

MANUAL OF OFFICE PROCEDURE

(By PADMAKUMAR KJ, MANAGER ,KSFE)

Note : All the circulars and updates issued up to 30.4.2018 have been incorporated. Please familiarise the changes in rules and procedures after this date.

The KSFE Ltd was incorporated with an authorized capital of Rs.25 lakhs divided into 25000 equity shares of Rs.100/- each and a paid up Capital Rs.2 lakhs on initial contribution from Govt. of Kerala. The date of incorporation was on 06-11-1969. Now the authorized and paid up capital is 100 Crores. (100,00,000 X 100) The company has 11 regional offices and 581 branches. The aggregate monthly chitty sala as on 31.3.2017 is Rs.1525 crores. The total chitty subscribers as on 31.3.2017 is 16,69,480 and total customers (including, chitty, deposits, loans) is 33,06,694. Total Turnover: Rs. 33801 Crores as on 30.09..2017.

The chitty target for 2016-17 is Rs. 440 Crores. Achieved during 2016-17 is Rs. 444.Crores. The target for 2017-18 is Rs. 484 Crores. The achievement of first quarter is 66.81 Crores. Ponnonachittikal announced from 15.7.2017 and target set was Rs. 285.19 Crores. Our chitty business reached Rs. 485.52 Crores at the end of March 2018. Total chitty business budgeted for the financial year 2018-19 is Rs. 630Cr. Out of this, we expect to do chitty business to the tune of Rs. 100 Cr. by way of our newly introduced multiple division chitty and Rs. 30 Cr. by way of "Kudumbasree Chitty" which is in the anvil.

Beginning

KSFE was created by the Government of Kerala on 6th November 1969.

The Paid up capital then was Rs. 2 Lakhs.

Total number of employees at the start was 45.

The number of branches KSFE began with was 10.

The Head Office of KSFE is placed in Thrissur, the hub of Chitty business in Kerala.

The Special Officer, appointed by the Government to prepare a comprehensive schemes for starting chitties and kuries under Government Control, submitted his report on 7.10.1967.

Incorporated on 6.11.1969

The first Board constituted as per G.O (Rt) 4876/69/Fin Dt. 26.11.1969 and assumed charge on 28.11.1969

Scenario (March 2017)

Paid up Capital is Rs. 100 Crores.

Total number of employees is 6819.

The number of branches is 581

The number of customers is more than 33 Lakhs.

Annual Business is Rs. 33801 Crores.(As on 30.9.2017)

The Scheme Portfolio of KSFE may be classified as follows.

Chitty

Deposit Schemes (Fixed Deposit , Short term Deposit , Sugama,
Chitty Security Deposit in Trust etc)

Loans and Advances

Fee Based Activities

New Schemes (Safe Deposit Locker....)

Schemes of KSFE

Chitty

Chitty Loan (NCL)

Pass Book Loan (PBL)

KSFE Housing Loan(NHFS)

KSFE Personal Loan(RCL)

Consumer Vehicle Loan (CVL)

Trade Finance Scheme (TFS)

Flexy Trade Loan (FTL)

Gold Loan (GL)

Special Car Loan

Special Car Loan (for company employees)

Sugama Akshya Overdraft (For company employees)

Sugama Akshya Overdraft (For general public)

Tax Planning Loan Scheme (TPLS)

Fixed Deposit (FD)

Fixed Deposit Loan (FDL)

Chitty Security Deposit in Trust (CSDDT)

Short- Term Deposit (STD)

Sugama

Kanakadhara Loan Scheme (KLS)

Mangalya Loan Scheme (Co-Employees only)

KSFE Haritham

Vidhyadhanam Loan Scheme

Professional Educare Chittikal

Fee Based Activities

1) Western Union Money Transfer (WUMT)

2) Express Money Transfer.

Interest rates at a Glance (61/2015 Dt. 30.12.2015 & 36/2016 Dt 2.7.2016. & 22/2017 Dt. 27.3.2017)

- | | | | |
|-----|-------------------------------------|---|---|
| 1) | Chitty Loan (NCL) | : | 13 % monthly diminishing. Penal interest 2% above the applicable rate.(15%) |
| 2) | Pass Book Loan | : | 12.5% monthly diminishing and 14.5 % for default remittance. |
| 3) | KSFE Housing Loan | : | Upto Rs.10,00,000, 9% yearly diminishing. Above Rs10,00,000 up to Rs.75,00,000 9.75 % yearly diminishing. Default interest 18% p.a 13.25% Simp.Interest before the fixation of EMI |
| 4) | KSFE Personal Loan | : | 12% yearly diminishing. (Default Interest 18% per annum) |
| 5) | CVL | : | 13% monthly diminishing and 15% for default remittance. |
| 6) | TFS | : | 13 % monthly diminishing and 18% for default. |
| 7) | Flexy Trade Loan | : | 13% (Quarterly product rests) |
| 8) | Gold Loan | : | Upto and including Rs20000, 9.5% |
| | | | Above Rs.20000 upto and including Rs.25,00,000.10.5%. Penal interest will be levied 1% extra on applicable rate if interest is not remitted in every 3 months.. Min. interest Rs. 25 for loans above Rs. 5000 |
| 9) | Special car Loan | | Upto 35 months 12% monthly diminishing. Above 35 months upto 60 months 14%monthly diminishing. |
| 10) | Special Car Loan for Co-Employees | | 8% |
| 11) | Sugama Akshaya overdraft | : | 13% diminishing on daily product basis and 15% for default. |
| 12) | Sugama Akshaya Overdraft Employees | : | 11% diminishing on daily product basis and for Co-15% for default. |
| 13) | Tax Planning Loan Scheme | : | 13% monthly diminishing. 15% for default. |
| 14) | Fixed Deposit (Period 1 to 3 years) | : | |
| | A) Sr.Citizen | : | 8% 8% (For prize money transfer) |
| | B) Other than Sr.Citizen | : | 7% 7.5% (For prize money transfer) |
| 15) | CSDT | : | 8% |
| | Fixed Deposit for KSFE Employees | | 7.5% and for retired employees 8.5% |

- 16) Short Term Deposit (FD)
30 to 60 days : 3.25%
61 to 90 days : 4.25%
91 to 180 days : 4.75%
181 to 364 days : 5.50%
- 17) Short Term CSDT : Rates applicable for short term deposit
- 18) Fixed Deposit Loan : 2% above the FD rate.
- 19) Sugama & Sugama Security Account : 5.5 % per annum on monthly minimum balance between 6th and last day of each month.
- 20) Kanakadhara Loan Scheme : 12% (Regular)
: 13 % (for default)
- 21) Mangalya Loan : Base rate of FD + .75% Guarantee
Commission (Now =7+0.75 = 7.75%)
- 22) KSFE Haritham : 12.75% (Simple Diminishing)
- 23) Vidhyadanam Loan Scheme : Regular 12.25% (simple).(Default interest 18%)
- 24) Advance payment of prize money: 13%
- 25) Non- prized default : 9% for defaulted instalments up to three.
If it is above three the rate will be 12% (w.e.f 1.4.2017).
- 26) Prized default : 12% w.e.f 1.4.2017

Delegation of powers at various levels (Ref :Cir . 33/2015 Dt. 18.6.2015)(Also 13/2012 and H.O Ref. 12401 dt. 7.4.2012) & Cir 10/2016 Dt. 20.2. 2016

(Note : As per Cir . 10/2016, RCL has been renamed as KSFE Personal Loan, NCL as Chitty Loan and NHFS as KSFE Housing Loan)

| Scheme | Security | Branch Limit | SM(B) RO | AGM | HO(2 MEMBER) | | HO(3MEMBER) | BOARD |
|--------|--------------|--------------|----------|--------|--------------|-------|--------------------------|---------|
| | | | | | DGM (B&OP) | GM(B) | MD, GM(B)OR(F),DGM(B&OP) | |
| Chitty | Per.Surety | 7 | | 7-12 | --- | ---- | | -- |
| Chitty | Prop/ Others | 10 | 10-15 | 15-250 | --- | ---- | | -- |
| CL | Per. Surety | 5 | -- | 5-7.50 | --- | ---- | | -- |
| CL | Prop/Others | 10 | -- | 10-20 | --- | 20-40 | | 40-75 |
| PL | Per.Surety | 5 | -- | -- | --- | ---- | | -- |
| PL | Prop/Others | 5 | -- | 5-10 | --- | 10-20 | | 20-25 |
| CVL | Per.Surety | 3 | -- | 3-5 | 5-7.50 | ---- | | -- |
| CVL | Prop/Others | 3 | -- | 3-5 | 5-7.50 | ---- | | 7.50-15 |
| HL | Prop | 10 | -- | 10-25 | --- | 25-40 | | 40-75 |
| SCL* | ALL | 5 | -- | -- | 5-10 | ---- | | -- |
| SAOD | Per.Surety | 2 | -- | 2-5 | ---- | | | -- |

Note:

SCL means Special Car Loan As per Cir 48/2004. CL : Chitty Loan (NCL) PL : Personal Loan (RCL).
HL : Housing Loan (NHFS)

Minimum Net Salary Rs. 5000 for personal surety and also for employed subscriber.

Recovery not exceeding 60% salary.

The additional managers in the super branches can exercise up to the limit of 50% of the sanctioning power of the concerned unit head.

Self Surety can be accepted up to Rs. 3 lakhs on the strength of Salary Certificate and up to Rs. 4 lakh on the basis of score sheet, if the subscriber has sufficient salary for accepting him/her for Rs. 3 Lakh and eligible as per awarding points as per Cir. 94/2007.

Single surety limit (if the subscriber is an employee) raised to 6 lakhs on the strength of personal surety and up to 7 lakhs on the basis of score sheet, if both the subscriber and surety has sufficient salary for Rs. 6 lakhs and eligible for awarding points as per Cir. 94/2007.

If the subscriber is not employed, the limit of single surety limit is maximum Rs. 3 lakhs only.

Multiple surety limit raised to Rs. 12 lakhs.(Prize money payment only)

Maximum number of sureties that can be accepted are 5 for all schemes.

Only Class III and above category employees shall be accepted for future liability if it exceeds Rs. 5 lakhs.

The genuineness of the personal sureties offered shall be verified over telephone, in addition to the registered postal confirmation.

