



MSME POLICY (F.Y. 2023-2024)

(As approved by Board of Directors at it's meeting held on 18.01.2024)

(Strictly for Internal Circulation Only)

Lending to Micro, Small & Medium Enterprises constitutes a thrust area for the Bank. Bank has formulated MSME policy to improve flow of credit to MSME Sector and to devise an organizational structure at all levels for handling MSME credit portfolio in a more focused manner. Details of the policy are as under:

1. PREAMBLE

MSME is fast growing sector in the Indian Economy. Every Bank has given highest importance to financing MSMEs in their strategical growth plan. It has become necessary to bring policy shift and create free market environment from regulations & interventions in economic activity. Growth resulting from globalization and liberalization is visible most profoundly in the MSME segment. The relationship between the banker and the customer has become most crucial and competitive. Liberalized policies provide ample opportunities to Indian Market to compete with developed and developing countries. The clearance of the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 is a turning point for the development of Indian industry, as it addresses and streamlines entire frame work along with key governance & operational issues being faced by the SMEs.

The Loan Policy for MSME sector will be applicable within the overall loan policy of the Bank and subject to guidelines/instructions of Regulatory Authorities/ RBI/ Government of India.

2. OBJECTIVES

1. To improve flow of credit to MSME.
2. To describe the MSME Sector and its functional coverage.
3. To formulate liberal norms of lending to MSME sector, to ensure availability of adequate and timely credit to the sector.
4. To provide guidelines to the branches to dispense credit to MSME Sector.
5. To achieve various growth parameters prescribed for MSME Sector.
6. To devise an organizational structure at all levels for handling MSME credit portfolio in a more focused manner.
7. To comply with Reserve Bank of India/Government of India guidelines and instructions on MSME Financing.
8. To give more thrust to Micro, Small and Medium Enterprises.



3. MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs)

The Micro, Small and Medium Enterprises in Manufacturing and Service sector are defined in MSMED ACT, 2006 and as notified by Ministry of Micro, Small and Medium Enterprises vide Gazette Notification S.O.2119(E) dated June 26, 2020, criteria for classifying the enterprises as Micro, Small and Medium enterprises are as under:

i.	Micro Enterprises	Investment in Plant & Machinery/ Equipments does not exceed Rs.1 Crore and Turnover does not exceed Rs.5 Crore
ii	Small Enterprises	Investment in Plant & Machinery/ Equipments does not exceed Rs.10 Crore and Turnover does not exceed Rs.50 Crore
iii.	Medium Enterprises	Investment in Plant & Machinery/ Equipments does not exceed Rs.50 Crore and Turnover does not exceed Rs.250 Crore

Composite criteria of Investment and Turnover for Classification

- i. A composite criterion of investment and turnover shall apply for classification of an enterprise as micro, small or medium.
- ii. If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.
- iii. All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

4. CALCULATION/ COMPUTATION OF VALUE OF INVESTMENT IN PLANT AND MACHINERY & EQUIPMENTS

- i. The calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.
- ii. In case of a new enterprise, where no prior ITR is available, the investment will be based on self-declaration of the promoter of the enterprise and such



relaxation shall end after the 31st March of the financial year in which it files its first ITR.

- iii. The expression “plant and machinery or equipment” of the enterprise, shall have the same meaning as assigned to the plant and machinery in the Income Tax Rules, 1962 framed under the Income Tax Act, 1961 and shall include all tangible assets (other than land and building, furniture and fittings).
- iv. The purchase (invoice) value of a plant and machinery or equipment, whether purchased first hand or second hand, shall be taken into account excluding Goods and Services Tax (GST), on self-disclosure basis, if the enterprise is a new one without any ITR and for existing Enterprises Written Down Value(WDV) as at the end of Financial Year as defined in the Income Tax Act shall be taken and not the cost of acquisition or original price.
- v. The cost of certain items specified in the Explanation I to sub-section (1) of section 7 of the Act shall be excluded from the calculation of the amount of investment in plant and machinery i.e. for Calculating the investment in Plant and Machinery the cost of pollution control, research and development, industrial safety devices and such other items as may be specified shall be excluded.

5. CALCULATION OF TURNOVER

- i. Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- ii. Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- iii. The turnover related figures of such enterprise which do not have PAN will be considered on self-declaration basis for a period up to 31st March, 2021 and thereafter, PAN and GSTIN shall be mandatory.
- In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise will maintain its prevailing status till expiry of one year from the close of the year of registration.
- In case of reverse-graduation of an enterprise, whether as a result of re-classification or due to actual changes in investment in plant and machinery or equipment or turnover or both, and whether the enterprise is registered under the Act or not, the enterprise will continue in its present category till the closure of the financial year and it will be given the benefit of the changed status only with effect from 1st April of the financial year following the year in which such change took place.



