send their cash inflow/out flow statements every month to State Bank for its analysis on the prescribed proforma **(See Annexure-6)**.
15. The District banks shall ensure to get the Tractor/vehicle hypothecated in their favour. The borrower shall be insisted upon to deposit the duplicate keys of the tractors/vehicle, photo copies of RC books incorporating note of hypothecation in favour of the banks.
16. The District Banks shall pay proper attention towards checking of assets created out of loans on periodical basis.
17. The District Bank shall not rely on the power of attorney executed by the borrower in favour of relatives of the borrower without assessing the skill or capacity of power of attorney holder.
18. The District Bank shall adopt the system of scrutiny before release of loan installment to the borrowers ascertaining the purpose or items for which the amount is required by the borrower.
19. The branches of District Banks shall ensure to obtain the insurance of assets financed by them not only at the time of disbursing 1st installment of loan, but also for subsequent years till currency of the loan.
20. There shall be a system of obtaining bills receipts for the items purchased or expenditure incurred by the borrower for which loan installment are released.
21. The branches of District Banks shall maintain record of misutilised loans and ensure that follow-up action is taken in such cases.

22. The possession of the tractor shall be ensured with the borrower during the period of the loan to avoid the re-sale.
23. The branches of District Banks shall have the approved list of manufacturers and machineries available with them.
24. The District Banks shall ensure the insurance of the animals financed by it during the entire loan period. Tag number etc., as a mark of insurance should also be available in bank's record.
25. In case of loans given for house repairs, receipts of material purchased for house repairs shall also be obtained from the borrower and the borrower shall be asked to furnish the house completion certificate from the competent authority.
26. The bank shall strengthen the pre-sanction appraisal system to weed out the non credit worthy borrowers.

PART-II RECOVERIES

27. INTRODUCTION

The Land Mortgage Banks started as organization for lending against mortgage of land mainly for discharge of prior debts, land improvement and land reclamation have undergone tremendous change in character as well as in size. The name of Agriculture and Rural Development Banks proves this fact.

Along with quantitative and qualitative expansion, certain adverse features have also surfaced in the functioning of these institutions by internal and external factors. One of the factor is the slow recycling of funds, but viability of any institution requires ensuring a reasonably faster re-cycling of funds. **AND FOR THIS, IMPROVEMENT IN LOANS RECOVERY IS THE NEED OF THE DAY.**

Further, if the banks have to be viable in the long run, they have either to raise the interest rate keeping in view prevailing market rates or reduce the cost of funds or reduce the transaction cost and improve the recoveries. The efficiency of a bank is not reflected by the size of the balance sheet but the level of return of assets. It is prudent to appreciate the business activities and the assets created out of the loans advanced by the District Banks. Interest, is perhaps the only source of income for the District Banks which would come only after timely repayments effected from the loanee. Incidentally the word repayment should be used instead of recovery. It is because of the reason that the repayment of loan is just you go for the campaign. Recovery word which is normally used in respect of defaulters, may be persuasively or by coercive methods or by legal formalities/methods.

28. RECOVERY STRATEGIES FOR OVERDUES

For the recovery of existing overdue loan accounts, the strategy can be divided into two parts i.e. (i) for those accounts which are already NPA and (ii) for those accounts which are non-NPA.

29. NPA ACCOUNTS

A. The recovery machinery of the bank has to be streamlined. The target shall be fixed for Field Officers/LVOs not only for recovery in General but also in terms of up gradation number of existing Non-Performing-Asset

Identifying reasons for turning of each account of the District Bank branches into Non-Performing-Asset is the most important factor for upgrading the asset quality as that would help in initiating suitable steps to upgrade the accounts. The banks must focus on recovery from those borrowers who have the capacity to repay the loans but are not repaying. Initiation of coercive action against a few such borrowers may help in recovery of dues.

B. The Banks shall prepare suitable strategies to reduce the size of Non-Performing-Asset As the quantum of provisions to be made is more in case of Non-Performing-Asset. in doubtful category, the policy shall be to put more emphasis on the recovery in respect of such accounts so that they can be upgraded at least to Sub-standard category where the provision to be created is much less. They need to be reviewed periodically.

C. The District Banks in the state of Haryana may adopt two ways. First is the extension/persuasion method and second is the recovery through coercive method/legal process. The recovery of loan has to be effected by one way or the other. The time has compelled the banks to do exercise in overcoming the barriers in repayments.

30. EXTENSION/PERSUASION METHOD

Although for the smooth flow of repayments/recoveries from the borrowers various factors i.e. Sound investment, Supervision & Follow up, Periodical inspection of the asset are quiet necessary but Creation of recovery climate plays an important role.

Creation of recovery climate:-

- a) The District Bank shall prepare the Demand, Collection and Balance register as per the terms of agreement of the loan, be it monthly, quarterly and half yearly as fixed / to be fixed by State Bank.
- b) Regular personal contact with the loanee.
- c) Issue of demand notices in time.
- d) Publicity of Interest Rebate OTS (One Time Settlement) Schemes prevalent at a particular time.

- e) In case of chronic defaulters once again do case by case analysis and see what the reasons are.
- f) Select certain top defaulters activity wise – amount wise – period wise for focused recovery efforts
- g) Proper time selection for contacting borrowers as to when they have surplus funds/money and also arrange recovery camps
- h) Announce the names of good repay master in any gram forum.
- i) Last resort – Legal action

31. RECOVERY THROUGH LEGAL PROCESS

If the extension method as explained above do not give required results, the District Banks may take alternative method of recovery through legal process under various provisions of the Act and the Rules available to the District Bank. The provisions may be summed as under :-

A. Arbitration process – obtaining the award

For facility of reference U/S 102 & 103 of the Haryana Cooperative Societies Act are reproduced below:-

“Section 102 Disputes for arbitration –

(1) Notwithstanding anything contained in any law for the time being in force, if any dispute touching the constitution, establishment, management or the business of a cooperative society [other than a dispute of disciplinary action or dispute relating to service matters in respect of a paid servant of a society] arises :-

- a) among members, past members and persons claiming through a member, past member or deceased members; or
- b) between a member, past member or persons claiming through a member, past member or deceased member and the society, its committee or any officer, agent or employee of the society or liquidator, past or present ; or
- c) between the society or its committee and any past committee, any officer, agent or employee or any past officer, agent or employee or the

nominee, heirs or legal representatives of any deceased officer, agent or employee of the society ; or

- d) between the society and any other society ; between a society and liquidator of another society or between the liquidator of one society and the liquidator of another society;

Such disputes shall be referred to the arbitration of the Registrar for Decision and no Court shall have jurisdiction to entertain any suit or other proceedings in respect of such dispute [Provided that any proceedings pending or concluded under section 101 shall not constitute a dispute touching the constitution, management or the business of the society.]

(2) For the purpose of sub-section (1) the following shall be deemed to be disputes touching the constitution, management or the business of a cooperative society, namely :-

- a) a claim by the society for any debt or demand due to it from a member, or nominee, heirs or legal representatives of a deceased member whether, such debt or demand be admitted or not ;
- b) a claim by a surety against the principal debtor where the society has recovered from the surety any amount in respect of any debt or demand due to it from the principal debtor as result of the default of the principal debtor, whether such debt or demand is admitted or not;
- c) any dispute arising in connection with the election of any officer of the society.

(3) If any question arises whether a dispute referred to the Registrar under this section is or is not a dispute touching the constitutions, management or the business of cooperative society, the decision thereon of the Registrar shall be final and shall not be called in question in any court.

(4) No dispute arising in connection with the election of committee member or officer of the society shall be entertained by the Registrar unless it is referred to him within thirty days from the date of the declaration of the result of election.

“Section 103 Reference of dispute to arbitration –

- (1) The Registrar may, on receipt of the reference of dispute or arbitration under section 102 -
- a) decide the dispute himself ;
 - b) transfer it for disposal to any person who has been vested by the Government with powers in that behalf ; or
 - c) refer it for disposal to any other person as arbitrator.
- (2) The Registrar may withdraw any reference from an officer who is exercising the powers of Registrar and entrust it for disposal to any other officer who has been vested with the powers of the Registrar.
- (3) The Registrar may withdraw any reference transferred under clause (b) of sub-section (1) or referred under clause (c) of that sub-section and decide it himself or refer the same to another arbitrator for decision.
- (4) The Registrar or any other person to whom a dispute is referred for decision under this section may, pending the decision of this dispute, make such interlocutory order as he may deem necessary in the interest of justice.

ACTION:

Under section 102 & 103 of the Haryana Coop. Societies Act, the District Banks may refer the case to the arbitration of the Registrar (**See Annexure-7**) for decision pertaining to any dispute touching the constitution, management or the business of a Coop. Society.

