

सेंट्रल बैंक ऑफ़ इंडिया



Central Bank of India

CENTRAL OFFICEMSME DEPARTMENT

INSTRUCTION CIRCULAR NO : 1833 DATE : 11.01.2018

FILE NO : 105 DEPTT. RUNNING NO : 82

CIRCULAR ALL BRANCHES AND OFFICES

CENT GST INPUT TAX CREDIT

Under GST , when services or goods are supplied to a taxable person, the GST charged is known as Input Tax. At the time of paying tax on output , one can reduce the tax one has already paid on inputs and it is called Input Tax Credit . Input Credit Mechanism is available to a person who are covered under the GST Act. Manufacturer, Supplier, Agent, E-Commerce Operator, Aggregator or any of the persons registered under GST, are eligible to claim Input Tax Credit for tax paid by them on their Purchases.

In order to extend support to MSME units for meeting Cash flow mismatches arising due to delay in obtaining **GST INPUT TAX CREDIT**, our bank's board approved vide Agenda no. BM/669/2017-18/VIL-III/39 dated 05.12.2017 for extending working capital limits through new product "CENT GST INPUT TAX CREDIT" to **existing customers only**.

Details of the scheme are given in Annexure enclosed.

Documents to be obtained will be circulated subsequently.

In case if sanctioning authority comes to the conclusion that additional contents/ conditions are to be mentioned in the document(s) in this particular case then the same can be incorporated in the documents and the same can be got vetted by the Legal Department of respective Regional Offices/ Zonal Offices and then get executed with the borrower.

All field functionaries are advised to popularize the scheme and mobilize maximum loans under the scheme.

K.C. NAYAK
DY.GENERAL MANAGER- MSME

Enc: 1. Scheme Details in- Annexure- A

SL NO	Particulars	SCHEME DETAILS
1	TITLE	CENT GST INPUT TAX CREDIT
2	Purpose	To extend working capital to MSME units under CENT GST INPUT TAX CREDIT
3	Eligibility	<p>a) The Scheme is applicable only to Existing MSME borrowers of our bank.</p> <p>b) All units engaged in Trading / Services / Manufacturing activity which are eligible to be categorized under MSME as per MSMED Act 2006, a Manufacturer, Service Provider, Small Businesses, Traders, Supplier, Agent, E-Commerce Operator, Aggregator or any of the persons <u>registered under GST</u>, are eligible to claim Input Tax Credit paid by them on their Purchases.</p> <p>c) Exporters, who are eligible for claiming refund on Exports under GST are also eligible for this advance against their outstanding demands (Exporter can claim refund of tax paid reflected in GST invoice reported by the Seller in GSTR-1 return in the relevant month.)</p> <p>d) The borrower should be in possession of GST Registration number. (Provisional Return- form GSTREG-25/ final Registration ó form GSTREG-06.)</p> <p>e) The borrower should have valid GST Returns i.e. GSTR-1(Regular), GSTR-2 : GSTR-3: in place.</p> <p>f) In case of Regular Scheme GSTR-1(to be filed Monthly) should have been filed for last three months continuously.</p> <p>g) Units should have all the statutory approvals/NOCs from respective departments in place.</p> <p>h) The account should be Standard Account.</p> <p>i) <u>For Existing Units:</u> The rating of the account should be between CBI 1 to CBI 6.(AAA to BBB- External Rating) to remain eligible under the scheme. <u>Minimum hurdle rate should be 51.</u> For existing accounts, minimum Credit Rating should be CBI-6.</p> <p>j) Existing borrowers can switch over to this scheme subject to fulfilling of the eligibility criteria specified above.</p> <p>k) Chartered Accountant's Certificate certifying the amount of pending input tax credit under GST for the last 3 months. (Independent verification of invoices to be verified in GSTN)</p> <p>l) The units not eligible to claim Input Tax Credit are not eligible under the Scheme.</p> <p>m) Items not eligible for GST Input Tax Credit if becomes eligible subsequently, the MSME units dealing with the items can be considered for advance under the Scheme.</p> <p>n) MSME units opting for Composition Scheme under GST (i.e whose Turnover does not exceed Rs. 1.50 crore per annum at present) who are not eligible to claim GST Input Tax Credit are not eligible under this Scheme.</p>
4	Type Of Facilities	<p>➤ <u>Overdraft (OD) against Receivables from Government –GST:</u> To be sanctioned outside Assessed Bank Finance. Once in a quarter Registered Chartered Accountant who should be Statutory Auditor of the Corporates /firms who are certifying the audited annual statements of accounts of the Corporate/firms, should certify the Input Tax Credit to be obtained and this Certificate should be kept on record. The Certificate should contain the quantum of receivable amount under Input Tax Credit. This Certificate along with GSTR Returns filed should be kept on record.</p>

		<p>(Independent verification of invoices to be verified in GSTN). Drawing Power will be 80% of the limit fixed. This facility will be for 12 months. All GST Taxes to be routed through this account.</p> <p style="text-align: center;">OR.</p> <p>➤ Working Capital Demand Loan (WCDL): To be sanctioned outside Assessed Bank Finance. As the finance is extended towards Input Tax Credit /Refund to be received from GST, it is to be treated as advance against receivables. Limit will be Input Tax Credit worked out for 6 months with 20% Margin. Once in a quarter Registered Chartered Accountant who should be Statutory Auditor of the Corporates/firms who are certifying the audited annual statements of accounts of the Corporate/firms, should certify the Input Tax Credit to be obtained and this Certificate should be kept on record. The Certificate should contain the quantum of receivable amount under Input Tax Credit. (Independent verification of invoices to be verified in GSTN). WCDL is for a maximum period of 6 months. Twice in a year it can be sanctioned.</p>																								
5	Quantum of loan	Maximum 100% of the Input Tax Claim due on purchases for six months with 20% margin. Limit to be arrived at from GST Returns supported by Certificate from C.A. registered with ICAI. Maximum Limit: Rs.1000 lakhs.																								
6	Sector Classification	<p>To be classified under MSME as per Investment in Plant & Machinery / Equipment as specified under MSMED Act 2006.</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Purpose/Activity</th> <th>Segment Code</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Micro Manufacturing (Investment in Plant & Machinery up-to Rs.25Lakh)</td> <td>502, 503, 504, 505</td> </tr> <tr> <td>2</td> <td>Micro Service (Investment in Equipment up-to Rs.10Lakh)</td> <td>603, 604, 605, 606</td> </tr> <tr> <td>3</td> <td>Small Manufacturing (Investment in Plant & Machinery above Rs.25Lakh up-to Rs.5Crore)</td> <td>501</td> </tr> <tr> <td>4</td> <td>Small Service (Investment in Equipment above Rs.10Lakh up-to Rs.2Crore)</td> <td>602</td> </tr> <tr> <td>5</td> <td>Medium Enterprises Manufacturing (Investment in Plant & Machinery above Rs.5Crore up-to Rs.10Crore) ó Without Maximum Sanction Limit</td> <td>615</td> </tr> <tr> <td>6</td> <td>Medium Service Enterprises-Priority Sector (Investment in Equipment above Rs.2Crore but not exceed Rs.5Crore) ó With Maximum Sanction Loan Limit Rs.10Crore</td> <td>616</td> </tr> <tr> <td>7</td> <td>Medium Service Enterprises-Non -Priority Sector (Investment in Equipment above Rs.2Crore but not exceed Rs.5Crore) ó With Sanction Loan Limit above Rs.10Crore</td> <td>614</td> </tr> </tbody> </table>	Sr. No.	Purpose/Activity	Segment Code	1	Micro Manufacturing (Investment in Plant & Machinery up-to Rs.25Lakh)	502, 503, 504, 505	2	Micro Service (Investment in Equipment up-to Rs.10Lakh)	603, 604, 605, 606	3	Small Manufacturing (Investment in Plant & Machinery above Rs.25Lakh up-to Rs.5Crore)	501	4	Small Service (Investment in Equipment above Rs.10Lakh up-to Rs.2Crore)	602	5	Medium Enterprises Manufacturing (Investment in Plant & Machinery above Rs.5Crore up-to Rs.10Crore) ó Without Maximum Sanction Limit	615	6	Medium Service Enterprises-Priority Sector (Investment in Equipment above Rs.2Crore but not exceed Rs.5Crore) ó With Maximum Sanction Loan Limit Rs.10Crore	616	7	Medium Service Enterprises-Non -Priority Sector (Investment in Equipment above Rs.2Crore but not exceed Rs.5Crore) ó With Sanction Loan Limit above Rs.10Crore	614
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7	Margin	20%																								
8	Loan Amount Assessment.	<p>Assessment of Input Tax Claim due on purchases is done as follows: Branch to obtain GSTR 2 & GSTR 3 returns for assessment. Details to be taken from GSTR-2(given below) for arriving at the Amount of ITC available:</p> <table border="1"> <thead> <tr> <th colspan="4">ASSESSMENT</th> </tr> <tr> <th>Sl No Under GSTR2</th> <th>Particulars</th> <th>Value to be taken</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>1st Month</td> </tr> </tbody> </table>	ASSESSMENT				Sl No Under GSTR2	Particulars	Value to be taken	Amount				1 st Month												
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		3	Inward supplies received from a registered person other than the supplies attracting reverse charge	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess) = (Column no. 13 +14+ 15+ 16)	Add
		4	Inward supplies on which tax is to be paid on reverse charge (4 A+4B+ 4C)	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess) = (Column no. 13 +14+ 15+ 16)	Add
		5	Inputs/Capital goods received from Overseas or from SEZ units on a Bill of Entry (5 A+5B)	Amount of ITC available (Integrated Tax + Cess) = (Column no. 10 +11)	Add
		6	Amendments to details of inward supplies furnished in returns for earlier tax periods in Tables 3, 4 and 5 [including debit notes/ credit notes issued and their subsequent amendments] (6A+6B+6C+6D)	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess) = (Column no. 16 +17+ 18+ 19)	Add
		8	ISD credit received (8A+8B)	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess)- (Column no. 8 +9+ 10+ 11)	Add
		9	TDS and TCS Credit received (9 A+9B)	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess)- (Column no.5+6+7)	Add/Deduct
		10	Consolidated Statement of Advances paid/ Advance adjusted on account of receipt of supply (10(A) (1)+10(A) (2)+10(B)(1) +10(B)(2))	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess)- (Column no.4 + 5+6+7)	Add/ Deduct
		11	Input Tax Credit Reversal / Reclaim (a+b+c+d+e-f-g(+/-)B)	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess)- (Column no.3+4+5 +6)	deduct
		12	Addition and reduction of amount in output tax for mismatch and other reasons (a+b-c-d-e-f)	Amount of ITC available (Integrated Tax + Central Tax + State/ UT Tax + Cess)- (Column no.3+4+5 +6)	Add /deduct
		13	HSN summary of inward supplies	Amount of ITC available (Integrated Tax + Central Tax + State / UT Tax + Cess) - (Column no.8+9 +10+11)	add
		14	total		Total of above
		a) Besides above if any Input Tax Credit is not included , supported by Invoice, it can be considered for inclusion provided a Certificate stating total Input Tax Credit (including any additions if any)due to be received from GST is submitted			