6. DELAYED PAYMENT TO MICRO AND SMALL ENTERPRISES

The existing provisions of the Interest on Delayed Payment Act, 1998 to Small Scale and Ancillary Industrial Undertakings, have been strengthened under the MSME Act as under:

- i. The buyer to make payment on or before the date agreed on between him and the supplier in writing or, in case of no agreement before the appointed day. The agreement between seller and buyer shall not exceed more than 45 days.
- ii. The buyer fails to make payment of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank.
- iii. For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the interest as advised at (ii) above. (iv) In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.
- iv. In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.

7. UDYAM REGISTRATION CERTIFICATE

As per the notification dated 26.06.2020 of Ministry of Micro, Small & Medium Enterprises, every enterprises shall have to register in Udyam Registration Portal and no enterprises shall file more than one Udyam Registration provided that any number of activities including manufacturing or service or both may be specified or added in one Udyam Registration.

- All existing enterprises registered under EM-Part II or UAM shall register again on the Udyam Registration Portal on or after the 1st day of July, 2020.
- All enterprises registered till 30th June, 2020 shall be re-classified.
- The existing enterprises registered prior to 30th June, 2020 is valid upto 30.06.2022.
- An enterprise registered with any other organisation under the ministry of micro, small & medium enterprises shall register itself under Udyam Registration.

Retail & Wholesale trade has been included as MSME for the Limited Purpose of Priority Sector Lending for the following NIC Codes - 45,46,47 and are allowed to be registered under the Udyam Registration Portal.

Informal Micro Enterprises (IMEs) with an Udyam Assist Certificate shall be treated as Micro Enterprises under MSME for the purpose of PSL Classification.

8. CLASSIFICATION OF MSMES UNDER PRIORITY SECTOR

Bank Loans to MSMEs both manufacturing and services are eligible to be classified under Priority Sector as per Annexure “A”

9. COMMON GUIDELINES/INSTRUCTIONS FOR LENDING TO MSME SECTOR

The focal points which banks are expected to comply within the area of lending in case of Micro & Small Enterprises are as under:

1	Loan Application Form/ Other Details	<p>Loan Application form to MSME to be made available to the borrower free of cost along with check list of documents to be submitted.</p> <p>Also necessary details regarding interest rates, charges etc to be made available.</p> <p>Acknowledgement regarding receipt of loan application along with other document along with the necessary time frame within which the application shall be disposed off to be given to the applicant borrower.</p>
2	Turnaround Time for Disposal of Loan Application	<ul style="list-style-type: none"> • Upto Rs. 5 Lac - Within 2 Weeks • Above Rs.5 Lac and upto Rs.25 Lac - Within 3 weeks • Above Rs.25 Lac to Rs. 500 Lac - Within 6 weeks from the date of receipt <p>(Provided the application is complete in all respects and is accompanied by documents as per check list provided)</p>
3	Requirement	Standard Documents as applicable
4	Other Conditions	<ol style="list-style-type: none"> 1. To Ensure that the sanctioned loan is disbursed within two working days from the date of compliance of all terms and conditions governing such sanction. 2. To Provide an amortization schedule (Schedule of repayment of principal and interest for the duration of the loan) 3. To ensure periodic review and renewal of the sanctioned facility as per terms and conditions. 4. In case of Rejection of application, reasons for rejection should be conveyed in writing to the applicant for credit facilities. 5. To provide working capital limits to Micro & Small Enterprises (Manufacturing) on the basis of minimum of 20% of projected turnover.



		<ol style="list-style-type: none">6. No processing charges to be recovered if loan upto Rs. 5/- lacs is not sanctioned7. To have regular contact with the borrowers after sanction of facilities and provide credit counselling services that can be of help to the borrower in dealing with their problems.8. To make a copy of the Code readily available to MSE customers on request free of cost.
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Register of Credit Applications Received:

All applications received should be entered in a “Register of Loan Applications Received” for recording therein the complete particulars such as date of sanction, rejection, reasons for rejection etc.

10. TAKE OVER / TRANSFER OF ACCOUNTS FROM OTHER BANKS

While considering proposal of take over or transfer of account from other banks/ financial institutions, the takeover guidelines prescribed under banks credit policy be followed.

11. CREDIT APPRAISAL

Broadly the credit appraisal would involve the following:

- Due Diligence of the Borrower and his/her/their antecedents in accordance with KYC Norms/Guidelines, the Borrowers experience, educational and social background, technical/professional competence, integrity, initiatives, etc.
- Checking out for willful defaulters list of RBI, Specific Approval List (SAL) of ECGC etc.,
- The Acceptance of the product manufactured, its popularity/market demand, market competitors.
- Environmental Stipulations, Availability of necessary infrastructure- roads, power, labour, raw materials and markets. Project Cost, the borrowers/proponent's own financial contribution, projections and other important parameters.

