

ਦੀ ਪੰਜਾਬ ਰਾਜ ਸਹਿਕਾਰੀ ਖੇਤੀਬਾੜੀ ਵਿਕਾਸ ਬੈਂਕ ਲਿਮਿਟਡ, ਚੰਡੀਗੜ੍ਹ।

ਨੰ: ਐਸ.ਏ.ਡੀ.ਬੀ/ਲੋਨ/੨੩੩੯

ਮਿਤੀ: ੦੬/੮/੨੦੨੪

ਵੱਲ,

ਸਮੂਹ ਮੈਨੇਜਰਜ਼,
ਪੀ.ਏ.ਡੀ.ਬੀਜ਼ ਪੰਜਾਬ ਰਾਜ ਵਿੱਚ।

ਵਿਸ਼ਾ:- Revised SOPs (Standard Operating Procedures) of Sanction and Disbursement of Long Term Mortgage Loans, Recovery ਅਤੇ Monitoring ਸਬੰਧੀ।

ਯਾਦ ਪੱਤਰ,

ਉਪਰੋਕਤ ਵਿਸ਼ੇ ਦੇ ਸਬੰਧ ਵਿੱਚ ਆਪ ਜੀ ਨੂੰ Sanction and Disbursement of Long Term Mortgage Loans, Recovery ਅਤੇ Monitoring ਦੇ revised SOPs (Standard Operating Procedures) ਇਸ ਪੱਤਰ ਨਾਲ ਨੱਥੀ ਕਰਕੇ ਭੇਜੇ ਜਾਂਦੇ ਹਨ।

ਸਮੂਹ ਪੀ.ਏ.ਡੀ.ਬੀਜ਼ ਇਹਨਾ SOPs ਦੀ ਪਾਲਣਾ ਨੂੰ ਯਕੀਨੀ ਬਣਾਉਣਗੇ।

100% ਸਹਾਇਤਾ
ਜਨਰਲ ਮੈਨੇਜਰ (ਉਪਰੋਸ਼ਨਲ ਅਤੇ ਰਿਸਕ)
ਵਾਸਤੇ ਪ੍ਰਬੰਧ ਨਿਰਦੇਸ਼ਕ

ਨੰ: ਐਸ.ਏ.ਡੀ.ਬੀ/ਲੋਨ/੨੩੪੦

ਮਿਤੀ: ੦੬-੮-੨੦੨੪

ਉਪਰੋਕਤ ਦਾ ਉਤਾਰਾ ਹੇਠ ਲਿਖਿਆਂ ਨੂੰ ਜਾਣਕਾਰੀ ਅਤੇ ਜਰੂਰੀ ਕਾਰਵਾਈ ਹਿਤ ਭੇਜਿਆ ਜਾਂਦਾ ਹੈ:-

- ਵਧੀਕ ਪ੍ਰਬੰਧ ਨਿਰਦੇਸ਼ਕ (ਬੈਂਕਿੰਗ), ਐਸ.ਏ.ਡੀ.ਬੀ, ਚੰਡੀਗੜ੍ਹ।
- ਸਮੂਹ ਜਨਰਲ ਮੈਨੇਜਰਜ਼, ਐਸ.ਏ.ਡੀ.ਬੀ, ਚੰਡੀਗੜ੍ਹ।
- ਸਮੂਹ ਰੀਜਨਲ ਅਫਸਰ ਅਤੇ ਸਮੂਹ ਸਹਾਇਕ ਜਨਰਲ ਮੈਨੇਜਰ ਪੰਜਾਬ ਰਾਜ ਵਿੱਚ।
- ਸਮੂਹ ਸ਼ਾਖਾ ਇੰਚਾਰਜ, ਐਸ.ਏ.ਡੀ.ਬੀ ਚੰਡੀਗੜ੍ਹ।
- ਨਿਜੀ ਸਟਾਫ, ਪ੍ਰਬੰਧ ਨਿਰਦੇਸ਼ਕ, ਐਸ.ਏ.ਡੀ.ਬੀ, ਚੰਡੀਗੜ੍ਹ।
- ਨਿਜੀ ਸਟਾਫ, ਵਧੀਕ ਪ੍ਰਬੰਧ ਨਿਰਦੇਸ਼ਕ (ਅਮਲਾ), ਐਸ.ਏ.ਡੀ.ਬੀ, ਚੰਡੀਗੜ੍ਹ।

100% ਸਹਾਇਤਾ
ਜਨਰਲ ਮੈਨੇਜਰ (ਉਪਰੋਸ਼ਨਲ ਅਤੇ ਰਿਸਕ)
ਵਾਸਤੇ ਪ੍ਰਬੰਧ ਨਿਰਦੇਸ਼ਕ

SOP (Standard Operating Procedure)

The Punjab State Cooperative Agricultural
Development Bank Ltd.
SCO 51-54, Bank Square, Sector 17-B, Chandigarh.