The Registrar may decide the dispute or a recovery suit himself or through an Arbitrator. The District Bank has to make all due efforts in proving its claim against the defaulter member and obtaining a degree/ award from the Registrar or the Arbitrator. For preparing the Arbitration case the District bank has to pass a resolution to the effect authorizing the C.E.O. or other officer to file the Arbitration reference before Registrar. The format of such resolution is given (**See Annexure-8**). The person so authorized shall make an application to the Registrar giving details of dispute, evidence and the relief

sought. The application will be accompanied by certified copy of the resolution and other documents like copy of Loan Account (**See Annexure9**)

B. Certificate of recovery

Section 104 of the Haryana Coop. Societies Act, 1984 is reproduced here for facility of reference

“Section 104 Certificate for Sums Due. –

(1) Notwithstanding anything contained in section 102 and 103 a financing institution or a cooperative society may apply to the Registrar for recovery of arrears of any sum due to it from members, past members, officers, past officers and shall attach with such application a statement of accounts in respect of such sums.

(2) On receipt of an application under sub-section (1) the Registrar may, after making such enquiry as he may deem fit and after affording the members, past members, officers or past officers concerned an opportunity of being heard pass an order granting a certificate for the recovery of amount stated therein to be due, as such arrears.

(3) When the Registrar is satisfied that a cooperative society has failed to take action under sub-section (1) against any of its members, past members, officers or past officers, the Registrar, on his own motion may, after making such enquiry as he deems fit and affording an opportunity of being heard proceed to grant a certificate referred to in sub- section (2).

(4) A certificate granted by the Registrar, under this section shall be final and conclusive proof of arrears due therein and the same shall be recoverable [as per provisions of section 110 of this Act.]”

ACTION:

The other method available for recovery is obtaining of Recovery Certificate under section 104 of the Haryana Coop. Societies Act. In this case the District Bank has to submit a proper application (**See Annexure-10**) before Registrar for obtaining a Recovery Certificate. This process is some sort of speedy trial. The District Bank has to furnish the details pertaining to the loan to satisfy the Registrar for the claim of the District Bank and obtain a Recovery

Certificate. Under this process, while making the application all the persons involved in the suit are to be made respondent simultaneously.

Additional facility under this section is that the Registrar himself can take suomoto action and after satisfaction he may issue a certificate of recovery. The use of this section can be made also where no property is mortgaged.

C. Attachment before orders

While proceeding under section 103 and 104 the District bank may seek attachment of property of the respondent(s) before award/order by filing a separate application under the provision section 111 of the Haryana Coop. Societies Act,1984. This section can also be used for speedy recovery by attachment of salary of employees who are loanees .The properties of guarantors/sureties can be also got attached. Section 111 of the Act is reproduced:

“Section 111 Attachment before order etc. - Where the Registrar is satisfied that a party to any reference under section 95, 100, 101, 103, 104, 107, 113, 114 and 115 with intent to defeat or delay the execution of any decision , award or order , is about to –

- a) dispose of the whole or any part of the property; or
- b) Remove the whole or any part of the property from the local limits of the jurisdiction of the Registrar.

The Registrar may unless adequate security is furnished to his Satisfaction, direct the attachment of the said property or such part thereof as he thinks necessary. Such attachment shall be valid till the order, decision of award is satisfied.”

D. Execution of Award/order etc.

After obtaining an arbitration award or certificate of recovery, the recovery is to be effected under section 110 of the Haryana Coop. Societies Act which is reproduced below:-

“Section 110 Execution of orders etc. -

Every decision, award or order passed by the Registrar or arbitrator or liquidator under sections 95, 100, 101, 103, 104, 107, 113, 114 and 115 shall

- a) be deemed to be a decree of a civil court and shall be executed in the same manner as decree of such court; or
- b) be executed by the Registrar or any other person subordinate to him empowered by the Registrar in this behalf , by attachment and sale or by sale without attachment of any property of the person or a cooperative society against whom the order decision or award has been obtained or passed.”

ACTION:

The application (**See Annexure-11**) for execution may be filed before any of the authority given below :-

- i) Civil Court which will execute it as a decree issued by it.
- ii) Registrar who will execute the award/certificate as per procedure prescribed by rules. The execution may be done by the concerned authorities by sale of movable/immovable property of the judgment debtor(s).

E. Sale of mortgage property

Another method of recovery in addition to the legal provision explained here before, is the sale of mortgaged property under procedure laid in Section 75 of the Haryana Coop. Societies Act,1984. The use of the section can be done only where the mortgage deed has a clause authorizing the District bank to sell the mortgage property without intervention of the court.

The implementation of the provision has to be divided into two Segments (I) as existed before its amendment in 2009 and (II) as exists after addition of proviso to sub-section (1) of the section 75 amended in 2009.

The procedure as existed before amendment in 2009 under section 75 is reproduced below :-

“Power of sale when to be exercised:

(1) Notwithstanding anything contained in the Transfer of Property Act, 1882, or any other law for the time being in force, where a power of sale without the intervention of the court is expressly conferred on a society by declaration creating the mortgage, the society or any person authorized by

such society in this behalf shall, in case of default of payments of the mortgage money or any part thereof, have power, in addition to any other remedy available to the society, to bring the mortgaged property to sale without the intervention of the Court.

(2) No such power shall be exercised unless and until –

- a) the society has previously authorized the exercise of the power conferred by sub-section (1), after hearing and deciding the objections, if any, of the mortgagor or any other person having any interest in the mortgaged property;
- b) notice in writing requiring payment of such mortgage money or part has been served upon –
 - i) the mortgagor or each of the mortgagors;
 - ii) any person who has any interest in or charge upon the property mortgaged or the right to redeem the same;
 - iii) any surety for the payment of the mortgage debt or any part thereof; and
 - iv) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property;
- c) Default has been made in payment of such mortgaged money or part for thirty days after such service; and
- d) The Registrar, in case where the amount claimed by the society is disputed, has certified that the amount or lesser amount is due from the mortgagor.”

F. Procedure as existed before amendment in 2009

ACTION:

(Other than Agriculture loans)

In view of the above section, the District bank may go in for legal action against the chronic/willful defaulters. Such a step is taken particularly with

incorrigible borrowers with whom all other normal methods are exhausted or recovery seems to be impossible. The sale case procedure is as under :-

First notice – Show cause:

The District banks should issue notice to the defaulters to appear before the Board/Managing Committee in order to give him opportunity to justify his defaulting period. The notice will specify the date, time and venue of the meeting of the board already convened.

If the board is satisfied about the genuineness of the case it can grant extension to a reasonable time for repayment or as fixed by them alongwith period of repayment of installment.

Second notice :

In case the board is not satisfied second notice shall be issued by the District bank to deposit the outstanding loan alongwith interest accrued thereon. The details of the principal interest shall be given in the notice.

In case of no response by the defaulter, the matter to be referred to the Sale Officer (See **Annexure-12**) appointed by the State Govt. on behalf of Registrar. The following documents needs to be provided to Sale Officer :-

- 1) Opportunity Notice
- 2) Demand Notice
- 3) Copy of resolution passed by B.O.D.
- 4) Copy of loan account
- 5) Copy of Mortgage deed bearing terms and conditions of loan
- 6) Any other relative document if required.

Third notice :

After the case has been filed before the Sale Officer he has to issue again an opportunity/notice to deposit the whole amount within specific period of time failing which the outstanding loan shall be recovered by way of sale of mortgaged property.

In case of failure of the defaulter, Sale Officer fixes the date, time, at public resort i.e. Mini Bank, Commercial Bank, Govt. School, Panchayat/ Dharamshala for sale. (See **Annexure-13**).

The sale shall be by public auction and shall be held in the village where the mortgage property is situated or at nearest place of public resort if the Sale Officer is of opinion that the property is likely to fetch better price.

After sale the defaulter or the person having right or interest therein may get the sale set aside by depositing the amount in the following manner:

- a) the amount specified in the proclamation of sale together with subsequent interest and the cost, if any, incurred by the society in bringing to property to sale.
- b) the payment to the purchaser, a sum equal to 2% of the purchase money.

If there is no application for setting aside the sale the District bank shall get the Sale confirmed from the Registrar and after the confirmation of sale, the sale officer will issue the sale certificate. The sale certificate will have to be got registered with the Sub-Registrar (Revenue) and mutation etc. will be got recorded by the purchaser.