12. TYPES OF FACILITIES

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

1. Term Loan / Demand loan / Deferred Payment Guarantee

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



2. **Working Capital by way of Cash Credit etc for**
Purchase of raw material, components, stores, spares and maintenance of stock of these items at minimum level and stock in process and finished goods. Finance against receivables including receipted invoices.
3. **Bills Purchase / Discounting under L/C acceptable to the Bank as notified by Central office from time to time.**
4. **Export Credit facilities like Packing Credit, FBP / UFBP.**
5. **Foreign/Inland Letter of Credit on sight/usance basis for purchase of raw material/capital goods**
6. **Bank Guarantees for Performance, Advance Payment, Tender Money Security Deposit, Guarantees for getting orders, for procurement of raw materials, financial guarantees, Bid Guarantee etc.**

13. WORKING CAPITAL ASSESSMENT

The Bank shall follow the following methods for computation of bank finance

Limit	Assessment of Working Capital
Upto Rs.500 Lac for SME Units	<u>Turnover Method</u> Bank Finance - 20% of Projected turnover with promoter's contribution of 5%.
Above Rs.500 Lac	<u>MPBF Method - IInd Method of Lending</u> <ul style="list-style-type: none"> • Working capital gap : Current assets - current liabilities (other than bank borrowings) • Minimum stipulated net working capital= 25% of current assets (excluding exports receivables) • Actual/projected NWC

- The projected annual turnover would be estimated on the basis of annual statements of accounts or other documents such as returns filed with sales-tax / revenue authorities. Actual drawals may be allowed on the basis of drawing power to be determined after excluding unpaid stocks.
- Drawals against the limits shall be allowed against the usual safeguards including drawing power and it is to be ensured that the same are used for the purpose intended. Borrower should submit monthly statements of current assets and current liabilities

CASH BUDGET METHOD

- A Cash Budget is a Statement of Cash Receipts and Cash Payments. It is distinct from Cash Flow statement, in such as the latter deals both cash and non cash funds while the cash budget deals with cash transactions only.



- Cash Budget is a substitute for the operating Cycle method for assessment of working capital requirement. A Cash Budget is usually prepared for short period i.e. a week, fortnightly/Month/or quarter
- Cash Budget Method would be applicable to industries such as construction, seasonal industries, tea growing, sugar manufacturing and software development activities etc.
- A Cash Budget is a projection into future as against cash flow statement that is usually historical in nature, Cash Budgets are essential in situations for...
 - Financing Construction Activities
 - Financing Seasonal Industries
 - Tea Growing
 - Sugar Manufacturing
 - Software Development Activities

DRAWING POWER CALCULATION

Drawing power shall be fixed based on the stock and Book Debts/ Receivable statement received from borrower's by maintaining the requisite margin on the paid stock.

- i. Stock purchased under Letters of Credit shall not be considered for the Drawing Power Calculation of Cash credit Limit.
- ii. Branch Officials shall obtain stock and Book Debts/Receivable statements and fix the drawing power in the system as under:

Sr. No.	Scheme / Facility	Stock Statement Submission	Due Date	Penal Charges for delayed/ Non submission
1	Cash Credit	Monthly	15 th of Every Month	@2%
2	Medi-Overdraft	Quarterly	15 th of Every Succeeding Calender Quarter	@2%
3	VOD, Dhanvarsha	Half yearly	<ul style="list-style-type: none"> • Stock Statement as on 31st March to be submitted on or before 15th April on Half yearly basis. • Stock Statement as on 30th September to be submitted on or before 15th October on half yearly basis. 	@2%
4	Vyapar Overdraft Plus/BCB Dropline Overdraft limit	Yearly	Stock Statement as on 31 st March to be submitted on or before 15 th April on yearly basis	@2%



14. BENCHMARK RATIO FOR CREDIT PROPOSALS

Following Benchmark Ratio shall be observed for credit proposals :-

Sr.No	Ratio	Minimum Ratio	
1	Current Ratio	1.25:1 (upto Rs.500 Lac)	Above Rs.500 Lac - 1.33:1
2	Debt Equity Ratio	3:1	-
3	TOL/TNW	4:1	-
4	DSCR	Average DSCR shall be 1.50:1	While calculating the cash accruals, the income generated from the business activity should be considered and introduction of capital /unsecured loans shall not be considered. If part of the cash accruals is being used as a margin for CAPEX {Capital Expenditure} the same shall be netted out while determining the cash accruals available for DSCR. Proper justification may be recorded.