SOP for Sanction and Disbursement of
Long Term Mortgage Loans

Standard Operating Procedure (SOP) for Sanction and Disbursement of Long Term Mortgage Loans.

Purpose of loan to be sanctioned

First of all the purpose of loan for which the prospective borrower has approached the bank needs to be looked into. Subsequently, the loan details are required to be discussed with him/her. The prospective borrower shall be provided with complete information about the loan for which he has approached the bank.

Complete loan information to be provided by the nodal officer of the bank

Complete information about the loan shall be provided to the prospective borrower like:-

- Tenure of loan, including grace period, if any
- Rate of interest
- Repayment schedule
- Amount of Downpayment
- Checklist of the documents required to be submitted like:-
 - Fard Jamabandi/Fard Haqiat
 - Copy of Khasara Girdawari (if required).
 - Project report prepared by a competent Chartered Accountant.
 - Estimate, map, quotation, copy of RC (as per loan), down payment, insurance, margin money and other subsidies according to the loan.
 - KYC form and its supporting documents
 - Residence Verification Form
 - Post-dated Cheques towards EMIs
 - Any other document related to the project

KYC Form/CIBIL Report

- Loan applicant shall be apprised that the loan shall be sanctioned only if his/her CIBIL score is 650 or more.
- CIBIL report is mandatory for loan sanction.
- Certified CIBIL Report of prospective borrower will be obtained from Cooperative Bank.
- If required, facilitate the loan applicant in getting the CIBIL report.
- KYC form is required to be filled at the time of admitting a person as a member. In KYC form, in addition to providing his personal information Aadhar Card, PAN Card, CIBIL details, Mobile Number, Bank Account

- Number etc.), Loan applicant shall give a self declaration certificate regarding all the previous loans availed by him.
- Wherever possible, for the purpose of Identification and Address verification, Adhaar Card may be taken from the prospective borrower. If Adhaar Card is not available, then a copy of the election ID Card may be procured.
- A KYC form should be attested and authorised/counter signed by Bank officials before punching the KYC details of the person in CCBS.

Residence Verification Report

- A detailed Residence Verification Report of the prospective borrower is to be filled by the concerned Field Officer and checked and countersigned by the concerned Bank officials.

Detailed Project Report Appraisal

In case the loan is for a Non Farm Sector activity, a detailed project report prepared by a competent Chartered Accountant shall be obtained from the prospective borrower. Indicative points for scrutiny by Bank officials and their remarks/comments shall be as under:-

- The land where the project is to be set up- location of the land, owner who is in possession of it, whether it is being mortgaged and is it appropriate to set up the project there.
- Whether the building which is to be constructed and its cost estimate is as per the map prepared by the competent architect.
- Whether the Invoice of Plant & Machinery which is to be procured is as per approved standard guidelines
- Detailed description and commentary shall be given on the revenue generated on the project as the bank loan may be unsecured in case of miscalculation of income after completion of the project.
- Whether the project is technically feasible and required NOCs has been obtained from the concerned authorities like Pollution Control Board, Power Board etc.
- The project should be financially viable such as income, expenses, etc. should be properly shown and comments on any competition or other risks to the project during the term of the loan.
- In case where a letter of intent / offer of subsidy etc. has been issued by a department, whether a certified copy of the proposal has been sent to that department in this regard.
- The proposed project should be completely new so that no loan is given on the existing project.

Membership of Primary Bank

- The applicant shall fill the member application form provided by the bank containing his photograph and signature attested by the Sarpanch / Nambardar of the concerned village or the Manager.
- An applicant pledging his land as third party security shall have to become a member of the Bank .

Loan case entry

- After all the loan details are explained to loan applicant, he/she becomes a member of the PADB.
- The loan application form shall be filled in this regard.
- Loan fee shall be charged as per circulars/guidelines sent by the head office from time to time.