Only SREG sureties are acceptable for SAOD (Public)

Some of the latest changes effected during the year 2012, 2013 2014 2015,2016, 2017 and till date(30.4.018) are as follows.

1. Personal surety norms and loan limits enhanced as per circular No. 13/2012 dt. 20.3.2012 and clarifications issued as per HO Ref 12401 dt. 7.4.2012
2. The maximum area of construction under KSFE Housing Loan for addition, extension, and renovation increased to 1200 sq.ft as per Cir. No. 13/2012
3. While accepting flat as security, the valuation per sq.ft enhanced to Rs. 2500 (H.O Ref: 12401 dt. 7.4.2012). It has been further enhanced to Rs. 3500 per sq.ft. as per Cir 1/2015 Dt. 8.1.2015.
4. Safe Deposit Locker Rent enhanced to Rs. 800 plus service tax for public and Rs. 700 plus service tax for chitty subscribers and staff as per Cir 17/2012 dt. 18.4.2012
5. The First circular of KSFE regarding CFA 1982 is 29/2012 dt. 21.6.2012
6. TDS rates in Cir 33/2012 Dt. 3.7.2012 (Also refer : Cir 30/2016 Dt .27.5.2016 Changes in TDS rate and Threshold limit. (Commission/Brokerage : Limit enhanced to Rs. 15000. Rate reduced 5%. Payment to contractors/ sub contractors limit raised from Rs. 75000 to 100000)
7. Door collection monitoring system rules in cir 35/2012 Dt. 7.7.2012
8. Re introduction of forced sale value for valuation of immovable property effected as per cir. 49/2012. The FSV should be at least 150% of future liability.
9. The daily wage of PT employees working on daily wage basis increased to Rs. 150 from Rs. 70 (52/2012 dt. 27.9.2012)
10. CFA 1982--- Sanctioning of PBL and acceptance of non prized pass book as security modification explained in circular 56/2012 dt. 12.10.2012
11. Non prized default raised to 12% for chitties registered on or after 2.1.2013. (Ref Cir 74/2012 dt. 29.12.2012)
12. The introduction of Express Money transfer 9/2013 dt, 5.2.2013
13. The Kerala State Right to Service Act 2012 Ref: Cir 18/2013 dt. 8.4.2013
14. The Automatic renewal of FD procedure in Cir 19/2013 Dt. 15.4.2013.
15. Fixing of gold loan rate procedure (75% of current market value or Rs. 2000 (BIS hall marked)whichever is lower, specified in Cir 21/2013 Dt. 18.4.2013 & 78/2013 dt. 28.12.2013.
16. Ref Cir 41/2013 Dt. 3.7.2013: Government have exempted the company from the applications of the provisions under section 22(2) of the act, to deposit the proceeds of a prized but not paid in a separate bank account.

17. Financial delegation to managers increased to Rs. 2000 on a single bill from Rs. 1000 as per Cir 51/2013 dt. 31.8.2013
18. The number charges that can be created on a property raised to six (1+5) and the maximum limit of liability of a subscriber is raised to 2.50 crores on property security as per Cir . 52/2013 dt. 2.9.2013
19. Imprest cash limit raised as per Cir 60/2013 dt. 22.10.2013. (2000/600 for major branch, 1500/400 for medium branch , 1000/300 for small branch, 5000/1000 for RO, 10000/1500 for HO.)
20. Panel advocate's fee raised to Rs. 500 per file as per Cir No 63/2013 dt. 1.11.2013
21. Valuation fee enhanced. 1% of chit /loan amount subject to a minimum of Rs. 500 and max. Rs. 1500 . Ref : Cir 79/2013 Dt. 28.12.2013.
22. A detailed procedure for initiating RR requisitions detailed in Cir No. 6/2014 Dt. 29.1.2014.
23. All persons who attains the age of 56 years on the date of deposit will be considered as senior citizens for giving higher rate of interest on fixed deposits. (Ref. Cir 11/2014 dt. 22.2.2014)
24. The processing and administration charge of KSFE Housing Loan revised. It is 0.5% of loan amount sanctioned subject to a minimum of Rs. 1250 and a maximum of Rs. 15000. (Ref. Cir 13/2014 dt. 7.3.2014)
25. Modifications in Professional educare chittikal as per Cir . No. 15/2014 Dt. 7.3.2014
26. Note : Hon. High Court Stayed the the implementation of Cir 71/2013 dt. N29.11.2013 regarding the enhancement of deposit amount of Canvassing agent and Door collection agent and the same was communicated by H.O. Ref: 12401 Dt. 14.3.2014.
27. In General Category default cases, where cheques have been accepted, interest from the date of presentation of cheque till the date of realization and legal fee need not be collected. (MD has to ratify the action) (Cir . 18/2014 Dt. 18.3.2014)
28. Ref: Cir 24/2014 Dt. 21.5.2014: Retention fund on KSFE Housing Loan withdrawn. Also, in the case of Agricultural income group, self employed persons, small traders, professionals and businessmen whose income required for loan is less than Rs. 200000, Managers can assess the income. This is further revised to Rs. 250000(for both group) as per Cir . No. 25/2015 Dt. 18.4.2015.
29. Ref: Cir 25/2014 Dt. 21.5.2014, for Chitty Prize money payment, a two member (Approved valuer plus Manager)valuation is sufficient for a liability above Rs. 2 lakhs and up to 10 Lakhs. For liability above 10 lakhs, a 3 member valuation (Branch manager+ Officer appointed by RO and an Approved valuer) is required.
30. Acceptance of Aided School Teachers as Sureties—Modification procedure specified in Cir 27/2014 Dt. 26.5.2014.
31. For Auction sale of gold, refer Cir 28/2014 Dt. 9.6.2014
32. HO Circular 30/2014 Dt. 18.6.2014 : The maximum liability that can be charged on a single property raised to Rs. 2 Crores from the present limit of Rs. 1.50 Crores.
33. General Category surety acceptance stopped as per Cir . 38/2014 Dt. 19.7.2014
34. Gazette notification fee revised from Rs. 1370 to Rs. 1713 w.e.f 1.10.2014 (G.O.(P) No. 409/2014/FIN Dt. 23.9.2014
35. Daily wages remuneration raised as per Cir 50/2014 Dt. 24.11.2014. Driver 350/400, Typist 350/400, Security Guard 350/400, Data Entry Operator 350/400 (Also refer Cir 50/2016 Dt. 3.10.2016 for further enhancement)
36. Depreciation procedure revised in accordance with the Companies Act 2013. Details in Cir 60/2014 Dt. 31.12.2014. The residual value is generally not being more than 5% of the original cost of the asset. **USEFUL LIFE** : Building other than factory building RCC structure : 60 years. Building other than factory building and other than RCC building :30 years. Furniture and Fittings :10 years Motor vehicles: 8 years Office equipments : 5 years. Computer and data

- processing equipment: 6 years. End user devices such as printer, lap top etc. : 3 years
Electrical Installation and equipment : 10 years.
37. Again modification in KSFE Housing Loan: Period of loan revised to 20 years. Maximum age of the loanee at the end of termination of loan raised to 70 years. Advance of loans for purchase of new flats at the time of construction itself approved.
 38. Introduction of Revenue Recovery proceedings against customers of gold (over due) Refer : Cir 2/2015 Dt. 12.1.2015
 39. Introduction of SMS facility as per Cir 9/ 2015 Dt. 24.2.2015.(Also 63/2015 Dt. 30.12.2015)
 40. Ref: Cir 16/2015 Dt. 23.3.2015 : For purchase of dwelling site under KSFE Housing Loan, the maximum amount raised to Rs. 10 Lakhs and repayment period raised to 7 years. For renovation max amount and repayment period modified as 20 lakhs and 10 years respectively.
 41. Ref: Cir 20/2015 Dt. 26.3.2015 : Service Tax . Abatement withdrawn.
 42. For loans above Rs. 25000 under KSFE Personal loan, the repayment period revised to 60 months as per Cir 21/2015 Dt. 27.3.2015
 43. Pass book Loan agreement modified as undertaking. Ref H.O. 12401 Dt. 6.5.2015
 44. New rate of Service Tax w.e.f 1.6.2015 Cir 29/2015 Dt. 27.5.2015
 45. Personal Surety norms revised as per Cir 33/2015 Dt. 18.6.2015
 46. Service Tax: Availing Cenvat Credit Procedure and accounting entries in Cir 34/2015 Dt. 18.6.2015
 47. Appraiser fee revised. 0.2% of loan amount/ amount to be secured subject to a minimum of Rs. 20 and Max. Rs. 200. Max. amount per month raised to Rs. 25000 from the limit of Rs. 20000. (10% reserve and TDS applicable)
 48. Enrolment of NRIs in chits. Government granted permission to KSFE. Cir 44/2015 Dt. 31.8.2015
 49. Bhagya Varsha Chittikal . Cir 38/2015 Dt. 5.8.2015
 50. Swatch Bharath cess introduced. Service Tax 14.5 %. Cir 53/2015 Dt. 13.11.2015
 51. Safe keeping of Property documents. Ref : 55/2015 dt. 25.11.2015 (Also 47/2008 Dt. 24.4.2008)
 52. 15G/15H application. Revised procedure: Cir 56/2015 Dt. 28.11.2015
 53. Bhagya Sreyas Chittikal : Cir 57/2015 Dt. 16.12.2015
 54. Ex Service contract revised: 11000 for Asst. 10000 for Peons and 9500 for Security guards. Ref . Cir 62/2015 Dt. 30.12.2015
 55. Formation of new Regional Offices at Attingal, Alappuzha, Kattappana, and Malapuram. Ref: Cir 2/2016 Dt. 3.2.2016.
 56. Clean Wednesday Ref: Cir 7/2016 Dt. 11.2.2016
 57. RR in CAS. Please see Cir. 8/2016 Dt. 15.2.2016
 58. Renaming of loans and raising of delegation. Cir 10/2016 Dt. 20.2.2016
 59. Default—Revival Campaign. Cir 12/2016 Dt. 23.2.2016.
 60. Cir. 14/2016 Dt. 29.2.2016: Sending of Scanned copies stopped . (For RR to HO)
 61. Cir 17/2016 Dt. 21.3.2016. Change in service tax rate. Re introduction of abatement New rate 10.15%.
 62. Cir .18/2016 Dt. 21.3.2016 Guidelines for annual closing of accounts 2015-16
 63. Cir 19/2016 Dt. 28.3.2016 Payment of service tax. Additional items
 64. Cir 20/2016 Dt. 30.3.2016 e-Collection facility
 65. Cir 23/2016 Dt. 1.4.2016 Low Key Campaign
 66. Cir 24/2016 Dt. 11.4.2016. Processing charge introduced for KSFE Personal Loan. 0.1% of the KPL amount with a minimum of Rs. 100 and maximum of Rs. 500.
 67. Cir 25/2016 Dt. 11.4.2016 Over due Gold loan cases – RR- Adalath.
 68. Cir 24/2016 Dt. 15.4.2016. Enhancement of daily wages to Part Time Sweeper who are engaged in afternoon session increased from Rs. 100 to Rs. 150 per day
 69. Cir 27/2016 Dt.7.5.2016 Fixed deposits matured but not claimed- Procedure for settling the claims – details