Note : While these are indicative levels, there cannot be a benchmark as acceptable levels are case specific guided by the nature, size and scope of the project. The sanctioning authority will have the necessary discretion to permit relaxation in this regard based on the justification placed before it.

15. TECHNO-ECONOMIC VIABILITY STUDY

The Guidelines of the bank on TEV Study as per Banks Credit Policy will continue to Apply.

16. MARGIN

For Term Loan :- In case of Plant & Machineries, Equipments Margin is proposed at Minimum 25%

For Working Capital : 25% Margin is proposed on Current Assets
(Sanctioning Authority may relax the margins as stipulated above on specific recommendation)

17. LOAN AMOUNT

The Loan Amount is as per the requirements of the customer and eligibility arrived as per the Appraisal /Analysis

18. TENOR/PERIOD OF ADVANCES

Working Capital Loans will be sanctioned for a period of one year on renewal basis and the Tenor of Term Loan is defined based on the cash flow and repayment capacity with Maximum Tenor as defined in the credit Policy of the Bank.

19. FOREIGN CURRENCY TERM LOAN (REFINANCE) - FCTL (R)

The scheme is available under the refinance to banks from EXIM bank in respect of term loans extended to export oriented units as per the below parameter:

Eligibility	<ol style="list-style-type: none"> 1. 100% refinance in respect of term loans (For term loans relating to new projects/ expansions/ modernization/ acquisition of equipment/corporate loans) extended to eligible export oriented units with export orientation of minimum 10% of net sales or Rs.5 crores, whichever is lower). 2. Refinance could be availed for a single loan or a portfolio of loans conforming to Exim Bank's lending norms.
Exim Bank's lending norms	Export Turnover : 10% of total turnover or Rs.5 crores, Whichever is lower
Nature of Loans	Loans inclusive- New Project/ Expansion / Modernization / Acquisition of Equipment /Working Capital Term Loan/Long Term Working Capital/Equity Funding for joint Ventures/Overseas Investment Finance/Loans for R&D/Import of Equipment.
Loan amount	Minimum USD 100,000/- & maximum USD 10 Million
Rate of interest	Linked to Six months US\$ ARR and (reset semi- annually)
Tenor of loan	Due date of the existing term loan or Tenor sanctioned by the EXIM Bank, whichever is earlier.
Repayment	Monthly installment along with the interest as per the EXIM Bank schedule
Hedging	<p>Borrower shall hedge their forex exposure. However, on considering the merits of the borrowers, Bank may relax this conditions on the following:</p> <ol style="list-style-type: none"> 1. Exporter clients who have natural hedge 2. Borrowers who have exchange risk management system in place 3. Placing an additional cash margin towards exchange risk

Head Forex treasury will recommend the rate of interest for each Foreign Currency Loans depending upon availability of funds, funding cost & ARR rate.

20. DELEGATED POWERS FOR LENDING

The Delegated Power for Lending shall be as per credit Policy of the Bank as laid down from time to time.



21. DISBURSAL OF LOANS

The disbursement of Loans will be done only after compliance/ completion of all the documentation and pre sanction conditions as mentioned in the sanction letter.

22. DOCUMENTATION

The Documentation of the Loans will be done as per standard documents.

23. PENAL CHARGES

Penal Charges @2% to be charged for the period of default in repayment, non-submission of financial statement, non-compliance of sanction condition as per extant guidelines of the Bank.

24. ANNUAL REVIEW

Credit facilities sanctioned to borrowers are subjected to annual review as per the extant guidelines.

25. MONITORING OF MSME CREDIT

Branch Officials will be responsible for close supervision/control of all borrowal accounts. Suitable Amended Guidelines in the matter to strengthen monitoring will be issued by Central Office from time to time. Any Warning Signal with regard to irregularities in the accounts will be identified immediately and probed into. Corrective Measures will be initiated without loss of time to avoid any accounts slipping into sub standard category.

26. RESTRUCTURING OF CREDIT FACILITY

Restructuring of existing credit facilities shall be as per Bank's Credit Policy and within the frame work of RBI guidelines as per circulars issued from time to time.

POLICY REVIEW

- The Policy document may be generally operative till further review by the Board. However, efforts would be made to update the policy document preferably on annual basis.
- Any regulatory guidelines issued by RBI / Govt. etc from time to time will automatically be the part of this policy.



