

**CO- LENDING BY BANKS AND NON-BANKING FINANCIAL COMPANIES (INCLUDING HFCs) TO PRIORITY SECTOR**

PARAMETERS	DESCRIPTION				
<b>1. Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Bank is permitted to Co-lend with all registered NBFCs (including HFCs) which fulfills regulatory requirements based on a prior agreement.</li> <li>• Only NBFCs (including HFCs) having minimum external rating of 'A' (by Banks approved Rating Agencies) and having gross NPA (as per the latest ABS) as given below:</li> </ul>				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Less than <b>3%</b> Gross NPA</td> <td>For Housing Loans Portfolio</td> </tr> <tr> <td>Less than <b>4%</b> Gross NPA</td> <td>For other than Housing Loan Portfolio</td> </tr> </table>	Less than <b>3%</b> Gross NPA	For Housing Loans Portfolio	Less than <b>4%</b> Gross NPA	For other than Housing Loan Portfolio
Less than <b>3%</b> Gross NPA	For Housing Loans Portfolio				
Less than <b>4%</b> Gross NPA	For other than Housing Loan Portfolio				
	<ul style="list-style-type: none"> <li>• Further, the NBFC should be in operation for at least 3 years to be eligible for entering into Co- lending agreement with the Bank.</li> <li>• Wherever defined, Bank would enter into co- lending arrangement with NBFCs having CRAR equal to RBI defined CRAR + 1%. Where the same is not defined, Bank may accept proposals from NBFCs having CRAR of 15% or above.</li> <li>• Wherever NW or NOF is defined, the position of the NBFC should be higher than the applicable regulatory definition. However, in case where NW or NOF is not defined, it may be decided by the competent authority on case to case basis.</li> <li>• MFIs with minimum MFI Rating of up to MFR 3 will be considered eligible, subject to a maximum limit of Rs. 500 Crores.</li> <li>• Same customer may be financed under multiple schemes/ co- lending arrangements, subject to compliance of eligibility criteria, repayment capacity and performance of existing account(s). However, lending is restricted in case the customer is financed</li> <li>• from multiple NBFCs.</li> <li>• Further, powers for any relaxation from the eligibility conditions on case to case basis are conferred to the Credit Risk Management Committee (CRMC).</li> </ul> <p><b>NOTE:</b> The NBFC shall give an undertaking to the bank that its contribution towards the loan amount is not funded out of borrowing from the co-originating bank or any other group company of the partner bank.</p>				

<b>2. Eligible Segments</b>	Segments eligible for financing under CLM Arrangement:  1. Housing and other retail which are eligible under PS Definitions 2. Secured and unsecured MSME 3. Agriculture Equipments and Agriculture Investment  <b>NOTE:</b> The Credit Risk Management Committee (CRMC) has been empowered to include any other PS Segment for financing under co-lending arrangement.			
<b>3. Maximum Loan outlay per NBFC (including HFC)</b>	<b>NBFC (Including HFC) Rating</b>		<b>Max. Outlay allowed per NBFC(incl HFC)</b>	
	AAA/ AA Rated		1000 Cr	
	A Rated		500 Cr	
	<b>MFI Rating</b>		<b>Max. Outlay allowed per MFI</b>	
MFR 3		500 Cr		
<b>4. Ticket Size per loan</b>	<b>Loans originated under the CLM shall have ticket size as under:</b>			
	<b>Minimum Ticket Size per loan</b>	Rs 5.00 Lakh		
	<b>Maximum Ticket Size per Loan</b>	<b>HFCs</b>	<b>As per RBI Guidelines</b>	
		Secured MSMEs	Rs 10.00 Crore	
Unsecured MSME, Agriculture & other segments eligible for PSL Classification	Rs 0.50 Crore			
<b>5. KYC-AML Compliance</b>	Customer identification procedure for opening of accounts in terms of RBI Master Circular – Know Your Customer norms/Anti-Money Laundering Standards/ Combating of Financing of Terrorism /Obligation of banks under PMLA, 2002 circulated by our Bank shall be complied with by the bank as well as NBFC.  Further, guidelines pertaining to Centralized KYC Registry (CKYCR) shall also be strictly complied with.			
<b>6. CIBIL Reporting</b>	CIBIL Reporting will be done by lenders as per the respective policy in accordance with the agreed loan ratio.			

