

F. No. 11/17/2011-FI
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, Sansad Marg
New Delhi, Dated 7th September, 2012

To,

CMDs of (Punjab National Bank, Allahabad Bank, Syndicate Bank, Oriental Bank of Commerce, Punjab and Sind Bank, IDBI Bank Ltd., State Bank of Mysore, State Bank of Patiala)

Sub: Development of common platform for On-line filing and tracking of loan applications – regarding

Sir(s),

I am directed to refer to the minutes of the meeting held in this Department on 4.7.2012 of Group on KYC matters, account opening form, loan application and internet interface/standardisation of websites of PSBs. These minutes were circulated vide this Department's letter No. 7/17/2012-BO-II dated 6th July, 2012.

2. It was, inter alia, decided in the said meeting that Loan applications should become online standardised process in a phased manner and system should generate acknowledgement for the loan application receipt. A sub-group consisting of 7 banks was accordingly formed to finalise the format on online loan application form. The CGMs/GMs of the banks were requested to actively participate in the process and provide inputs for the sub-group.

3. Attention of the Sub Group members is also invited to para. 4 of the minutes of the meeting held on 4th June, 2012 (copy enclosed for ready reference) to review progress on the development of software for online loan applications, wherein it was stated that certain additional features as listed therein may be incorporated in the subsequent phase of development of online Loan Application Form.

4. A copy of the simplified common loan application form for MSEs together with the checklist, as received from IBA, is also enclosed herewith for converting it to e-filing system.

5. It is, therefore, requested that, the sub-group on Online Loan Application Form **under the convenorship of PNB** may finalise the formats for online loan applications as per para. 4 of the minutes of the meeting held on 4th June, 2012 and also consider converting the simplified common loan application form for MSEs devised by IBA to electronic filing.

Yours faithfully,

(Jitendar Kumar Mehan)
Under Secretary (Financial Inclusion)
Tele: 23748767

Copy to

1. CEO of IBA / CMDs of all PSBs

Sub: Minutes of the meeting to review progress on the development of software for Online Loan Application

A meeting to review the progress on the development of software for Online Loan Application under the Chairmanship of AS(FS), DFS was held on 4th June, 2012 at 2.30 P.M. Representatives of Advisory Group on Advances to Agriculture Sector and selected banks i.e. Allahabad Bank, Punjab National Bank, Syndicate Bank were also invited for the meeting. The list of participants is at Annexure I.

2. At the outset, AS(FS) was informed that three banks i.e. Allahabad Bank, PNB and Syndicate Bank were asked to develop Online Loan Application software for various products as given below:-

- (a) Allahabad Bank - Education, MSME, Car Loan Products
- (b) Punjab National Bank – KCC, Farm Mechanisation, Dairy Development, PNB Kalyani Card.
- (c) Syndicate Bank – Housing, Professional and Self Employed (PSE), Personal loan products.

3. A meeting to review the progress on these products was held on 15th May, 2012 wherein the banks had informed that they have already developed the required applications for the purpose. The banks were accordingly advised as follows:-

- Banks will simultaneously share the developed applications with all the PSBs so that they can start working on adopting these applications.
- By 1st June, 2012 PNB, Allahabad Bank and Syndicate Bank, would implement the facility of Online Loan Application for the respectively assigned category of products in their banks.
- By 10th June, 2012 PNB, Allahabad and Syndicate Bank will implement the Online Loan Application for all the assigned category of products among their banks.
- All PSBs will implement the Online Loan Application facility by 01st July, 2012.
- An Online Retail Loan Entitlement Calculator will also be created and made available on website to facilitate customers in calculating their loan eligibility.

3. A presentation was thereafter, made by the representatives of Punjab National Bank on the process workflow of Online Loan Application implementation and the different processes related to Loan Account Application tracking, Account Opening, Document verification and Loan disbursement through the Online Loan Application System.

4. AS(FS) observed that while the application as developed may be rolled out by the respective banks, the following may be incorporated in these applications in the subsequent phase of development.