		<p>duly signed by a Registered Chartered Account .</p> <p>b) Amount so arrived at column 14 to be verified with GSTR-3- Part B column no. 14 and this will be for one month. This has to be worked out for 6 months to arrive at Input Tax Credit the unit will be getting. This will be the limit that can be financed after taking into account margin amount. (As six months are over after implementation of GST, branch may explore the possibilities of obtaining all the GST returns filed by the unit and accordingly work out the working capital limit.)</p> <p><u>Please note that the loan limit amount so arrived for 6months has to be calculated for 12 months and the amount so calculated cannot exceed Input Tax Credit arrived at 200% of the previous year's turnover of the unit.(Even though the projected Input Tax Credit so arrived exceeds 200% of the turnover, the loan limit under the Scheme has to be restricted to Input Tax Credit receivable on the 200% turnover of the unit p.a.)</u></p> <p>With 20% margin , 80% can be worked out as eligible Drawing Power under this Scheme. This drawing Power will be arrived at based on GST returns supported by Registered Chartered Account Certificate certifying the Input Tax Credit.</p> <p>c) Once in a quarter Registered Chartered Accountant who should be Statutory Auditor of the Corporates/firms who are certifying the audited annual statements of accounts of the Corporate/firms, should certify the Input Tax Credit to be obtained and this Certificate should be kept on record. The Certificate should contain the quantum of receivable amount under Input Tax Credit. (Independent verification of invoices to be verified in GSTN).</p> <p>d) An undertaking to be obtained from the borrower that he has not availed/ or going to avail this facility from any other bank or Financial Institution.</p> <p>e) Input claims of exporters have to be earmarked / routed to our bank account.</p>								
9	Financials to be observed	<p>As per MSME policy: As applicable to fund based limits sanctioned to the unit.</p> <p>Current Ratio: 1.10</p> <p>Debt Equity Ratio: 3:1</p> <p>DSCR Ratio: 1.25</p> <p>In case of Exporters as per Loan Policy of the bank.</p>								
10	Drawing Power	<p>Maximum 80% of the Input Tax Claim due on purchases for six months. To be arrived at from GST Returns supported by Certificate from registered with ICAI Chartered Accountant.</p>								
11	Rate of Interest for Credit	<p>Rate of Interest will be as per the ROI arrived for the total fund based advances sanctioned to the unit. MCLR related with Annual reset clause i.e. 12 months.</p> <table border="1"> <thead> <tr> <th>Limit</th> <th>ROI</th> </tr> </thead> <tbody> <tr> <td>Up-To Rs.10Lakh</td> <td>MCLR (1Year)+0.95</td> </tr> <tr> <td>Above Rs.10Lakh and up-to Rs.100Lakh</td> <td>MCLR (1Year)+1.50</td> </tr> <tr> <td>Above Rs. 100 Lakhs As per Rating.</td> <td></td> </tr> </tbody> </table> <p>ROI as per rating which will be as per Collateral Security coverage of 50% for accounts with Rating CBI I to CBI- VI for MSE & Medium Enterprises for existing units. Please refer C.O. circular no.CO:MSME:2017-18:594 dated 07.11.2017 on Revision in Business Strategy Spread on loans with Marginal Cost based Lending Rate (MCLR) for MSME advances and concession in ROI where Collateral securities are offered.</p> <p>For new units with 100% Collateral Coverage , ROI will be as per Rating CBI I to CBI- VI for MSE & Medium Enterprises. Please refer C.O. circular no.CO: MSME : 2017-18:594 dated 07.11.2017 on Revision in Business Strategy Spread on loans with Marginal Cost based Lending Rate (MCLR) for MSME advances and concession in ROI where Collateral securities are offered.</p>	Limit	ROI	Up-To Rs.10Lakh	MCLR (1Year)+0.95	Above Rs.10Lakh and up-to Rs.100Lakh	MCLR (1Year)+1.50	Above Rs. 100 Lakhs As per Rating.	
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12	Guarantee	The advance is not eligible to be covered under CGTMSE Guarantee cover as assets are not created out of bank funds. However bank branches may explore to take personal guarantee / third party guarantee in deserving cases besides Collateral Security. Guarantee taken for the main limits should be extended for this facility also.								
13	Rating Tool	For advances up to Rs.2 Crore Rating Sheet MSME-I OR MSME II to be used. For MSME units above Rs. 2 Crore RAM Tool / External Rating as applicable to be complied. Hurdle Rate is the minimum threshold rating for sanctioning credit proposals and should be 51. (Minimum score of 51 marks is the Hurdle Rate under scoring model) UPDATION OF RATING DATA IN CBS: In the CBS, a field has been introduced to mark the internal and external rating grades of all eligible borrowal accounts. The risk grades of all eligible borrowal accounts have to be mandatorily entered in the CBS .The navigation path is as follows: DL/TL A/c s services>Loan Tracking > Operations > Existing A/cs >Maintenance>A/c creation>Additional Loan details Navigation: Deposit/CC/OD a/c>Amend>(J)Additional CC/OD details.								
14	Repayment	<ul style="list-style-type: none"> ➤ Overdraft (OD) against Receivables from Government –GST :Interest has to be serviced every month. There should be operations in the account. To be repaid on demand. ➤ Working Capital Demand Loan (WCDL): Interest has to be serviced every month. To be repaid within 6 months in Equated Monthly Installments (EMIs) or by single bullet payment. It has to be specified at the time of sanction. 								
15	Security: Primary Collateral	<p>Primary: The advance shall be secured by hypothecation of stock and book debts/ Receivables in case of existing units.</p> <p>Collateral: For existing customers : 50% Collateral Security to be obtained against the loan sanctioned under this scheme. The rating of the account should be between CBI 1 to CBI 6.(AAA to BBB- External Rating) to remain eligible under the scheme. Hurdle Rate is the minimum threshold rating for sanctioning credit proposals and should be 51. (Minimum score of 51 marks is the Hurdle Rate under scoring model.) .In case of any existing Working Capital /Term Loan secured by landed property , the value of the property in excess over collateral coverage percentage prescribed at the time of original sanction may be considered as eligible collateral for the Scheme. As per Loan Policy to treat a particular commodity as security, the requisites shall be that the bank should be in a position to realize its dues by disposing of the security in case of failure on the part of the debtor to repay the debt. Such a security should have easy marketability, storability, stability in price, easy transferability of title, easy handling and valuation of security etc. The realization of the security should be without much lengthy legal formalities. Guidelines detailed in 'Valuation Policy' with regard to procedure for valuation of Primary and Collateral Securities shall be adhered to. The advance is not eligible to be covered under CGTMSE Guarantee cover as assets are not created out of bank funds. However bank branches may explore to take personal guarantee / third party guarantee in deserving cases.</p>								
16	Time Schedule for Disposal of Loan application	<table border="1"> <thead> <tr> <th>Loan limit</th> <th>Time Schedule for Disposal of Loan application</th> </tr> </thead> <tbody> <tr> <td>Up to Rs. 5 lakhs</td> <td>2 weeks</td> </tr> <tr> <td>Above Rs. 5 lakhs to Rs. 25 lakhs</td> <td>3 weeks</td> </tr> <tr> <td>Above Rs. 25 lakhs</td> <td>6 weeks</td> </tr> </tbody> </table>	Loan limit	Time Schedule for Disposal of Loan application	Up to Rs. 5 lakhs	2 weeks	Above Rs. 5 lakhs to Rs. 25 lakhs	3 weeks	Above Rs. 25 lakhs	6 weeks
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17	Processing Charge	Limit	Processing fee
		Up to Rs. 5 lakhs	NIL
		Above Rs.5 lakhs to Rs.50 lakhs	@ 0.25% of sanctioned limit + GST(Min . Rs. 1250/- plus GST; Max. Rs. 12500/- plus GST)
		Above Rs. 50 lakhs to Rs. 100 lakhs	@0.30% of sanctioned limit + GST(Min . Rs. 15000/- plus GST; Max. Rs. 30000/- plus GST)
		Above Rs. 100 lakhs	@0.40% of sanctioned limit + GST(Min . Rs. 40000/- plus GST; Max. Rs. 20 lakhs plus GST)
		Above charges will be applicable for renewals also.	
18	Documentation	Documents as per Scheme to be obtained.	
19	Sanctioning Authority	<p>Sanctioning Authority: As this is a facility against receivables from Government, Branch In charges Scale IV and above can sanction this facility provided the total limits falls within the Lending Powers delegated as per Loan Policy of our bank. <u>All proposals sanctioned by Branch In charges in Scale IV and above also to be vetted by concerned Regional Office before disbursal of loan.</u> For loan accounts mobilized by Scale I, II, III Branch Managers, the proposals on GST- Input Tax Credit <u>have to be sent to the respective Regional Office for sanction. Regional Office will sanction the proposals under the Scheme for Branches headed by Scale I, II and III in their Region. Regional Office and Zonal Office will sanction as per their Lending Powers delegated as per Loan Policy of our bank.</u></p>	
20	Monitoring Of Accounts	As per Bank's policy.	
21	Inspection charges	Quarterly	
		Per Inspection	Rs.
		Up to Rs.50000	- Nil
		Above Rs.50000 to Rs.2 lakh -	250/- +GST *
		Above Rs.2 lakh to Rs.25 lakh -	1,000/- + GST *
		Above Rs.25 lakh to Rs.50 lakh-	1,500/- + GST *
		Above Rs.50 lakh to Rs.1 crore-	5,000/- + GST *
		Above Rs.1 crore	-10,000/-+ GST *
* GST as per applicable rates.			
22	Product Code & Scheme Code	Product code and Scheme code will be intimated.	
23	Insurance	The assets created out of bank funds should be comprehensively insured with full value for the hypothecated stock and fixed assets against fire, riot, natural calamities including earthquake, flood, cyclone, super cyclone, tornado & where ever required against other appropriate hazards with bank clause. Mandate to be obtained for debiting the account for paying/renewing insurance premium on due date.	
24	Prepayment Charges	No prepayment penalty if the loan is repaid out of own resources. In sanction letter this clause has to be invariably incorporated.	
25	Documents to be obtained	<p>1. Proof of Identity: Voter's ID Card / Passport / Driving License / PAN Card / Signature identification from present bankers of proprietor, partner or director (if a company).</p> <p>2. Proof of residence: Recent telephone bills, electricity bill, property tax receipt</p>	

