



**THE NAINITAL BANK LIMITED**

**MICRO, SMALL & MEDIUM ENTERPRISES  
(MSME) LOAN POLICY DOCUMENT 2015**

**ADVANCES DEPARTMENT**

**HEAD OFFICE (NAINITAL)**

The MSME segment is broadly classified as under :

Particulars	Investment in Plant & Machinerics of Manufacturing Enterprises	Investment in Equipments of Service Sector
Micro Enterprises	Upto Rs. 25/- lacs	Upto Rs. 10/- lacs
Small Enterprises	Above Rs. 25/- lacs and upto Rs. 500/- lacs	Above Rs. 10/- lacs and upto Rs. 200/- lacs
Medium Enterprises	Above Rs. 500/- lacs and upto Rs. 1000/- lacs	Above Rs. 200/- lacs and upto Rs. 500/- lacs

## SECTION - I

### 1. Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 on June 16, 2006 which was notified on October 2, 2006. With the enactment of MSMED Act 2006, the paradigm shift that has taken place is the inclusion of the service sector in the definition of Micro, Small & Medium Enterprises, apart from extending the scope to medium enterprises. The MSMED Act, 2006 has modified the definition of micro, small and medium enterprises engaged in manufacturing or production and providing or rendering of services.

#### 1.1 Definition of Micro, Small and Medium Enterprises

**(a) Manufacturing Enterprises i.e.** Enterprises engaged in the manufacture or production, Processing or preservation of goods as specified below :

(i) **A micro enterprise** is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

(ii) **A small enterprise** is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and

(iii) **A medium enterprise** is an enterprise where the investment in plant and machinery is more than Rs. 5 crore but does not exceed Rs. 10 crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification no. S.O. 1722(E) dated October 5, 2006.

**(b) Service Enterprises i.e.** Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006) are specified below.

(i) **A micro enterprise** is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;

(ii) **A small enterprise** is an enterprise where the investment in equipment is more than Rs. 10 lakh but does not exceed Rs. 2 crore; and

(iii) **A medium enterprise** is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

## **Section - II**

### **2. Priority Sector Guidelines for MSME sector**

Bank Loans to Micro, Small & Medium enterprises, both Manufacturing and Service are eligible to be classified under Priority Sector advance as per the following norms :

#### **2.1 Manufacturing Enterprises**

The Micro, Small and Medium enterprises engaged in the manufacture or production of goods to any industry specified in the first schedule to the Industries (Development and regulation) Act, 1951 and notified by the Government from time to time. The manufacturing enterprises are defined in terms of investment in plant and machinery.

#### **2.2 Service Enterprises**

Bank loans up to Rs. 5 crore per borrower / unit to Micro and Small Enterprises and Rs. 10 crore to Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006.

#### **2.3 Khadi and Village Industries Sector (KVI)**

All loans to units in the KVI sector, will be eligible for classification under the sub-target of 7 percent / 7.5 percent prescribed for Micro Enterprises under Priority Sector.

2.4 Bank loans to food and agro processing units will form part of agriculture.

#### **2.5 Other Finance to MSMEs**

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

(ii) Loans to cooperatives of producers in the decentralized sector viz. artisan's village and cottage industries.

(iii) Loans sanctioned by banks to MFIs for on-lending to MSME sector as per the conditions specified in extant Master Circular on 'Priority Sector Lending-Targets and Classification'.

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

(v) Outstanding deposit with SIDBI on account of priority sector shortfall.

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

**2.7** Considering that the MSMED Act, 2006 does not provide for any sub-categorization within the definition of micro enterprises and that the sub-target for lending to micro enterprises has been fixed, the current sub-categorization within the definition of micro enterprises in the existing guidelines is dispensed with.

**2.8** Since the MSMED Act, 2006 does not provide for clubbing of investments of different enterprises set up by same person / company for the purpose of classification as Micro, Small and Medium enterprises, the Gazette Notification No. S.O.2 (E) dated January 1, 1993 on clubbing of investments of two or more enterprises under the same ownership for the purpose classification of industrial undertakings as SSI has been rescinded vide GOI Notification No.S.O. 563 (E) dated February 27, 2009.

