



**नेपाल क्रेडिट एण्ड कमर्स बैंक लि.**  
**Nepal Credit & Commerce Bank Ltd.**

*Your Business Bank*







**NCC Bank**

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UCHCHA RA PRABIDHIK TATHA BYABASAIK SIKSHA KARJA

The Board Meeting No. 727<sup>th</sup>

held on 2075.10.07 (21<sup>st</sup> January, 2019)

has decided to approve, the

**"UCHCHA RA PRABIDHIK TATHA BYABASAIK SIKSHA  
KARJA"**

Kapil Gnawali

Company secretary

2075-10-08

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*Your Business Bank***UCHCHA RA PRABIDHIK TATHA BYABASAIK SIKSHA KARJA****Approval Sheet:**

	Name	Designation	Signature
Prepared and Submitted by	Jivan Kumar Katwal	Head, SME & Retail Credit	
Reviewed and Supported by	Mukunda Subedi	Chief Risk Officer	
Reviewed and Supported by	Binod Kumar Sharma	Chief, SME & Retail Credit	
Reviewed and Supported by	Rewant Kumar Dahal	Deputy Chief Executive Officer	
Reviewed and Supported by	Ramesh Raj Aryal	Chief Executive Officer	

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BOD :727 : 2 (CHHA) : 2075:10:07

**UCHCHA RA PRABIDHIK TATHA BYABASAIK SIKSHA KARJA****Background:**

The Government of Nepal (GoN) has issued a Unified Manual for availing Interest Subsidy for the Concessional Loans to the different Sectors including the loan targeted for education of the Nepalese Citizen belonging to the marginalized and deprived community and the same has been made applicable vide the Circular issued by the Bank Regulation Department, Nepal Rastra Bank (NRB) dated 11<sup>th</sup> of Aswin 2075 under Ref. No. 6/075/76.

In this regard, in order to avail loans as targeted above, Nepal Credit and Commerce Bank has developed this process note for effective implementation of the same. The borrowers availing Loans under this product shall be entitled to receiving partial Interest Subsidy from the Government of Nepal. This process note aims to provide the basic guidelines on subject lending, administration, follow-up, recovery as well as process of interest subsidy from NRB.

This process note is forwarded for approval of the Board of Directors of NCC Bank and shall be made effective through internal circular upon approval. Any amendment/revision to the existing GoN's working procedure/ NRB Circular shall supersede the provisions mentioned in this process note to the extent of such amendments /revisions.

Parameter/Features	Descriptions
Product name	<b>UCHCHA RA PRABIDHIK TATHA BYABASAIK SIKSHA KARJA (UPTBSK)</b>
Loan Amount	Maximum of NPR 5 lac per borrower
Eligible Customers	<ul style="list-style-type: none"> <li>Nepali Citizen belonging to the financially deprived and marginalized communities as certified by Rural Municipalities /Municipalities</li> <li>Should be within the age group of minimum 18 Years to maximum 25 years at the time of expiry</li> <li>Must be having academic qualifications of Secondary level passed or equivalent</li> <li>Must be holding Permanent Account Number (PAN)</li> <li>Must not be Blacklisted in Credit Information Center Ltd (CICL)</li> <li>Must not be under Action against Loan Default</li> <li>Not availing any other type of Interest Subsidy Loan</li> </ul>
Purpose of Loan	This product is for financing/facilitating the students from financially deprived and marginalized communities for meeting the expenses for acquiring Technical and Vocational Education in the specified sectors as per the Annexure 1 (Cha) of the Unified manual for Interest Subsidy in Concessional Loan
Working Area for Branch	This loan shall be available to the borrowers having their residence or project/business site located within the Rural municipality/municipality of the Branch location.