		<p>/Passport / voter's ID Card of Proprietor, partner or Director (if a company)</p> <ol style="list-style-type: none"> 3. Proof of business Address 4. Applicant should not be defaulter in any Bank/F.I. 5. Assets and liabilities statement of promoters along with latest income tax returns. 6. Rent Agreement (if business premises on rent) and clearance from pollution control board if applicable. 7. For take over accounts branch to adhere to bank norms prescribed for Takeover of accounts. 8. Udyog Aadhar Card Registration is applicable wherever required valid licence to be obtained. 9. Projected balance sheets for the next two years in case of working capital limits for loans above Rs. 2 lakh and for the period of the loan in case of term loan . 10. GSTR-1 for the three consecutive months are required or GSTR -4 quarterly return is required .From FY 2018-19 onwards GSTR-9 Annual Return to be obtained. 11. Chartered Accountant's Certificate certifying the amount of pending input tax credit under GST for the last 3 months.(Independent verification of invoices to be verified in GSTN). 12. For exporters/importers and deemed exporters GST claim forms are to be taken
26	Due Diligence	<p>Due Diligence of borrower:</p> <ol style="list-style-type: none"> 1. Satisfactory evidence of residence proof at least for more than 3years. 2. Getting information about the profession, friends/ relatives etc. of the borrower in a systematic way and it should be recorded in the file for future reference along with the contact details particularly in respect of new connections. 3. Pre inspection of residences, business, offices of borrower/s with an element of surprise should be kept on record. Latest Electricity bill/ property tax receipt of security should be obtained. 4. CIBIL – In case of Zero/ Negative history more intense scrutiny /personal interview of the borrower is advised to understand the financial background. <p>b. Due Diligence on the Repaying Capacity of the borrower:</p> <ol style="list-style-type: none"> 1 In case of business due scrutiny of financial statements supported with Bank statement of accounts to be verified. 2. The borrowing history of the borrower/ co-borrower to be thoroughly examined. The points mentioned above are only indicative and not exhaustive . <p>For Due Diligence please refer to Credit Loan Policy of the Bank.</p>
27	Preventive Measures	<p>All branches are advised to adhere to Measures for preventing frauds in borrowal accounts under MSME Segment mentioned in Central Office circular no. CO: MSME:2015-16:452 dated 09.10.2015 which is available in staff only circular site.</p>
28	Others	<p>In case of overdraft facility, the account to be reviewed / renewed as per policy. Periodical inspection of business activity, including assets created out of bank funds to be carried out. Pre and Post inspections reports and other periodical inspections reports should be kept on record.</p> <ol style="list-style-type: none"> a) All transactions are to be routed through our bank account only. b) KYC norms on borrowers / co borrowers to be strictly followed. RBI guidelines on KYC for opening of accounts should be complied with. Name changed after marriage wherever applicable should be kept on record. c) Guidelines issued by RBI/Government of India should be complied with. d) Proper environmental clearance wherever applicable should be obtained by the borrowers before sanction of loan. e) Prepayment clause should specifically be mentioned in the sanction letter and should be accepted by the borrower wherever applicable.

