

Syndicate Bank
Micro, Small & Medium Enterprises Business Unit

In order to ensure smooth flow of sanctions under the scheme, Indian Banks' Association (IBA) vide cir No: SB/Cir./MSME/2015-16 dated 28.12.2015, communicated simplified check list for MUDRA Loans as under:

Eligibility:

Borrowers indulging in non-farm enterprises, Manufacturing, Trading and Service sectors whose credit requirements are below ₹10.00 lakhs . At a later stage activities allied to agriculture like Pisciculture, Beekeeping, poultry, Livestock, Rearing, Grading, Aggregation Agro Industries, Dairy, Fishery, Agri-clinics and Agribusiness centers, Food & Agro processing.

Documents required:

1. **Proof of identity** - Self certified copy of Voter's ID card / Driving License / PAN Card /Aadhaar Card/Passport/Photo Ids issued by Govt. authority etc.
2. **Proof of Residence** - Recent telephone bill, electricity bill, property tax receipt (not older than 2 months), Voter's ID card, Aadhaar Card, Passport of Individual/ Proprietor/Partners, Certificate issued by Govt. Authority/Local Panchayat / Municipality etc.
3. Proof of SC/ST/OBC/Minority, if applicable.
4. Proof of Identity / Address of the Business Enterprise – Copies of relevant Licenses / Registration Certificates /lease or Rent agreement/ Other Documents pertaining to the ownership, identity of address of business unit / Udyog Aadhaar Memorandum.
5. Statement of Account from the existing Banker for the last six months, if any.
6. Last two years unaudited balance sheets of the existing units along with income tax /sales tax returns etc. (Applicable for loans of 2 lakh and above).
7. Projected Balance Sheets of start-ups/existing units for one year in case of working capital limits and for the period of the loan in case of term loan (Applicable for loans of 2 lakh and above).
8. Sales achieved during the current financial year up to the date of submission of application (in case of existing units).
9. Proforma Invoices/ Quotations for the assets to be purchased and estimates for the civil works, if any to be undertaken. Aspect of technical feasibility and economic viability may be discussed with borrower if felt necessary.
10. Asset & Liability statement of the borrower including Directors & Partners.
11. Memorandum and Articles of association of the company/Partnership Deed of Partners etc. wherever applicable.
12. Photos (two copies) of applicant/Proprietor/ Partners/ Directors not older than 6 months.

Scoring of MUDRA loans:

Scoring chart for non-CGMSE loans

Sl. N o	Variable		Scores	Explanation of variable	Score Allotted
1	Educational Qualification				
	1	Doctorate/ Post Graduate/ Professional	8		
	2	Graduate	6		
	3	Diploma	4		
	4	Higher Secondary	2		
	5	< Higher Secondary	0		
2	Mobility of Borrower - Location				
	1	Has not changed location in past 3 years	12		
	2	Changed location once in past 3 years	5		
	3	Changed location more than once in past 3 years	0		
3	Relationship with Bank				
	1	All banking done through Bank	15		
	2	Good track record	10		
	3	Short term relationship	0		
	4	No existing relationship	-5		
4	Current Scope / Future Prospects of the commercial activity				
	1	Highly profitable at present and there is high probability that it will remain so in the future.	12		
	2	Profitable at present and there is high probability that it will be highly profitable in the future.	10		
	3	Profitable at present but Profitability is uncertain in the future.	8		
	4	Not profitable at present but scope of the activity is good so there is high probability that it will turn into a profitable venture.	3		
	5	Not profitable at present and profitability is uncertain in the future.	-3		
5	Experience of the borrower / family members in the current line of activity.				
	1	10 years. and above	10		
	2	5 and above up to 10 years.	8		
	4	2 and above up to 5 years.	4		
	5	Experience up to 2 years.	1		

	6	No experience.	0		
6	Constitution				
	1	Company	10		
	2	Partnership	5		
	3	Individual	0		
7	Proof of income of borrower				
	1	Income tax returns	5		
	2	Audited Financial Statements	5		
	3	Un-audited Financial Statements	2		
	4	No proof	0		
8	Net worth to Loan Ratio				
	1	0 and above up to 0.5	0	<ul style="list-style-type: none">• In case of Individual; Net worth = Movable + immovable assets - liabilities.• For Joint Borrowers, the networth of all the borrowers should be clubbed for computation of this ratio.	
	2	0.5 and above up to .75	1		
	3	0.75 and above up to 1.0	2		
	4	1.0 and above up to 1.5	3		
	5	1.5 and above up to 2.5	4		
	6	2.5 and above	5		
9	Net annual income of the borrower (in Rs)				
	1	Less than 1 Lakh	0	<ul style="list-style-type: none">• Income from all declared sources should be included.• For Individuals; Annual Income = Gross monthly income*12 - (monthly PF deduction*12 + other statutory payments)• For self-employed borrowers, average annual income over last 3 years.• In case of joint borrowers, sum total of the income of the joint borrowers should be used.	
	2	1 Lakh and above up to 2 Lakhs	3		
	3	2 Lakhs and above up to 5 Lakhs	7		
	4	5 Lakhs and above	12		
10	Fixed Obligations to Income Ratio (FOIR)				
	1	Less than 0.3	15	<ul style="list-style-type: none">• Fixed Obligation means Cutback. It is the sum of all mandatory financial obligations like installments of existing loans, House rent (if living in a rented property),	
	2	0.3 and above up to 0.5	10		