70. Cir 28/2016 Dt. 20.5.2016 Gold loan rate revised (1700/1900/2100)
71. Cir 30/2016 Dt. 27.5.2016 Changes in TDS rate and Threshold limit. (Commission/Brokerage : Limit enhanced to Rs. 15000. Rate reduced 5%. Payment to contractors/ sub contractors limit raised from Rs. 75000 to 100000)
72. Cir 31/2016 Dt. 28.5.2016 Service tax changes
73. Cir 32/2016 Dt. 28.5.2016 Modification in Housing loan scheme. For sanctioning the eligible loan amount 50% of the gross monthly income will be considered from the present limit of 45%.
74. Cir 36/2016 Dt. 2.7.2016 Interest rates on Deposits changed w.e.f. 7.7.2016
75. Cir 37/2016 Dt. 2.7.2016 Salary recovery from state Govt. employees. SPARK Regn reg (SPARK: Service and Payroll Administrative Repository for Kerala)
76. Cir 38/2016 Dt. 15.7.2016 RR proceedings/property security- Change in valuation procedure
77. Cir 39/2016 Dt. 15.7.2016 Settling of PBNP cases under CFA 1982- allowing sugama interest and FD interest (with permission from RO) details
78. Cir 41/2016 dt. 29.7.2016 IDLI 2016 - Intensive Drive for Liquidity Improvement-Details Reg.
79. Cir. 42/2016 Dt. 1.8.2016 .Fds. matured but unclaimed procedure regarding..
80. Cir. 43/2016 Dt. 13.8.2016. Ponna chittikal 2016.
81. Cir. 44/2016 Dt. 18.8.2016 Intensifying default Recovery and financial discipline.
82. Pay revision long term settlement GO (MS) No. 90/2016/Taxes Dt. 8.9.2016 (Also refer Cir 49/2016 Dt. 28.9.2016)
83. Enhanced the remuneration of employees engaged on daily wage basis ad per Cir 50/2016 Dt. 3.10.2016. (Driver 450/650, Data Entry Operator 400/675 , Security Guard 400/675, Office Attendant 350/600)
84. Cir . 52/2016 Dt. 28.10.2016 : Internal control system for realization of Cheques.
85. Cir 55/2016 Dt. 3.11.2016 : Work assignment.... Rotation Reg.
86. Cir 59/2016 Dt. 9.11.2016 Demonetization Impact.
87. Alert Note 1/2016 Dt. 21.11.2016 All must read this communication.
88. Details of accounting of collection under POS machine in HO Ref. 7809 Dt. 24.11.2016
89. Know Your Customer – Compliance. Details and forms in Cir 64/2016 Dt. 23.12.2016
90. Cir 66/2016 Dt. 23.12.2016 DCRG – Modification in Salary Certificate
91. Panel Advocate fee raised . From Rs. 500 to Rs. 750. The retainer fee for Part Time Legal Advisers enhanced from Rs. 4000 to Rs. 6000 plus additional fee of Rs. 150 for each file if the file exceed 35 numbers. Ref Cir 67/2016 Dt. 29.12.2016
92. Intensive Liquidity Achievement Venture for Units ILAVU 2017 Launching Cir. 68/2016 Dt. 31.12.2016
93. Puthuvarsha Chittikal ... Cir 1/2017 Dt. 3.1.2017
94. Cir 2/2017 Dt. 3.1.2017 Gold Loan Default elimination
95. The daily wage being paid to PTS working on daily wages raised from Rs. 150 to Rs. 250 per day. (Ref. Cir 7/2017 Dt. 20.1.2017). It is clarified that the increase was only for Permanent Part Time Sweepers who were engaged in the afternoon session vide Ref. No. 4155 Dt. 25.1.2017. Again on 9.3.2017 vide HO Ref: 4155 Dt. 9.3.2017, it was further clarified that the increase also applicable to part time sweepers engaged on daily wage basis.

96. New TA/DA rates applicable to KSFE Employees applicable from 1.1.2017 . Details in Circular 10/2017 Dt. 25.1.2017
97. Cir 15/2017 Dt. 103.2017 Restriction To Gold Loan Payment (Cash upto Rs. 20000)
98. Cir 20/2017 Dt. 22.3.2017 Remittance of Service Tax on Prized but unpaid cases
99. Cir 22/2017 Dt. 27.3.2017 Revision of interest rate on deposits and loans.
100. Cir 22/2017 Dt. 27.3.2017 Maximum period of Housing Loan enhanced to 30 years or attainment of 70 years of age whichever is earlier.
101. Cir 23/2017 Dt. 28.3.2017 The default interest on prized tickets reduced from 14% to 12% w.e.f 1.4.2017. The non-prized subscriber if defaulted upto three instalments, the rate will be only 9% and if it is above three instalments, the rate will be 12%
102. Cir 24/2017 Dt. 29.3.2017 Linking of Aadhar and opening of sugama accounts in the name of each and every customer and also from new customers at the time of joining the scheme.
103. Cir 25/2017 Dt. 28.3.2017 RR online Activities
104. Cir 26/2017 Dt. 31.3.2017 ILAVU Extented
105. Cir 27/2017 Dt. 31.3.2017 Restriction on cash transaction
106. Cir 28/2017 Dt. 4.4.2017 Promotion Test 2016
107. Cir 29/2017 Dt. 11.4.2017 Internal Audit. Procedure Clarification and steps to be taken at RO, Branch levels.
108. Cir. 30/2017 Dt. 20.4.2017 CASBA Data purification ...
109. Cir 31/2017 Dt. 17.4.2017 : Door collection agents and canvassing agents Changes.
110. Cir 35//2017 Dt. 20.4.2017 ; A detailed guideline regarding taking premises on lease for new branches and also for the renewal of agreements specified.
111. Cir 44/2017 Dt. 30.6.2017 GST Implementation.
112. Cir 47/2017 Dt. 13.7.2017 : Maintenance of IT assets Reg. Detailed procedure
113. Cir 50/2017 Dt. 17.7.2017 : The commission structure of door collection agents changed. Maximum amount of cash collection from a customer by an agent raised to Rs. 30000 per day from the present limit of Rs. 15000. Extra commission @ 2% granted to an agent for canvassing 25% or more number of tickets in a chitty. Earlier it was 1%.
114. HO Ref: 2619 Dt. 1.8.2017 GST Clarifications
115. Cir 51/2017 Dt. 3.8.2017 Revision of gold appraiser charges.
116. Cir 53/2017 dt. 16.8.2017 : Limit in cash disbursement of Gold loan relaxed.
117. Cir 57/2017 Dt. 29.8.2017: Remuneration of employees engaged on daily wages raised. (Clerk, Typist, Security guard, Data entry operator : 675/710 , Chainman, Peon 600/630, Driver, Pump Operator : 650/685, Computer Operator : 700/710)
118. Cir 59/2017 Dt. 8.9.2017 : Interest on Chitty Security Deposit in the name of Asst. Registrar of Chits Reg.
119. Cir 60/2017 Dt. 17.10.2017 Reg: GST Reverse Charge Mechanism kept in abeyance Reg.
120. Cir 65/2017 Dt. 10.11.2017 : Branches can subscribe 3 Malayalam dailies and one English Financial daily.
121. Cir 69/2017 Dt. 7.12.2017. Multi division chitty announced.

122. Cir 2/2018 dt. 6.1.2018 A policy of caution in handling different aspects of branch functioning.
123. Cir 12/2018 Dt. 23.4.2018 : Changing NPA Norms - from 6 month to 3 month.

Schemes at a Glance

1) Chitty :

Chitty involves regular periodical subscription by a group of persons and arrangements under which each member of the group is entitled to periodical collection. The total of the periodical subscription is called the Chitty amount and is given out periodically as the prize amount, to the person selected either by lot or auction. The periodical subscription is collected by the foreman and the foreman is eligible for a commission of not more than 5% of the chitty amount from each member.

KSFE is conducting its chitties under the Chit Fund Act 1982 applicable to Kerala State also through a notification by the Central Government (No. E-10/1/2012-13 The Government of Kerala vide GO dt. 4.6.2012 formulated rules regarding the conduct of chits in Kerala which came into force from 5.6.2012. A minor shall not be enrolled as a subscriber of a chit. Enrollment in joint names is also not allowed. A person can subscribe only for a maximum of 10 % of the total tickets in a chit. KSFE conducting chitties with different tenure ranging from 25 to 100 months. Now the Government have accorded permission to KSFE to enroll NRIs in chits (Cir 44/2015 dt. 31.8.2015). NRI chits are conducting through a digital platform.

Now KSFE is conducting Multidivision chitties in selected branches. It consist of one lot and three auctions in a month. The lot winner is eligible for full prizemoney less foremans commission. This is the most attracting point from the subscribers point of view. 40% auction dividend is allowable for chitties with duration of 100 and 120 months, 35% is for chitties with duration of 60 months and upto 100 months and 30% is for chitties with duration less than 60 months. The maximum number of tickets that a subscriber can enrolled in a multi division chitty is limited to 5% of the total tickets.