		<p>f) Primary responsibility for Monitoring and Follow up by the Branch Manager.</p> <p>g) Processing to be done by branch .</p> <p>h) The Quality of assets in Bank's books should not be compromised.</p> <p>i) Branches have to process the loan applications received within the timeframe as stipulated in Code of Bank's Commitment to SME borrower (application for loan up to Rs. 5 lakh within 2 weeks).In case of rejection reason to be made known to borrower as stipulated in the Code of Bank's Commitment to Customers. Grievance redressal at the bank level should be done in 15 days at the bank level as per Code of Bank's Commitment to Customers.</p> <p>j) Branch in charge to ensure end use of funds.</p> <p>k) Branches have to fill in all the columns in Social Attributes .</p> <p>l) In case Input Tax Credit is reimbursed / refunded then the amount should be credited to the units accounts held with our bank.</p> <p>Documents to be obtained as per CO guidelines are given in Annexure-B. It is made clear that the said Deed of Hypothecation and Supplemental Deed of Hypothecation are specifically prescribed to create charge over receivables under GST Input Credit Scheme</p> <p>PLEASE NOTE:</p> <p>i. To create charge over the other movables, the hypothecation may be created through the documents already being in use as per prevailing practice.</p> <p>ii. Documents to Create Charge over Immovable Properties- The charge over the immovable properties can be created by way of equitable / registered mortgage of the same. It will not be out of context to mention that the Mortgage is required to be created as per the law prevailing in the respective state.</p> <p>iii. It is to be noted that all the documents must be executed with payment of requisite stamp duty as prevailing and applicable in the respective state.</p> <p>Application form and processing note given in Instruction Circular No: 1745 Dated: 29.06.2017 to be used for this advance.</p>
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We are giving below how refund amount is worked out in case of Exporter.

Refund Amount: = $\frac{(\text{Export turnover of goods} + \text{Export turnover of Services}) \times \text{Net ITC}}{\text{Adjusted Total Turnover}}$.

Note:

• **Refund amount** means the maximum refund that is admissible

• **Net ITC** means input tax credit availed on inputs and input services during the relevant period.

• **Export turnover of goods** means the value of goods exported during the relevant period without payment of tax under bond or letter of undertaking.

• **Export Turnover of services** means the value of services exported without payment of tax under bond or letter of undertaking.

• **Adjusted Total Turnover** means the value of turnover in a State (means the aggregate value of all taxable and non-taxable supplies including exempt supplies and exports of goods and or /services made within a State by a taxable person and inter-state supplies of goods and or /services made from the State by the said taxable person excluding taxes, if any charged under the CGST Act, SGST Act and IGST Act as the case may be.)

• **Relevant period** means the period for which the claim has been filed.

Illustration for a company A in Maharashtra availing exports under Bond/LUT

- Turnover of company A in Maharashtra in July 2017 : Rs 10,00,000
- Turnover of zero rated supply, without payment of tax in July 2017 : Rs 6,00,000
- Turnover of exempt supply in July 2017 : Rs 1,00,000
- ITC availed in July 2017 : 50,000
- Refund amount = $(\text{Rs } 6,00,000) \times (\text{Rs } 50,000) / (\text{Rs } 10,00,000 + \text{Rs } 1,00,000) = \text{Rs } 33,333$

Illustration for a company A in Maharashtra paying IGST on exports

- Supply value of exports goods : Rs 5,00,000
- IGST on export product : 18%
- IGST payable on supply : Rs 90,000
- ITC availed : Rs 40,000
- Net IGST paid : Rs 50,000
- Refund : Rs 90,000

DUE DATE FOR FILING GST RETURNS

Return Form	Particulars	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services effected	Monthly	10th of the next month
GSTR-2	Details of inward supplies of taxable goods and/or services effected claiming input tax credit.	Monthly	15th of the next month
GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax.	Monthly	20th of the next month
GSTR-3B	Simple return for Jul ó Dec 2017 (Not applicable from Jan 2018 onwards)	Monthly	20th of the next month
GSTR-4	Return for compounding taxable person	Quarterly	18th of the month succeeding quarter
<u>GSTR-5</u>	Return for Non-Resident foreign taxable person	Monthly	20th of the next month
GSTR-6	Return for Input Service Distributor	Monthly	13th of the next month
<u>GSTR-7</u>	Return for authorities deducting tax at source.	Monthly	10th of the next month
<u>GSTR-8</u>	Details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10th of the next month
<u>GSTR-9</u>	Annual Return	Annually	31st December of next financial year
GSTR-9A	Annual Return	Monthly	31st December of next financial year
<u>GSTR-10</u>	Final Return	Once. When registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
<u>GSTR-11</u>	Details of inward supplies to be furnished by a person having UIN and claiming refund	Monthly	28th of the month following the month for which statement is filed

Late filing :Late filing of GST return will have a cascading effect leading to heavy fines and penalty.

DOCUMENTS

ANNEXURE B

D.P. Note Single

(individual)

Place : Mumbai

Date:

Rs. _____

On Demand i, M/s _____

promise to pay Central Bank of India or order the sum of Rs. _____ (Rupees

_____ Only) together with interest

on such sum from this date at the rate of _____ percent per annum with

monthly rest for value received.

For _____



D.P. Note Joint & Several

Place : Mumbai

Date:

Rs.

On Demand We (1)

2)

3)

4)

hereby **JOINTLY AND SEVERALLY** promise to pay Central Bank of India or order the sum of Rs. _____ (_____) together with interest on such sum from this date at the rate of _____ percent per annum with monthly rest for value received.

For



Partner

Full Name in Block Letters

1. _____
2. _____
3. _____
4. _____
5. _____

Signature

D.P. Note Single

(Proprietary Concern)

Place : Mumbai

Date:

Rs. _____

On Demand We, M/s _____

**promise to pay Central Bank of India or order the sum of Rs. _____ (Rupees
_____ Only) together with interest
on such sum from this date at the rate of _____ percent per annum with
monthly rest for value received.**

For _____



Proprietor.

D.P. Note
Corporate Clients

Date:

Rs. _____

On Demand , we _____

promise to pay Central Bank of India or order the sum of Rs. _____ (Rupees
_____ Only) together with interest
on such sum from this date at the rate of _____ percent below Central Bank of
India's Benchmark Prime Lending Rate or such other rates as may be prescribed by the
Bank from time to time with a minimum of _____% per annum with monthly
rest for value received.

For _____



CENTRAL BANK OF INDIA
Branch Office:
LETTER OF CONTINUITY

The Branch Manager,
Central Bank of India,

Dear Sir,

I / we Shri/Smt. _____ s/d/w of _____

and Shri/Smt. _____ s/d/w of _____

beg to enclose a Demand Promissory Note for

Rs. _____ Rupees _____

only) signed by me / us which is given to you as security for the repayment of any
Overdraft / Loan/s which is/are at present outstanding in my / our name and also for the
repayment of any Overdraft/ Loan/s to the extent of Rs _____

(Rupees _____ which I / we may avail of/ may be

availed of hereafter and the said promissory note is to be a security to you for the
repayment of the ultimate balance or sum remaining unpaid on the Overdraft/ Loan/s
and I am / we are to remain liable on the promissory note notwithstanding the fact that
by payments made into the account of the Overdraft/ Loan/s from time to time the
Overdraft/ Loan/s may from time to time be reduced or extinguished or even that
the balance of the said account may be at credit.

Yours faithfully
(borrower/s)

Place:

Date:

*to be stamped as per Stamp act of state where it is executed.

LETTER OF INTEREST VARIATION

**To,
BRANCH MANAGER
CENTRAL BANK OF INDIA**

Reg:- _____ Account

In the promissory Notes signed by me/us. I/we have agreed to pay you interest at the rate of _____ % annum on the amount of Loan. However, I/We hereby agree to pay you interest at such higher rate as may be notified by you to me/us from time to time according to the Bank 's usual practices.

I /We further admit that the said notification issued through the website of the bank and / or circular display on the notice board of the bank as well as publication in the newspaper will be sufficient notice in respect of changes in rate of interest.

