



CIRCULAR NO.828

Sub: Delegation of powers to EDs in respect of loan sanction

The delegation of powers in respect of loan sanction was revised vide Circular No.816 dated 22-7-2008 and Circular No.882 dated 16-8-2008 for all the authorities. As per the aforesaid circulars, fresh loans can be sanctioned only by the Sanction Committees. While the Sanction Committee chaired by the GMs can sanction fresh loans up to Rs.80 lakhs per case, the loans above Rs.80 lakhs need to be submitted to the Sanction Committee chaired by the Managing Director at the Head Office. This has been reviewed. It is observed that the Sanction Committee chaired by the MD will be fairly over-loaded with cases above Rs.80 lakhs up to Rs.200 lakhs. Further, it is observed that the EDs have been left out while causing delegations. This anomaly needs to be rectified. In view of this, the following 2 committees have been put in place which shall be headed by ED (F) in respect of BO cases and ED (O) in respect of HO cases and the delegation of powers for sanction of loans to new cases shall be as under:

I Sanction Committee chaired by ED (F) in respect of BO cases:-

The said committee will consist of the following:

1. ED (Finance) - Chairman
2. GM (NZ) - Member
3. GM (SZ) - Member

The Manager (F&A), Office of ED (F) shall be the convenor of the meeting. The said Sanction Committee is delegated with the power to sanction new loans up to Rs.120 lakhs per case. In respect of escalation, it shall be within the overall limit of Rs.120 lakhs per case (should not exceed 20% of the original loan). Other than escalation, it shall be within the overall limit of Rs.150 lakhs. For Corporate Loan, the delegated power shall be Rs.75 lakhs within the overall limit of Rs.150 lakhs.

II Sanction Committee chaired by ED(O) in respect of HO cases:-

The said committee will consist of the following:

1. ED (Operations) - Chairman
2. GM (Credits) - Member
3. DGM (Credits) - Member

AGM (Credits) will be the convenor of the meeting. The said Sanction Committee is delegated with the power to sanction new loans up to Rs.120 lakhs per case. In respect of escalation, it shall be within the overall limit of Rs.120 lakhs per case (should not exceed 20% of the original loan). Other than escalation, it shall be within the overall limit of Rs.150 lakhs. For Corporate Loan, the delegated power shall be Rs.75 lakhs within the overall limit of Rs.150 lakhs.



III

Consequently, proposals above Rs.120 lakhs in respect of new loans shall be tabled before the Sanction Committee chaired by the Managing Director at the Head Office both in respect of HO and BO cases.

This shall come into effect immediately.

The above shall be incorporated in the Lending Policy for the FY 2008-09.

Sd/-
MANAGING DIRECTOR

All BMs / IA Cells
All ZMs / DGMs of Super 'A' grade BOs
All Principal Officers / Section Heads in HO
All GMs

Library

EDs – for information.