Registration

The branch has to submit Forms II, III, V, VI, VII, VIII, X, and XI for Registration of chits. A Chit agreement has to be filed in triplicate. One copy of the chit agreement bearing the seal of Assistant Registrar of Chits has to be handed over to the subscriber. Chitty security amount should be deposited in treasury in the name of Assistant Registrar of Chits. Government have accorded sanction to deposit the full amount in the treasury. Original chit agreement should be prepared in stamp paper worth 5% of the chit amount and duplicate chit agreement in stamp paper worth Rs. 500/- Fee for previous sanction is Rs, 25. Fee for filing Chit agreement is Rs. 10 and for issue of certificate of commencement of chit for chits exceeds Rs. 25000 but does not exceed Rs. 1 lakh is Rs. 250 and in other cases Rs. 750. For filing a certificate under sub section (2) of Section 10 (Certificate showing that the foreman has furnished the copy of chit agreement to all subscribers) is Rs. 2. For filing a copy of minutes of proceedings under Section 17 is Rs. 2. Important forms used are : Form I : Application for previous sanction. Form II:

Application for registration of the chit agreement. Form III: Endorsement of Registration (By ARC) Form IV : Application by a company for appropriation of money from the reserve fund Form V: Declaration by foreman (tickets have been fully subscribed) Form VI : Certificate of Commencement of Chit. Form VII : Certificate about having furnished copy of chit agreement of the subscribers. Form No. VIII : Form of chit agreement. Form IX: Notice to subscribers regarding draw. Form X : Application for certificate of sufficiency of security for conducting a chit. Form XI : Certificate of sufficiency of Security Form XII : Application for substitution of the security . Form XIV : Form of ledger Form XV : Daybook Form: XVI : Form of the receipt book to be maintained.

Transfer / Assignment & Substitution

Only upto date non prized tickets are entitled for assignment. For preparing assignment deed, stamp paper worth 6% of gross subscription for panchayath areas and 8.5% of gross subscription for municipal & corporation areas is necessary. (Rs.2/-for filing fee for removal + Rs.2/-substitution).

Defaulted non-prized tickets are eligible for substitution. Substitution can be made up to 60% of the installments of chitty irrespective of its duration and denomination. When a person is substituted in the place of a defaulter he / she has to pay only the net amount due for the defaulted amount with a filling fee of Rs.4/- (2+2) As per CFA 1982, defaulted subscriber if removed, and substituted will not be eligible for the auction dividend for the instalments already remitted by them. A substituted subscriber has to remit instalment amount from the first instalment onwards to the current instalment and he will be eligible for the dividend on such instalments. The amount due towards the removed subscriber will be the actual amount remitted by him.

Proxy

The letter of proxy / authorization shall be either in favour of unit head or a third person at the choice in the subscriber. The letter of proxy should be sufficiently stamped. A proxy can be cancelled on request in writing. Company employees other than unit heads shall not act as proxies. Canvassing agents cannot act as proxies for the tickets canvassed by them.

Balance sheet of Chitty(Section 24)

Every foreman shall prepare and file with the Registrar a balance sheet and a profit and loss account of chit business in accordance with the provisions of Section 24 within a period of three months from the expiry of the period with reference to which it is prepared

Receipts and Expenditure account and statement showing the assets and liabilities of individual chit group shall be filed in form No. XXVIII with the Registrar within a period of 2 months from the termination of the chit when the duration of the chit does not exceed one year

and when the duration of chit exceeds one year on expiry of every period of 12 months and also on the termination of chit. (Fee for Chit Balance sheet audit/ inspection : Where the chit amount exceeds 50000 but does not exceed Rs. One lakh : Rs. 500. In other cases Rs. 1000)

Fee for inspection of chit records(by foreman or subscriber) kept by the Registrar at the Registrar's office (S.62) Rs. 3

RSC. (Removed Subscribers Contribution)

If a ticket is substituted by a fresh subscriber, the portion remitted by the original subscriber should be paid to the removed subscriber before the next instalment as far as possible.

Due date of prize money and advance payment

Prize money can be paid on the due date of next audition. This is applicable to the first auction also. Advance payment of prize money can be made by charging 13% interest. Interest is charged from the date of payment to the next auction date (excluding next auction) or from the date of prizing to the 30th day(including 30th day)whichever is earlier. Documentation Charges of prize money : 0.2% of Chit amount subject to Min. Rs. 50 and Max . Rs. 200. For change of security, 0.1% of Chit amount Min. Rs. 50 and Max. Rs. 100 except on property security.

Release of chitty Security deposit

After obtaining audit certificate, all the audited chitty balance sheet shall be filed with the Asst. Registrar Registrar along with an application for the release of security deposit and gazette notification fee of Rs.1713 /-. The security deposit will normally be released by the Chitty Registrar after a period of 30 days from the date of publication of notification in gazette if no objections are received by him in the mean time.

Generally accepted securites.

Personal security.
Fixed deposit.
LIC policy.
Bank guarantee.
Passbook of non-prized chitties.
National savings certificates.
Kissan Vikas Pathra.
NRI Deposits.
Post Dated Cheques.
Property Security.
Gold security.
Sugama security.

CANVASSING AGENCY AND CANVASSING CUM COLLECTION AGENCY

Agency Commission. (Related Circulars : 64/99, 184/99 (MOP Correction Slip 134), 85/2003,49/2005,96/2005,59/2006,70/2006,142/2006,22(A)/2007,57/2007,82/2007,86/2007,132/2007,76/2008,77/2008,88/2008,19/2009,HORef:12509Dt.29.7.2009,15/2010,21/2010,36/2010,40/2010,65/2010,15/2011,35/2012,44/2013,71/2013. (The implementation of 71/2013 is stayed by Hon. High Court)

We have two types of agents

- a) Canvassing agents.
- b) Canvassing-Cum-Collection agents

The applicant for canvassing agent should be below 35 years and should have passed 8th Standard.(Cir .142/2006 Dt. 22.12.2006). They should deposit Rs. 1000 as security deposit for which an interest @7.5% p.a. payable quarterly. He should be introduced by a peoples representative. He should be provided with a photo affixed identity card for an initial period of 15months which can be renewed for a further period of 15 months on the basis of their performance evaluation. Maximum number of agents that can be engaged in a unit is 10.

Any individual who is a major and preferably below 40 years of age and completed secondary education (10th Std) is eligible for the appointment of canvassing cum collection agent, He must be introduced by two eminent persons of the locality where the agent is residing. Security : Cash Deposit of Rs. 70000 .. There will not be any specific minimum gross instalment amount for door collection.

The Commission structure for canvassing is same for both the categories. 15% of the first installment collected is the canvassing commission for chitties with a gross subscription up to Rs.5000 /-. 12% is the rate for chitties with a gross subscription above Rs 5000/- but 10% is given for those chitties with a monthly gross subscription of above Rs.10000 /- and duration below 40 months. If an agent canvassed 25% or more tickets in a chitty including all classes, he / she is eligible for 2% bonus commission. Each agent should contribute at least 10% of the total tickets in every chitty. If in any circumstances, the account canvassed by the agent is defaulted for 2nd and 3rd instalment, even on the due date of 4th instalment, the commission given as a percentage of first instalment will be recouped. Such recouped commission will be released to the agent on updatation of the same based on certain criteria as specified in Cir 65/2010 Dt. 17.12.2010.

If a ticket canvassed by an agent defaulted and unable to continue , commission to the agent can be given, provided, he/she should enroll another subscriber in the place of the defaulted ticket within 5 months .. If an agent enrolled 50 tickets during a particular quarter, he/ she is eligible for an extra commission of Rs. 1000 per month to a maximum of Rs. 3000 per quarter.

Door Collection Commission (For collection)

| <u>Slab</u> | <u>Normal</u> | <u>Monthly collection</u> <u>above Rs.10000 /- at a</u> <u>single remittance.</u> |
|--|---------------|---|
| Up to 10, 00,000 | 1 ½% | 1% |
| Above Rs.10, 00,000 and up to 18,00,000 | 1% | ¾ % |
| Above Rs.18, 00,000 | ½ % | ½ % |

Some additional points regarding Canvassing Cum Collection Agents

Separate Agreement has to be executed by the Agent (49/2005)

An account under door collection which is defaulted six or more months will be taken off from the list of mapped subscribers.

The commission in respect of monthly collections above Rs. 10000 at a single remittance (cash or cheque) will be calculated separately and granted on the basis of the total collection of the agent during a month.

Door collection agents should not enroll their close relatives or benamis as agents and should not issue his/ her cheques for remittance to towards subscribers accounts. He should not act as proxies for the tickets canvassed by them.

Maximum amount that can be collected from a subscriber in cash mode is Rs. 30000. But no such restriction for cheque collection. But cheque collections above Rs. 10000, the maximum commission limited to Rs. 150 per cheque.(Depending upon the slab and amount). This clause is applicable to different cheques issued by same customer for different tickets in a chitty. Such cheques are considered as one unit.

Proper supervision and verification of accounts in liaison with customers is necessary.

2 Fixed Deposit

Deposit are accepted from public offering higher rate of interest. Minimum Deposit amount Rs 500/- In respect of deposits of Rs 10000/- and above, interest is payable monthly. Premature closure of deposits can be made. For deposits before completing one year, interest rate allowed is 1% below sugama rate. If the premature closure is made after one year interest rate permitted is 1% below the rate applicable for which the company held deposit.

Loan on fixed deposits can be availed up to a maximum of 75% of the FD amount. But in some cases considering the credibility of the customer and the merit of the situation, FDL can be granted up to the 90% the FD amount. Fixed deposit is accepted as security for

various schemes of the company. Company employees can avail FD Loan up to 90% of the FD amount at FD rate.

3 CSDT. (Chitty Security Deposit in Trust)

When the prize money is deposited for the future liability of the chitty, CSDT can be made, which will enable the subscribers a higher rate of interest . CSDT is allowed only for the future liability of the chitty. This can be prematurely closed by offering adequate security. Minimum period of deposit is 30 days. Due to monthly payment of interest the effective rates are higher than that offered by nationalized banks. CSDTs that are getting closed prematurely before completion of one year would be treated as STDs for the period for which they were laid with the company and hence the premature closure rates of STDs will be applicable to CSDTs also. Premature closure after one year will be at par with the rules of Fixed Deposit. For overdue period, till the date of release/renewal, sugama rate of interest will be granted. (Cir 45/2007 dt. 19.4.2007).

4 Short Term Deposits (FD) & Short Term CSDT

Short term deposit can be made for a period ranging from 30 days to 364 days. For premature closure after 30 days and interest of 0.5% will be deducted from the interest rate applicable to the period for which the deposit is held with the company. For premature closure deposits within 14 days, no interest is allowed. Interest @ 3.25% can be paid for the premature closure of all STD'S falling after 14th day and before 30th day of deposit. (103/2009 Dt. 30.11.2009). In the case of short term FD minimum amount of deposit is Rs 5000 and deposits in multiples of Rs 500 are accepted.