G. PROCEDURE AS EXIST AFTER AMENDMENT IN 2009

Agriculture loans

The text of the proviso in section 75 added in 2009 is reproduced :-

“Provided that if the mortgage is of agricultural land for agriculture and agricultural purposes and both the society and the agriculturist consent that the mortgage land may be leased out in case of three consecutive default by the agriculturists, then the agriculturists shall hand over the possession of mortgage land to the society for leasing out the same in such manner and on such terms and conditions as may be prescribed for recovery of the outstanding amount.

Provided further that if the terms and conditions of the mortgage do not provide for the recovery as mentioned in the first proviso the defaulting agriculturists can apply to the society for effecting recovery by leasing out the mortgage land and the society shall proceed accordingly.

Provided further that if the recovery cannot be effected even by leasing out the mortgage land, the society may make an application to sale officer for the sale of the mortgage land for recovery of the outstanding amount.”

Explanation-

(i) “agriculture” and “agricultural purposes” shall include making land fit for cultivation, cultivation of land, improvement of land including development of sources of irrigation, raising , protecting and harvesting of crops, horticulture, forestry, planting and farming, cattle breeding, animal husbandry, dairy farming, seed farming, pisciculture, apiculture, sericulture, piggery, poultry farming and such other activities as are generally carried on by agriculturists, dairy farmers, cattle breeders, poultry farmers and other categories of persons engaged in similar activities including marketing of agricultural products their storage and transport and the acquisition of implements and machinery in connection with any such activity;

(ii) “agriculturist” means a person who is engaged in agriculture and has taken loan for agriculture and agricultural purposes from the society.”

ACTION:

The above provision clearly indicates that even in cases where the terms and conditions of mortgage deed do not provide for the recovery as mentioned in first part of the proviso, the District bank can proceed against the defaulter.

The implementation of this proviso inter alia depend upon the following factors :-

1. The property mortgaged is agricultural land and the purpose of loan is agriculture.
2. The beneficiary is agriculturalist.
3. The default to exceed three consecutive installments.
4. The beneficiary (defaulter) handover the possession of the mortgaged land to the DPCARDB.
5. Beneficiary (defaulter) shall have to submit his consent for leasing out the mortgaged agricultural land by the District Bank.
6. The lease money expected from the mortgage land is sufficient to meet the demand of the District bank.

Before proceeding for sale of mortgage land, the District bank will issue a notice (**See Annexure-14**) providing the defaulter an opportunity being heard by the committee or person authorized by the committee. The District bank will lease out the mortgage land if the defaulter hands over the possession and gives his consent (**See Annexure-15**). If the defaulter fails to satisfy the committee or the authorized officer the District bank has an exclusive right to apply to the Sale Officer for effecting sale of property mortgaged with the District bank as per procedure explained here before.

H. POST EXECUTION OF AWARD OR SALE

The sales to be got confirmed from Registrar (DRCS). Sale Certificate from the Recovery Officer or the Executing Court as the case may be, be got registered with the Sub-Registrar of the Revenue Department. The District Bank itself may acquire the mortgaged land in auction, in satisfaction of its debts and get the sale deed registered in its name and take necessary steps to take the possession of land as the land so acquired by the District bank becomes its property. The entries pertaining to this action be recorded in the books of accounts of the District bank. The District bank should take necessary steps to dispose of the land so secured as per legal provisions governing such rules.

32. RECOVERY OF DUES FROM LEGAL HEIRS/ESTATE OF THE DECEASED

- i) It is a common knowledge that once the legal heirs/successors succeed in inheriting the property/land of their ancestors, do not bother to clear the loan liabilities against the said land, which was mortgaged with the District bank for obtaining financial assistance/loan by their ancestors. The matter becomes clear if the provisions of transfer of property Act are perused.
- ii) In view of the provisions of transfer of property Act as well as that of Punjab Revenue Act 1887& as per the settled law, there is no bar on partition or transfer of ancestral land, kept under mortgage to the legal heirs/successors, for the purpose of administration/management of the said land. The transfer/partition of the land as per the settled law is alongwith every sort of liabilities on such land. The inheritor of the deceased loanee as per the contents of the mortgage deed are liable jointly and vicariously for loan liability of the said land towards the District bank.

- iii) It is therefore, emphasized to peruse the contents of the mortgage deed where it has been explained that the term of mortgage has been explained to the person who executed the mortgage deed in favour of the District bank shall include his heirs, executors, administrators, legal representative and assigns.
- iv) In this way the term legal heirs is very well defined in context of effecting recovery or liability of the land inherited by them for clearance of loan amount towards the District bank. The legal heirs in this way shall be treated as the loanee qua the proportion of inherited land by them which is kept under mortgage with the District bank. The District bank shall identify the loanees who have expired and whose land is kept under mortgage with the District bank and the said land stand transferred/partitioned in the name of the legal heirs. The District bank shall take the copies of fresh Jama Bandi and mutation of entry from the Revenue Authorities and place in the concerned loan case file. It shall also be ensured to make the entry in the concerned register/ledger folio of the loanee with the particulars of legal heirs and the mutations of land in the Revenue record, even if the fresh Jama Bandi is not available as the jama bandies are revised after every four years.
- v) If the owner expired, the mutation of the entry are made in the remark column of Jama bandi with red ink, thereafter when it is confirmed by the Tehsildar, this red entry of mutation will come in black ink in the column of owner when the Jama bandi is revised. Here it is relevant that the entry of mortgage will remain in respect of said land even if the ownership is replaced by the legal heirs.
- vi) Once the legal heirs, execute, administrators, legal representatives are identified, the District banks will identify that in which of the cases the loanees are deceased and the land of the said loanee is transferred/partitioned in the name of legal heirs.

a) When the case is not in default

When the loan case in which the mortgage land stand transferred/ partitioned in the name of legal heirs and the loan is not in default, the District bank shall give a simple notice (**See Annexure-16**) for information to the legal heirs that the loan installments of the loan on the land inherited by him and stand

mortgaged with the District bank is due on such and such date with amount. The District Bank shall ensure the service of this notice to the legal heirs.

b) When the case is in default

When the case in which the mortgaged land stand transferred/ partitioned in the name of legal heirs is in default, the District bank shall issue a notice (**See Annexure-17**) to the legal heirs about the overdue amount as well as outstanding amount with a call to clear the said outstanding overdue amount. They will also be informed that if they fail to clear the loan liabilities the District bank shall proceed for recovery as per various provisions of the Haryana Cooperative Societies Act, 1984.

Similarly, in cases where no security in the shape of mortgaged is kept the District Bank shall identify the guarantors/sureties in such cases and the guarantors/ sureties shall serve with notices about their liabilities to clear the loan for which they stand guarantors/sureties and proceeded against as per law.

33. RECOVERY AGAINST POST DATED CHEQUES

Chapter XVII (Negotiable Instruments Act, 1881)

Penalties in case of dishonor of certain cheques for insufficiency of funds in the accounts are reproduced.

Section 138 – Where any cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person from out of that account for discharging , in whole or in part, of any debt or other liability, returned by the bank unpaid, either because of the amount of money standing to the credit of that account is insufficient to honor the cheque or that it exceeds the amount arranged to be paid from that account by an agreement made with that District bank, such person shall be deemed to have committed an offence and shall without prejudice to any other provision of this Act, be punished with imprisonment [for a term which may be extended to two years] or with fine which may extend to twice the amount of the cheque or with both :

Provided that nothing contained in this section shall apply unless –

- a) the cheque has been presented to the bank within a period of six months from the date on which it is drawn or within the period of its validity, whichever is earlier;
- b) the payee or the holder in due course of the cheque, as the case may be , makes a demand for the payment of the said amount of money by giving a notice in writing , to the drawer of the cheque, within thirty days of the receipt of information by him from the bank regarding the return of the cheque as unpaid ; and
- c) the drawer of such cheque fails to make the payment of the said amount of money to the payee or, as the case may be , to the holder in due course of the cheque, within fifteen days of the receipt of the said notice.

Explanation – For the purposes of this section, “debt or other liability” means a legally enforceable debt or other liability.

ACTION:

1. The District Bank should keep the proper record of the cheques given by the borrowers in a separate register. The cheque should be kept in proper safe custody.
2. The District bank should issue the notices of recovery as usual and record of such notices be maintained properly
 - i) Mode of giving notice
 - ii) Dispatch detail
 - iii) Delivery of the notice, received, refusal or not available etc. with date and signature

This detail may be required by respective court.

3. When the borrower fails to repay his installment on or before due date, the District bank should present the cheque to the banker for clearance, it is mandatory as per Negotiable Instrument Act, 1881.

4. In case the banker informs in writing that the cheque has been bounced or dishonored with reason :-

- a. within 15 days from the receipt of bank information that the cheque is dishonored, the District bank must give legal notice to the concerned borrower through Advocate. If he fails to make adequate arrangements with the bank to get his cheque cleared within 15 days from the receipt of the notice within this period the cheque should be presented again with the bank.