## **SECTION - II**

### **3. Targets / sub-targets for lending to Micro, Small & Medium enterprises (MSME) sector:**

**3.1** Advances to micro, small & medium enterprises (MSME) sector shall be reckoned in computing achievement under the overall Priority Sector target of 40 of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, as per the extant guidelines on priority sector lending.

**3.2** Domestic Commercial Banks are required to achieve a sub-target of 7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, for lending to Micro Enterprises in phased manner i.e. 7 percent by March 2016 and 7.5 per cent by March 2017.

**3.3** Bank loans above Rs. 5 crore per borrower / unit to Micro and Small Enterprises and Rs. 10 crore to Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006 shall **not** be reckoned in computing achievement under the overall Priority Sector targets as above. However, such loans above Rs. 5 crore per borrower / unit to Micro and Small Enterprises would be taken into account while assessing the performance of the banks with regard to their achievement of targets prescribed by the Prime Minister's Task Force on MSMEs for lending to MSE sector.

**3.4 In** terms of the recommendations of the Prime Minister's Task Force on MSMEs, banks are advised to achieve :

- (i) 20 per cent year-on-year growth in credit to micro and small enterprises,
- (ii) 10 per cent annual growth in the number of micro enterprises accounts and
- (iii) 60% of total lending to MSE sector as on proceeding March 31<sup>st</sup> to Micro enterprises.

## **SECTION - IV**

### **4. Common guidelines / instructions for lending to MSME sector**

#### **4.1v Issue of Acknowledgement of Loan Applications to MSME borrowers**

Banks have been advised to mandatory acknowledge all loan applications, submitted manually or online, by their MSME borrowers and ensure that a running serial number is recorded on the application form as well as on the acknowledgement receipt. Banks are further encouraged to start Central Registration of loan applications. The same technology may be used for online submission of loan applications as also for online tracking of loan applications.

#### **4.2 Collateral**

Banks are mandated not to accept collateral security in the case of loans up to Rs. 10 lakh extended to units in the MSE sector. Banks are also advised to extend collateral-free loans up to Rs.10 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC.

Banks may, on the basis of good track record and financial position of the MSE units, increase the limit of dispensation of collateral requirement for loans up to Rs.25lakh (with the approval of the appropriate authority).

#### **4.3 Composite Loan**

A composite loan limit of Rs. 1 crore can be sanctioned by banks to enable the MSE entrepreneurs to avail of their working capital and term loan requirement through Single Window.

## **5. Scope of Policy**

This Policy will form a part of Bank's Loan Policy and will cover following:

- \*Composition of MSME Sector
- \*Discretionary Lending Powers
- \*Identifying Thrust Industries under MSME's
- \*Training needs
- \*Reporting and Monitoring System
- \*Guidelines on lending to MSME Sector

## **6. Our Bank's Approach to MSME Sector :**

MSMEs are growth engines for development of Economy.

There are many advantages for the banking industry in financing MSMEs. Our bank has therefore given focused attention to all Commercial Units.

## **7. Discretionary Lending Powers :**

For the present, existing discretionary lending powers delegated to various functionaries as contained in bank's circulars issued from time to time will continue to be in force and operative.

## **GUIDELINES FOR TAKEOVER OF ADVANCE ACCOUNTS :**

There are two types of compliances:

Non-Financial norms as per LPD to be complied in case of takeover of MSME accounts. Financial norms as per LPD to be complied with in case of takeover of MSME accounts.

## **6. Thrust Industries under MSMEs :**

1. IT & IT enabled services
2. Drugs & Pharmaceuticals
3. Auto components, Auto Ancillary units
4. Engineering equipments

## **Computation of value of investment in plant and machinery :**

Investment under head 'Plant and Machinery' should include the original price of every productive item irrespective of whether new or second hand, acquired and proposed to be acquired, whether on lease or hire purchase, or on ownership basis by the industrial undertaking, irrespective of the manner in which the cost has been shown in its books.