ANNEXURE “A”

(Ref. Communication from RBI vide No. RBI/FIDD/2020-21/72 Master Directions FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated 04.09.2020 & Notification from Ministry of Micro Small & Medium Enterprises vide Gazette Notification S.O. 2119 (E) dated 26/06/2020 received with RBI Circular Reference No. RBI/2020-2021/10 FIDD.MSME&NFS.BC.No3/06.02.31/2020-21 dated 02.07.2020 & received with RBI Circular Reference No. RBI/2020-2021/26 FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21 dated 21.08.2020 and RBI Circular No. RBI/2023-24/42. DOR.CRE.REC.18/07.10.002/2023-24 dated 08.06.2023.

The Guidelines are as under :

TARGETS / SUB TARGETS SET UNDER PRIORITY SECTOR LENDING.							
a.	Total Priority Sector	40 % of Adjusted Net Bank Credit (ANBC)* or Credit Equivalent Amount of Off- Balance Sheet Exposure (CEOBE), whichever is higher, in FY2019-20, which shall stand increased to 75 per cent of ANBC or CEOBE, whichever is higher, with effect from FY2025-26. UCBs shall comply with the stipulated target as per the following milestones:					
		F.Y 2019-20	F.Y 2020-21	F.Y 2021-22	F.Y 2022-23	F.Y 2023-24	F.Y 2024-25
		40%	45%	50%	60%	60%	65%
b.	Micro Enterprises	7.5% of Adjusted Net Bank Credit (ANBC)* or credit equivalent amount of Off-Balance Sheet Exposure(CEOBE), whichever is higher					
c.	Advances to Weaker Sections	12% of the Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher. The revised targets for weaker sections will be implemented in a phased manner as indicated below:					
		F.Y 2019-20	F.Y 2020-21	F.Y 2021-22	F.Y 2022-23	F.Y 2023-24	F.Y 2024-25
		10.00%	11.00%	11.50%	11.50%	11.50%	11.75%
							12.00%

***Computation of Adjusted Net Bank Credit (ANBC) is -** Net Bank Credit (Bank credit in India minus Bills Rediscounted with RBI and other approved Financial Institutions) **Plus**

- Outstanding Deposits under RIDF and other eligible funds with NABARD, NHB, SIDBI and MUDRA Ltd in lieu of non-achievement of priority sector lending targets/sub-targets + outstanding PSLCs **minus**
- Advances extended in India against the incremental FCNR (B)/NRE deposits, qualifying for exemption from CRR/SLR requirements **minus**
- Face Value of securities acquired and kept under HTM category under the TLTRO 2.0 &SLF-MF also extended regulatory benefits under SLF-MF scheme **plus**
- Investments made after August 30, 2007 in permitted non SLR bonds held under 'Held to Maturity' (HTM) category.



ELIGIBLE CATEGORIES UNDER PRIORITY SECTOR :

Sr. No.	Category	Particulars	Criteria	Limit for Priority
1	AGRICULTURE			
	The lending to agriculture sector includes :			
	1. Farm Credit - Agriculture and allied activities. 2. Lending to Agriculture Infrastructure 3. Ancillary Activities			
1.1	Farm Credit	To Individual farmers (including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. group of individual farmers and proprietorship firm directly engaged in Agriculture and Allied activities, viz dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture.	a) Crop Loans {incl. Traditional/non-traditional plantations & horticulture & loans for allied activities} b) Medium and Long term loans for agriculture and allied activities (e.g. purchase of agricultural implements & machinery and development loan for allied activities) c) For Pre & Post Harvest activities such as Spraying, Harvesting, Grading & Transporting of their own farm produce. d) To Distressed Farmers Indebted to Non Institutional Lenders e) Loans under the Kisan credit card scheme f) To Small & Marginal Farmers for purchase of Land for Agricultural Purposes. g) Loans to farmers for installation of stand-alone Solar Agriculture Pumps and for solarisation of grid connected Agriculture Pumps h) Loans to farmers for installation of solar power plants on barren/fallow land or in stilt fashion on agriculture land owned by farmer	Entire Amount of Loans
			❖ Against pledge/ Hypothecation of agricultural Products (including warehouse receipts)	Loans Upto Rs.75 Lakh against NWRs/eNWRs and upto Rs.50.00 Lakh against warehouse receipts other than NWRs/eNWRs for a period not exceeding 12 months