The District bank will follow further legal proceedings in the Court through an Advocate if need be.

- b. Other things remain the same in deserving cases and honest and credit worthy borrower District bank may give him opportunity to make the payment of his installment.

34. RECOVERY WHERE LOAN IS MISUTILISED

The DPCARDBs are empowered under their Bye-laws No. 51 as well as Section 71 of the Haryana Coop. Societies Act, 1984 to recall and recover the entire loan alongwith interest, costs and charges if any. Section 71 is reproduced below for facility of reference :-

“Section 71. Recovery of Unutilized Loans -

When a loan advanced by a society is not utilized for the purpose for which it was advanced, the society may, irrespective of the period for which the loan was advanced, recall and recover the entire loan along with interest and costs and charges, if any incurred in advancing and effecting recovery after giving the debtor an opportunity of being heard.

In view of the above the District banks may initiate suitable legal process for the recovery of misutilised loans as per procedures explained here before.

Note: All the Sections of Act & Rules mentioned or reproduced in this policy are subject to any amendment made/to be made.

35. GUIDELINES TO IMPROVE RECOVERIES

1. Pre due date follow up is vital in achieving good recovery. The District Banks should ensure communicating timely demand notices followed by pre due date reminders through telephone calls and SMS etc.
2. The District Banks shall analyze the causes of default on a case by case basis to identify root causes of the defaults, and take suitable action to address it.
3. When an installment is not paid for the 1st time, immediately telephone the borrower reminding and requesting him to pay the installment. This is very important as it sends a signal to the borrower that the Bank is vigilant about the recovery, if, this is not done it sends a wrong signal. Keep a record of the telephone calls in the form of follow up action point which should be available in all the files.
4. If the installment is not paid for the second month also repeat the above step.
5. If the borrower commits default for the third month also the Branch Manager should serve preliminary notice on the borrower and the sureties advising them to repay the amount of overdue principal and interest. The preliminary notice can be sent at the end of second month of default also. The preliminary notice should invariably mentioned information which is of factual nature such as :
 - a. Name of account holder/proprietor
 - b. Amount of loan
 - c. Purpose of loan
 - d. Date of sanction /release of loan /last installment of loan.
 - e. Name of sureties
 - f. Amount of overdue principal & interest on a specific date.
6. The notice should be sent by Registered/speed post. If notice is received back undelivered then immediately verify residential/ office address.
7. The undelivered notice should be hand delivered (This is must).

8. In case of change of address the same should be updated and fresh KYC (Know Your Customer) done immediately.
9. After receipt of above notice the position will be as under:

Response from the borrower to repay/partly repay the overdue or may express genuine difficulty

or

There may be no response.
10. Based on above response the Manager should proceed further and actively take such steps as would lead to recovery of loan.
11. Repeat notice may also be given at interval of 15/30 days.
12. Guarantors may be requested to pursue the borrower and arrange recovery of loan. Keep a record of the follow up with the guarantors also.
13. Manager may seek assistance of entire local persons (if any) to assist in recovery.
14. The Manager /other staff must frequently visit borrower and sureties' residence/work place so that he may understand that either he shall have to repay the loan or face legal action.
15. After one or two repeat notices manager should decide to pursue legal action. This stage may differ in some cases depending upon response of borrower, ground level knowledge of the case. In some cases manager may like to wait for some more time. During this period also follow up through repeat notice/personal visits should be continued.
16. In any case this should not be prolonged beyond a reasonable time (say 3-4 repeat notices).
17. Legal action should be initiated when Manager is satisfied that further recoveries are not possible or are very difficult without coercive action and such cases should be attended to on priority.
18. Follow up action points should be kept updated and same should be available in each loan case file in the end. **(See Annexure-18)**

19. Post sanction follow up action point should be kept up dated and same should be available in each loan case file in the end. (**See Annexure-19**).
20. The performance of the asset financed shall be monitored regularly so that repayments come from the incremental income generated through the asset.
21. The District Bank shall advise its field staff to regularly be in touch with the borrowers not only to remind for repayments but also to monitor the performance of the assets financed.
22. The District Bank shall fix staff-wise targets for recovery of loans. Better performers shall be suitably facilitated at annual functions as per norms fixed/to be fixed by State Bank.
23. The Board of District Banks and State Bank shall provide necessary help to the District banks in recovery. They shall also ensure that no default occurs at their level in the payment of any dues payable to the District banks.
24. The officers in State Bank and the CEOs of District Banks shall be given recovery targets and reviewed thoroughly in the monthly meetings.
25. The District banks will avail the maximum advantage of interest waiving scheme of the State Govt. by making mass borrower education & popularization of scheme.
26. The branches of District Banks shall issue the demand notices to borrowers before the due dates as per instructions of State Bank.
27. Due date for repayment, amount of installments (rate of interest), grace period etc., as decided by State Bank shall be recorded in the loan ledgers by the branches of District Banks.
28. The Board of Directors of District Banks shall concentrate on major aspects of operations such as strategy for reducing losses, NPA position, financial position and improvement in internal checks and control system.

29. The monthly meetings of CEOs of District Banks being arranged shall be broad based to cover not only to review recovery position and business aspects but also the internal checks and control, information system and Housekeeping.
30. District Banks shall maintain the data of their employees and their relatives alongwith employees of other departments who have become defaulters of loans. They shall periodically take up the matter with their Head of Department for realization of overdue recovery amount. They will maintain the updated list with complete data of defaulter employees and others.
31. **Approach to Willful Defaulters:** District Banks should pursue legal recovery measures in case of willful defaulters which generally involves the following steps:
- a) Pre foreclosure notice immediately on classification as willful defaulter followed by measures like publishing of defaulter's name with photographs in local news paper especially in case involving substantial amount.
 - b) Foreclosure of loan.
 - c) Legal notice of recovery before filing execution petition with the sale officer as per Haryana Cooperative Societies Act. 1984.
 - d) Initiating sale proceedings in batches of upto 5 cases at a time in each branch/ DPCARDB in the order of amount recoverable under due notices.
 - e) Giving state wide publicity to sale proceedings.
 - f) Taking steps to ensure the success of sale proceedings including arranging bidders from other districts.
 - g) Advancing land purchase loan to prospective buyer if required.
 - h) The important point is that willful defaulter has the capacity to pay and what is lacking is the readiness to pay. Willful defaulter in most cases is prompted by monetary gains in avoiding repayment and the confidence that the recovery proceedings of DPCARDBs unlike in the case of other banks would not progress to the stage of sale of

security property. Willful defaulters develop this confidence from their experience that recovery proceedings after the first or second notices never progress consistently to the later stages culminating to sale. Willful defaulters usually are also successful in bringing interventions and interferences from various sources to stall the proceedings. But once the Bank starts pursuing a consistent policy and resists any kind of outside interference, willful default will drastically come down and first or second notice will be enough to persuade reluctant payers to fall in line.

36. **OTHER CHANGES/ADDITIONS**

- i) The demand of 1st installment on the loan disbursed between 1st January to 30th June. (Ist half of the calendar year) shall be falling due on coming 31st December. Similarly the demand of 1st installment on the loan disbursed between 1st July to 31st December shall be falling due on coming 30th June. The broken period interest shall be recovered alongwith 1st installment. The aforesaid procedure shall be applicable at DPCARDB and HSCARDB levels.
- ii) The existing method of equated installments for recovery shall be substituted with equal installments method on half yearly basis for all the outstanding loans and fresh loans by District Banks w.e.f. 1st July, 2015. Under this method, the amount of loan divided by number of installment plus interest upto a particular date shall be the amount of installments payable by the borrowers. No grace period in recovery of interest shall be allowed in any purpose of loan. Accordingly, the District Banks shall raise their demand of Kharif Harvest alongwith interest upto preceding 30th June and the demand of Rabi Harvest, alongwith Interest upto preceding 31st December on all outstanding loans.
- iii) The State Bank shall have the option to adopt either equated installment method or equal installment method whatever is possible. The method of taking interest income on accrual basis and making provision of overdue interest shall remain unchanged.
- iv) The existing recovery due date i.e 31st January for Kharif harvest shall be replaced as 31st December as existed previously for all outstanding

as well as fresh loans. Thus, the recovery due dates shall be 30th June & 31st December of each year at both levels.