For computing the value of the investment in Plant and Machinery, cost of the following items should be included:

1. Original cost of Plant and Machinery (price paid by the owner / hirer / lessor).
2. Cost of control panels, starters, Electric Motors, other electrical accessories mounted on individual machines.
3. Cost of only those testing and quality control equipments, which are, used for/in process testing. Cost of following items should be excluded:
  - I. Equipments such as Tools, Jigs, Dies, Moulds, and Spares for maintenance and cost of Consumable Stores.
  - II. Installation of P & M

- III. Research & Development Equipments and Pollution Control Equipments
- IV. Power Generation Set and extra Transformer installed
- V. Bank Charges and Service Charges paid to the NSIC or to the State Small Industries Corporation
- VI. Fire Fighting Equipments
- VII. Cables, Wires for safety measures
- VIII. Gas producer Plants
- IX. Transportation Charges for indigenous Machineries
- X. Technical Know-how Fees
- XI. Storage Tanks not linked to manufacturing activities but are used for storing of Raw material and Finished Goods.

In the case of imported machinery following should be included:

- I. Import duty.
- II. The shipping charges.
- III. Custom clearance charges.
- IV. Sales tax.

## **7. TRAINING :**

A cadre of officers in various grades to be groomed for financing to MSME sector. The services of groomed credit officers to be utilized for financing to this sector. Identified officers to be provided training at institutions of repute viz. RBI, NIBM, NIBSCOM, Noida etc. Care will be taken to ensure that trained officers are posted at MSEM advance branches or to look after MSME portfolio at Head Office/Regional Office of the bank.

## **8. MONITORING & FOLLOW UP :**

Bank officials are required to adhere to general guidelines as conveyed by way of Loan Policy, circulars from time to time for pre-sanction, appraisal, documentation, disbursement of credit facilities, review, inspections, insurance of securities, post sanction follow up and regular monitoring of credit facilities, etc.

Branches will obtain a suitable declaration supported by certificate from Chartered Accountant regarding classification of the borrower as Medium Enterprises as per the new definition and will keep copy of registration certificates on records in case of Small manufacturing units.

## **9. GUIDELINES/INSTRUCTIONS FOR LENDING:**

The existing guidelines, instructions for lending to MSE (including Medium Enterprises) Sector, viz. simplified and standardized application forms, receipt of application and acknowledgement thereof, maintenance of Register of credit applications received will be made applicable.

## **10. RECEIPT OF APPLICATIONS AND ACKNOWLEDGEMENT:**

With a view to facilitate timely sanction of adequate credit facilities:

A definite date to be intimated to the applicant for discussions, clarifications etc. if considered necessary.

- The bank's decision regarding credit assistance to be communicated to the applicant within the prescribed period.

## **11. TYPE OF FACILITIES :**

MSME Units may be granted a variety of credit facilities for their different needs which will include the following:

### **(a) Term Loan / Demand loan / Deferred Payment Guarantee:**

For acquisition of capital goods (including second hand), fixed assets, vehicles, plant & machinery, purchase of land, construction of buildings etc.

### **(b) Working Capital by way of Cash Credit, Overdraft etc. for**

1. Purchase of raw material, components, stores, spares and maintenance of stock of these items at minimum level and stock in process and finished goods.
2. Finance against receivables including receipted challans / invoices.
3. Meeting marketing expenses where the units have to incur large-scale expenditure towards marketing of their products.

### **(c) Bills Purchase / Discounting under L/C or outside L/C.**

### **(d) Letter of Credit on sight/usance basis for purchase of raw material/capital goods**

**(e) Bank Guarantees** for Performance, Advance Payment, Tender Money Security Deposit, Guarantees for getting orders, for procurement of raw materials etc.

### **(f) New scheme for financing to Micro, Small and Medium Enterprises-(Loan limit up to Rs. 1.00crore) :**

Our Bank has formulated a new scheme- 'NAINI UDYOG PRASAR' for financing to MSME enterprises. The scheme is available to cover credit facilities up to Rs. 100.00 lakhs to all eligible MSMEs (Manufacturing & Services) as defined under MSMED Act, 2006. However, following categories will not be eligible under the scheme :

- i) Retail Trade,
- ii) Educational Institutes,
- iii) SHGs,
- iv) Hotel/Motel and lodges.