Loan case details in CCBS

- All stages of the Loan Application shall be processed in CCBS Application Software also.

Office report

- After the loan case has been entered, the share clerk shall report regarding the share, loan fee and loans availed by the applicant (if any previous loan has been taken).

Forwarding the loan case to the field officer

- After this the manager shall forward the loan case to the field officer of the concerned circle for scrutiny.
- Manager shall instruct the field officer to complete the scrutiny of the loan application within three days.

Scrutiny of loan application by the field officer

The Field Officer shall :-

- Thoroughly examine the loan application in every possible way regarding revenue records, spot verification, land collector rate and other documents (provided by the applicant).
- Mandatorily visit the field.
- Verify the antecedents of the applicant from his village and gather information regarding his behavior and his financial condition with his neighbour and other villagers and track record of previous loans.
- Gather information regarding the applicant's loan repaying capacity to ensure that he will be able to repay the loan on time or not. Duly fill the prescribed repaying capacity proforma .
- Prepare a detailed report and submit to the bank.
- Decide to pass or reject the loan case on the basis of this report.
- Fill in the field officer report which contains the detailed information about the khasra numbers, khevat khatoni and area to be mortgaged after he has considered to recommend the loan case.
- Provide complete information about the ownership of the mortgaged land.
- Recommend the purpose and amount of the loan.

Loan Case Approval Note

- The Assistant Manager / Deputy Manager of the Bank shall examine in detail the report submitted by the Field Officer to ensure that the report submitted by him is accurate and in accordance with the loan policy.
- Assistant Manager / Deputy Manager shall thoroughly check the Revenue Record in the loan case file and ensure that it is accurate and complete in all respects (in terms of ownership, mortgage khasra numbers, collector rate).
- After examining all the loan documents and their appropriateness, repaying capacity, technical feasibility and value of the land, the Assistant Manager / Deputy Manager shall recommend the loan case to Manager for approval.

Pre-Sanction of loan cases

- Manager shall provide detailed observations of the loan case to be sent to the concerned AGM/RO.
- Cases for presanction shall be done as per instructions issued by SADB from time to time.

Approval of the loan case

- A Resolution regarding sanctioning of the loan case shall be passed by the nominated head of the loan sub-committee of the bank following the recommendations of the Manager of the concerned PADB and the proceedings shall be registered. The committee of the Primary Bank may sanction any amount of loan admissible to the member of the PADB under its bye laws
- Approval of loan case shall be entered in the Loan Sanction Register with number and date.

Notice to the Loan Applicant: - Issue of Loan Sanction Order

- After the loan case is approved, the applicant shall be provided information regarding amount, purpose, tenure , rate of interest, share money, instalment amount and other necessary information related to the loan in the Loan Sanction Order.
- A copy of the same shall also be given to the concerned field officer.

Registration of mortgage deed

- There are two ways to register a mortgage deed, the detailed instructions are as follows:-

Registration in the Bank:

- All the loan cases which are not subject to any stamp duty are registered in the bank for which the required declaration letter and mortgage deed shall be filled. After completing all the work related to registration and submission of facilitation and pasting fee, the declaration letter and three copies of the mortgage deed shall be prepared and sent to the office of the concerned Tehsildar / Naib Tehsildar.
- The Tehsildar then shall send one copy to the Patwari of the concerned area and one copy to the bank, then the Halqa Patwari enters the loan report in the revenue record.
- Intkal/ mutation certificate to the effect that mutation has been entered in the revenue record ,duly signed by the concerned Patwari, shall be obtained.
- The required witnesses for the bank registration are as follows:-

Witness No. 1 Nambardar / Sarpanch / Panch

Witness No. 2 Any person known to the loanee

Field officer and Manager of the bank

Registration in Tehsil:

- All the loans on which any kind of stamp duty is levied are registered in the tehsil (like Rural House, Repair of House, NFS etc.). Mortagage deed shall be filled and after completing all the necessary conditions related to registration, registration shall be done in the office of the Tehsildar.
- After getting registration signed by concerned Tehsildar, one copy shall be given to the Patwari of the concerned area. Then the Halqa Patwari enters the loan report in the revenue record.
- Intkal/ mutation certificate to the effect that mutation has been entered in the revenue record, duly signed by the concerned Patwari, shall be obtained.
- Following are the required witnesses for bank registration:

Witness No. 1 Nambardar / Sarpanch / Panch

Witness No. 2 Any person known to the loanee

Field officer of the bank

- Online Fard must also be generated and kept by PADBs alongwith other loan documents.