- v) At the end of financial year, if the demand inclusive of interest upto preceding 30th June on all loans remains unrealized, the same shall be treated as overdue and necessary provision of overdue interest shall be made by the District Banks in their balance sheet. The interest from 1st July to 31st March (9 months) shall be treated as **“Interest accrued but not due”** and taken to income account. However, if it is not received in next year, the same shall also be treated as overdue for which necessary provisions shall be made.
- vi) The loan fees shall be charged by the branches from the applicant borrower @ Rs. 4/-per thousand as collected at present.
- vii) The share money shall be collected from the applicant-borrower by the branches @ 4% of the amount of loan sanctioned as collected at present.
- viii) The face value of one share shall be Rs. 500/- at both levels i.e State Bank and District Bank instead of Rs.100/- at present. The revised face value of one share shall be applicable to those who become the new members of the District Banks on or after the effective date of the “Revised Loan Policy 2015”.However, this revision in the face value of one share shall not have any effect on the voting right of existing member who have one share of Rs. 100/- only with no outstanding loan.
- ix) The existing norm of taking the landed security of loans shall remain unchanged for all loans but for NFS loans, the surety bonds from two “A” Class members shall be necessary to be provided by the applicant borrower in addition to the security of land.
- x) To ensure timely recovery/repayment from the borrowers , the Post Dated Cheques(PDC) duly filled in and signed by the borrower drawn on local bank within the jurisdiction of the branch for the each installment of loan and interest payable on due date shall be necessary to obtain from the borrower before the disbursement of loan.
- xi) It will be mandatory on the part of LVO and Manager to effect recoveries who recommended/sanctioned/disbursed the loan, even if

they are transferred from one station to another. Any default in such loan cases will tantamount to fix the responsibility of the concerned LVO's and Managers alongwith accountability of the concerned CEO, District Bank.

- xii) The State Bank & District Bank shall charge simple interest at the rate fixed/ to be fixed by State Bank. The District Bank shall charge penal interest from the defaulter/borrower @ 2% per annum more than normal rate of interest on the outstanding loan amount for the period of default e.g a loanee who raised the loan @ 12% per annum and became defaulter, the District Bank shall recover the interest @ 14% per annum for the defaulting period. The District Bank shall make the recovery of penal interest as and when the loanee deposits the installment after default. Although, this practice is already in existence in District Banks but it is a clarification thereof.

37. MISCELLANEOUS GUIDELINES

- i) The mortgage deeds and receipts of the borrowers shall be kept in the custody of the trustee i.e. the Registrar, Cooperative Societies or the State Bank.
- ii) When a loan is completely discharged, the District Bank shall furnish a certificate of complete discharge and send it to the State Bank. The State Bank shall return the mortgage deed duly discharged to the District Bank provided State Bank has also recovered the amount from Distt. Banks.
- iii) The District Bank shall always remain watchful about any civil suit, touching the hypotheca in its favour, which may arise during the period of loan. For this purpose, the Land Valuation Officer shall continue making enquiries from the people, whenever he visits the village of the applicant in connection with the recoveries or for any other work. As soon as the District Bank comes to know about such a suit, the District Bank shall defend the case in the court and inform the State Bank by giving the full particulars of the suit in the form given below:
- a. No. and year of the suit.
 - b. Court, in which it is filed.
 - c. Present stage of the suit.
 - d. Name of the borrower with his address

- e. Loan A/c No. and date of advancement.
 - f. Amount of loan advanced.
 - g. Amount outstanding with date.
 - h. Field Nos. (Agri.Land) involved in suit (with extent).
 - i. Field numbers (Agri.Land) mortgaged with extent.
 - j. Steps taken by the District Bank to safeguard its interest.
- iv) The Land Valuation Officer shall check the land on half yearly basis of every borrower included in the hypotheca regarding as to:
 - v) Whether the land is free from saim, thur and kallar ?
 - vi) Whether there occurred any changes of the erosion of land by choenala, river etc.?
 - vii) Whether the land is under the self-cultivation of the borrower or he has created some tenants on the same?
 - viii) Whether the financial condition of the borrower allows continuity of loan or not?
 - ix) Whether the utilization of the loan is still valid?
 - x) Whether the loanee farmer has liquidated the hypothecated land, without getting it redeemed?
 - xi) The Manager of the District Bank shall examine such records and put up before the Committee of District Bank, if any action to recall the loan, is necessary in his opinion.
 - xii) All the repayments by the loanee shall be made in the account of the District Bank Branch with a local Central Cooperative Bank or the commercial Bank, where the District bank Branch is maintaining the current account or shall be deposited at their cash counter. The repayment of loan and interest by way of accounts payee cheques drawn in favour of District Bank can also be accepted from the borrowers.
 - xiii) Wherever insurance is needed as per condition of the scheme, the insurance fee/premium shall be deposited by the borrower in person.
 - xiv) All the loan case files, after the disbursement of the loan, shall be kept by the District Bank in the safe custody for record. The withdrawn or

unfit loan cases shall also be kept in the District Bank, after rejection. In such cases, the Manager of the District Bank shall return the document to the applicant on his written demand/request. The District Bank shall maintain record of loan cases files and also the record of withdrawn and unfit cases in the registers maintained separately.

- xv) Photo copy of the original mortgage deed duly attested by the Manager be kept on the loan case file as the original deeds are submitted to State Bank with Installment Bond for the purpose of claiming refinance.
- xvi) In the case of N.F.S. (Non Farm Sector) loan, when the security is taken in the form other than agriculture land, the original title deed of the property offered for security shall be kept in the Bank custody till clearance of loan.
- xvii) In the cases of loans under N.F.S. (Non Farm Sector), Dairy Development and poultry farming, the third party security can be accepted in genuine cases.
- xviii) **House Keeping** -The maintenance of accounts books, accounting procedure, balance sheet, profit and loss account & others statements relating to working of District/State bank shall be maintained as per instruction issued/to be issued by the Registrar Cooperative Societies, Haryana u/s 47 & 48 of the Haryana Cooperative Societies Act 1984. The IRAC (Income Recognition & Asset Classification) and provisioning norms pertaining to NPA (Non Performing Assets) shall be followed by the State Bank/District Bank as laid down by NABARD from time to time.
- xix) Proper and upto date maintenance of books of accounts is an essential requirement for the sound health of the organization. Prompt posting of books of accounts and balancing have to be ensured. Tallying the balances in the subsidiary books with the balances in the General Ledger is also important.
- xx) Reconciliation of bank accounts and other adjustment accounts is another important area of control which shall be ensured by the Distt. Banks.
- xxi) Proper maintenance of Register pertaining to advance cheques obtained from the borrower and maintenance of cheques issued and cheque/DD

deposit register is to be properly watched. The issue of Receipts book and maintenance of stock register is also important. The Distt. Banks shall ensure the compliance.

- xxii) Register namely **“Employees on Bank’s Role”** showing names, address, designation, transferred from, joining date , specimen signature (full), specimen of initial, date of transfer and retirement be maintained to minimize the chances of fraud on the part of any member of staff. This register shall be kept in the safe custody of branch manager. Maintenance of all other relevant registers properly is another area of control which shall be ensured by the Manager.
- xxiii) There shall be a system of preparation of Action Plan for Business Development and monitoring thereof at District Banks level.
- xxiv) The branches of District Banks shall adhere to the cash retention limits fixed by their Board of Directors/ Board of Administrators.
- xxv) Furnishing of information and Feedback to State Bank-District Banks/ Branches are inseparable parts of the whole ARDBs system. Unless the operational units will submit the mortgage deeds with necessary information and feed back to State Bank it will neither be in a position to raise the refinance/loan nor effect corrective action in the policies and procedures. The statement of mortgage Deeds collected (loans disbursed), Demand, Collection, Balance (DCB) statement, daily /weekly/monthly and trial balances etc. are some of the essential returns. This shall be ensured by the Manager.
- xxvi) Communication is most vital management tool for the CEOs and Managers of Distt. Banks. On the job, CEOs communicate not only with words but through their apparent attitudes and their actions. Communication encompasses all human behavior that results in exchange of meaning. Hence each and every executive have to acquire the skill of communications with superiors, subordinates and also with associates. Every Chief Executive Officer and Manager needs a combination of formal and informal communication system which can be easily and correctly understood by his people. Until or unless what he says is properly understood, he will not be able to carry himself. The success of a CEO and Manager depends on his ability to communication, perhaps more than any other ability.

ANNEXURE-1

LOAN APPLICATION

(For loan under Farm/Non Farm Sector)

Loan Application No._____
Admission No._____
Received loan application fees
Rs._____(Rupees_____
_____only)

Cashier Loan Clerk

To

The Branch Manager,
The _____ District Primary Co-operative
Agriculture & Rural Development Bank Ltd;
Branch_____.

Sir,

I _____ son/wife/daughter of sh./smt. _____
R/o Village _____ P.O. _____, Police
Station _____ Tehsil _____ District _____
Admission No. _____ request for the loan of Rs. _____
(Rupees _____ only) for
_____ purpose.