The scheme offers relaxation in margin, interest rate, rating and other charges for MSME entrepreneurs. The detail guidelines are issued vide circular no: 90/HO/ADV/CIR-20/115 dated 06.09.2012.

## **ASSESSMENT OF WORKING CAPITAL LIMITS: FOR ENTREPRENEURS OTHER THEN COVERED UNDER "NAINI UDYOG PRASAR" SCHEME**

### **Limits up to Rs. 5.00crore :**

The credit requirements of village industries, Micro Enterprises, Small Enterprises and Medium Enterprises having aggregate fund based working capital limits up to Rs.5.00crore from the banking



system, will be computed on the basis of a minimum of 20 % of their acceptable projected annual turnover for new as well as existing units as per Nayak Committee recommendations.

**Limits above Rs. 5.00crore :**

For assessment of Working Capital requirements beyond Rs. 5crore of Small Scale Industrial Units / Medium Enterprises, the guidelines on PBF method of lending will be followed.

**Techno-economic viability study:** The guidelines of bank on TEV study will continue to apply.

**Composite Loan Scheme :**

- As per RBI guidelines, Credit assistance to artisans, village and cottage industries and other Small Industrial unit's up to Rs.100.00lacs for equipment finance or working capital or both should be considered as Composite Term Loan.
- This will enable majority of Micro and Small Enterprises to avail loans from a single window eliminating the need for borrowing term loan from SFCs and working capital from banks.
- This will also facilitate to sign one set of documents only instead of signing facility-wise separate documents.

**12. FINANCIAL RATIOS :**

Following ratios can be accepted for granting credit facilities to MSE (including Medium Enterprises) units falling as per regulatory guidelines.

Sr.	Ratio	Norms	
		Micro & Small Enterprises under manufacturing sector and Service Sector falling under regulatory guidelines	Medium Enterprises under manufacturing sector and Service Sector falling under regulatory guidelines
1	Current Ratio	1.17& above	1.20 & above
2	Debt Equity Ratio (Total Term Liability /Tangible Net Worth (including unsecured loans))	3:1	3:1
3	FACR (Net FA/Term Debts)	Not below 1.25	Not below 1.25
4	Average DSCR for Term Loan	1.50 with a condition that in any one year it should not be below 1.00	1.50 with a condition that in any one year it should not be below 1.25

The above ratios are indicative and deviations can be considered by the sanctioning authority on case-to-case basis, depending on industry specific problems of unit, etc.

**13. MARGIN :**

Normally borrowers are required to provide margin ranging from Nil to 25% depending upon the category of the borrower, quantum of loan, type of activity and provision under specific schemes. Subsidy available, if any, is being treated as margin money.

The bank will adhere to the stipulations of RBI regarding margin requirements for Priority sector advances. The branches shall stipulate a minimum margin of 25% for CC/TL/DL/OD and 35% against Book Debts in case of credit facilities falling under their DLP excepting the cases where the margin requirements are predefined/ have been waived (e.g. Priority Sector advances, schematic lending, advances against deposits etc. where the margin requirements shall be as per prevailing guidelines). The deviations from these margin requirements by branches shall be permitted on merit basis by Regional Manager / Asstt. General Manager (Credit) at HO. The executives at RO/HO may fix the margin requirements on the merits of the case for the credit facilities falling within their powers excepting the cases where the margin requirements are predefined/ have been waived (e.g. Priority Sector advances, schematic lending, advances against deposits etc. where the margin requirements shall be as per prevailing guidelines).

Minimum margin of 40% for loans against second hand machinery (finance against second hand machinery may be made in exceptional cases and at the discretion of Chairman and CEO only)

Chairman and CEO is empowered to reduced margin requirements in deserving cases.