5 Sugama Deposit

The Sugama Deposit scheme aims at providing a deposit facility. The customer can give standing instruction to be Company to transfer the monthly installment towards chitty/CVL/NHFS/TL etc. on the due dates from the Sugama Account.

Interest on FD can be transferred to this account as and when it becomes due on the basis of standing instructions obtained from the depositors. Interest of Fixed Deposits above Rs 10,000/- only is transferred to Sugama account monthly. Initial deposit and minimum balance to be maintained at any time should not be less than Rs 100. The minimum balance to be maintained in Sugama for interest eligibility should be Rs 250 or more. Employees of KSFE are exempted for this rule. Interest @ 5.5 percent on the minimum balance maintained in the account between 6th and last day of any month. If 6th happens to be a holiday the minimum balance from the next working day to the end of the month will be the eligible amount for calculation of amount. The interest will be credited twice in a year, on 30th September 31st March. The interest due for the period from March to August will be credited on 30th September and that due from September to February will be credited on 31st march. All Sugama accounts with balance below Rs 250 and which have been continuously non operative for one year shall be transferred to non – operative Sugama account register. (Sugama Deposit a/c Dr. To Non operative Sugama)Account). On every successive 31st March a folio charge of Rs. 10 is to be deducted from each account in the non operative sugama account register till the balance less than Rs. 10/-. This deduction should be credited under “ Folio Charges on Non Operative Account.”

6 CHITTY LOAN (NCL)

Non prized subscribers will be eligible for loan upto 50% if sala of chitty remitting 10% of monthly installments. NCL before completing eligible number of installments can be sanctioned in rarest of rare cases involving marriage of near ones, illness, hospitalization etc. where such sanctions of such advances are warranted, the same may be obtained form the next higher sanctioning authority. Branch Manager can sanction NCL up to Rs.5,00,000 /-on personal surety and Rs. 10,00,000 on property and other mode of security on remitting 10% of installments (5% in Scheme Chitties to be specified in each scheme) in a chitty. A subscriber is entitled to a Chitty Loan of Rs.75,00,000 /- or 50% of sala of chitty for which he enrolled irrespective of the number of tickets held. Various delegation powers at Regional Office and Head Office are separately included. (Cir .10/2016 Dt.20.2.2016)

NCL up to 50% of sala subject to a max of Rs.50000 /- will be granted immediately after 1st auction is the following cases.

Where the applicant for NCL is an employee acceptable to the company as surety or guarantor.

Where financial documents are offered as security.

Where personal sureties are offered as security (Surety/one of the surety belongs to SREG)

Where the applicant for NCL is Professional/ Businessmen having taxable annual income of Rs 100000 above.

In 100 months chitty NCL will be limited to 30% of chit amount or Rs. 50000/- which ever is lower immediately after the registration of Chit..

NCL agreement is in stamp paper worth a Rs.200/-. Documentation charge is 0.2% of loan amount subject to a minimum of Rs.50 /- and maximum of Rs.200 /- is charged. Interest on NCL is charged only up to the date of payment of prize money or up to the due date of prize money which ever is earlier.

If the same personal sureties are offered for availing prize money of a chitty on which NCL is granted and if the date of issuance of salary certificate is less than one year old, a fresh salary certificate is need not be insisted. (Cir .17/97 Dt. 1.4.1997). Instead, a letter in the prescribed form may be sent to the employer.

7 **Passbook Loan**

Introduced w.e.f 01.11.1991. PBL is allowed only on up-to-date non-prized tickets. Documentation charge same as in the case of NCL. Amount of loan is calculated as follows(As per Kerala Chitty Act 1975).

| | |
|--|-----------------|
| Gross amount of installments remitted | XXX |
| Add / Less Balance in suspense column of personal ledger | XXX |
| | XXXX |
| Less 5% of foreman's commission of SALA | <u>XXX</u> |

Paid up amount XXXX

PBL amount : Paid up amount X index corresponding to the remaining months for termination.

PBL amount calculated rounded off to lower Rs.100 /-

As Per CFA 1982, the calculation is different. Here only the amount remitted by the subscriber reduced by the proportionate foreman's commission is considered. The value is find out by discounting the paid up value @16.5%. Ref: Cir 56/2012 dt. 12.10.2012. Documentation charges applicable as in the case of NCL. Pass book Loan agreement modified as undertaking. (Ref H.O. 12401 Dt. 6.5.2015)

8. **KSFE HOUSING LOAN (NHFS)(Details in Cir No : 101 / 2000 dt 16.06.2000)**

The Scheme is intended to provide loans to

Purchase of dwelling site.

Purchase of dwelling house.

Construction of dwelling house.

Renovation of existing house.

Construction of residence-cum-commercial complexes.

The applicant of NHFS should be a citizen of Kerala and having ownership of site. He should have a comfortable monthly income for repayment. The maximum age limit of applicant at the time of completion of repayment period shall not exceed 70.

| Nature of Loan | Max Amt | Max Period. |
|--|----------------|--------------------|
| Purchase-dwelling site | 10,00,000 | 7 years |
| Purchase/Construction of dwelling house | 75,00,000 | 30 years |
| Construction of residence cum-commercial Complex | 75,00,000 | 30 years |
| Renovation / extension (Up to 1200 Sq ft) | 20,00,000 | 10 years |
| Registration charges Rs.10 /- | | |

Maximum amount of advance is fixed as follows. (Least of the following)

75 % of Estimate (Construction) or 75% of Sale agreement (Purchase) or Amount of Estimate (Addition/extension upto 1200 Sq.ft)

OR

75% of the value assessed by the company (only for purchase)

OR

Corresponding loan amount if 50% of the gross monthly income of the applicant is available for remittance as EMI

OR

Rs. 10 Lakhs (for purchase)/ Rs. 20 Lakhs (addition/extension/renovation up to 1200 sq.ft)/ Rs. 75 Lakhs (purchase of dwelling house/ construction of house)

NOTE: The processing and administration charge of KSFE Housing Loan revised. It is 0.5% of loan amount sanctioned subject to a minimum of Rs. 1250 and a maximum of Rs. 15000. (Ref. Cir 13/2014 dt. 7.3.2014). Ref: Cir 24/2014 Dt. 21.5.2014: Retention fund on KSFE Housing Loan withdrawn. Also, in the case of Agricultural income group, self employed persons, small traders, professionals and businessmen whose income required for loan is less than Rs. 2,00,000 Managers can assess the income. This is further revised to Rs. 250000(for both group) as per Cir . No. 25/2015 Dt. 18.4.2015. : Period of loan revised to 30 years. (As per Cir 22/2017 Dt. 27.3.2017) . Advance of loans for purchase of new flats at the time of construction itself approved. Ref: Cir 16/2015 Dt. 23.3.2015 : For purchase of dwelling site under KSFE Housing Loan, the maximum amount raised to Rs. 10 Lakhs and repayment period raised to 7 years. For renovation max. amount and repayment period modified as 20 lakhs and 10 years respectively.

For outright purchase of land or land with residential house, there should be a sale agreement between the seller and loanee for a specified period. (make sure that it has not been lapsed). All property documents are in the name of seller. Only photocopies of deeds are insisted and originals may be returned after attestation. The valuation of property should not be less than 1.3 times of loan amount.

The documents submitted to prove income should be genuine and get confirmed. . A non resident Indian may submit documents including passport, contract/agreement with the employer, letter from the foreign employer regarding employment and salary particulars etc. If the required loan is above Rs. 2 Lakhs, the above documents should be attested by Indian Embassy. Salaried people may submit their employment/salary certificates. The income of husband and wife may consider jointly. The monthly

income of the dependents or unmarried children of loanee may consider as income for sanctioning loan only on request. But for this, only 20% of the total income required for loan is considered.

Applicant should invest at least 25% of submitted estimate amount initially for new construction. First installment will be disbursed after confirming the utilization of loanee's share and the construction of basement. 2nd instalment will be disbursed after confirming the utilization of first instalment and completed the construction up to the roof level in the case of single storied house and upto ground floor roofing in the case of two storied house. 3rd instalment will be disbursed after confirming the utilization of 2nd instalment and the construction up to the roofing in the case of single storied house and first floor roofing in the case of two storied house.

For renovation loan will be disbursed in two equal instalments considering the utilization. In this case, the investment of loanee's share need not be insisted. First instalment will be disbursed after the completion of required formalities. The second instalment will be disbursed only after confirming the utilization of the first instalment by the loanee. Further loanee must claim the 2nd instalment of loan within 4 months of availing the first instalment. The 3rd instalment must claim within 4 months of availing the 2nd instalment. In exceptional case, unit heads can grant extension of genuine and reasonable grounds.

Before fixing EMI, simple interest @ 13.25% will be charged on the installments of loan amount disbursed. There is facility for premature closure. Part payment towards loan amount outstanding will be accepted; provided: a) the remittance are uptodate. B) the loanee will remit at least 10% of the advance he/she availed.

Some Additional Points

Min . requirement of land: 5 cents in Panchayath areas and 3 cents in Municipal/Corporation areas.

Minimum period of repayment of NHFS : One year

The property in which the proposed house is to be constructed/renovated should be owned and possessed solely by the applicant or by the applicant jointly with his /her spouse. Loan application received for the purchase of dwelling site/house from husband to wife or vice versa will not be entertained.

NHFS agreement should be prepared in stamp paper worth Rs. 200 in the prescribed form along with promissory note. The EMI tables should also be got signed by the loanee. In case of purchase, the following are also required.

Authorisation letter to pay cheque to the seller of the property

NHFS IV: Letter of undertaking by loanee

NHFS V: Letter of authorization signed and given by the loanee to collect title deeds from Registrar's Office.

NHFS VI : Certificate (by KSFE Official)

Company employees are exempted from remitting processing fee on NHFS.

9 Consumer Vehicle loan (Cir No 65/2002 dt. 27/03/2002, 158/02 dt 30.07.02)

Launched w.e.f 1.4.2002. Advance available for the purchase of consumer durables, equipments etc. Invoice in duplicate from the supplier is to be obtained. Registration charge Rs.10 /-. Administration cost 1% of advance subject to minimum Rs.20/- and maximum Rs.1000/-. Stamp and paper charge Rs.12 /- along with margin money (difference between prize of article and advance sanctioned) is to be collected. Advance is limited to 90 % of the cost of article. Minimum Advance Rs. 1000/-. Period of repayment is ranging from 12 to 60 months.