1. I enclose herewith the following documents:

- i) Latest Fard Jamabandi of my entire land holding, Khasra Girdawari of hypothica land, copy of Registry of land (if purchased) and copy of mutation.
- ii) My three latest photos of passport size.
- iii) Copy of Ration card/Voter card/Aadhar card/Driving license/PAN card as residential proof.
- iv) The project report for loan proposal.

2. I give my consent to furnish the post dated cheques of each installment of my loan before the loan disbursement as to be fixed by the bank.
3. I hereby give my consent on the prescribed proforma to hand over the possession of land kept under mortgage by me with the District Primary Cooperative Agriculture and Rural Development Bank Limited, _____ to its Chief Executive Officer for the purpose of leasing out for realizing the outstanding loan amount of the Bank on the terms and conditions that the amount of lease shall be divided in the proportion of _____% for depositing in my loan account (This clause shall be applicable if default occurs in future).
4. I undertake confirm that insurance of the assets to be created out of loan will be ensured by me every year till the loan is repaid fully.
5. My other particulars are as under :-
 - a) Name (Applicant) _____
 - b) Name of father/husband _____
 - c) Permanent address _____
 - d) Correspondence address _____
 - e) Profession with office address _____
Phone Numbers. _____
 - a) Contact/Phone numbers _____
6. Detail of other family members

Name of member	Age	Relation with Applicant	Contact/ Phone numbers	Profession	Monthly Income

8. Income from other sources (specify) _____
9. Project cost estimate (as per project report) _____
10. Total land holding in the name of applicant. _____
11. Detail of loans liabilities from other banks/institutions:
- a) Name of the Bank _____
 - b) Purpose of loan _____
 - c) Amount of loan raised _____
 - d) Rate of interest & repayment period _____
 - e) Amount of loan installment payable _____
 - f) Due dates of recovery _____
 - g) Whether regular or defaulter in repayments _____
 - h) Amount of default if any P.L. _____ Interest _____
 - i) Date of default _____

12. I undertake to confirm that all terms and conditions of loans to be fixed by the bank would be acceptable to me.

13. I do hereby confirm that all the information given above is true and correct to the best of my knowledge and belief and nothing has been concealed therein.

Please sanction the loan against landed security by mortgaging of any part of my property. I deposit herewith the required loan fee of Rs. _____
(Rupees _____) with your bank.

Signature/Thumb impression of the applicant

Certified that all the requirements as per instructions/loan policy/ issued by HSCARDB and Act/bye-laws stand fulfilled.

Signature of LVO

Branch Manager

ANNEXURE-2

THE _____ DISTRICT PRIMARY COOPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANK LTD; BRANCH

Important points for borrower appraisal.

- ❖ Proper identification of beneficiary at bank's level also avoid the default at borrower level.
- ❖ Before bank officer interviews the borrower he should plan as to what he wants to know about the subject and should think the relevance of the questions before he asks.
- ❖ Make the borrower feel easy before asking questions. Help him where he is unable to understand you by repeating the same or putting it in further simpler terms.
- ❖ Banks should not forget the role of friends, philosopher and guide for the borrower. Don't be biased to any one and develop a feeling that bank needs him and he needs bank.

Borrower Appraisal

1. Name and address of borrower _____
2. Purpose of Loan _____
3. Amount of loan _____
4. Place of activity _____
5. Reputation of the borrower in the village _____
6. Experience of activity _____
7. Past history of repayments of the borrower or his family members
(credit history of the borrower may be verified through Credit
Information Bureau of India Limited (CIBIL)

8. Financial position of the borrower
- i. Agriculture Property _____
 - ii. Other property _____
 - iii. Total property _____
9. Monthly/half yearly Income of the borrower before activity undertaken by him _____
10. Monthly/half yearly Expected Income of borrower after starting Activity _____
11. Monthly/half yearly Expenditure before taking Loan _____
12. Monthly/half yearly expenditure after installing project, total expenditure _____
13. Repaying capacity of the borrower _____
14. Position of similar projects in the area at present _____

Signature of the LVO
Name _____

Signature of the Br.Manager
Name _____

ANNEXURE-3

**THE _____ DISTRICT PRIMARY COOPERATIVE
AGRICULTURE AND RURAL DEVELOPMENT BANK LTD;
BRANCH**

PROFORMA FOR APPRAISAL

Sr. No	Particulars	Remarks
1	a) Type of industry/ Project/Unit	
	b) Name of unit if any	
	c) Product/Purpose of Loan	
	d) Scope	
	e) Location	
	f) Infrastructure facilities	
	g) Name and address of the Proprietor/Borrowers	
	h) Academic Qualification	
	i) Past experience	
	j) Machinery and Equipments	
	k) Marketing arrangements	
	l) Raw materials	
2.	Fixed capital investment	(Cost) Proposed
	a) Building	
	b) Machinery, tools, furniture etc	
	Total	

3.	Working capital for one cycle:	
	i) Rent	
	ii) Wages to workers a) Skilled b) Semi skilled	No. Rate Amount
	iii) Raw materials Item a) b) c) d)	Quantity Rate Amount
	iv) Fuel	
	v) Other operating expenses a) b) c) Total:	
4.	Operating Cycle (Expenses) a) working capital required b) Monthly repayment c) Depreciation	
	Total recurring expenditure for one month (2+3+4)	
5.	Income from sale proceeds for one cycle Sr.No. Item 1. 2. 3. 4.	Quantity Rate Amount Total

6.	Profit: a) Surplus per cycle b) Annual profit c) Repayment program	
7.	Income of the applicant	
	a) Income from the hypothecated assets (details to be given	
	b) Income from other sources	
	c) Income from other properties owned by the applicant (Details of village & Extent etc. to be given).	
	d) Professional income (Please give the details	
	e) Other Income (Specify)	
	Total Income	
8.	Family and other expenditure	
	a) Members of the family (give detail of major & minors)	
	b) Family expenditure	
	c) Other expenditure/ Liabilities of any other agency	
	Total expenditure	

9. Repaying capacity:		
a) Give details in the following form		

Income	Amount (In Rs.)	Expenditure	Amount (In Rs.)
i) Income from lands offered for Mortgage.		Family and other expenditure.	
ii) Income from other sources		Installment of loan applied (Payable)	
Total		Total	

b) Net Surplus or deficit estimated	Rs.
--	------------

10. Conclusion:

The LVO should give his personal opinion regarding the grant of the loan. Any condition for executing the documents for the loan and other conditions as found necessary and the amount of the loan recommended for sanction.

11. REMARKS:

With special reference to the probable trend of income and expenditure during the period of loan, the LVO should take into account the probable expenditure on marriages and other items of special expenditure.

Signature of LVO

ANNEXURE-4

**THE _____ DISTRICT PRIMARY COOPERATIVE
AGRICULTURE AND RURAL DEVELOPMENT BANK LTD;
BRANCH _____**

Loan Sanction Order

No. _____

Dated _____

To

Sir,

You are hereby informed that your loan amounting to Rs. _____
(Rupees _____) has been sanctioned under _____ scheme on the
terms and conditions given below :

- I) Repayment period of loan _____
- II) Mode of repayment of loan (monthly/quarterly/half yearly/with or
without grace period.
- III) The loan amount shall be recovered in the following manners (Table):

No of installment	Due date	Amount of loan	Interest	Total
1st				
2nd				
3rd				
4th				
5th				
6th				
7 th				
8 th				
9 th				
10th				

Note: The broken period interest will be recovered alongwith the 1st
installment.

- IV) Rate of interest _____
- V) Penal interest in case of default _____
- VI) Date of 1st installment falling due _____
- VII) Date of last installment _____
- VIII) In case of misutilization of the loan, _____
 Course of action to be taken _____
- IX) Time period for mortgaging the property, _____
- X) Additional share money required _____
- XI) Submit fresh latest copy of Jamabandi of your agriculture land .
- XII) Submit the required numbers of post dated cheques for each installment.
- XIII) Furnish Surety bonds from two 'A' class members duly executed.
- XIV) Any other term and condition imposed by competent authority to be complied with before execution of mortgage deed or disbursement of loan.
- XV) It may be noted that terms and conditions relating to your loan can be changed at any time as per instructions from State Bank from time to time.

Branch Manager

Endst. No. _____

Dated: _____

A copy of the above is forwarded for information and action:-

1. The CEO, District Bank.
2. Land Valuation Officer concerned to ensure compliance of the conditions/requirement mentioned above.
3. Loan Clerk concerned.