(A) The application form should be simple and user friendly so that the minimum details are required to be entered by the customer. Use of drop down menu, check box, radio buttons etc. should be ensured where possible.

(B) The application should initially itself ask for the existing bank account number of the applicant so that basic details such as name, address etc. could get populated automatically and displayed.

(C) There should be an option available to the applicant to save an incomplete application form for a specific period (say 14 days) by issuing a unique reference number so that he does not have to fill up the application ab-initio every time. This will take care of situations where application filing is interrupted due to a power failure or non availability of requisite documents with the applicants or for any other similar reasons.

(D) While the existing software provides for facility for uploading of scanned documents, provision may be made for the future development to enter only the relevant details of such documents, considering that facility for scanning of documents may not be easily available. A copy of the document can be taken in the end after the loan to the applicant has been sanctioned and he is called for execution of various agreements.

(E) Support for local language by using uni- code needs to be provided.

(F) Banks should also consider development of a generic website from where the applicant can choose his State, District, Block, Village/City, name of the bank and name of the specific loan product. This site can be developed by an agency like IBA. Depending upon the choice of the bank and the demographical details entered by the applicant, bank

branch should automatically get decided and the application form get generated.

- (G) Provision for cross selling should be available in the application so that multiple loans can be offered to the customer by filling a single application.
- (H) For an existing customer, KYC and other documents which have already been verified earlier should not be insisted upon again except where a specific period has been prescribed for validity of the documents.
- (I) It was also decided that all the applications developed so far by the three banks should be consolidated on a single platform by PNB. This shall be completed before the next meeting to be held in DFS on this subject.

5. It was decided that another meeting will be held on 13th June, 2012 at 2.30 P.M. with the selected banks and officers of Advisory Group on the Advances to the Agriculture Sector.

The meeting ended with the vote of thanks to the Chair.

**Annexure I - Attendees of meeting of AS (FS) on Online Loan
Application on 4.06.2012 in DFS**

S. No	Name (Shri.)	Designation	Organization
1	Sunil Soni	Additional Secretary (FS)	DFS
2	Umesh Kumar	Joint Secretary (BA)	
3	Sandeep Kumar	Director (FI)	
4	Y. K. Vashisht	Section Officer (FI)	
5	Alok Pande	Director	
6	M.S. Azad	Under Secretary	
7	Kush Sapru	DGM	NABARD
8	I.S. Phogat	GM, PNB	Banks
9	H.S. Sahal	Senior Manager	
10	D. Sahoo	DGM (IT), PNB	
11	A.K. Mohapatra	AGM (PSC), Allahabad Bank	
13	Senthil Kumar	Manager (IT), Allahabad Bank	
14	Vasudev Kalkundri	Syndicate Bank	
15	Rakesh Bhargava	Syndicate Bank	
16	Sunil Soni	AGM, PNB	

Social Banking

No. SB/MSE/1456
October 24, 2008

Chief Executives of all Member Banks

Dear Sirs,

Simplified Common Loan Application Form for MSEs

The Micro and Small Enterprises (MSEs) play a very significant role in maintaining a balanced and sustainable growth of the economy, through employment generation, development of entrepreneurial skills and contribution to export earnings. 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 BCSBI in collaboration with IBA, had finalized a Code of Bank's Commitment to Micro and Small Enterprises (MSEs). The code was specifically designed for this sector to mitigate the genuine difficulties faced by MSEs in accessing bank finance and in receiving fair and transparent banking services. The MSE code was released by Hon'ble Union Finance Minister on 31st May 2008. We trust the members are adopting the Code in the betterment of customer service to the MSE sector.