<p><b>7. Rate Of Interest</b></p>	<ul style="list-style-type: none"> <li>• Based on the respective interest rates and proportion of risk sharing, a single blended interest rate should be offered to the ultimate borrower in case of fixed rate loans.</li> <li>• In the scenario of floating interest rates, a weighted average of the benchmark interest rates in proportion to the respective loan contribution, should be offered.</li> <li>• Bank may permit relaxation in Rate of Interest up to EBLR/MCLR as the case may be.</li> <li>• Blended rate will vary between EBLR +2% to EBLR +6%.</li> <li>• NBFC will not charge to the customer, rate more than the regulatory prescribed rate.</li> </ul>
<p><b>8. Nature of Loans</b></p>	<ul style="list-style-type: none"> <li>• Term loans</li> </ul>
<p><b>9. Tenor</b></p>	<ul style="list-style-type: none"> <li>• As per the Bank Extant Guidelines in general.</li> </ul>
<p><b>10. Product Parameters</b></p>	<ul style="list-style-type: none"> <li>• Since the scheme has to be framed for specific co- lending arrangement between Bank &amp; NBFC, guidelines related to the nature of industry, margin norms, specific restrictions in advances etc. as defined in the Bank Guidelines shall not be applicable and separate products will be designed for financing under the CLM Arrangement.</li> <li>• Product parameters like eligibility criteria, margin requirement, financial parameters etc. will be decided on the basis of the scope of the master agreement executed between the Bank and NBFCs as per the purpose of the loan.</li> <li>• The product guidelines will be defined by the owner department under whose jurisdiction the proposal falls and the products shall be approved by NBFC &amp; CRMC accordingly.</li> <li>• It must be ensured that the bank's internal control, business conduct or reputation are not compromised or weakened while designing the product under the CLM Arrangement of the bank.</li> <li>• Common formats for Approach I / CLM- I (Bank &amp; NBFC) viz. Application form, Process Note, Visit report, Due Diligence report, Hypothecation agreement and all other formats required will be devised to be used for sanction of proposals under this arrangement. Owner (Business) department, HO Risk Management department, HO Law and Recovery department and any other department as per the need will jointly devise all the required formats in this regard.</li> </ul>
<p><b>10. Security Creation</b></p>	<p>NBFC shall ensure timely creation of all securities as prescribed in the Master Agreement.</p>

<p><b>11. Accounting</b></p>	<ul style="list-style-type: none"> <li>• Bank and NBFCs shall maintain each individual borrower's account for respective exposures.</li> <li>• However, all transactions (disbursement/ repayments) between bank and NBFCs relating to CLM shall be routed through an escrow account maintained with the nodal branch of the bank.</li> <li>• NBFC shall provide single unified statement of the customer and for this purpose NBFC shall maintain a mirror account for 100% of the loan amount (our share+ NBFC Share).</li> <li>• The same is required as customer should be aware of the actual loan details in case if any reporting to be done by either parties (eg- CIBIL Reporting).</li> <li>• The modalities in this regard to be finalized on case to case basis as per the Master agreement.</li> </ul>
<p><b>12. Information Sharing And Exchange</b></p>	<ul style="list-style-type: none"> <li>• For effective TAT and monitoring, Bank and NBFC on mutual agreement shall integrate their IT Platform for sharing of information.</li> <li>• The modalities of the information sharing mechanism and integration of IT Platform, as per the requirement may be decided as per the Master Agreement.</li> <li>• NBFC shall (preferably) develop mechanism for document/ information sharing with the bank. NBFC will share Loan proposal along with application form, Customer details, CIR reports and other information required for pre- sanction appraisal of loan through the sharing mechanism with the Bank.</li> <li>• In this context, NBFC &amp; Bank will also share the information regarding the account status, recovery status, account performance etc.</li> </ul>
<p><b>13. GRIEVANCE REDRESSAL</b></p>	<ul style="list-style-type: none"> <li>• With regard to grievance redressal, any complaint registered by a borrower with the NBFC/ bank shall also be shared with the bank/ NBFC; in case the complaint is not resolved within 30 days, the borrower would have the option to escalate the same with the concerned Banking Ombudsman/ Ombudsman for NBFCs.</li> <li>• In case customer has a grievance, request, query or feedback, they may contact us as under :</li> </ul> <p style="text-align: center;"> <b>Mr. Harjit Singh Sandhu, AGM</b>  <b>HO Co Lending Cell,</b>  <b>Punjab &amp; Sind Bank</b>  <b>C/o Staff Training College, Rohini- Sector 3, Delhi</b>  <b>colending@psb.co.in</b>  <b>011-41435969</b> </p>