#### **14. Micro and Small Enterprises Sector - The imperative of Financial Literacy and consultancy support :**

Keeping in view the high extent of financial exclusion in the MSME sector, it is imperative that the excluded units are brought within the fold of the formal banking sector. The lack of financial literacy, operational skills. Including accounting and finance, business planning etc represent formidable challenges for MSE borrowers. RBI has issued guidelines vide circular No. RPCD.MSME&NFS.BC.No.20/06.02.31/2012-13 dated August 1,2012 for effectively and decisively addressing these handicaps.

#### **15. Structured Mechanism for monitoring the credit growth to the MSE sector:**

In view of the concerns emerging from the declaration in credit growth to the MSE sector, an Indian Banking Association (IBA)-led Sub-Committee (Chairman: Shri K.R.Kamath) was set up to suggest a structural mechanism to be put in a place by banks to monitor the entire gamut of credit related issues pertaining to the sector. Based on the recommendation RBI issued detailed guidelines vide Circular No. RPCD.MSME&NFS.BC.No.74/06.02.31/2012-13 dated May 9,2013.

#### **16. Revised General Credit Card (GCC) Scheme**

In order to enhance the coverage of GCC Scheme to ensure greater credit linkage for all productive activities within the overall Priority Sector guidelines and to capture all credit extended by banks to individuals for non-farm entrepreneurial activity, the GCC guidelines have been revised by RBI. The detailed guidelines have been issued to branches vide our circular No. 92/HO/ADV/CL-4/9 dated 23.04.2014 on revised Naini General Credit Card (NGCC) Scheme.

#### **17. Credit Linked Capital Subsidy Scheme (CLSS):**

Government of India, Ministry of Micro, Small and Medium Enterprises has conveyed their approval for continuation of the Credit Linked Capital Subsidy Scheme (CLSS) for Technology Upgradation of Micro and Small Enterprises from X Plan to XI Plan (2007-12) subject to the following terms and conditions:

(i) Ceiling on the loan under the scheme is Rs. 1 crore,

(ii) The rate of subsidy is 15% for all units of micro and small enterprises up to loan ceiling at Sr. No. (i) above,

(iii) Calculation of admissible subsidy will be done with reference to the purchase price of plant and machinery instead of term loan disbursed to the beneficiary unit.

(iv) SIDBI and NABARD will continue to be implementing agencies of the scheme.

#### **18. RATE OF INTEREST:**

As per interest rate structure of the bank approved by ALCO from time to time and in conformity with the Loan Policy document of the bank.

Penal Interest @ 1% to 2% to be charged for the period of default in repayment, non-submission of financial statement, non-compliance of terms and conditions etc. as per extant guidelines of Bank.

#### **19. CREDIT RATING :**

In addition to our Internal Credit Ratings, as per availability, the external credit rating by SME Rating Agency India Ltd. (SMERA), National Small Industries Corporation, CRISIL, CARE etc. may be carried out in case of fresh sanction and our existing borrowers in ME sub sector, going in expansion, both involving fresh/additional exposure above Rs. 1000.00lacs.

The requirement of rating by external rating agency may be dispensed with by Chairman and CEO, based upon justifications.

#### **20. TIME NORMS :**

Time frame for taking credit decision/disposal of proposal from the date of submission of data/information as given in loan policy document to be adhered to.

#### **21. INFORMATION SYSTEM :**

The data pertaining to advances to Micro, Small and Medium Enterprises shall be submitted by the Branches to Head Office (priority sector department) at quarterly intervals to create a data base for advances to MSE (including Medium Enterprises) sector/through CRisMAC. The status on MSME financing shall be put up to the Board on quarterly basis for review of progress and guidance by priority sector department Head Office.

#### **22. APPLICATION FORMS FOR FINANCIAL ASSISTANCE :**

The Simplified Common application forms meant for MSEs sector to be used where assistance is by way of either term loans or working capital or both or non fund based facility and are applicable to new projects, existing projects, expansion, diversification and modernization of existing projects. However, the use of application forms applicable for particular category of MSE (including Medium Enterprises) in vogue shall continue to be used.

#### **23. REHABILITATION OF SICK MICRO AND SMALL ENTERPRISES**

The extant guidelines of RBI for rehabilitation of viable or potentially viable sick units in MSE sector shall be followed from time to time.