	3	0.5 and above up to 0.7	5	<ul style="list-style-type: none"> Insurance Premia and any other related obligations. • In case of more than one borrower, the fixed obligations (numerator) as well as the income (denominator) should be summed up before 	
	4	0.7 and above	0		

				calculating the ratio.	
11	Borrower / Guarantor also a guarantor for someone else				
	1	No	3		
	2	Yes	-2		
12	Type of Collateral				
	1	Liquid securities like financial collateral	20		
	2	Immovable collateral	10		
	3	Movable collateral	0		
13	Price volatility (for Financial collateral only)			Only one of these two parameters (13 or 14) (Price Volatility & Marketability) can be scored for a borrower.	
	1	Highly volatile	-10		
	2	Somewhat volatile	0		
	3	Stable	10		
14	Marketability (for Non-financial collateral only)			<ul style="list-style-type: none">Marketability will depend on the condition of collateral, Ease of sale of collateral and availability of buyers in the market.Where Property is taken as collateral, Marketability will increase if significant developments are happening in nearby areas and there is probability of appreciation of prices.	
	1	Low	-10		
	2	Average	0		
	3	High	10		
15	Coverage provided by collateral				
	1	Less than 0.25	0	Coverage = Security Amt / Loan Amt Collateral includes both primary and secondary security.	
	2	0.25 and above up to 0.5	5		
	3	0.5 and above up to 1	10		
	4	1 and above up to 1.5	20		
	5	1.5 and above	25		
16	Number of Guarantors				
	1	Three or more	13		
	2	One or Two	6		
	3	Zero	0		
17	Guarantor's Net worth to Loan Ratio				
	a)	0 and above up to 0.5	0		

	b)	0.5 and above up to 0.75	1	Where more than one guarantor is taken, the networth of all the guarantors should be clubbed for computation of this ratio.	
	c)	0.75 and above up to 1.0	2		
	d)	1.0 and above	3		
18	Fixed Obligations to Income Ratio of Guarantor				
	1	Less than 0.3	3	<ul style="list-style-type: none">Fixed Obligation means Cutback. It is the sum of all mandatory financial obligations like installments of existing loans, House rent (if living in a rented property), Insurance Premia and any other related obligations.In case of more than one guarantor, the fixed obligations (numerator) as well as the income (denominator) should be summed up before calculating the ratio.	
	2	0.3 and above up to 0.5	2		
	3	0.5 and above up to 0.7	1		
	4	0.7 and above	0		
Sum					

Scoring chart for non-CGMSE loans	Lower limit	Upper limit
Synd1	151	>151
Synd 2	141	150
Synd 3	131	140
Synd 4	121	130
Synd 5(Cut off Grade)	111	120
Synd 6	101	110
Synd 7	91	100
Synd 8	<90	90

Scoring chart for CGMSE covered accounts

Sl. N o	Variable		Scores	Explanation of variable	Score Allotted
1	Educational Qualification				
	1	Doctorate/ Post Graduate/ Professional	8		
	2	Graduate	6		
	3	Diploma	4		
	4	Higher Secondary	2		
	5	< Higher Secondary	0		
2	Mobility of Borrower - Location				
	1	Has not changed location in past 3 years	12		
	2	Changed location once in past 3 years	5		
	3	Changed location more than once in past 3 years	0		
3	Relationship with Bank				
	1	All banking done through Bank	15		
	2	Good track record	10		
	3	Short term relationship	0		
	4	No existing relationship	-5		
4	Current Scope / Future Prospects of the commercial activity				
	1	Highly profitable at present and there is high probability that it will remain so in the future.	12		
	2	Profitable at present and there is high probability that it will be highly profitable in the future.	10		
	3	Profitable at present but profitability is uncertain in the future.	8		
	4	Not profitable at present but scope of the activity is good so there is high probability that it will turn into a profitable venture.	3		
	5	Not profitable at present and Profitability is uncertain in the future.	-3		