But for electronic items, max period allowed is 36 months. Interest is calculated on the balance amount outstanding and payable monthly. A loanee is 15 free to remit the amount of loan in advance provided he has remitted interest due on the loan outstanding till the date of such advance remittance.

CVL works under the loan agreement entered into by the borrower and the financier governed by the provisions of the Indian Contract Act.

10 Gold Loan

The scheme is entitled to provide short term loan for people who are urgently need of money on the security of gold ornaments. Period of loan is 3 months. It can be renewed by remitting interest for a period of 3 months. Max advance of Rs. 25,00,000 per individual per day. Part redemption is possible if the loanee agree to remit at least 25% of the advance availed. This is limited to four times in an account. Gold loan redemption charge of .1% of redeemed loan amount, maximum of Rs.50 is to be remitted in part redemption. (This is applicable to gold security also).

Appraiser fee will be the .3% of the loan amount subject to a minimum of Rs. 30 and maximum Rs. 300 /- per case. The maximum amount that can be paid to gold appraiser is Rs 25000/-.(10% of the appraiser fee will be transferred to a non refundable sugama. 10% TDS) . Net amount received Rs. 20000. Excess of this limit will be transferred to RO GL find account.

Gold loan risk allowance is .25% of advance sanctioned during a month subject to a max of Rs.1850/-

For Asst: Rs .400/-

For manager: Rs 300/-and balance amount to Asst. Manager but minimum of Rs.550/- protected.

But, in those branches, which are having an outstanding loan amount of Rs. 3 crores and above and having an annual growth of 10% will be paid allowance @ max. Rs. 2100/-. In such case Manager Rs. 300/- Asst. Rs. 550/- and balance to Asst. Manager.

At present (Cir 78/2013 dt. 28.12.2013), the rate per gram is limited to Rs. 2000/- per gram for BIS hall marked and special cases.. The max. amount is limited to 75% of market value or the rate referred above whichever is lower. Gold loan upto Rs. 20000/- is disbursed in cash. For loans above Rs. 20000, , only Cheque/NEFT/RTGS/Sugama payment mode is allowed. (Cir 15/2017 Dt. 10.3.2017 Restriction To Gold Loan Payment Cash upto Rs. 20000)

Moreover, payments partly in cheque and partly in cash is also not allowed. Loans exceeding 3 lakhs upto Rs. 10 lakhs will have to be sanctioned by the branch managers and one more appraiser should appraise and affix his signature. Loans above Rs. 10 Lakhs sanctioned by the AGM concerned. Second appraiser is eligible for appraiser charge applicable and also Rs. 50 towards travel expense.

11 KSFE PERSONAL LOAN (RCL)

The scheme is entitled to provide easy credit facility to customers. Max loan amount: Rs. 5,00,000 on personal surety (Rs. 25 lakhs on other securities) Asst. General Manager can sanctioned RCL up to Rs 10,00,000/- on property security. RCL up to Rs. 20,00,000 can be sanctioned by the committee at HO(3 member) and above Rs. 20,00,000 and upto Rs. 25,00,000 sanctioned by the Board on the recommendation of the Committee at HO. Maximum period of loan is 60 months.(For loans above Rs. 25000). RCL agreement should be prepared in stamp paper worth Rs.200.

Penal interest of 1.5% per month will be charged on defaulted installments. Facility for premature closure is available.

Facility of recalculation of EMI on advance remittance of at least 10% of the original loan amount.

Facility of reworking the EMI on lump sum repayment is permitted under RCL under the following conditions.

Account should be up to date or made up to date at the time of lump sum repayment

The lump sum amount remitted in advance should be at least 10% of the original Loan amount. Processing/ Administrative charge is introduced for KSFE Personal Loan w.e.f. 11.4.2016. It is 0.1% of the loan amount with a minimum of Rs. 100 and maximum of Rs. 500. (Cir 24/2016).

12 Trade Finance Scheme

Aimed at providing financial assistance to small and medium traders business man, stamp vendors, Lottery agents etc.

Loan limit.

For traders and businessmen Rs 1,00,000

For stamp vendors Rs 30000

For Lottery agents Rs 10000

Period of Loan :12 to 60 months.

Scrutiny fee: 1% of the loan amount subject to min Rs 20 and maximumRs.1000

.Retention Fund : 2% of loan amount deposited is a Sugama Amount. The loanee should be engaged in a business, the annual sales turnover of which does not exceed Rs.50 lakhs. Advance will be restricted to 75% of the working capital gap (current assets minus current liabilities).Trading and business concerns including proprietary concerns, limited companies, partnership firms etc. which are engaged in the following trade or service are also brought under the purview of the scheme. Cinema Theatres, Jewellery shops, Petrol Pumps, Vegetable and Frozen food business, Hotel , Medical shops, studios, Garment manufacturing Unit, Clinical Laboratories and similar types of business.

In the case of stamp vendors, they must have valid stamp vendor license; lottery agents must be members of 'Lottery Agents Welfare Fund Board' No Trade Finance application should be entertained in case where the advance under CVL can be sanctioned for the same purpose.

13. Flexy Trade Loan (Cir. 9/05)

This Loan is focused on traders / business men and operate in an overdraft format. The business should be an on going concern carrying business/ trade for at least 3 years and they should submit copies of previous three years Profit & Loss Account and Balance sheet duly certified by practising Chartered Accountant. KGST Registration is compulsory. CST Registration is required wherever applicable. License from local authority is required. Loans will not be available for Fruit traders, Cold storages, Hotels, Cinema Theaters, Flower Merchants and for those dealing in perishable and decaying items. The concern should be an IT assessee and should have a taxable income of Rs 1,00,000/- minimum for the past three years. The maximum amount of advance is limited to Rs 10 lakhs or 20% of the previous years turnover whichever is less.

The overdraft will be available for an initial period of 24 months from the date of sanction. OD upto Rs 2,00,000 is sanctioned by the Branch Manager and above Rs 2 lakhs and up to Rs 5 Lakhs sanctioned by the Assistant General Manager and above Rs 5 lakhs sanctioned by the Managing Director. Agreement of loan should be in stamp Paper worth Rs 200/-. The loanee should remit an amount of Rs 1000 and open an Overdraft account with the branch. Processing fee is 0.20% of advance subject to minimum of Rs 250/-.

The 'Stock in trade' and 'cash' in the shop will be the primary security for the loan and the same should be hypothecated to the Company. For this purpose, a 'Stock Statement' duly signed by the loanee should be obtained periodically (once in every 3 months) after availing loan and the same physically verified by the Unit Head.

Over and above the primary security of 'stock in trade' the loanee should provide landed property, Fixed Deposit, or Other Financial Documents (except Bank Guarantee) as collateral security. The security value of the above shall be as follows for accepting each security.

| Type of Security | Value required for accepting the security |
|---------------------------|--|
| Landed Property | 1.5 times of the loan limit (E.M.V) |
| Fixed Deposit | Amount of FD should be equivalent to full loan amount sanctioned plus its interest for one year. |
| Other Financial Documents | Surrender value of the document to be equivalent to full loan amount plus its one year interest. |
| Gold Ornaments | As per the rate fixed from time to time. |

Except the above no other kind of collateral security is accepted by the Company for the loan.

14. Kanakadhara Loan Scheme. (Cir 52/06)

This loan is intended to purchase gold ornaments. It's operation is similar to CVL. Application for loans issued to free of cost. Registration charge of Rs 10/- is to be collected at the time of receiving the application . Administration cost is 1% of advance required subject to min Rs 250/- and maximum Rs 1000/- Max. loan amount is Rs 3,00,000 or 90% of the invoice price whichever is less. Minimum advance is Rs 25000/- Minimum period of loan is 12 months and maximum period is 60 months.

15. Mangalya Loan (Cir 80/06)

Confirmed permanent employees of KSFE Ltd , who have a minimum period of one year of future service at the time of availing the loan is eligible for loan Mangalya Loan. The loan amount is disbursed for meeting the marriage expense of self or their children . Minimum net salary after considering the repayment of the loan should be

For Assistant and above Rs 5000/-

For peon Rs 3000/-

For PTS Rs 1700/-

Marriage invitation cards / documents proving that loan is for marriage purpose should be produced. The amount of loan is equal to 10 times of the net salary of the employee concerned , subject to maximum of Rs.2,50,000/-. The maximum period will be 48 months or up to the retirement whichever is less . Rate of interest is equal to the FD rate plus Guarantee commission Penal Interest 24% p.a.

Details of loan will be entered in the service book of the employee . Loan will be sanctioned by the Head Office .

16. Special Car Loan (Cir . 48/2004)

A very attractive loan intended for providing finance to the purchase of motor car. Application is to issued free of cost and no registration free is collected. There is no administration charge and other paper charge but agreement of loan should be in a stamp paper . Salaried persons having a net monthly pay exceeding Rs 10000 (Husband and wife considered as one unit) and self employed professional / business men / income tax assessee having an average income assessing Rs 2 lakhs for the last 3 years are eligible for the loan. The maximum limit of advance for salaried class is 85% of road cost or 30 times of combined net monthly salary or corresponding loan amount if 45 % of the combined net monthly salary of applicant and spouse taken as available for remittance as EMI .(Limited to lower Rs. 1000.)

In the case of employed applicant, the repayment period should be limited to the date of retirement and in the case of self-employed/ Professionals/ Businessmen, till attainment of 65-years of age, provided all other conditions are satisfied. Age may be verified with any of the above identity cards or such other valid age proof.

In the care of income tax assesses, the maximum limit of advance is 85% of road cost or 11/2 times of the average annual total income for the past three years or corresponding loan amount if 45% of the combined net monthly salary of applicant and spouse is taken as available for remittance as EMI.(Limited to lower Rs. 1000). Customers targeted under the scheme is from the elite group with adequate repay capacity. The vehicle is the prime security and no other collateral is required. Default interest 18% p.a .Remittance is by loan of EMI . The due date for remittance is 4th (for loan disbursed between 1st and 15th of a month)and 21st (For loans disbursed between 16th and last day of a month) respectively. There is facility for premature closure . The details of the Loans will be available in Cir No. 48/04, 88/04 and 100/04 . Default Interest is

1.5% per month (18% per annum) on the defaulted instalment subject to a minimum of Rs.5/- . For each cheque dishonoured by the bank, the CVL other charges account is to be debited with Rs.100/- crediting bank charges account.