Yours faithfully,

**Place: _____
Date: _____**

CONSENT CLAUSE

(TO BE OBTAINED FROM BORROWERS)

I/We, understand that as a pre-condition, relating to grant of the loans/advances/other non fund based credit facilities to me/us, Central Bank of India, Chander Mukhi, Nariman Point, Mumbai ó 400 021, requires my/our consent for the disclosure by the Bank of, information and data relating to me/us, of the credit facility availed of/to be availed, by me/us, obligations assumed /to be assumed, by me/us, in relation thereto and default, if any, committed by me/us, in discharge thereof.

Accordingly, I/We, hereby agree and give consent for the disclosure by Central Bank of India, Chander Mukhi, Nariman Point, Mumbai ó 400 021, of all or any such;

- a) Information and data relating to me/us
- b) The information or data relating to any credit facility availed of/ to be availed, by me/us, and
- c) Default, if any, committed by me/us, in discharge of my/our such obligation.

As central Bank of India, chander Mukhi, Nariman Point, Mumbai ó 400 021, may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Ltd. and a ny other agency authorized in this behalf by RBI.

I/We declare that the information and data furnished by me/us to Central Bank of India, chander Mukhi, Nariman Point, Mumbai ó 400 021, are true and correct.

I/We, undertake that:

- a) The Credit Information Bureau (India) Ltd. and any other agency so authorized may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them; and
- b) The Credit Information Bureau (India) Ltd. and any other agency so authorized may furnish for consideration, the processed Information and data or products thereof prepared by them, to Banks/financial Institutions and other credit grantors or registered users, as may be specified by the Reserve Bank of in this behalf.

Signature of the Borrower

CENTRAL BANK OF INDIA

**SUPPLEMENTAL DEED OF HYPOTHECATION TO SECURE CREDIT FACILITIES AGAINST “GST INPUT TAX CREDIT RECEIVABLES”
{SANCTION OF ADDITIONAL CREDIT FACILITY}**

THIS Agreement made at _____ this _____ day of _____ 20____ BETWEEN _____

_____ (hereinafter referred to as the Borrower) which expression shall where the Borrower is a single individual, include his heirs, executors and administrators and where the Borrower is more than one individual include all of them jointly and each of them severally and their survivor or survivors and their respective heirs, executors and administrators or other legal representatives of a deceased Borrower and where the Borrower is a partnership firm all the partners for the time being of the said firm and the heirs, executors or administrators of the deceased partner and their or his respective assigns and where the Borrower is a limited Company includes its successors and assigns of the ONE PART and

Central Bank of India a Body Corporate constituted under Banking Companies (Acquisition & Transfer of Undertaking) Act 1970 and having its Head Office at Chander Mukhi, Nariman Point, Mumbai-400 021 and a Branch Office at _____(hereinafter referred to as the Bank) which expression shall include its successors and assigns) of the OTHER PART.

WHEREAS

1. The Bank has advanced to the Borrower a **Term Loan/Working Capital Loan (Give Detail of Credit Facility)** of Rs. _____ (Rupees _____) which the Borrower has agreed to repay **On Demand/ by the installments, on the date, in the matter an upon terms and conditions contained in the Sanction Letter/Loan-cum- Hypothecation Agreement/Loan Documents, dated _____ (hereinafter referred to as the Principal Agreement).**

2. The sum of Rs. _____ as on _____ (inclusive of interest upto _____) is now due and payable by the Borrower to the Bank under the said Principal Agreement/**Credit Facility Documents** which the Borrower doth hereby expressly admit, acknowledge and confirm.
3. WHEREAS the Borrower/s applied to the Bank for an additional loan/Credit Facility of Rs. _____ (In Words Rs. _____ Only) UNDER THE SCHEME of Cent GST Input Tax Credit AND WHEREAS the Bank has agreed to advance such loan i.e. an amount of Rs. _____ for Working Capital/Working Capital Demand Loan/í . (Give type of Loan facility and Limit) (hereinafter unless otherwise distinguished for brevity sake referred to as the said loan) upon the terms and conditions set forth in these presents.

AND WHEREAS the aforesaid loan alongwith previous loan/credit facilities is to be secured by hypothecation of Receivables from Government as GST Input Tax Credit more-particularly mentioned in the Schedule hereto with the Bank as hereinafter mentioned.

NOW IT IS HEREBY AGREED IN CONSIDERATION OF THE PREMISES as follows:

1. The Borrower(s) and each of them doth hereby agree that the said loan/Credit Facility shall be governed by the terms and conditions contained herein.
2. The Borrowers expressly agree and undertake that the said loan shall be utilized exclusively for business purposes and for no other purpose.
3. **The borrower expressly agree and confirm that in this agreement the word ASSETS means and will denote to Receivables of GST Input Tax Credit.**
4. **The Borrowers hereby hypothecate in favour of the, Receivables of GST Input Tax Credit (to be received from the Government), mentioned in Schedule hereto hereinafter referred to as The Hypothecated Assets as security by way of first charge thereon for due repayment by the Borrowers to the Bank for a total amount of Rs. _____ (i.e. amount of credit facility under Cent GST Input Tax Credit) alongwith interest, cost, charges, taxes etc. :-**

a) of the balance due to the Bank in respect of the following loan accounts :

Sr. No.	A/c No.	Type of Facility	Sanctioned amount/Limit

- b) of all monies which now are or which may at any time hereafter become due and owing from the Borrowers and / or any of them to the Bank in any other account and whether alone or jointly with any person or persons, firm or firms, company or companies;
- c) of all costs, charges expenses etc. whatsoever suffered and /or incurred by the Bank in connection with the said loan and /or in connection with the hypothecated goods or the sale or disposal thereof or otherwise howsoever in connection therewith and/ or arising there from and
- d) of all interest which the Borrowers may be liable to pay to the Bank in respect of the said loan (all the dues, debts, liabilities, commission, costs, charges, expenses, interest etc. mentioned hereinabove in this clause are hereinafter referred to as the ~~%~~Balance Due)
5. The hypothecated **assets** shall be held as the Bank's exclusive property specially appropriated to this security and the Borrowers shall not except with the previous consent in writing of the Bank make any disposition of the same or part with possession thereof or create any charge, lien or encumbrance thereon or any part thereof nor do anything which would prejudice this security.
6. The Borrowers shall make and furnish to the Bank all such statements and returns thereof as the Bank may from time to time require and shall maintain in favour of the Bank a margin of _____% on the value of the receivables for the time being subject to the hypothecation in the Bank's favour; the said margin shall be calculated as may be determined by the Bank from time to time and shall if necessary be maintained by the Borrowers hypothecating such further moveable property as may be approved by the Bank in writing. The cost price or market value of any hypothecated goods as fixed by the Bank from time to time shall be accepted by the Borrowers as correct.

7. Notwithstanding anything herein contained or in any other documents or writing whatsoever the entire amount of the said loan shall become forthwith due and payable by the Borrowers to the Bank and the Bank will be entitled to enforce its security happening of any of the following events namely:
- a) Any instalment of the principal monies being unpaid upon the due date for payment thereof;
 - b) Any interest remaining unpaid and in arrears for a space of three months after the same shall have become due whether demanded or not;
 - c) The Borrowers committing any breach or default in the performance or observance of these presents or any other term or condition relating to the said loan;
 - d) The Borrowers or any of them entering into any arrangement or composition with their creditors or committing any act of insolvency;
 - e) Execution or distress being enforced or levied against the whole or any part of the Borrowers' property;
 - f) Any of the partners of the Borrowers being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors;
 - g) A Receiver being appointed in respect of the whole or any part of the property of the Borrowers or of any of them;
 - h) The Borrowers ceasing or threatening to cease, to carry on business.
 - i) The occurrence of any circumstance which is prejudicial to or impairs, imperils or depreciates or is likely to prejudice impair, imperil or depreciate the security given to the Bank and
 - j) The occurrence of any event or circumstance which would or is likely to prejudicially or adversely affect in any manner the capacity of the Borrowers to repay the said loan. On the question whether any of the above events has happened, the decision of the Bank shall be conclusive and binding on the Borrowers.
8. The Bank and any of its officers and other employees shall be entitled in default of payment of the monies hereby secured or in case of any contingency or emergency arising which in the opinion of the Bank would make it necessary or expedient for the Bank to take possession of the hypothecated goods to enter

upon any premises whether the hypothecated goods shall be lying and to take possession of the hypothecated goods or any part thereof and for the purpose of taking possession to break open any outer or other doors of any premises where the goods to be taken possession of may be lying and to sell either together or in lots and either by public auction or private contract or otherwise to dispose of or deal with all or any part of the hypothecated goods with liberty to buy in at any sale by auction and to rescind or vary any contract for sale without being answerable for any loss or diminution in price and without being bound to exercise any of the powers hereby conferred, or being liable for any loss occasioned by the exercise of any such power and to give effectual receipts and discharges for the purchase money and to do all such other acts and things for completing the sale as the Bank shall be think proper. The Borrowers shall not raise any objection to the regularity of any sale or other disposition made by the Bank nor shall hold the Bank responsible for any loss that may without the Bank's negligence arise from any act or default on the part of any broker or auctioneer or other agent or agents employed by the Bank for the purpose of the sale or other disposition.