Compliance of the LSO

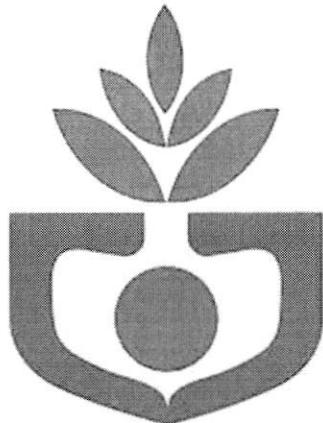
- Compliance of LSO report shall be done by the Field Officer after the mutations are entered in the revenue record of the loanee and the copy of the Fard is verified by the Halqa Patwari.
- The Assistant Manager and the Deputy Manager shall then ensure that whether the share money, insurance (if required) and down payment (if required) has been deposited by the loanee. The post dated cheques towards EMIs shall also be obtained from the loanee as per the tenure of the loan.
- After completion of above procedure, the payment details shall be filled on borrower's receipt and amortization chart shall be provided to the borrower.

Loan disbursement

- Loan amount shall be disbursed through A/c Payee Cheque/RTGS/NEFT to the loanee after completion of due procedure.
- The disbursement of the loan amount depends upon case to case. The maximum amount of loan admissible to the loanee is specified in the loan case, therefore loan amount shall be disbursed as per the instructions issued from the Head office from time to time.
- After the loan has been disbursed, the field officer shall issue proper utilization certificate (PUC).

SOP (Standard Operating Procedure)

**The Punjab State Cooperative Agricultural
Development Bank Ltd.
SCO 51-54, Bank Square, Sector 17-B, Chandigarh.**



**SOP for Recovery of Long Term Mortgage
Loans**

SOP (Standard Operating Procedure) for Recovery of Long Term Mortgage

Loans

Introduction

- Loan recovery is an important activity in the bank that helps to recycle funds, to generate returns for the institution and to convert losses into income.
- The Bank views recovery as an essential part of credit cycle and not just as the final step. Managers/field officers, therefore, remain responsible for loan recovery during the life of loan.
- Early detection of the problematic loans is important in the recovery process as default arrears may surge beyond capacity of the borrower to pay when one or two instalments are in default

Recovery Procedure:

- Although recovery efforts continue throughout the year, recovery campaigns are launched after crop harvest. Rabi campaign lasts from April to June/July and Kharif campaign lasts from October to January.
- Tele calling shall be done and SMS's shall be sent to all the borrowers once a month during recovery campaign, for repayment of instalments.
- The field staff in the PADBs personally visit various villages in their service area and contact the borrowers and persuade them to pay their instalments.

Best Practices for Recovery:

Asset Creation Record

In order to ensure proper utilization of loans as per terms of sanction to ensure quality lending and better recovery, the PADBs shall maintain the record of field visits made to borrowers along with photographs of assets created in the loan file of the borrower to ensure that the loan is utilised as per terms of sanction. This helps in ensuring better recovery in loan cases.

Demand of PADBs:

A Primary Bank maintains a Qistbandi register in the prescribed form. The Manager of the said Bank sends demand notice to the concerned borrowers in the manner prescribed as under:-

i) Rabi recovery period:

- (a) First notice on 1st of March every year.
- (b) Second notice on 15th of March every year.
- (c) Third notice on 1st of April every year.

ii) Kharif Recovery:

- (a) First notice on 1st of September every year.
- (b) Second notice on 15th Sept. every year.
- (c) Third notice on 1st Oct. every year.

It is the sole responsibility of the Primary Bank (PADB) to effect recoveries from its borrowers. It is done by the field officer, who may be assisted by the Manager, committee member and other staff of the primary bank. The state bank (PSCADB) may also assist a primary bank in effecting recoveries in certain cases. The borrowers are required to pay their instalments one month earlier than 30th of June or 31st of January as the case may be.

Preventive measures

The Bank believes that prevention is always better than cure, particularly in dealing with loan default. It shall be the endeavour of the PADB to take following steps to increase the rate of timely repayment by clients so that the need for post due date recovery measures can be brought down significantly.