Sr. No.	Category	Particulars	Criteria	Limit for Priority
1.2	Farm Credit	<p>To Corporate farmers, farmers' producer organizations / companies of individual farmers, Partnership firms directly engaged in Agriculture and Allied activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture</p> <p>(Note : Bank Cannot lend to co-operatives of farmers)</p>	<p>a) Crop Loans {incl. Traditional/non-traditional plantations & horticulture, and loans for allied activities}.</p> <p>b) Medium and Long term loans for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm and developmental loans for allied activities).</p> <p>c) For Pre & Post Harvest activities such as Spraying , Harvesting, Grading & transporting of their own farm produce</p>	Loan upto Rs. 2 crore per borrower.
			<p>❖ Against pledge / Hypothecation of agricultural Produce (including warehouse receipts)</p> <p>❖ Loans to FPOs/FPCs undertaking farming with assured marketing of their produce at a pre determined price</p>	<p>Loans upto Rs.75 Lakh against NWRs/eNWRs and upto Rs.50 Lakh against warehouse receipt other than NWRs/eNWRs for a period not exceeding 12 months</p> <p>Loans upto Rs.5.00 crore per borrower</p>



Sr. No.	Category	Particulars	Criteria	Limit for Priority
1.3	Agriculture infrastructure		a) Loans for construction of storage facilities (warehouse, market yards, godowns and silos), including cold storage units/ cold storage chains designed to store agriculture produce/products, irrespective of their location b) Soil Conservation and watershed development c) Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer and vermin composting d) Loans for construction of oil extraction / processing units for production of bio-fuels, their storage and distribution infrastructure along with loans to entrepreneurs for setting up Compressed Bio Gas (CBG) plants.	Loans up to Rs.100 crore per borrower
1.4	Ancillary Services (List of eligible activities under Ancillary Services and Food and Agro-processing as per Annex- I)		a) Loans to Start-ups, as per definition of Ministry of Commerce and Industry, Govt. of India that are engaged in agriculture and allied services. b) Loans for Food and Agro-processing. c) Outstanding deposits under RIDF and other eligible funds with NABARD on account of priority sector shortfall	Loans up to Rs. 50.00 crore per borrower Loans up to Rs. 100 crore per borrower (aggregate sanctioned limit)
1.5	Small and Marginal Farmers (SMFs)		a) Farmers with landholding of upto 1 hectare are considered as Marginal Farmers. b) Farmers with landholding of more than 1 hectare and upto 2 hectares are considered as Small farmers. c) Landless agricultural labourers, tenant farmers, oral lessees and share croppers are also included in Small & Marginal farmers. d) Loans to Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual SMFs directly engaged in Agriculture and Allied Activities, provided Banks maintain disaggregated data of such loans. e) Individuals solely engaged in Allied activities without any accompanying land holding criteria.	Entire amount of Loan Entire amount of Loan Entire amount of Loan Entire amount of Loan Loans upto Rs.2 lakh per borrower



Sr. No.	Category	Particulars	Criteria	Limit for Priority
2	MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)			
	DIRECT FINANCE			
2.1	To Manufacturing Enterprises	Enterprises engaged in Manufacture or Production of goods in any manner pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time.	MICRO ENTERPRISES (Inv. in Plant & Machinery/ Equipment upto Rs.1 Crore Turnover upto Rs.5 Crore)	Entire Amount of Loans
			SMALL ENTERPRISES (Inv. in Plant & Machinery/ Equipment above Rs.1 Crore & upto Rs.10 Crore Turnover upto Rs.50 Crore)	Entire Amount of Loans
			MEDIUM ENTERPRISES (Inv. in Plant & Machinery / Equipment above Rs.10 Cr & upto Rs.50 Crore Turnover upto Rs.250 Crore)	Entire Amount of Loans
2.2	To Service Enterprises	All Bank loans to Micro, Small and Medium Enterprises engaged in providing or rendering of any services.	MICRO ENTERPRISES (Inv. in Plant & Machinery/ Equipment upto Rs.1 Crore Turnover upto Rs.5 Crore)	Entire Amount of Loans
			SMALL ENTERPRISES (Inv. in Plant & Machinery/ Equipment above Rs.1 Crore & upto Rs.10 Crore Turnover upto Rs.50 Crore)	Entire Amount of Loans
			MEDIUM ENTERPRISES (Inv. in Plant & Machinery / Equipment above Rs.10 Crore & upto Rs.50 Crore Turnover upto Rs.250 Crore)	Entire Amount of Loans
<p>Note : Value of Plant & Machinery or equipment for all purposes & for all enterprises shall be the Written Down Value (WDV) or the value at the end of the financial year or as defined in the Income Tax Act.</p> <p>Retail & Wholesale trade has been included as MSME for the Limited Purpose of Priority Sector Lending for the following NIC Codes - 45,46,47 and are allowed to be registered under the Udyam Registration Portal.</p> <p>Informal Micro Enterprises (IMEs) with an Udyam Assist Certificate shall be treated as Micro Enterprises under MSME for the purpose of PSL Classification (RBI Circular dated 09.05.2023.</p>				