Branch Manager

ANNEXURE-5

**THE _____ DISTRICT PRIMARY COOPERATIVE
AGRICULTURE AND RURAL DEVELOPMENT BANK LTD;
BRANCH**

PROPER UTILIZATION CERTIFICATE

I visited the spot on _____ and verified the utilization of I/II/Final installment of loan amounting to Rs. _____ advanced on _____ in the case of Sh. _____ S/o Shri _____ R/o Village _____ P.O. _____ Tehsil _____ Distt. _____ for the purpose of _____

The amount is found to have been utilized properly. The particulars of utilization are as under :-

1. In case of Machinery

- (a) Name and make of Machinery _____
- (b) Horse power or capacity implements; if any _____
- (c) Name of the previous owner with full address _____
- (d) Registration No. _____
- (e) Engine No. (if any) _____

2. In case of well, P/set, Tubewell and Channels Etc.

- (a) Place & Particulars giving Khasra No. _____
- (b) Details of the working _____
- (c) Name and parentage of the person contacted _____
- (d) on the spot _____

3. In case of other Schemes/purposes of loan
(Details of utilization of loan)

Seen

Signature of the Br. Manager
Name _____

Signature of LVO
Name _____

Annexure-6

**THE _____ DISTRICT PRIMARY COOPERATIVE
AGRICULTURE AND RURAL DEVELOPMENT BANK LTD;
BRANCH**

Cash in flow

Cash out flow

Amt. in lacs)

Sr.No.	Particulars	Amount	Sr. No.	Particulars	Amount
1	Cash in hand (Opening)		1	Loan advanced	
2	Bank balance (Opening)		2	Remittance to H.O.	
3	Recoveries of loans		3	Salary expenditures	
4	Borrowings from State Bank		4	T.A to staff	
5	Other receipts give (details)		5	Printing & Stationary	
			6	P.F. contribution paid	
			7	Medical expenditure	
			8	Other expenditure give (details)	
			9	Cash in hand (closing)	
			10	Bank balance	

CHIEF EXECUTIVE OFFICER

**APPLICATION FOR REFERRING THE CASE TO ARBITRATOR
UNDER RULE 81 OF HARYANA COOPERATIVE SOCIETIES
RULES 1989.**

To

The Assistant Registrar,
Co-operative Societies,
(Exercising the powers of
Registrar, Coop, Societies, Haryana)

PARTIES

1. _____ Applicant (DPCARDB)

V/S

2. _____ Principal debtor, etc.

3. _____ Sureties etc.

4. _____ Sureties etc.

CLAUSE OF DISPUTE /RESUME OF DISPUTE

Here give amount of principal interest upto _____ etc. or any other subject matter of dispute.

i)

ii)

Sir,

I _____ (name)/Society through (name or person) submit that dispute has arisen between me/Society and Sh. _____ pl. debtor and his sureties mentioned above for the amounts mentioned against each, that the respondents have failed to discharged their liabilities and satisfy me/society with in reasonable time.

1) I am a member/past member, employee, etc of the _____ society (in case of individual applicant only).

2) The dispute is covered within the parties prescribed under section 102 of the Cooperative societies Act, 1984 touching the constitution/management /business of the aforesaid society.

3) I Society undertake (s) to pay the necessary fee for arbitration as may be specified by the Registrar Cooperative Societies, Haryana.

I _____, therefore, aforesaid society through _____ refer the dispute to you for decision under section 103 ibid and the sums mentioned above with costs may kindly be decreed/awarded. The interest @ _____ may be allowed to accrue till final payment of principal amount.

or

(here mention any other relief demanded).

CHIEF EXECUTIVE OFFICER,
DPCARDB LTD; _____

**THE DISTT. PRIMARY COOP. AGRI & RURAL DEVELOPMENT
BANK LTD; _____**

Format of resolution

AGENDA	DECISION
To consider to authorize the Chief Executive Officer of the Bank to file any arbitration case of the Bank to the Registrar Coop. Societies (DRCS/ARCS) Haryana and to file any case , in any court.	Unanimously resolved that the Chief Executive Officer of the _____DPCARDB Ltd;_____ is authorized to file any arbitration case in the office of Registrar Coop. Societies, Haryana (DRCS/ARCS) and any other court relating to recovery of dues of the Bank. He is also authorized to sign all type of documents pertaining to such cases on behalf of the bank. He is further authorized to engage any lawyer/ advocate pursuing the cases and paying reasonable legal fee, if required.

Certified that it is a true copy of the original entries and the book containing such entries is in the custody of the Bank.

Chief Executive Officer
DPCARDB Ltd;_____

Annexure -9

**THE DISTT. PRIMARY COOP. AGRI & RURAL DEVELOPMENT
BANK LTD; _____
(Copy of account)**

Account No. _____ Name of Loanee

Sh./Smt. _____

S/O _____ Vill. _____

Purpose _____

Date of advanceme nt	Amount advance d	Purpose	Period of loan	Due date of recovery	Amount of default		Remarks
					Pl.	Intt.	

Certified that it is the true copy of such entry, containing in the ledger in which the account is maintained in due course of business and the ledger is still in the custody of the bank.

CHIEF EXECUTIVE OFFICER,
DPCARDB LTD; _____

Annexure – 10

**THE DISTT. PRIMARY COOP. AGRI & RURAL DEVELOPMENT
BANK LTD; _____**

APPLICATION FOR REFERRING CASE UNDER SECTION 104.

To,

The Assistant Registrar,
Coop. Societies,
(Exercising the powers of Registrar Coop.
Societies, Haryana

Subject:- **Issue of certificate of recovery**

Sir,

I am submitting herewith the particulars of the following member of the _____ Primary Coop. Agri. and Rural Development Bank Ltd; _____ who is defaulter of this bank. A statement of his/her arrear is also furnished below. It is requested that steps may kindly be taken for the recovery of this amount under the provisions of Section 104 of the Haryana Coop. Societies Act, 1984.

It is certified that the loan was advanced on account of financing of _____.

It is also certified that Managing Committee of the Bank is reluctant to apply to you for the action suggested above/. The undersigned has been authorized to file the application vide resolution No. ____ dated _____. (Score out which is not applicable)

Sr.no.	Name & Address of the members with Khata No.	Name and Address of Sureties	Dated of over due	PL. amount	INTT. amount	Total amount overdue
1	2	3	4	5	6	7

CHIEF EXECUTIVE OFFICER,

Annexure – 11

**THE DISTT. PRIMARY COOP. AGRI & RURAL DEVELOPMENT
BANK LTD; _____**

**APPLICATION FOR EXECUTION OF AWARD/DECISION OR
ORDER UNDER SECTIONS 95, 100,101,103,104,107,113,115 OF THE
HARYANA COOPERATIVE SOCIETIES ACT, 1984.**

IN THE COURT OF _____

I _____ award/decision/order hereby apply for
execution of the award herein below set forth.

No. of dispute with complete heading	Names of parties	Date of award decision of order	Whether any appeal from award/decision or order.	Payment or adjustment made, if any	Previous application, if any with date and result
1	2	3	4	5	6
Amount with interest due upon the award etc. or other relief granted thereby together with particulars of any cross dispute	Amount of cost, if any awarded	Against whom to be executed	Made through which assistance of Court is required.		
7	8	9	10		

I declare that what has been stated herein is true to the best of my knowledge and belief.

Award/Decision or
Order Holder

Date_____day of _____20_____

(When attachment and sale of immovable property is sought)

Description and specification of property:-

The undivided share of the judgement debtor in a house/land situated in the village _____value Rs._____and bounded as follows:-

(_____

_____)

I,_____declare that what is stated in the above description is true to the best of my knowledge and belief and so far as I have been able to ascertain the interest of the defendant in the property therein specified.

Award/Decision or
Order / Holder

Dated_____

**THE DISTT. PRIMARY COOP. AGRI & RURAL DEVELOPMENT
BANK LTD; _____**

APPLICATION FOR SALE OF MORTGAGED PROPERTY

To

_____(Registrar)

1. Name of the applicant (Society)_____
2. Name of the mortgagor(defaulter)_____, son of _____
village_____, PostOffice_____ Police Station_____
- Tehsil_____ District_____.
3. Description of the mortgaged property :-

S.No	Name of village	Name of post office	Name of Police Station	Tehsil	District	Khasra No.	Area of land under Mortgage
1	2	3	4	5	6	7	8

4. Amount due for recovery as on _____

(i) Principal Rs._____

(ii) Interest Rs. _____

(iii) Expenses incurred Rs._____

Total : Rs. _____

5. The Name (s) and his address(s) of the persons on whom notice(s) in writing under section 75(2) (b) has/have been served

Serial No.

Name with full address

a.

2.