17. Sugama Akshaya Overdraft

It is an easy and quick means of meeting the financial needs of Govt. Employees without depending on any one else for help. State Govt. Employees, Employees of PSUs, Aided School teachers are eligible for this OD facility.

The applicant should be a permanent resident of Kerala. The minimum net salary required is Rs. 5000/- and employees should have PF A/c Number.

Maximum OD is limited to five times of net pay subject to max Rs 200000/- OD exceeding Rs. 200000 and upto Rs. 500000/- is sanctioned by AGM.. The period of OD is 2 yrs. Interest is to be remitted on the overdrawals at the end of each month . Loanee must produce 4 undated signed cheques covering the amount likely to be defaulted including interest for 6 months , 12 months , 18 months & 24 months .Sanctioning authority is G.M business . The application should be forwarded through Regional office with due recommendation.

18 Tax planning Loan Scheme (25/05)

This loan facility granted to those who intends to purchase National Saving Certificates for claiming incomes tax rebate . The maximum loan amount will be limited to 80% of the face value of the NSC to be purchased. The NSC should be pledged in favour of the company by noting lien on the certificate by the post office from where it is issued . The loan should be repaid within a period of six years in equal monthly instalments along with monthly interest . Penal interest is 1% extra on outstanding balance . The Loan agreement has to be got executed in stamp paper worth Rs 200/-

19 Safe Deposit Locker.(10/2005 Dt. 15.2.2005)

KSFE has recently introduced Safe Deposit Locker facility in some units in order to give more service to public. Lockers may be in the name of

Individuals (single or Joint)

Firms

Companies

Association of Persons

Trustees

NRIS

Govt. Depts

Body of individuals

Co-operative Society

In the name of minors duly represented by guardian.

Rent will be collected on yearly basis in advance. At present the rent is Rs 800+ Service Tax. Nomination Facility is available for lockers.(KSFE employees and existing customers Rs. 700 +Service tax). The relationship between the company and the persons who avail the locker will be that of a hirer and hiree. Since the demand for lockers are greater in semi urban and urban areas, the branches should maintain a waiting list for the purpose of allotment of lockers. 80% of the lockers should be allotted on first come first served basis. 20% may be allotted by the branch to valued customers on business considerations.

Managers, if necessary and at their discretion, may persuade the customer to put fixed deposit of Rs, 6000 or more so that the annual rent of the locker can be adjusted from the interest due on such fixed deposit. Rent is to be paid in advance on annual basis. For belated payment of rent, interest @13.5% will be charged from the hirer.

If the locker is surrendered before the expiry date, the rent for the remaining period may be refunded debiting "Rent of Locker Account." In such cases, a minimum rent of Rs. 100/- should be collected and only the balance need be collected.

20 Western Union Money Transfer.

KSFE has entered into an agreement with M/s. Paul Merchants Limited, the Principal agent of Western Union Financial Services Inc. New Jersey USA to act as their agent partner for providing the Western Union Money Transfer Service through our branches. The Scheme serves as a fastest and legally approved way to receive money from anywhere in the world. A valid ID proof is necessary (foreigners- Passport only.). The Money Transfer Control Number (MTCN) is important in processing WUMT transaction.

21) KSFE Haritham (Cir 62/2012 dt. 5.11.2012) & (13/2013 Dt. 13.3.2013)

This scheme is introduced for popularizing eco friendly and energy saving equipments and white articles at a reduced rate of interest of 12.75% p.a simple diminishing. Application will be issued at free of cost and there is no processing charge. Max. loan amount is 90% of the product cost. Subvention @ 5%/8.44% of product cost is offered by manufacturers. The subvention amount will be reduced from the margin money and the balance need to be remitted by the customer. The period of loan is 12 to 48 months. Loan is also provided for installing solar panels.

22) Vidhya Dhanam Loan (Cir 57/2011 dt. 7.9.2011)

This scheme is intended to make available financial support to Keralite students, especially to the Economically Weaker Sections having annual income of less than Rs. 1 lakh for their higher

education in courses like Medicine, Engineering, Management courses, Paramedical, Veterinary, Agriculture, Dentistry and other similar courses of professional nature. Min. loan amount is Rs. 0.50 lakh and max is Rs. 10 lakhs. The loan will cover initial expenses like, admn. Fee, entrance fee, caution deposit, cost of uniform etc. The course should be approved by NCERT/AICTE or a Competent Authority. The repayment of loan should commence after 12 months of course completion or attaining a job whichever is occurred earlier. Repayment period is 60 months. The repayment of loan should be completed within 11 years of the receipt of first instalment of fees. Present rate of interest is 12.25 % (simple). A subsidized rate of interest is applicable for those who are Economically Weaker Sections (Whose annual income is below Rs. One Lakh). This rate is 12 % as per Cir. 57/2011. 4% Govt. Subsidy is available for this category. So net rate is 8%. 1% interest concession is given for those who remit loan promptly in General category. Personal surety, property security, LIC policy, KVP/NSC, Bank Guarantee etc. are acceptable for this loan. Regn . Charges Rs. 10. Parent/ Guardian should be a co obligant in the Vidya Dhanam Loan agreement. Stamp Paper Rs. 200 should be used for loan agreement. (Agreement Rs. 200, Undertaking Rs. 200, If the student is minor, another undertaking by guardian in stamp paper worth Rs. 200) . For obtaining Interest concession to Economically Weaker Sections, certificate from Village Officer should be produced annually. Sanctioning Authority of Vidya Dhanam Loan Scheme is AGM (Region.)

23) Professional Educare Chittikal (Cir 66/2013 Dt. 25.11.2013) & (Cir .15/2014 Dt. 7.3.2014)

The scheme is intended to help the students and their parents to mobilize funds for the purpose of higher education. Parents/ guardians of children from 5th to 10th standard will be enrolled in chitties. At present, the chitty will have 3 patterns for Rs. 2000, 3000 and 5000. Prize money will be compulsorily deposited as CSDT till the termination of chitty. The rate of deposit will be 0.50% higher than the rate applicable for CSDT. A Liability waiver scheme is attached with Professional Educare chittikal. Door Collection Facility is also available.

Some important points regarding the acceptance of securities:

PERSONAL SURETY

Persons accepted as sureties should be :

Residents of and working in Kerala State.

They should be permanent/officiating full time employees.

They should not be defaulters in any of our schemes in the capacity of principal debtor or surety/guarantor, in any of our branches.

They should have at least six months service left for retirement after termination of the chitty/advance agreement (there are exceptions)

3. Classification of employees :- Employees in whose case salary recovery can be effected towards our schemes are categorized as Salary Recovery Enforceable Group

(SREG) and others as Salary Recovery Non-Enforceable Group (SRNEG). For SREG category, Salary calculated at 10 times of BP+DA. For SRNEG, it is 8 times of BP+ DA. (Salary includes Basic Pay + DA + PP + IR, if any)

4. Number of sureties/guarantors permitted :- Except under self/single, surety/guarantor norms, generally, not less than two sureties and not more than four sureties will be accepted as security. (But for 100 months chitties, 5 sureties will be accepted. In these cases the requirement of 6 months service after termination of the chitty is not compulsory in respect of 2 sureties)

5. Maximum recovery from salary (including loan instalment) should not exceed 60% of the gross salary.

6. Deduction from salary by way of court attachment or compulsory co-operative recovery should not be present. (If the co-operative recovery is not compulsory, this fact should be mentioned in the salary Certificate). Salary certificates with co-operative recovery may be accepted by the Manager applying his discretion.

Acceptance of Aided School Teachers as Sureties—Modification procedure specified in Cir 27/2014 Dt. 26.5.2014

Minimum Net Salary Rs. 5000 for personal surety and also for employed subscriber.

The additional managers in the super branches can exercise up to the limit of 50% of the sanctioning power of the concerned unit head.

Self Surety can be accepted up to Rs. 3 lakhs on the strength of Salary Certificate and up to Rs. 4 lakh on the basis of score sheet, if the subscriber has sufficient salary for accepting him/her for Rs. 3 Lakh and eligible as per awarding points as per Cir. 94/2007.

Single surety limit (if the subscriber is an employee) raised to 6 lakhs on the strength of personal surety and up to 7 lakhs on the basis of score sheet, if both the subscriber and surety has sufficient salary for Rs. 6 lakhs and eligible for awarding points as per Cir. 94/2007.

If the subscriber is not employed, the limit of single surety limit is maximum Rs. 3 lakhs only.

Multiple surety limit raised to Rs. 12 lakhs. (Prize money payment only).

Only Class III and above category employees shall be accepted for future liability if it exceeds Rs. 5 lakhs.

The genuineness of the personal sureties offered shall be verified over telephone, in addition to the registered postal confirmation.

Only SREG sureties are acceptable for SAOD (Public).

i. Acceptance of Fixed Deposit as Security:

A prized subscriber may offer as security for future instalments, term deposits with any nationalized/scheduled bank/District co-op. bank / Service co-op. bank with financial grading class I or II /K.S.F.E or with any other bank having deposit insurance coverage to the extent of such coverage. The value of the live fixed should be sufficient to cover

the future liability and such deposits are to be renewed then and there . If prize money itself offered as security, and is **not sufficient to cover the future liability**, security is needed to be given for the unsecured amount, which is equal to the unsecured portion of future liability less Sugama rate of interest, that may accrue on the monthly reduced balance of the prize money deposited. Where the customer fails to produce security for the unsecured amount by way of additional deposit or any other acceptable security, the branch may accept as an alternative, two undated crossed cheques in the name of K.S.F.E ;one for an amount equal to 50% of the unsecured amount and the second for the remaining 50% of the unsecured amount plus 10% of the unsecured amount. Along with these cheques the subscriber should give a signed promissory note for the unsecured amount

Acceptance of bank guarantee

When a prized subscriber desires to draw prize money on the security of bank guarantee , he should apply to the branch in Form Guarantee I, enclosing the bank guarantee, in Form Guarantee II on Rs.50/- non-judicial stamp paper. The guarantee should be from a Nationalised scheduled/District Co-operative Bank and valid for a period not less than 3 months after the termination of chitty. The amount guaranteed should be sufficient to cover the future instalments plus the amount of one instalment to set of interest in the event of default. In case the guarantee is from an outstation bank the genuineness thereof may be verified if so desired by the Unit Head by issuing a letter in duplicate in the prescribed form by registered post directly to the bank requesting confirmation of the issue of the guarantee.