Reserve Bank of India has issued revised guidelines for rehabilitation of sick units in the MSE sector vide circular No. RPCD.Co.MSME&NFS.BC.40/06.02.31/2012-13 dated 01.11.2012.

The objective of the revised guidelines is to hasten the process of identification of a unit as sick, early detection of incipient sickness, and to lay down a procedure to be adopted by banks before declaring a unit as unviable.

As per the new guidelines, a Micro or Small Enterprises (as defined in the MSMED Act 2006) may be said to have become sick, if (a) any of the borrowal account of the enterprise remains NPA for three months or more OR (b) there is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous accounting year.

The rehabilitation of potentially viable sick MSE unit which essentially aims at timely detection of sickness and adoption of remedial measures to rehabilitate the potentially viable ones to be given utmost attention. The decision on viability of the unit should be taken at the earliest but not later than 3 months of becoming sick under any circumstances and the rehabilitation package should be fully implemented within six months from the date the unit is declared as 'potentially viable' / 'viable'.

#### **24. DEBT RESTRUCTURING MECHANISM FOR MSMEs**

The following prudential guidelines of Reserve Bank of India on SME debt restructuring in respect of borrowal accounts that show symptoms of stickiness shall be applied optimally and in letter and spirit:  
Circular No. DBOD.BP.BC.No. 37/21.04.132/2008-09 dated 27.08.2008  
Circular No. DBOD.BP.BC.No.99/21.04.132/2012-13 dated 30.05.2013

And DBOD Mail Box clarification dated June 6, 2013 and March 30, 2015 and subsequent guidelines on Restructuring of Advances, issued by RBI from time to time.

These guidelines, infact, subsume the incipient sickness stage and to be implemented as intended to prevent sickness or arrest sickness at the initial stage.

Such MSE (including Medium Enterprises) units / enterprises, which turn sick inspite of debt restructuring, are expected to be few and would fall within the ambit of the extant guidelines on rehabilitation of potentially viable sick units/enterprises issued by RBI vide circular no. RPCD.SME&NFS.BC.No.102/06.04.01/2008-09 dated May 4,2009, which will also be applied optimally and in letter and spirit to the advantage of bank and MSE clients.

Our Recovery Policy approved by the Board covers the aspects of restructuring/rehabilitation policy for revival of potentially viable sick units/enterprises. The powers for certain reschedulements / rephasements under rehabilitation have already been delegated at field level under Bank's recovery policy duly approved by the board. Other powers for rehabilitation of sick units have been given to Executives of the bank at the level of Vice President and above under recovery policy of the bank looking to the intricacies involved in the process and expertise available at field level in a small sized bank.

#### **25. BANK 'S COMMITMENT TO MICRO AND SMALL ENTERPRISES (MSE CODE)**

The Reserve Bank of India felt that the MSE sector needs to be nurtured and urged the Banking Codes and Standards Board of India (BCSBI) to evolve a code for this sector. Accordingly the Banking Codes and

Standards Board of India in public interest have issued directions to banks to adopt MSE Code. The same has been adopted by us after approval of our Board in its meeting dated 20.10.2008 and is applicable on us.

**26. CREDIT APPRAISAL AND RATING TOOL :**

The Bank may also consider taking advantage of a Credit Appraisal and Rating Tool (CART) as well as a Risk Assessment Model (RAM) and a comprehensive rating model for risk assessment of proposals for SMEs, which have been developed by SIDBI. A suitable decision to this effect may be taken by Chairman and CEO of the bank at appropriate time depending upon requirements and features of these models. Till that time the bank will continue to use the rating models already in use.

MSME Policy covers broad guidelines for financing MSE (including Medium Enterprises) sector. However, this policy should not be construed to cover in itself all the detailed instructions and guidelines related to lending and has to be read in consonance with general guidelines, as conveyed through loan policy, circulars from time to time for pre-sanction, project appraisal, documentation, disbursement of credit facilities, project implementation, monitoring, review, inspections, insurance of securities, post sanction follow up and regular monitoring of credit facilities etc.

This MSME loan policy will become a part of loan policy document of the bank.

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