Sl. No	Variable		Scores	Explanation of variable	Score Allotted
5	Experience of the borrower / family members in the current line of activity.				
	1	10 years. and above	10		
	2	5 and above up to 10 years.	8		
	4	2 and above up to 5 years.	4		
	5	Experience up to 2 years.	1		
	6	No experience.	0		
6	Constitution				
	1	Company	10		
	2	Partnership	5		
	3	Individual	0		
7	Proof of income of borrower				
	1	Income tax returns	5		
	2	Audited Financial Statements	5		
	3	Un-audited Financial Statements	2		
	4	No proof	0		
8	Net worth to Loan Ratio				
	1	0 and above up to 0.5	0	<ul style="list-style-type: none">• In case of Individual; Net worth = Movable + immovable assets - liabilities.• For Joint Borrowers, the networth of all the borrowers should be clubbed for computation of this ratio.	
	2	0.5 and above up to .75	1		
	3	0.75 and above up to 1.0	2		
	4	1.0 and above up to 1.5	3		
	5	1.5 and above up to 2.5	4		
	6	2.5 and above	5		
9	Net annual income of the borrower (in Rs)				
	1	Less than 1 Lakh	0	<ul style="list-style-type: none">• Income from all declared sources should be included.• For Individuals; Annual Income = Gross monthly income*12 - (monthly PF deduction*12 + other statutory payments)• For self-employed borrowers, average annual income over last 3 yrs.• In case of joint borrowers, sum total of the income of the joint borrowers should be used.	
	2	1 Lakh and above up to 2 Lakhs	3		
	3	2 Lakhs and above up to 5 Lakhs	7		
	4	5 Lakhs and above	12		
10	Fixed Obligations to Income Ratio (FOIR)				
	1	Less than 0.3	15	<ul style="list-style-type: none">• Fixed Obligation means Cutback. It is the sum of all mandatory financial obligations like installments of existing loans, House rent (if living in a rented property), Insurance Premia and any other related obligations.• In case of more than one borrower, the fixed obligations (numerator) as well as the income (denominator) should be	
	2	0.3 and above up to 0.5	10		
	3	0.5 and above up to 0.7	5		

Sl. N o	Variable		Scores	Explanation of variable	Score Allotted
	4	0.7 and above	0	Summed up before calculating the ratio.	
11	Borrower / Guarantor also a guarantor for someone else				
	1	No	3		
	2	Yes	-2		
12	Type of Collateral				
	1	Liquid securities like financial collateral	20		15
	2	Immovable collateral	10		
	3	Movable collateral	0		
13	Price volatility (for Financial collateral only)			Only one of these two parameters (13 or 14)(Price Volatility & Marketability) can be scored for a borrower. • Marketability will depend on the condition of collateral, Ease of sale of collateral and availability of buyers in the market. • Where Property is taken as collateral, Marketability will increase if significant developments are happening in nearby areas and there is probability of appreciation of prices.	
	1	Highly volatile	-10		0
	2	Somewhat volatile	0		
	3	Stable	10		
14	Marketability (for Non-financial collateral only)				
	1	Low	-10	0	0
	2	Average	0		
	3	High	10		
15	Coverage provided by collateral				
	1	Less than 0.25	0	Coverage = Security Amt / Loan Amt	25
	2	0.25 and above up to 0.5	5		
	3	0.5 and above up to 1	10		
	4	1 and above up to 1.5	20	Collateral includes both primary and secondary security.	
	5	1.5 and above	25		
16	Number of Guarantors				
	1	Three or more	13		Not Applicable
	2	One or Two	6		
	3	Zero	0		
17	Guarantor's Net worth to Loan Ratio				
	a)	0 and above up to 0.5	0	• Where more than one guarantor is taken, the networkth of all the guarantors should be clubbed for computation of this ratio.	Not Applicable
	b)	0.5 and above up to0.75	1		
	c)	0.75 and above up to 1.0	2		
	d)	1.0 and above	3		

Sl. No	Variable		Scores	Explanation of variable	Score Allotted
18	Fixed Obligations to Income Ratio of Guarantor				
	1	Less than 0.3	3	<ul style="list-style-type: none">• Fixed Obligation means Cutback. It is the sum of all mandatory financial obligations like installments of existing loans, House rent (if living in a rented property), Insurance Premia and any other related obligations.• In case of more than one guarantor, the fixed obligations (numerator) as well as the income (denominator) should be summed up before calculating the ratio.	Not Applicable
	2	0.3 and above up to 0.5	2		
	3	0.5 and above up to 0.7	1		
	4	0.7 and above	0		
Sum					

Scoring chart for CGMSE covered loans	Lower limit	Upper limit
Synd 1	135	>135
Synd 2	126	134
Synd 3	116	125
Synd 4	108	115
Synd 5 (Cut off Grade)	98	107
Synd 6	90	97
Synd 7	81	89
Synd 8	68	80