Sr. No.	Category	Particulars	Criteria	Limit for Priority
3	To Khadi and Village Industries (KVI)		Irrespective of their size of operations, location and amount of original investment in plant and machinery *All loans to units in the KVI sector will be eligible for classification under the sub-target of 7.5 percent prescribed for Micro Enterprises under priority sector	Entire Amount of Loans
4	Other finance to MSMEs	To Micro, Small and Medium Enterprises (Manufacturing And Service)	<p>a) To Start-ups, as per definition of Ministry of Commerce and Industry, Govt. of India that confirm to the definition of MSME</p> <p>b) To Entities* involved in assisting decentralized sector in supply of inputs to and marketing of outputs to artisans, village and cottage industries.</p> <p>c) Credit Outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swarojgar Credit Card & Weavers Card etc. in existence and catering to the non-farm entrepreneurial credit needs of individuals</p> <p>d) Overdraft to Pradhan Mantri Jan-Dhan Yojana (PMJDY) account holders as per limits and conditions prescribed by Department of Financial Services, Ministry of Finance from time to time, will qualify as achievement of the target for lending to Micro Enterprises.</p> <p>e) Outstanding deposits with SIDBI and MUDRA Ltd. on account of priority sector shortfall.</p> <p>(*The term Entities do not include institutions to which Bank is not permitted to lend under RBI Guidelines)</p>	<p>Loans up to Rs.50 crore</p> <p>Entire Amount of Loans</p>
			Loans to producers in the decentralized sector viz artisans, village and cottage industries	



Sr. No.	Category	Particulars	Criteria	Limit for Priority
5	EXPORT CREDIT (Pre-shipment & Post shipment export credit (excluding Off-balance sheet items))	To export oriented units	a) Export credit under agriculture and MSME sectors are allowed to be classified as Priority sector lending. b) Export Credit other than in agriculture and MSME are allowed to be classified as priority sector subject to Incremental export credit over corresponding date of the preceding year upto 2% of ANBC or Credit Equivalent amount of Off Balance Sheet Exposure whichever is higher	Entire Loan Amount Loan limit upto Rs.40.00 crore (sanctioned limit) per borrower
6	EDUCATION	To individuals for Educational purpose including vocational courses	For Studies in India and abroad. (*Loans currently classified as priority sector will continue till maturity.	Loans upto Rs.20 Lakh
7	HOUSING : Loans to Housing Sector as per limits prescribed below are eligible for priority sector classification.			
7.1	HOUSING	Loans to Individuals (Other than employees of the bank)	For purchase / construction of dwelling unit per family	<ul style="list-style-type: none"> Loans to individuals up to ₹35 lakh in metropolitan centres provided the cost of dwelling unit does not exceed ₹45 lakh (with population of ten lakh and above). Loans up to ₹25 lakh in other centres provided the overall cost of dwelling does not exceed ₹30 Lakh. (*Loans currently classified as priority sector will continue till maturity.)



Sr. No.	Category	Particulars	Criteria	Limit for Priority
7.2	HOUSING	Investment by Banks in Bonds issued by NHB/HUDCO	In Bonds for Housing Sector (Investment made on or after 01.04.2007 shall not be eligible for such classification under Priority Sector)	(Investments made till 31.03.2007)
7.3	HOUSING	For Repairs to the damaged dwelling units	a) In Metropolitan centres	Loans upto Rs.10 Lakh confirming to the overall cost of dwelling unit does not exceed ₹45 lakh
			b) In other centres	Loans upto Rs.6 Lakh confirming to the overall cost of dwelling unit does not exceed ₹30 lakh
7.4	HOUSING	To Governmental Agency	For construction of dwelling Units or for slum clearance / rehabilitation of slum dwellers	Entire Loan Amount(Subje ct to dwelling units with Carpet Area of not more than 60 sq.m.)
7.5	HOUSING	To Affordable Housing Projects	For construction of dwelling units by Affordable Housing Projects using at least 50% of FAR/FSI.	Entire Loan Amount(Subje ct to dwelling units with Carpet Area of not more than 60 sq.m.)
7.6	HOUSING	To HFC's for on-lending approved by NHB for their refinance	For Purpose of on-lending to individual borrowers for purchase/construction / reconstruction of individual dwelling units or for slum clearance & rehabilitation of slum dwellers.	Loans upto Rs. 20 Lakh