9. The net proceeds of hypothecated receivables or any part thereof shall be applied in or towards the satisfaction of the monies secured by the said hypothecation and if such net proceeds shall be insufficient to satisfy the said monies in full, the Bank shall be at the liberty but not be bound to apply any other monies in the hands of the Bank standing to the credit of or belonging to the Borrowers or any of them in or towards the payment of the balance remaining due to the Bank and in the event of there not being any such other monies as aforesaid in the hands of Bank or in the event of such other monies not being applied by the Bank as aforesaid in the hands of Bank or in the event of such other monies not being applied by the Bank as aforesaid or being insufficient for satisfaction in full of the said balance the Borrowers shall forthwith pay the balance remaining due to the monies secured by the said hypothecation PROVIDED ALWAYS that nothing herein contained shall be deemed to negatively qualify or otherwise prejudicially affect the right of the Bank (which it is hereby expressly agreed the Bank shall have) to recover from the Borrowers the monies secured by the said hypothecation notwithstanding that all or any of the hypothecated goods may not have been sold or disposed off.
10. In the event of there being a surplus available of the net proceeds after payment in full of the monies secured by the said hypothecation, it shall be lawful for the Bank

to retain and apply the said surplus together with any other monies belonging to the Borrowers or any one or more of them for the time being in the hands of the Bank in or under whatever accounts as far as the same shall extend against on or towards payment or liquidation of any and all other monies which shall be or may become due from the Borrowers or any one or more of them whether solely or jointly with any other person or persons, firm or firms, company or companies to the Bank by way of loans discounted bills, letter of credit, guarantee, charges or any other debts or liability including bills, notes and other credits and other obligations current though not then due or payable or other demands legal or equitable which the Bank may have against the Borrowers any one or more of them which the law of set-off or mutual credit would in any case allow or be set off and whether the Borrowers or any one or more of them shall become or be adjudicated insolvent or be in liquidation or otherwise and interest thereon from the respective dates on which such debts or liabilities shall have been incurred at the rate or respective rates applicable thereto.

11. Nothing herein contained shall prejudice or affect any general or special lien to which the Bank may by law or otherwise be entitled or operate to prejudice the Bank's rights and remedies in respect of any present or future, security, guarantee of obligation for any indebtedness or liability of the Borrowers or any of them to the Bank.
12. The Borrowers agree to accept as conclusive proof the correctness of any sum claimed to be due from them to the Bank and secured by this agreement a statement of account made out from the books of the Bank and signed by the accountant or other duly authorised Office of the Bank without the production of any other voucher, document or paper.
13. Where the Borrower is more than one individual each of them shall be bound and liable hereunder jointly and severally with the other or others of them and all covenants, conditions, agreements herein contained shall be performed by them and each of them jointly and severally and any act or default by any of them shall be deemed to be an act or default by all of them.
14. Any notice given by the Bank under this Agreement shall be deemed to have been delivered to the Borrowers, if delivered to them or any of them personally or if posted to them or any of them at the address registered with the Bank whether such address is then their actual address or not. Such notice, if posted, shall be

deemed to have been delivered to the Borrowers at the time it would reach the addressee in the ordinary course of post whether it is actually delivered or not.

15. In case the Borrowers shall be a firm or members of a firm no change whatever in the constitution of such firm during the continuance of this Agreement shall impair or discharge the liability of the Borrowers or any of them hereunder. In the event of the death or retirement of any partner, the Bank shall be entitled at its discretion to deal with the surviving or continuing partner or partners as the case may be and allow the surviving or continuing partner or partners to make deposits in the said account and also release the securities, if any, held by the Bank for its dues, to such surviving or continuing partner or partners against receipt of any such amount as it may in its discretion consider proper, without in any way affecting its right to recover the balance of its dues from the retiring partner or its heirs and legal representatives of the deceased and otherwise deal with the continuing or surviving partner in respect of the affairs of the firm in such manner as the Bank thinks proper, without reference to the heirs and legal representatives of the deceased partner or the retiring partner, and such heirs and legal representatives or the retiring partner shall have no claim against the Bank in respect of such dealings.
16. The Bank shall be at liberty to furnish to any Government Department, Agriculture Department, Co-operative Institution, Agricultural Refinance Corporation of India and/ or any other Financial Institution any such information or report whether received by the Bank from the Borrowers or any of them or otherwise in the Bank's possession and pertaining to the said loan account.
17. PROVIDED ALWAYS that this Agreement is not to prejudice the rights and remedies of the Bank against the Borrowers irrespective and independent of this Agreement in respect of any other advance made or to be made and/or facilities given by the Bank to the Borrowers.

THE SCHEDULE HEREINABOVE REFERRED TO:

DETAILS OF HYPOTHECATED ASSETS
Receivables of GST Input Tax Credit

IN WITNESS WHEREOF the borrowers hereunto set their hands at
_____ on the _____ day of _____

BORROWER

CENTRAL BANK OF INDIA

LOAN – CUM - HYPOTHECATION AGREEMENT
{HYPOTHECATION TO SECURE CREDIT FACILITY AGAINST “GST INPUT TAX CREDIT RECEIVABLES”}

THIS AGREEMENT made at _____ on ____ this day of _____

BETWEEN

Shri / Smt. _____ Indian Inhabitant hereinafter called ~~the~~ Borrower+ (which expression shall unless it be repugnant to the context or meaning thereof be deemed to include his / her heirs, executors, administrators and assigns) Shri / Smt. _____ Indian inhabitant carrying on business as sole proprietor under the name and style of M/s _____ (hereinafter unless otherwise distinguished to referred to for brevity sake called ~~the~~ Borrower+ which expression shall include him / her and his / her heirs, executors, administrators and assigns)

- 1) _____
- 2) _____
- 3) _____

All of _____ Indian Inhabitant carrying on Business in partnership in the firm name and style of M/s _____ (hereinafter unless otherwise distinguished to referred to for brevity sake called ~~the~~ Borrowers+ which expression shall include them and their heirs, executors, administrators and assigns and the survivor or survivors of them) M/s _____ Ltd a Company incorporated under _____ and having its registered office at _____ (hereinafter unless expressly named or otherwise distinguished for brevity sake called ~~the~~ Borrowers+ which expression shall include wherever the context so admits it successors and assigns) of the One Part and CENTRAL BANK OF INDIA having its Head office at Chandermukhi, Nariman Point, Mumbai . 400 021 (hereinafter called ~~the~~ Bank+ which expression shall wherever the context so admit includes its successors and assigns) of the Other Part.

WHEREAS the Borrower/s applied to the Bank for a loan/Credit Facility of Rs. _____ (In Words Rs. _____ Only) UNDER THE SCHEME **Cent GST Input Tax Credit**+ AND WHEREAS the Bank has agreed to advance such loan i.e. an amount of Rs. _____ for Working Capital/Working Capital Demand Loan/õ . (Give type of Loan facility and Limit) (hereinafter unless otherwise distinguished f6or brevity sake referred to as ~~the~~ said loan+) upon the terms and conditions set forth in these presents.