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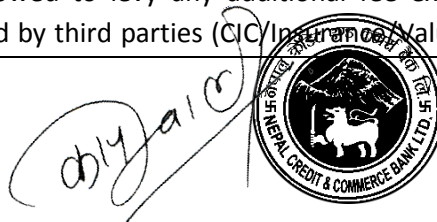
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Required Documents	<ul style="list-style-type: none"> <li>PAN of the applicant</li> <li>Clean CIC (Self Declaration shall also be acceptable)</li> <li>Citizenship and Photographs of the applicant/ group members/ guarantors etc.</li> <li>Original academic certificates of the applicant</li> <li>Certificate confirming that the applicant being from financially deprived and marginalized communities</li> </ul>
Application registration & recording	<ul style="list-style-type: none"> <li>Credit Application from the intending borrower shall be accepted only after receiving all the above -mentioned 'Required Documents' along with.</li> <li>The accepted credit application should be registered in the separate register maintained in the Branch mentioning the date of received of complete set of documents.</li> </ul>
Loan Decision	<ul style="list-style-type: none"> <li>Customer must apply for loan in the prescribed format (<i>as per Annexure 2</i>) along with other required documents for processing of the loan</li> <li>Maximum within 21 days from the loan application along with documents received date.</li> <li>In case of rejection, written intimation to be given to the intending borrower with proper reasoning.</li> </ul>
Service Delivery (Timeframe)	<p>Maximum 15 - 18 days (working days)</p> <ol style="list-style-type: none"> <li>Branch: Maximum one week time for analyzing, screening and forwarding the proposals to HO</li> <li>SME/Retail Credit Department: 3-4 working days for screening and forwarding the proposal</li> <li>Credit Approval Discretion (CAD) holder: 1-2 working days</li> </ol>
Rejection	<p>The decision of rejection shall be normally done by Head Office while assessing the branch's credit proposals. However, Credit application can be rejected by the Branch itself under the following grounds:</p> <ol style="list-style-type: none"> <li>Not submission of complete sets Required Documents.</li> <li>Site of project/residence of the borrower being other than the working area of the branch.</li> <li>Business/Project found to be unfeasible or not satisfactory during initial field visit.</li> </ol>
Account Type/Product Code	Separate Account Type or Product Code shall be assigned for the account opened for this loan in CBS.
Interest Rate & Fees	<ul style="list-style-type: none"> <li>Base Rate + Premium up to 2%. Bank shall claim subsidy of 5% p.a. from NRB on quarterly basis to transfer to the borrower.</li> <li>Bank is not allowed to levy any additional fee except for recovering the charges incurred by third parties (CIC/Insurance/Valuation/Credit Guarantee</li> </ul>





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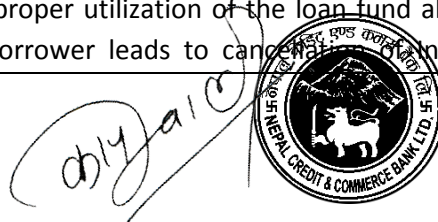
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	<p>etc., if any)</p> <ul style="list-style-type: none"> <li>The Premium rate must remain unchanged throughout the entire loan tenure or as directed by NRB/GoN from time to time</li> <li>In case the borrower fails to be entitled for receiving subsidy for any reason whatsoever; Bank shall charge interest rate on Standard Tariff published from time to time.</li> </ul>
Disbursement Modality	Partial or in a lump sum as per business requirement
Repayment Modality	Equal Monthly Installment (EMI)/Equal Quarterly Installment (EQI)
Tenure	Maximum 5 years from the date of initial disbursement
Security Coverage	<ul style="list-style-type: none"> <li>Hypothecation of charge over the proposed business/project and/or preferably additional Collateral of acceptable Fixed Assets.</li> <li>Credit Guarantee arrangements from Deposit and Credit Guarantee Fund (DCGF)</li> <li>Insurance of business/project</li> </ul>
Charge Documents	<ul style="list-style-type: none"> <li>Hypothecation of charge over the proposed business/project and registered lien/mortgage of additional Collateral</li> <li>Loan Deed</li> <li>Promissory Note</li> <li>Personal Guarantee of the borrower/individual members of the group</li> <li>Group Guarantee of the borrowers (wherever applicable)</li> </ul>
Insurance /Credit Guarantee	<u>Credit Guarantee</u> : 100% credit Guarantee coverage from DCGF subject to payment of 25% of the Credit Guarantee Fee to be paid by the Bank and remaining 75% to get reimbursed through NRB by DCGF itself.
Claim of Interest Subsidy	<ul style="list-style-type: none"> <li>Branch shall furnish the report of interest subsidy loans as per the prescribed format of NRB to SME/Retail Credit Department within 7 days of each quarter end.</li> <li>SME/Retail Credit Department shall quarterly report to NRB detailing loan outstanding under the portfolio including the repayment of interest &amp; installment at the time of interest claim within 15 days of interest &amp; installment received from the client as per the prescribed format of NRB (<i>as per Annexure 3</i>).</li> <li>Claim of interest subsidy with NRB shall be made only after interest &amp; installment has been recovered from the borrower.</li> </ul>
Monitoring	Branch shall keep periodical (at least quarterly) monitoring of each borrower so as to ascertain the proper utilization of the loan fund all time. Any deviation of loan fund by the borrower leads to cancellation of interest subsidy and also