Sr. No.	Category	Particulars	Criteria	Limit for Priority
8	SOCIAL INFRASTRUCTURE		<p>a) For building social infrastructure for activities namely setting up of schools, drinking water facilities and sanitation facilities including construction/ refurbishment of household toilets and water improvements at household level, etc.</p> <p>b) For building health care facilities including under 'Ayushman Bharat' in Tier II to Tier VI centres.</p> <p>Note : The above limits are applicable only in centres having a population of less than one lakh</p>	<p>Loans upto Rs.5 Crore per borrower</p> <p>Loans upto Rs.10 Crore per borrower</p>
9	RENEWABLE ENERGY		For purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for nonconventional energy based public utilities viz. street lighting systems, and remote village electrification.	<p>Bank loans upto a limit of Rs.30 Crore to borrowers</p> <p>(Loans upto Rs.10 Lakh for individual households)</p>
10	OTHERS : The following loans as per the prescribed limits are eligible for priority sector classification			
10.1	OTHERS	To Individuals and their Self help Groups (SHG)/Joint Liability Groups	<p>a) Provided the individual borrower's household annual income in rural areas does not exceed ₹ 100,000/- and for non-rural areas it does not exceed ₹ 1,60,000/-</p> <p>b) To SHG/JLG for activities other than agriculture or MSME, viz., loans for meeting social needs, construction or repair of house, construction of toilets or any viable common activity started by the SHGs</p>	<p>Loans upto Rs.1,00,000/-</p> <p>Loans upto Rs.2,00,000/-</p>



Sr. No.	Category	Particulars	Criteria	Limit for Priority
10.2	OTHERS	Distressed Persons (other than distressed farmers indebted to non-institutional lenders)	To prepay their debts to non-institutional lenders	Loans upto Rs.1,00,000/-
10.3	OTHERS	State Sponsored Organisations for Scheduled Castes/Scheduled Tribes	For purchase and supply of inputs and / or the marketing of the outputs of the beneficiaries of these organizations.	Entire Amount of Loans
10.4	OTHERS	Start ups as per definition of Ministry of Commerce and Industry, Govt. of India	Engaged in activities other than Agriculture or MSME	Loans upto ₹50 Crore.



WEAKER SECTIONS	
Sr. No.	PRIORITY SECTOR LOANS TO THE FOLLOWING BORROWERS WILL BE CONSIDERED AS LENDING UNDER WEAKER SECTION CATEGORY:
1	Small and marginal farmers
2	Artisans, village and cottage industries where individual credit limits do not exceed ₹1 lakh
3	Beneficiaries under Government Sponsored Schemes such as National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM) and Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)
4	Scheduled Castes Scheduled Tribes
5	Beneficiaries of Differential Rate of Interest (DRI) scheme
6	Self Help Groups (SHG)
7	Distressed farmers indebted to non-institutional lenders
8	Distressed persons other than farmers, with loan amount not exceeding ₹1 lakh per borrower to prepay their debt to non-institutional lenders
9	Individual women beneficiaries up to ₹1 lakh per borrower (existing loans to women shall continue to be classified under weaker sections till their maturity/repayment.)
10	Persons with disabilities
11	Minority communities as may be notified by Government of India from time to time.
	<p>NOTE:</p> <ol style="list-style-type: none"> The Following Communities have been notified as minority communities by the Government of India, Ministry of Minority Affairs <ol style="list-style-type: none"> Sikhs Muslims Christians Zoroastrians Buddhists Jains <p>In States, where one of the minority communities notified is, in fact, in majority, item (11) will cover only the other notified minorities. These States/ Union Territories are Punjab, Meghalaya, Mizoram, Nagaland, Lakshadweep and Jammu & Kashmir.</p> <p>Since the area of operation of our bank doesn't fall under any of the above mentioned States / Union Territories the above contents do not apply to our bank for the time being.</p> <p>In the case of a partnership firm, if the majority of the partners belong to one of the other of the specified minority communities, advances granted to such partnership firms shall be treated as advances granted to minority community, then such lending shall be classified as advances to the specified communities. A Company has a separate legal entity and hence advances granted to it cannot be classified as advances to the specified minority communities.</p>



COMMON GUIDELINES FOR PRIORITY SECTOR LOANS :

The Common guidelines for all categories of advances under the priority sector is as under :

- i) **Rate of interest:** The rates of interest on bank loan's shall be as per directives issued by Department of Regulation (DoR), RBI from time to time.
- ii) **Service charges:** No loan related and ad hoc service charges/inspection charges shall be levied on priority sector loans up to ₹25,000. In the case of eligible priority sector loans to SHGs/ JLGs, this limit will be applicable per member and not to the group as a whole.
- iii) **Receipt, Sanction/Rejection/Disbursement Register:** A register/ electronic record shall be maintained wherein the date of receipt, sanction/rejection/disbursement with reasons thereof, etc. shall be recorded. The register/electronic record shall be made available to all inspecting agencies.
- iv) **Issue of acknowledgement of loan applications:** Acknowledgement shall be provided for loan applications received under priority sector loans along with time limit within which a decision will be communicated to them in writing.