AND WHEREAS the aforesaid loan is to be secured by hypothecation of Receivables from Government as GST Input Tax Credit more-particularly mentioned in the Schedule hereto with the Bank as hereinafter mentioned.

NOW IT IS HEREBY AGREED IN CONSIDERATION OF THE PREMISES as follows:

1. The Borrower(s) and each of them doth hereby agree that the said loan/Credit Facility shall be governed by the terms and conditions contained herein.
2. The Borrowers expressly agree and undertake that the said loan shall be utilized exclusively for business purposes and for no other purpose.
3. The borrower expressly agree and confirm that in this agreement the word ~~ASSETS~~ means and will denote to Receivables of GST Input Tax Credit.
4. The Borrowers hereby hypothecate in favour of the, Receivables of GST Input Tax Credit (to be received from the Government), mentioned in Schedule hereto hereinafter referred to as ~~The Hypothecated Assets~~ as security by way of first charge thereon for due repayment by the Borrowers to the Bank for a total amount of Rs. _____ (i.e. amount of credit facility under Cent GST Input Tax Credit) alongwith interest, cost, charges, taxes etc. :-

a) of the balance due to the Bank in respect of the following loan accounts :

Sr. No.	A/c No.	Type of Facility	Sanctioned amount/Limit

- b) of all monies which now are or which may at any time hereafter become due and owing from the Borrowers and / or any of them to the Bank in any other account and whether alone or jointly with any person or persons, firm or firms, company or companies;
- c) of all costs, charges expenses etc. whatsoever suffered and /or incurred by the Bank in connection with the said loan and /or in connection with the hypothecated goods or the sale or disposal thereof or otherwise howsoever in connection therewith and/ or arising there from and
- d) of all interest which the Borrowers may be liable to pay to the Bank in respect of the said loan (all the dues, debts, liabilities, commission, costs, charges, expenses, interest etc. mentioned hereinabove in this clause are hereinafter referred to as the ~~%~~Balance Due~~→~~)
5. The hypothecated **assets** shall be held as the Bank's exclusive property specially appropriated to this security and the Borrowers shall not except with the previous consent in writing of the Bank make any disposition of the same or part with possession thereof or create any charge, lien or encumbrance thereon or any part thereof nor do anything which would prejudice this security.
6. The Borrowers shall make and furnish to the Bank all such statements and returns thereof as the Bank may from time to time require and shall maintain in favour of the Bank a margin of _____% on the value of the receivables for the time

being subject to the hypothecation in the Bank's favour; the said margin shall be calculated as may be determined by the Bank from time to time and shall if necessary be maintained by the Borrowers hypothecating such further moveable property as may be approved by the Bank in writing. The cost price or market value of any hypothecated goods as fixed by the Bank from time to time shall be accepted by the Borrowers as correct.

7. Notwithstanding anything herein contained or in any other documents or writing whatsoever the entire amount of the said loan shall become forthwith due and payable by the Borrowers to the Bank and the Bank will be entitled to enforce its security happening of any of the following events namely:
 - a) Any instalment of the principal monies being unpaid upon the due date for payment thereof;
 - b) Any interest remaining unpaid and in arrears for a space of three months after the same shall have become due whether demanded or not;
 - c) The Borrowers committing any breach or default in the performance or observance of these presents or any other term or condition relating to the said loan;
 - d) The Borrowers or any of them entering into any arrangement or composition with their creditors or committing any act of insolvency;
 - e) Execution or distress being enforced or levied against the whole or any part of the Borrowers' property;
 - f) Any of the partners of the Borrowers being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors;
 - g) A Receiver being appointed in respect of the whole or any part of the property of the Borrowers or of any of them;
 - h) The Borrowers ceasing or threatening to cease, to carry on business.
 - i) The occurrence of any circumstance which is prejudicial to or impairs, imperils or depreciates or is likely to prejudice impair, imperil or depreciate the security given to the Bank and
 - j) The occurrence of any event or circumstance which would or is likely to prejudicially or adversely affect in any manner the capacity of the Borrowers to repay the said loan. On the question whether any of the above events has happened, the decision of the Bank shall be conclusive and binding on the Borrowers.
8. The Bank and any of its officers and other employees shall be entitled in default of payment of the monies hereby secured or in case of any contingency or emergency arising which in the opinion of the Bank would make it necessary or expedient for the Bank to take possession of the hypothecated goods to enter upon any premises whether the hypothecated goods shall be lying and to take possession of the hypothecated goods or any part thereof and for the purpose of taking possession to break open any outer or other doors of any premises where the goods to be taken possession of may be lying and to sell either together or in

lots and either by public auction or private contract or otherwise to dispose of or deal with all or any part of the hypothecated goods with liberty to buy in at any sale by auction and to rescind or vary any contract for sale without being answerable for any loss or diminution in price and without being bound to exercise any of the powers hereby conferred, or being liable for any loss occasioned by the exercise of any such power and to give effectual receipts and discharges for the purchase money and to do all such other acts and things for completing the sale as the Bank shall think proper. The Borrowers shall not raise any objection to the regularity of any sale or other disposition made by the Bank nor shall hold the Bank responsible for any loss that may without the Bank's negligence arise from any act or default on the part of any broker or auctioneer or other agent or agents employed by the Bank for the purpose of the sale or other disposition.

9. The net proceeds of hypothecated receivables or any part thereof shall be applied in or towards the satisfaction of the monies secured by the said hypothecation and if such net proceeds shall be insufficient to satisfy the said monies in full, the Bank shall be at the liberty but not be bound to apply any other monies in the hands of the Bank standing to the credit of or belonging to the Borrowers or any of them in or towards the payment of the balance remaining due to the Bank and in the event of there not being any such other monies as aforesaid in the hands of Bank or in the event of such other monies not being applied by the Bank as aforesaid in the hands of Bank or in the event of such other monies not being applied by the Bank as aforesaid or being insufficient for satisfaction in full of the said balance the Borrowers shall forthwith pay the balance remaining due to the monies secured by the said hypothecation PROVIDED ALWAYS that nothing herein contained shall be deemed to negatively qualify or otherwise prejudicially affect the right of the Bank (which it is hereby expressly agreed the Bank shall have) to recover from the Borrowers the monies secured by the said hypothecation notwithstanding that all or any of the hypothecated goods may not have been sold or disposed off.
10. In the event of there being a surplus available of the net proceeds after payment in full of the monies secured by the said hypothecation, it shall be lawful for the Bank to retain and apply the said surplus together with any other monies belonging to the Borrowers or any one or more of them for the time being in the hands of the Bank in or under whatever accounts as far as the same shall extend against on or towards payment or liquidation of any and all other monies which shall be or may become due from the Borrowers or any one or more of them whether solely or jointly with any other person or persons, firm or firms, company or companies to the Bank by way of loans discounted bills, letter of credit, guarantee, charges or any other debts or liability including bills, notes and other credits and other obligations current though not then due or payable or other demands legal or equitable which the Bank may have against the Borrowers any one or more of them which the law of set-off or mutual credit would in any case allow or be set off and whether the Borrowers or any one or more of them shall become or be adjudicated insolvent or be in liquidation or otherwise and interest thereon from

the respective dates on which such debts or liabilities shall have been incurred at the rate or respective rates applicable thereto.