6. It is submitted that the property mortgaged as detailed above be sold and the dues recovered.

7. The applicant society has duly authorized the undersigned under Section 75 of the Act,-
- vide resolution No._____dated _____(copy enclosed)

1. Signature of the authorized person on behalf of Society_____

2. Name of the person authorized _____

3. Address of the person authorized_____

Date;_____

Place;_____

CHIEF EXECUTIVE OFFICER,

Annexure-13**FORM OF NOTICE**

(See Rule 57)

To

1. _____ (Defaulter)

2. _____ (Surety/Sureties)

3. _____ (Person(s) having interest in mortgaged property)

Whereas an application has been made by _____ (Society) under Section 75(2) (b) of the Act:

Now, therefore, you are hereby served with this notice requiring you to pay an amount of Rs. _____ due from you (details are given hereinafter) failing which the property under mortgage (details are given hereinafter) shall be sold on _____ (date at) _____

4. Amount due as on _____

(i) Principal _____

(ii) Interest _____

(iii) Expenses incurred _____

Total _____

5. Particulars of property to be sold in case of non-payment.

1. Signature of the Sale Officer _____

2. Name of the Sale Officer _____

3. Address of the Sale Officer _____

Place: _____

Date : _____

S.No	Name of village	Name of post office	Name of Police Station	Tehsil	District	Khasra No.	Area of land under Mortgage
1	2	3	4	5	6	7	8

Signature with Name and
Address of the Sale Officer

Annexure-14

(Format of notice to defaulter to appear before committee)

The _____ District Primary Cooperative Agriculture and Rural Development Bank Ltd;_____.

No._____

Dated:_____

To

Sh._____

S/o Sh._____

Resident of_____

Subject: Notice to defaulter loanee(s) for deposit of balance overdue amount or to appear before the committee to explain as to why the Bank may not apply to the sale officer for the sale of mortgaged land.

Memorandum:

You were advanced a loan amount of Rs._____ for the purpose of _____ vide loan sanction order No_____ dated:_____ @_____% p.a. on monthly/half yearly/yearly installments from _____branch of this bank. For obtaining the above loan you have mortgaged the land detailed as khasra No. _____Khatouni No._____ measuring _____ kanal _____ marlas vide mortgage deed dated _____ with the Bank.

It is brought to your notice that you have become defaulter of three consecutive loan installments payable on dated _____,dated _____and dated_____. The amount of above three installments which includes Rs._____ as principal, Rs._____ as interest and Rs. _____ as other expenditure. It is also informed to you that prior to above mentioned three consecutive installments, you also defaulted in payment of loan installments amounting to Rs. _____.Thus the total amount of _____ loan installments against you with interest, penal interest and other expenditure becomes as overdue is Rs._____

You are hereby requested to clear the balance outstanding/overdue amount of loan. A committee of the DPCARDB has been constituted to hear

you as to why the bank may not apply to sale officer for the auction of your land kept mortgaged with the Bank. However, as per para 2 of the amended provisions of section 75(1)(ii) of the Haryana Cooperative Societies, Act, 1984, to clear your outstanding loan amount, you can also apply to the Bank for effecting recovery by leasing out the mortgage land. If you want to apply for consent, a format for applying for the consent to lease out the mortgaged land is enclosed for your convenience. Your reply should reach the undersigned within fifteen days from the receipt of this letter by you, so that the Bank may proceed accordingly. Otherwise you are called upon on dated _____ in the premises of the Bank to appear before the committee at _____ am/pm. If you fail to appear before the committee the Bank shall proceed for the sale of mortgaged land kept by you with the Bank.

Chief Executive Officer

Annexure-15

(Format of Consent for leasing out the land kept under mortgaged)

To

The Chief Executive Officer
DPCARDB_____

Subject : Consent for leasing out the land kept under mortgage.

I, _____ s/o Sh. _____ resident of _____ have secured a loan amount of Rs. _____ for the purpose of _____. For obtaining the above said loan I have kept land measuring _____ Canal _____ Marla, detailed as _____ under mortgage with the District Primary Cooperative Agriculture and Rural Development Bank Limited, _____ vide mortgage deed dated _____.

I am under obligation to repay the loan amount with interest at the rate of _____% p.a. on monthly/half yearly/yearly basis. As a result of unavoidable circumstances I could not deposit my three consecutive loan installments falling due on dated _____, dated _____ and dated _____.

I hereby give my consent to hand over the possession of land kept under mortgage by me with the District Primary Cooperative Agriculture and Rural Development Bank Limited, _____ to its Chief Executive Officer for the purpose of leasing out for realizing the outstanding loan amount of the Bank on the terms and conditions that the amount of lease shall be divided in the proportion of _____% for depositing in my loan account.

Place _____

Dated _____

Signature of the consented

(Notice to Legal heirs for repayment of installment)

The _____ Distt. Primary Cooperative Agriculture and Rural Development Bank Ltd;_____

No._____

Dated:_____

To

Sh._____

S/o _____

(Legal heir of Sh._____ S/o_____)

R/O _____

Subject:- Notice for deposit of the loan installment further due on _____ in the name of Sh._____ S/o _____

Memo:

Sh._____ S/o _____ has secured loan of Rs._____ for the purpose of _____ from the bank who has now expired. For the said loan Sh._____ your ancestor has kept mortgaged land Khasra No._____ Khatanee No._____ measure _____ Kanal_____ Marla with the bank vide mortgage deed _____ dated _____. As per revenue record the land description on Khasra No._____ Khatone No._____ measuring _____ Kanal_____ Marla_____ have been transferred/partitioned in your name. The loan installment of Rs._____ in the name of your ancestor falls due on _____.

You are advised to deposit the loan installment on or before due date in your own interest.

Chief Executive Officer

Annexure-17

(Format of notice to legal heir in case of default)

The _____ Distt. Primary Cooperative Agriculture and Rural Development Bank Ltd; _____

No. _____

Dated: _____

To

Sh. _____

S/o _____

(Legal heir of Sh. _____

S/o Sh. _____

R/o _____

Subject:- Notice for clearance of outstanding overdue amount of loan in the name of Sh. _____ s/o _____

Memo:

Sh. _____ S/o Sh. _____ who has expired and whose land stand transferred/partitioned in your name as legal heir. The said land stand mortgaged with the bank detailed on Khasra No. _____ Khatauni No. _____ measuring _____ Kanal _____ Marla as per mortgage deed dated _____.

The loan case in question has been in default. The overdue amount as on date is Rs. _____ and the outstanding loan amount is Rs. _____. You are advised to deposit the above stated outstanding overdue amount with the bank. It is made clear that you are liable to clear the liabilities/loan on the land transferred partitioned in your name as legal heir.

Please note that if you fail to clear the loan within 30 days, the bank shall proceed against you for recovery as per provisioning of Haryana Cooperative Societies Act, 1984.

Chief Executive Officer

Annexure -18

FOLLOW UP ACTION POINTS

(To be filled up by the Branch Manager/Incharge at branch level)

TYPE OF LOAN & A/C

No.:.....

Name of Borrower..... Name of Surety-I

Address..... Address.....

Ph. No..... Ph. No.....

Name of Surety-II

Address.....

Ph.No.....

Sr. No.	Particulars				SIGNATURE (Manager/Incharge)
1.	Total Amount Sanctioned		Date.....	Rs.....	
2.	Amount Disbursed in installment No.	i)	Date.....	Rs.....	
		ii)	Date.....	Rs.....	
		iii)	Date.....	Rs.....	
		iv)	Date.....	Rs.....	
3.	Monthly/Half yearly Installment		Rs.....		
4.	First Installment due		Date.....	Rs.....	

Annexure -18 (Part II)

In case of default

1.	a) Borrower informed over Phone No. _____	<u>Date</u>	
	b) Sureties informed over Phone No. _____		
2)	i) Notice to borrower issued	No.	Date
	ii) Notice to Sureties issued		
3)	i) Notice to borrower issued		
	ii) Notice to Sureties issued		
4)	i) Notice to borrower issued		
	ii) Notice to Sureties issued		

Annexure -19**POST SANCTION FOLLOW UP ACTION POINTS**

Name of the Borrower

Sh./Smt./Kumari.....

Loan A/C No.:.....Purpose of
loan.....

<u>Sr. No.</u>	<u>Date</u>	<u>Particulars</u>	<u>SIGNATURE</u> <u>(Manager/Incharge)</u>
1.		All documents/formalities of loan have been completed.	
2.		Sanction Letter No._____Dt----- issued to Borrower.	
3.		First installment released on dated _____.	
4.		Visit to site for utilization of first installment of loan_____. Ist installment has been utilized.	
5.		IInd installment of loan released on dated_____.	
6.		Visit to site for utilization of second installment of loan on dated_____- IInd installment has been utilized.	