Recovery friendly loan procedure and system of lending

- Sanctioning of loan and fixing repayment due dates and schedule strictly based on repaying capacity of the farmer/client rather than value of collateral or other considerations.
- Regular monitoring of activities undertaken by the borrower using the loan amount.
- Adequate incentives for clients to always repay on time as approved by HO
- Avoid undue delay in sanctioning loans and wasteful expenditure on the part of the client for getting the loan.



- Counselling sessions for loan applicants before documentation to explain the general terms and conditions of loan, the repayment schedule, importance of timely repayment, penalty for delayed repayment and legal actions against the defaulters etc.

Fixation of repayment instalments

- Repayment instalments shall be fixed based on composition of income sources and regularity of income from various sources, as advised by Head Office for various schemes from time to time.

Instalment system

- Bank shall obtain post-dated cheques towards instalments at the time of disbursement of loans, wherever feasible.
- For effective pre due date follow-up at branch level, the PADBs shall contact the loanees through SMS, telephone calls and personal contacts in high value loans, after sending demand notices on time.

Key principles of recovery

- The recovery process is defined as the set of coordinated, appropriate and timely activities aimed at full recovery of loans from clients. The process is intended to convert bank's receivables into liquid assets as quickly and efficiently as possible while at the same time maintaining the goodwill of the clients in accordance of future transactions.
- It is important that recovery activities are founded on efficient strategies and timely negotiations prior to initiating legal recovery. The Bank shall organise post due date recovery follow up based on the following key principles of recovery.

1. Analysis of borrower's past repayment history prior to first contact:-

It is important to understand if the borrower was delinquent earlier on this loan or a previous loan - if so, when, how often and for how long.

2. Listen to the client and understand the root cause of the problem:-

The objective is to assess client's financial situation, current sources of income, the exact reason for loan becoming past due, whether default has occurred because of wrong repayment period and repayment schedule given by the bank, whether default is intentional in spite of the client having ability to pay.

3. Always follow up immediately:-

As soon as the account is overdue, there should be contact with the client as soon as possible. A defaulter list should be prepared for each due date immediately after close of business on that day, for this purpose.

Similarly, as soon as the date of a PTP (Promise to pay) falls due there should be a contact with the client on the same day.

Failure to follow up will be understood by the client as a sign of weakness on the bank either due to lack of up to date information or due to lack of commitment. Either way the client will take advantage of bank's weakness which will strengthen his reluctance to pay.

4. Record each interaction with the client:-

Each interaction with the client whether on phone, by letter, on the street or at his house or farm should be duly recorded and the details should be available in the loan file. The record shall summarise the conversation and specify the PTP (Promise to pay) in detail. This will immensely help when different officers who are coming into contact with the client.

5. Contact all individuals related to the client:-

In order to have maximum impact of recovery work, the field officer may contact all individuals related to the loan including co-borrowers, guarantors, joint owners/heirs of security property to the extent that is legally permissible.

Legal recovery

- When all recovery strategies as per the key principles of recovery process mentioned above fail to give result, legal recovery is the only option available as it is obvious that the client is avoiding repayment in spite of having ability to pay. The first step of legal recovery is preparing the list of clients who are wilful defaulters which may be done and updated on a monthly basis in respect of all overdue loans where the loan officer completed all post due date follow-up strategies as mentioned above.
- **Legal Recourses available and Constraints**

In view of the challenges faced by the Bank due to low recovery and increasing wilful defaulters, effecting recovery by taking legal action against defaulters becomes necessary. Although there are enough remedies to proceed against the defaulters, **available under The Punjab State Cooperative Societies Act, 1961 and Primary Cooperative Agricultural Development Banks' Act, 1957**, however there are many constraints in taking the legal

action to its logical conclusion and exercising legal action against the defaulters is limited to these constraints.

The bank has following main legal recourses available to effect recovery from the defaulters:-

- By selling / auctioning the land mortgaged as security.
- By presenting EMI Cheques of defaulter borrowers.
- By Securing Arrest Warrants of the defaulter borrowers.

Legal recovery measures involve the following steps.

- Legal notice for recovery before filing execution petition with the sale officer.
- Initiating sale proceedings.
- Giving adequate publicity to sale proceedings.
- Taking steps to ensure the success of sale proceedings.