In terms of para 5.1(a) of MSE code, banks are committed to provide simple, standardized, easy to understand loan application forms to both micro and small enterprises. Towards this, the BCSBI requested IBA to consider devising a standardized application form for MSEs. Accordingly, IBA constituted a Working Group to devise a simplified common loan application form. Based on the inputs given by member banks, the Working Group devised a common loan application form for all categories of MSEs. This standardized loan application form will be used by all borrowers in the MSEs sector irrespective of the loan amount. However, for loan beyond Rs. 25 lakhs the Working Group suggested that banks might obtain additional information from the borrower, as deemed necessary, as shown in the checklist enclosed to the loan application form.

We now enclose the simplified common loan application form for MSEs together with the checklist for appropriate adoption by the member banks.

Yours faithfully,

Ms. Prabhuta Vyas
Sr. Vice President

Encl.

b. bankingcodes.cir

NAME OF THE BANK

APPLICATION FORM FOR MSEs

To be submitted along with documents as per the checklist

(For Office Use)

1 NAME OF THE ENTERPRISE

2 REGD. OFFICE ADDRESS:

3 ADDRESS OF FACTORY/ SHOP:

4 WHETHER BELONGS TO SC/ST/OBC/MINORITY COMMUNITY

TELEPHONE NOS. (Office)	
Mobile No.	

EMAIL ADDRESS:	
PAN CARD NO.	

5 CONSTITUTION Proprietary/Partnership firm/Pvt. Ltd./Ltd. Company/Co-op. Society

6 DATE OF ESTABLISHMENT :

7 NAME OF PROPRIETOR/PARTNERS/DIRECTORS OF COMPANY AND THEIR ADDRESSES:

NAME	AGE	ACADEMIC QUALIFICATIONS	RESIDENTIAL ADDRESS	TELEPHONE NO. (Residence)	EXPERIENCE IN THE LINE OF ACTIVITY

8 ACTIVITY : Existing :

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Proposed (#):

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If a different activity other than existing activity is proposed.

9 NAMES OF ASSOCIATE CONCERNS AND NATURE OF ASSOCIATION:

NAME OF ASSOCIATE CONCERN	ADDRESSES OF ASSOCIATE CONCERNS	PRESENTLY BANKING WITH	NATURE OF ASSOCIATION	EXTENT OF INTEREST AS A PROP. / PARTNER / DIRECTOR OR JUST INVESTOR IN ASSOCIATE CONCERN
10 Relationship of Proprietor/Partner/Director with the officials of the Bank/Director of the Bank				

10(a) CREDIT FACILITIES (EXISTING) :

(Rs. in lacs)

Type of facilities	Limit (In lacs)	Outstandings as on.....	Presently banking with	Security Lodged	Rate of Interest	Repayment terms
Current account						
Cash Credit						
Term Loan						
LC/BG						
If Banking with this Bank, customer No. be given here.						

10(b) It is certified that our unit has not availed any loan from any other Bank / Financial Institution in the past and I am not indebted to any other Bank / Financial Institution other than those mentioned in 10(a) above.

11 CREDIT FACILITIES(PROPOSED):

Type of facilities	Amount (In lacs)	Purpose for which required	Security offered	
			PRIMARY SECURITY (Details with approx. value to be mentioned)	Whether Collateral Security offered (Please mention yes or no) (If yes, then provide details in column 12)
Cash Credit				YES / NO
Term Loan				YES / NO
LC/BG				YES / NO

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

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

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

(* As per RBI guidelines banks are not to take collateral security for loans upto Rs. 5 lakhs to MSME Units)

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

(Rs. in lacs)	PAST YEAR - II (Actual)	PAST YEAR - I (Actual)	PRESENT YEAR (Estimates)	NEXT YEAR (Projections)
Net Sales				
Net Profit				
Capital(Net worth in case of companies)				

14 Status regarding Statutory Obligations:

Statutory Obligation	Whether Complied with (Write Yes / No). If Not applicable then write N.A.	Remarks (Any details in connection with the relevant obligation to be given)
1. Registration under Shops and Establishment Act		
2. Registration under SSI (Provisional / Final)		
3. Drug Licence		
4. Latest Sales tax return filed		
5. Latest Income tax returns filed		
6. Any other statutory dues remaining outstanding		