11. Nothing herein contained shall prejudice or affect any general or special lien to which the Bank may by law or otherwise be entitled or operate to prejudice the Bank's rights and remedies in respect of any present or future, security, guarantee of obligation for any indebtedness or liability of the Borrowers or any of them to the Bank.
12. The Borrowers agree to accept as conclusive proof the correctness of any sum claimed to be due from them to the Bank and secured by this agreement a statement of account made out from the books of the Bank and signed by the accountant or other duly authorised Officer of the Bank without the production of any other voucher, document or paper.
13. Where the Borrower is more than one individual each of them shall be bound and liable hereunder jointly and severally with the other or others of them and all covenants, conditions, agreements herein contained shall be performed by them and each of them jointly and severally and any act or default by any of them shall be deemed to be an act or default by all of them.
14. Any notice given by the Bank under this Agreement shall be deemed to have been delivered to the Borrowers, if delivered to them or any of them personally or if posted to them or any of them at the address registered with the Bank whether such address is then their actual address or not. Such notice, if posted, shall be deemed to have been delivered to the Borrowers at the time it would reach the addressee in the ordinary course of post whether it is actually delivered or not.
15. In case the Borrowers shall be a firm or members of a firm no change whatever in the constitution of such firm during the continuance of this Agreement shall impair or discharge the liability of the Borrowers or any of them hereunder. In the event of the death or retirement of any partner, the Bank shall be entitled at its discretion to deal with the surviving or continuing partner or partners as the case may be and allow the surviving or continuing partner or partners to make deposits in the said account and also release the securities, if any, held by the Bank for its dues, to such surviving or continuing partner or partners against receipt of any such amount as it may in its discretion consider proper, without in any way affecting its right to recover the balance of its dues from the retiring partner or its heirs and legal representatives of the deceased and otherwise deal with the continuing or surviving partner in respect of the affairs of the firm in such manner as the Bank thinks proper, without reference to the heirs and legal representatives of the deceased partner or the retiring partner, and such heirs and legal representatives or the retiring partner shall have no claim against the Bank in respect of such dealings.
16. The Bank shall be at liberty to furnish to any Government Department, Agriculture Department, Co-operative Institution, Agricultural Refinance Corporation of India and/ or any other Financial Institution any such information or report whether received by the Bank from the Borrowers or any of them or otherwise in the Bank's possession and pertaining to the said loan account.

17. PROVIDED ALWAYS that this Agreement is not to prejudice the rights and remedies of the Bank against the Borrowers irrespective and independent of this Agreement in respect of any other advance made or to be made and/or facilities given by the Bank to the Borrowers.

THE SCHEDULE HEREINABOVE REFERRED TO:

DETAILS OF HYPOTHECATED ASSETS
Receivables of GST Input Tax Credit

IN WITNESS WHEREOF the borrowers hereunto set their hands at _____ on the _____ day of _____

BORROWER

DECLARATION CUM UNDERTAKING

I _____ s/o _____ residence of _____ do hereby solemnly affirm and declare as under:

1. That, I being proprietor of my Firm M/s _____ / or/ being authorised person of M/s _____, as authorised by firm/Company vide resolution dated _____, have submitted an application dated _____ for credit facility under the BanksqScheme named %Cent GST Input Tax Credit+and I acknowledge that I have understood the terms and conditions of the Scheme.
2. That I am proprietor/Partner of the Firm whose name and address is given below:
Name: _____
3. That all particulars furnish in the application form are factual and correct and no material fact has been concealed in the application form.
4. That I have obtained all the statutory clearance / No objection Certificate / permission required to carry out the manufacture /trading/ activity under the prevalent laws, regulations and rules in force.
5. That I have given the account number _____ to the Government for remitting GST Input Tax Creditqand I further undertake to not to change the said account without prior permission of the Bank in writing.
6. That, I undertake and acknowledge that Bank shall have charge over the receivable to be received from the Government as GST Input Tax Credit.
7. That, I acknowledge that I have created Mortgage/Hypothecation charge over the following assets :

	Particular of Assets	Type of Charge
1.	Immovable property ò ò .	
2.	Plant and machinery situated at _____	
3.	Finished, Semi Finished and Unfinished Goods, Raw material lying and situated at _____	
4	Receivables (Money to be received) as GST Tax Input Credit	

DEPONENT

VERIFICATION

Verified that the contents of the declaration cum undertaking are true to the best of my knowledge and belief.

DEPONENT

Place

Date:

Sr. No.	Parameter	Weightage (Score)	
1	Compliance of all terms and conditions of sanction		5
	Non- compliance due to non-cooperation by the borrower	-5	
2	Current Ratio 1.33 and above		5
	Current Ratio between 1.20 to 1.32	4	
	Current Ratio between 1.10 to 1.19	3	
	Current Ratio between 1.00 to 1.09	1	
	Current Ratio less than 1	0	
3	Debt Equity Ratio (DER) upto 2 consistently for the past 2 years		10
	DER above 2 and upto 3 for the past 2 years	8	
	DER above 3 and upto 4 for the past 2 years	5	
	DER above 4 and upto 5 for the past 2 years	3	
	DER above 5 for the past 2 years	0	
4	Net Sales Growth Rate over 20% for past 3 years		10
	Net Sales Growth Rate over 15% upto 20% for past 3 years	8	
	Net Sales Growth Rate over 10% upto 15% for past 3 years	5	
	Net Sales Growth Rate positive for past 3 years	3	
	Net Sales Growth Rate negative during past year	0	
5	PAT (Profit after tax)/ Net Sales of over 15%		10
	PAT/Net Sales over 10% upto 15%	8	
	PAT/Net Sales over 5% upto 10%	5	
	PAT/Net Sales positive	3	
	PAT/Net Sales negative	-5	
6	QIS / Stock Statement/Renewal Data		
	Timely Submission		10
	Delayed Irregular Submission	5	
	Non Submission	-5	
7	Prompt Service of Interest/Instalments and qualifying for classification under standard assets		
	If Interest / Installment is serviced within 1 month after its application		10
	If Interest / Installment is serviced within 2 months after its application	8	
	If Interest / Installment is serviced within 3 months after its application	5	
	If Interest / Installment is serviced after 3 months after its application	0	
8	Inventory Norms		
	Fair Compliance (Deviation up to 15%)		5
	Compliance (Deviation of over 15% upto 30%)	3	
9	Compliance to Bills Culture		5
10	Payment of Bills on due dates		10
	With delay upto 15 days	5	
	Instances of overdues for more than 3 months	-5	
11	Timely submission of necessary documents to enable review of limits (Within 3 months of due date of review)		5
12	Prompt fulfillment of LC /LG commitments on due dates		5*
	Devolvement of LCs/Invocation of BGs	-5,-10	
13	Providing substantial ancillary business/Deposits/Overall association with Bank		10
	TOTAL SCORE		

- Add 5 marks to score item 11 if borrower does not enjoy any LC/BG facility. If any parameter is not applicable, then Weightage to be obtained as under: $\frac{\text{Marks obtained} \times 100}{\text{Total marks assigned to applicable parameters}}$

Form MSE II**CENTRAL BANK OF INDIA**Manual Scoring Model for Micro and Small Enterprises (New Units) with Credit exposure up to Rs2 Crore.

Sr. No.	Parameter	Weightage (Score)	
1	Projected Average Net Sales Growth over 15% for first three years		15
	Projected Average Net Sales Growth over 10% up to 15%	10	
	Projected Average Net Sales Growth over 5% up to 10%	5	
	Projected Average Net Sales Growth below 5%	0	
2	Profit after Tax (PAT) / Net Sales- over 15% Average for first three years		15
	PAT/Net Sales of over 10%-Average for first three years	10	
	PAT/Net Sales of over 5%-Average for first three years	5	
	PAT/Net Sales positive for first three years	3	
3	Projected Debt Equity Ratio –up to 2 for first three years		10
	Projected Debt Equity Ratio ó above 2 and upto 3 for first three years	8	
	Projected Debt Equity Ratio ó above 3 and upto 4 for first three years	5	
4	Access to Inputs (Labour/Raw Materials/Power)- Locally Available/tied up		10
	Access to Inputs not locally available but source identified	5	
	Access to Inputs not available locally nor identified	0	
5	Access to Market for products – Locally Available /tied up		10
	Access to Market for products not locally available but identified	5	
	Access to Market for products not locally available nor identified	0	
6	Experience of Promoters in the industry- Qualified and Experienced		10
	Qualified/ Trained but not experienced	5	
	No qualification, training or experience	0	
7	Applicant known to Bank (Existing Customer)		10
	Applicant introduced by Govt Dept./Others	5	
8	Unit/factory owned by borrower		5
	Unit/factory taken on lease/rented	3	
9	Collateral /Guarantees available over 100% of bank loan		15
	Collateral /Guarantees available upto 100% of bank loan or covered under CGTSME scheme	10	
	Collateral /Guarantees available upto 50%	5	
	Collateral /Guarantees below 50%	3	
	No Collaterals/guarantors	0	
	TOTAL SCORE		100

Articles of Agreement and Letter of Hypothecation are enclosed.