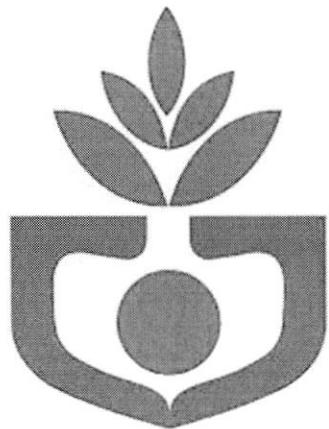
Monitoring of recovery

- Monitoring of the recovery shall be done regularly by District Manager/Regional Officer and Senior officers in the Head office.
- The Field Officer and Manager shall be responsible for maintaining quality of lending and continuous monitoring of activities undertaken with the loan as well as recovery including pre-due date as well as post-due date follow up as per guidelines in the Recovery Policy.
- The Field Officer and Manager shall be given recovery targets which will form the basis for reviewing their performance.
- The Field Officer shall visit and coordinate with the officials of the Revenue Department to ensure that no mortgage security is transferred to any another person until the bank loan is cleared as and when required.

(For further reference, the latest guidelines/instructions mentioned in the Bye-laws (PADB /SADB), Loan Policy, The Punjab Cooperative Societies Act, 1961, The Punjab Cooperative Agricultural Development Bank's Rules, 1959 and other correspondence sent by Head Office from time to time may be followed..)

SOP (Standard Operating Procedure)

**The Punjab State Cooperative Agricultural
Development Bank Ltd.
SCO 51-54, Bank Square, Sector 17-B, Chandigarh.**



**SOP for Monitoring of Long Term
Mortgage Loans**

Standard Operating Procedure (SOP) for Monitoring of Long Term Mortgage

Loans

❖ Monitoring :

- Monthly Inspection Visit Notes by Distt Managers
- Annual Inspection Notes,
- Both the proforma shall contain almost all the aspects related to the working of the Bank. As per the requirement, these proforma shall be amended from time to time.
- FOs, Managers, AGMs and ROs shall check the utilisation of loans as per instructions issued by Head Office from time to time. Due record of the same is kept.
- Officers from Head Office may also randomly visit any financed unit/project other than that already visited by AGMs/ROs during their visit to PADB. A Visit Note may be also be submitted in this regard.

❖ Monthly inspection visit notes :

- Every month Assistant General Manager of the district shall visit Primary banks under his/her jurisdiction.
- AGM shall fill the Monthly Inspection visit note proforma on analysing various function/operational areas of the Banks.
- AGM shall submit the Monthly Inspection visit notes to the concerned RO and RO shall take required action on the same.
- In case any serious irregularity is found during the inspection, AGMs shall prepare the Special Report and send the same to the head office also.

❖ Annual Inspection Notes:

- Annual Inspections along with schedule shall be allocated to AGMs and ROs every financial year.
- Annual Inspection of Primary Banks shall be carried out by Assistant General Managers after finalisation/audit of the Balance sheet for the previous FY.
- Annual Inspection notes proforma shall be filled after scrutinising the administrative and financial data of the Primary Bank.
- Remarks for special report regarding any serious irregularities found/not found shall be recorded in the proforma.
- Audit compliance committee meetings:
- Audit officer is the convenor and Deputy Registrar, Cooperative Societies of the district is the chairperson of district audit compliance committee meetings.

- Audit compliance committee shall consider the compliance report submitted by the Manager PADB, if the report is found satisfactory, the concerned Paras shall be dropped.

❖ Inspection compliance committee meetings:

Bank has constituted a District level Inspection Compliance Committee comprising of

- i) Regional Officer – Chairperson
- ii) AGM – Convener
- iii) Manager PADB of the District – Member
- In consultation with concerned Regional Officer, AGM being convener shall fix the District Inspection Compliance Committee meeting, minimum one meeting in a month shall be mandatory.
- Manager PADB shall submit the compliance of Inspection Note to concerned AGM of the district.
- AGM shall review the compliance and shall convey the observations to concerned PADB Manager.
- Thereafter, AGM shall convene the District Inspection Compliance Committee meeting.
- The District Inspection Compliance Committee shall review and finalise all Inspection Paras. In the meeting, it may drop paras:
 - i.) compliance of which shall be satisfactory
 - ii.) may refer the para back to PADB with direction to re-comply.
 - iii.) If there is a difference of opinion within the committee, paras shall be referred to the MD, SADB, Chandigarh.