

CO-OPERATIVE LOANS - MAIN TERMS & CONDITIONS

1. Any society with legal personality such as Co-operative Societies, Farmers' Societies are eligible to obtain loans from SDB Bank. A certified photocopy of the registration certificate issued by the relevant authority should be submitted with the loan file.

2. The accounts of the Society should be maintained in a manner acceptable to the Bank. The inspection officer should be satisfied that in addition to the financial reports, the Cash Flow Statements, the Cash Books, Personal Ledgers, and General Ledgers are maintained. This must be specifically stated in the observations of the inspection officer.

3. Credit Information Bureau report of the society should be acceptable accordingly bank credit policy.

4. Financial Reports for the last 3 financial years should be submitted with its notes and same should have been audited by the Co-operative Department for at least one year and society should give confirmation (Certified copy of log book entry, etc..) that the relevant accounts have been submitted for audit by the society for last 2 years. *

If the audit has not been done within approximately 3 years, the following points should be completed. **

a. Confirmation given by the Department of Co-operative Development that the relevant accounts have been submitted for audit by the society or confirmation that an officer of the Co-operative Department has come to the society for the audit.

or

b. Submit audit reports and audit opinion audited by an accounting firm/accountant recognized by the bank.

5. The audit report should not be with any adverse audit comments and if there are any; the rectification plans acceptable to SDB to be submitted.

6. If a period of 6 months has elapsed since the end of the financial year at the time of applying for the loan, financial reports should be submitted for that period as well. All unaudited accounts should be prepared in a manner acceptable to the bank and certified by the authorized officers of the society. ***

7. NPL ratio should be less than or equal to 10% and detailed NPL report should be provided by society.

8. Loans obtained by the Board of Directors should not be overdue and the amount of loans obtained by the Committee from the society should not exceed 20% of the total loan balance.

9. The loan obtained by the members, who will be the end borrowers of the proposed facility should not be overdue at the time of applying for the loan.

10. When giving loans to members, the maximum loan amount that can be given to one member is less than the individual maximum credit limit or maximum personal loan limit up to 5% of the loan balance mentioned in the balance sheet submitted by the society on the nearest date. Inspection officer should confirm whether a property mortgage will be obtained for the loan beyond the limit of the personal guarantee. A certified copy of the by-law should be submitted with the loan application, especially where the by-law specifically mentions regarding IMCL **

11. The internal control of the society should be at a level acceptable to the bank.

a. Board meetings should be held monthly

b. Having a safe belonging to the society

c. Having dual control over transactions

d. Oversight of the staff by the Board of Directors

- The financial accounts for the immediate full year of the societies which are not registered under the Co-operatives Act should be audited by a recognized auditing firm.
- Applies only to societies registered under the Co-operatives Act
- It is sufficient to provide a monthly basis cash summary when the accounts which are not registered under the Co-operatives Act are more than 6 months out of the financial year.