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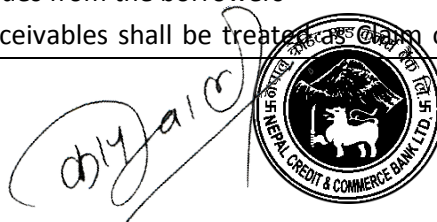
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	refund of earlier subsidies, if allowed.
Recovery	<ul style="list-style-type: none"> <li>In case of default of loan, recovery measures shall be applied as per Banks' CPG/ Recovery Policies and additionally as prescribed by the unified manual for availing Interest Subsidy for the Concessional Loans, 2075</li> </ul> <p><u>Specific Action:</u> Recommend to i) Blacklist at CIGL, ii) Withheld the Passport, iii) Putting prohibition for selling of the assets of the borrower, iv) Putting lien on the borrowers bank account maintained with BFI, v) Putting restrain on any of the social benefits entitled to the borrower such as social security allowance.</p> <ul style="list-style-type: none"> <li>Claim lodgment from DCGF; <ul style="list-style-type: none"> <li>✓ If loan is not repaid within 6 months of the credit expiry</li> <li>✓ Upon completion of recovery action as per clause no 22 of Unified Manual (NRB circular Ref. No. 6/075/76, Dated: 2075/6/11BS)</li> </ul> </li> </ul>
Credit Approval Discretion (CAD)	With Chief Executive Officer (CEO) or officials delegated by the CEO
Reporting	<p>Reporting to NRB- Regulation Dept. by SME/Retail Credit Department, Head Office</p> <ul style="list-style-type: none"> <li>Quarterly Report for claim of Interest subsidy</li> <li>Product wise quarterly report of Interest subsidy loan</li> </ul> <p>Reporting to SME/Retail Credit Department, HO by Branch</p> <ul style="list-style-type: none"> <li>Monthly Overdue loan reports</li> <li>Other reports as and when required</li> </ul>
Responsibilities of Branch & SME/Retail Credit Department	<ul style="list-style-type: none"> <li>SME/Retail Credit Department shall review the lending portfolio on quarterly basis to examine portfolio performance</li> <li>SME/Retail Credit Department shall i) train/educate branches about the functioning of this loan ii) co-ordinate with DCGF for obtaining Credit Guarantees, iii) manage and control the lending portfolio</li> <li>Concerned Branch shall provide the final list of borrower with loan outstanding and interest details to SME/Retail Credit Department and SME/Retail shall claim for interest subsidy from NRB in prescribed format on quarterly basis</li> </ul>
Regulatory Privilege for the Bank	<ul style="list-style-type: none"> <li>Interest subsidy amount receivables from the GoN can be recognized as the interest earned during the period of interest accrued, subject to recovery of the rest of the dues from the borrowers</li> <li>Such subsidy receivables shall be treated as claim on Government and can</li> </ul>





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	<p>be bear risk weighted ZERO for capital adequacy calculations</p> <ul style="list-style-type: none"><li>• The loan portfolio shall be waived for including in total loans while calculating Bank's CCD ratio</li><li>• Loan under this portfolio is recognized as Deprived Sector Credit Portfolio</li><li>• No additional Loan Loss Provision required in case of loan extended against the security of group guarantee</li></ul>
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**Board of Directors:**

S.N.	Name	Position	Signature
1.	Mr. Upendra Keshari Neupane	Chairman	
2.	Mr. Iman Singh Lama	Director	
3.	Mr. Chandra Prasad Bastola	Director	
4.	Mr. Madhav Prasad Bhatta	Director	
5.	Mr. Krishna Shrestha	Director	
6.	Dr. Kailash Patendra Amatya	Director	

*(Signature)*