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

16 Date :

Place:

I/We certify that all information furnished by me/us is true; that I/We have no borrowing arrangements for the unit except as indicated in the application; that there is no overdues/statutory dues against me/us/promoters except as indicated in the application; that no legal action has been/is being taken against me/us/promoters; that I/We shall furnish all other information that may be required by you in connection with my/our application that this may also be exchanged by you with any agency you may deemed fit and you, your representatives, representatives of the Reserve Bank of India or any other agency as authorised by you, may, at any time, inspect/verify my/our assets, books of account etc. in our factory/business premises as given above.

**CHECK LIST (TO BE GIVEN TO THE NEW CUSTOMERS BY BRANCH) OF DATA TO BE KEPT READY BY
THE CUSTOMER**

- 1 Proof of identity – Voter's ID Card / Passport /driving licence / PAN Card / signature identification from present bankers of proprietor, partner or Director (if a company).
- 2 Proof of residence – Recent telephone bills, electricity bill, property tax receipt / passport / voter's ID Card of proprietor, partner or Director (if a company).
- 3 Proof of business address
- 4 Proof of Minority
- 5 * Last three years balance sheets of the units alongwith income tax /sales tax returns etc. (Applicable for all cases from Rs.2 lacs and above). However, for cases below fund based limits of Rs.25 lacs if audited balance sheets are not available, then unaudited balance sheets are also acceptable as per extant instructions of the bank. For cases of Rs.25 lacs and above, the audited balance sheets are necessary.
- 6 * Memorandum and articles of association of the Company/Partnership Deed of partners etc.
- 7 * Assets and liabilities statement of promoters and guarantors alongwith latest income tax returns.
- 8 * Rent Agreement (if business premises on rent) and clearance from pollution control board if applicable.
- 9 * SSI registration if applicable.
- 10 * Projected balance sheets for the next two years in case of working capital limits and for the period of the loan in case of term loan. (For all cases of Rs.2 lacs and above)
- 11 * In case of takeover of advances, sanction letters of facilities being availed from existing bankers/Financial Institutions alongwith detailed terms and conditions.
- 12 * Profile of the unit (includes names of promoters, other directors in the company, the activity being undertaken,addresses of all offices and plants, shareholding pattren etc. (APPLICABLE FOR CASES WITH EXPOSURE ABOVE Rs.25 LACS).
- 13 * Last three years balance sheets of the Associate/Group Companies (If any). (APPLICABLE FOR CASES WITH EXPOSURE ABOVE Rs.25 LACS).
- 14 * Project report (for the proposed project if term funding is required) containing details of the machinery to be acquired, from whom to be acquired, price, names of suppliers,financial details like capacity of machines, capacity utilisation assumed, production, sales, projected profit and loss and balance sheets for the next 7to 8 years till the proposed loan is to be paid, the details of labour, staff to be hired,basis of assumption of such financial details etc. (APPLICABLE FOR CASES WITH EXPOSURE ABOVE Rs.25 LACS).
- 15 * Review of account containing monthwise sales (quantity and value both), production (quantity and value), imported raw material(quantity and value), indigenou raw material (quantity and value), value of stocks in process, finished goods (quantity and value), debtors, creditors, bank's outstandings for working capital limits, term loan limits, bills discounted. (APPLICABLE FOR CASES WITH EXPOSURE ABOVE Rs.25 LACS).
- 16 * Photocopies of lease deeds/title deeds of all the properties being offered as primary and collateral securities.
- 17 * Position of accounts from the existing bankers and confirmation about the asset being Standard with them (In case of takeover).
- 18 * Manufacturing process if applicable, major profile of executives in the company, any tieups, details about raw material used and their suppliers, details about the buyers, details about major competitors and the company's strength and weaknesses as compared to their competitors etc. (APPLICABLE FOR CASES WITH EXPOSURE ABOVE Rs.25 LACS).

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