Acceptance of LIC Policy

A prized subscriber desiring to offer LIC Policy as security for future instalments should be asked to produce the policy in original, together with a certificate from LIC regarding its surrender value. The surrender value should cover the amount of future instalments including interest. The policy may be in the name of subscriber or third person. The subscriber should execute the Forms Ins. I and II.

The assignment in Form Ins. II should also be got typed on the reverse of the insurance policy and signed by the policy holder (subscriber) in the presence of witnesses. On receipt of these, the Company will forward to LIC, the Forms Ins. I, one copy of Form Ins II and the insurance policy along with a covering letter in Form Ins. III requesting the LIC to register the assignment in favour of the Company. When the insurance policy is obtained back after registration of the assignment to the Company, a letter in Form Ins.IV may be sent to LIC requesting them to issue future premium notices also to the policy holder. A security bond in form Ins V should be got executed.

Pledging of paid up subscription in non prized chitties.

The paid up subscription in non-prized chitties of the Company can be accepted as security for the future liability in prized chitties to the extend of the paid up value. **As Per CFA 1982,** the calculation is different. Here only the amount remitted by the subscriber reduced by the proportionate foreman's commission is considered. The value is find out by discounting the paid up value @16.5%. Ref: Cir 56/2012 dt. 12.10.2012.

Accetance of property as security. Equitable mortgage by deposit of title deeds

This is effected orally by handing over the title deeds with intend to create a mortgage. The property proposed to be mortgaged should be situated with in Kerala. The property should have sufficient value to cover twice the future liability in the prized chitty. The property offered may be in the name of the subscriber or any other person. The property can be accepted as security only if the first charge thereon is in favour of the Company. All original documents pertaining to the property proposed to be mortgaged as security including prior documents should invariably be produced along with the application. However, if prime document is more than 13 years old, production of prior documents in original can be dispensed with provided a registration copy is produced. If prime document is less than 13 years old, all the original prior documents executed during the last 13 years and immediate prior deed shall invariably be insisted upon either for keeping in custody or for perusal and recording its production if other properties are also involved in such prior documents. In case of patta issued under the Kerala Land Assignment Act and the Rules made there under, the order of assignment on registry should also be got produced besides the original patta and scrutinized to see whether there is any condition restricting any alienation etc.

In case the executants of the assignment deed in favour of the applicant is a Power of Attorney holder, then verify:

- a) Whether the Power of Attorney is registered.
- b) Whether the principal has given specific authority to assign the property.
 - (i) If the party is offering property covered by a partition deed, the party should be directed to produce the original partition deed for depositing with us.
 - (ii) If the original partition deed is in the possession of one share holder who keeps the same for the benefit of other share holders also, then the person depositing the same should get consent from the other share holders. Such consent must be in writing, attested by a Notary public.
 - (iii) If the party is producing the duplicate copy of the partition deed, it has to be ensured by referring to the endorsement made in the stamp paper purchased for the duplicate copy that the duplicate is actually set apart to him and handed over to him at the time of execution of original partition.
 - (iv) In case the applicant obtained the property under a WILL, death certificate of the testator shall be obtained.

- (v) If the property offered by the applicant is devolved on him on the death of his predecessor, it should be ascertained whether there is any other heir who is also entitled to the property, by causing production of a heir ship certificate.
- (vi) The production of Thandaper account along with the application for acceptance of property security shall not be insisted upon.
- (vii) To insist on 'Non-kudikidappu Certificate' from the village office in respect of landed property below 5 cents in rural areas and 3 cents in corporations/ Municipalities in case of future liabilities in chitties.
- (viii) In respect of all loans to insist on personal surety of one individual in addition to landed property below 5 cents irrespective of the locality wherein it lies. This is in addition to the 'Non-kudikidappu Certificate' from the village office.

(Protection of women from domestic Violence Act 2005 – Legal impact to be considered when property is accepted as security(Act w.e.f 20.10.2006)

Wife should also sign the document register along with the husband, mortgagor.

Prop.2 shall be a joint affidavit.

Wife should also sign in the Prop 5 along with the husband, mortgagor.

5. Acceptance of Company's property, Cardamom Estate, Rubber, Coffee, tea, coconut plantations, paddy fields

- (i) Not to accept the properties belonging to Companies as securities. (This provision has been relaxed subsequently which can be seen as separate clause)
- (ii) Not to accept Cardamom estate as security.
- (iii) The maximum Estimated Market Value of Rubber/Coffee/Tea/Coconut plantations should be below Rs.2.25 lakhs per acre provided there is direct access to the security property through a tar road. (Coconut plantations are to be valued according to the yield and health of the trees).
- (iv) Paddy fields (wetlands) having road access, tractorable and two crop (irrippu) will fetch a maximum Estimated Market Value of Rs.1 lakh per acre. Managers should avoid accepting paddy fields other than referred above as security
- (v) Managers should forward the files in respect of additional charges on properties already under mortgage to Company for the sanction of the Regional Manager in the case of plantations mentioned above.

While accepting the” WILL”

Usually partition occurs when the title holder dies intestate. While accepting the “WILL” the following precautions have to be taken.

Cause production of death certificate of the testator unless the “WILL” is probated..

A declaration (in stamp paper of Rs.25/- attested by an advocate) shall be obtained from all the heirs to the effect that they approve of the “WILL” and have no Property valuation Fee must be collected in all cases except NHFS. Such fee need not be collected from Company Employees. objection what so ever with regard to the genuineness of the “WILL.

- (i) Maximum liability admissible including Chitty and NCL in the case of properties used for industrial purposes and where there are chances of labour related issues (This should be done with utmost care) : Rs. 15 Lakhs

For all schemes, except NHFS and VDLS, the market value required is double the future liability. In NHFS it is 1.3 times of loan amount and for VDLS, the EMV should not be less than 1.33 times of future liability. (Cir . 55/2006 and Cir .57/2011 Dt. 7.9.2011).

17. Acceptance of Govt. securities and other marketable securities

The Govt. securities accepted are Government promissory notes (Kerala Development Loan) and Rural Debentures of Kerala State Electricity Board.

In the case of Kerala Development Loan, the value of the promissory notes can be accepted at 5% less the face value. The promissory note shall be pledged with the Company by handing them over to the Company with an endorsement on their reverse “pay the K.S.F.E or Order” duly signed.

As for the rural debentures of the KSE Board, they will be accepted as security only to the extent of 75% of their face value

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As for the rural debentures of the KSE Board, they will be accepted as security only to the extent of 75% of their face value.

Acceptance of movable properties as securities. (See cir. No. 7/2002 dt.15.1.2002)

Motor vehicles, like Bus, Lorry, Car, etc., can be accepted as security. For this purpose, the subscriber should be asked to produce the R.C. Book and insurance policy along with an application in Prop. Form No 1

Valuation of 2nd hand Motor Vehicles.

All 2nd hand vehicles, for which the company is giving advance, should be got valued by a registered valuer (whose services are utilized by Insurance Companies for the same purpose)/ Senior Mechanic in Government approved workshops. The fee of the valuer should be borne by the subscriber/ loanee. For this purpose the Manager may advise the loanee/ subscriber to get a valuation certificate from the concerned persons as mentioned above.

The Manager should be satisfied with the valuation. The maximum amount should be limited to 70% of the valuation.

The maximum age allowed for the 2nd hand vehicle is 5 years, subject to the condition that the repayment of loan availed should be completed within 7 years from the date of manufacture of the vehicle .

19. National savings certificate

The face value (issue price) of NSC (VIII) can be accepted as valid security at any time as long as the same will cover the future liability as detailed under.

| <u>Future liability</u> | <u>Value of security</u> |
|---|---------------------------------------|
| 1. Principal plus interest* in case of advance. NSC(VIII) | Issue price (face value of NSC(VIII)) |
| 2. Sum total of future instalments in case of chitties. | |
| 3. 16% simple interest * for the period determined in case of NCL Interest is to be determined for the period till the maturity of the instrument or the remaining period of loan, whichever is longer. As in the case of FD security, the lien of the Company will have to be noted in the case of NSC also, and all other conditions in vogue should be satisfied. | |

Forms prescribed by the Post Office are used for noting the lien.

20. Kissan Vikas Patra

The future liability for which Kissan Vikas Patra can be accepted as security is determined as follows.

- (i) After six months from the date of issue : 75% of the face value
- (ii) After 30 months (2½ yrs) from the date of issue : Face value in full

. N.R.I. Deposits.

The NRI, NRO, FCNR AND NRNR deposits can be accepted as security to our various scheme.

Name of security value to be taken:

- (a) N.R.E.(Non-Resident External Rupee Accounts) :- Face Value
- (b) N.R.O.(Non-Resident Ordinary Rupee Accounts) :- Face Value
- (c) N.R.N.R (Non-Resident Non-repatriable Rupee Deposit Accounts) :- Face Value
- (d) F.C.N.R.(Non-Resident Foreign Currency Accounts):-90% of the buying rate as on date
- (e) N.R.E. (Cash Certificates) :- issue price/surrender value as on date

Acceptance of gold ornaments as security

Customers who offers gold ornaments as security will submit the application in 'form GS01 (in duplicate)' to the Branch where the liability is to be secured. There is no ceiling for gold security amount to be secured. Facility of part redemption is available.. Appraiser charge for gold security is 0.3% of the amount to be secured subject to a minimum of Rs. 30 and a maximum of Rs. 750/.

Acceptance of Sugama Deposit as security.

The advantage of this scheme is that the advance will be secured and the monthly instalments can be adjusted from the account and at the same time the customers can enjoy interest income on the Sugama Deposit)

Interest Accrual

Interest accrue on this account every six months as in the case of Sugama Accounts. Rate of the interest will also be the same as for Sugama Account. Any change in rate of interest on Sugama Account will be equally applicable to this account. No withdrawal will be allowed from this account except by way of transfer to the chitty or loan account for which lien is noted..However, the depositor can withdraw the interest accrued and credited to the account from time to time by using the withdrawal slips which will be supplied by the concerned branch as and when requested.