

The Chief General Manager,
State Bank of India,
Local Head Office,
All Circles

CPP/CKG/CIR/25

July 20, 2004

Dear Sir,

SBI EXPORTERS GOLD CARD SCHEME

In the Exim Policy 2003-2004 announced earlier this year, it was proposed to introduce Gold Card Scheme for creditworthy exporters with good track record for hassle-free availability of export credit on best terms. Following this announcement, Reserve Bank of India (vide letter No.IECD/12/04.02.02/Gold Card/2003-04 dated the 18th May 2004), have released a model Scheme for implementation by the banks, after due customisation. Accordingly, it has been decided to launch, with immediate effect “**SBI EXPORTERS GOLD CARD SCHEME**” (hereinafter referred to as ‘Scheme’), to meet working capital needs of exporters.

2. The Scheme as customised by the Bank is detailed hereunder:

2.1 Eligibility criteria:

Our existing customers/new connections who fulfil the following criteria will be eligible for SBI Exporters Gold Cards:-

Accounts classified as ‘Standard Asset’ continuously for a period of last three years.

No irregularities/ adverse features observed in the conduct of the accounts. However, occasional overdrawings should not be construed as an adverse feature.

The exporter has not been blacklisted by ECGC and/or included in RBI defaulters’ list/caution list.

The unit has not incurred losses during the past three years.

Overdue export bills of the unit are not in excess of 10% of the current year’s turnover.

Greenfield projects, may also be considered under the Scheme by the appropriate sanctioning authority on a case to case basis.

In case of take-over of the account, the extant take over norms should be complied with, together with the other eligibility norms listed above.

2.2 Assessment of Credit Limit :

In case of units where projected export turnover, is up to Rs. 100 crore or below, assessment of credit limits, irrespective of the segment, will be done as per simplified turnover based assessment method (Nayak Committee method). Under this method credit limits will be assessed at 20% of the turnover of the unit in case of manufacturer exporters and 15% of the turnover of the unit in case of trader exporters, provided the borrower contributes a margin of 5%.

In case of units having both export and domestic sales components, the assessment of credit limit will be made as per turnover based assessment method for the unit as a whole, if credit facilities for both export and domestic business activities are required to be assessed as per this method in terms of extant instructions. In other words, as per existing dispensation for units with projected export turnover of up to Rs. 100 crore or below and domestic turnover of up to Rs. 25 crore or below, which satisfy the related criterion, simplified assessment as per turnover method will be applicable. In case of units, where the projected domestic turnover exceeds Rs 25 crore, combined limit or sub-limit for export

activity will be assessed as per the Projected Balance Sheet/ Cash Budget method. However, the benefits under the scheme will be extended for the portion of Export Credit. Software Exporters will continue to be assessed as per cash budget method prescribed in respect of software finance, irrespective of quantum of turnover, and thus, turnover based method (Nayak Committee method) will not be applicable to this category of exporters. In respect of units with projected export turnover of above Rs.100 crore, the Projected Balance Sheet (PBS) method, or Cash Budget method of assessment, as applicable in respect of the business activity, will be followed. Non-fund based limits required by the exporters will be assessed as per existing norms.

2.3 Stand-by limit:

Under the Scheme, Standby limit of 20% will be sanctioned over and above the assessed fund based and non-fund based limits, to meet credit demands arising out of receipt of sudden orders etc.

The Standby limit will be sanctioned to all Gold Card holders by the appropriate sanctioning authority along with sanction of assessed credit limits.

Exporters will be entitled to avail stand-by limit for a maximum period of 180 days in one instance. However, there is no restriction as to the number of times stand-by limit is utilised by the exporter during the tenure of credit limits sanctioned under the Scheme.

2.4 Sanction of Limits, Tenure and Empowerment of Branch Heads:

Sanction of credit limits together with Standby limit will be granted in the usual manner by the sanctioning authority empowered to sanction the various types of credit facilities.

Credit limits, as above, sanctioned under the Scheme will be valid for a period of three years.

Under the Scheme, all Branch Heads are empowered to review the credit facilities at the end of 1st and 2nd year and accordingly to step up by up to 10%, both fund based and non-fund based as well as the stand-by credit facilities, without prior reference to the sanctioning authority, **provided the various types and the combined credit facilities after step up, fall within the financial powers of the existing sanctioning authority which has sanctioned the credit limits for the period of three years**, and on satisfactory fulfilment of the following parameters:

Projected Sales turnover and order book position justifies increase in credit facilities.

The unit has earned net profit from export operations in the preceding financial year.

The unit has submitted its balance sheet (audited balance sheet where it is mandatory) within four months of close of financial year and no adverse movement has taken place both in Total Outside Liabilities (TOL) to Tangible Net Worth (TNW) and Current Ratio.

The unit continues to satisfy the other eligibility criterion prescribed under the Scheme.

As no processing is involved in the dispensation provided for step up of credit facilities at the end of 1st and 2nd year, Branch Heads are advised to exercise discretion without reference to the Centralised Processing Cells (CPC), in Circles where CPC has been operationalised.

The Branch Heads, however, at the end of 1st and 2nd year, will have to submit a review of the accounts in respect of which step ups have been granted to the sanctioning authority in the nature of a Statement. The Statement will contain brief details of each of such accounts. The sanctioning authority will take on record the step ups granted by Branch Heads as per the Review Statement. A uniform format for this purpose will be provided to branches separately.

In case of requests from exporters for enhancements by over 10% of the credit limits originally sanctioned for the period of three years, and in cases where any type of credit facility or the combined credit facilities after step up, by upto 10% or less as may be needed for the unit, fall beyond the financial powers of the existing sanctioning authority which has sanctioned the credit limits for the period of three years, sanction of enhanced credit facilities will be granted by the appropriate sanctioning authority. However, the revised credit limit will be valid for a fresh period of three years from the date of sanction of enhanced credit facilities.

2.5 Renewal of credit limits after period of three years :

The credit facilities sanctioned for the period of three years including standby limit and step ups, if any, granted by Branch Heads under the Scheme will get automatically rolled over for a further period of three years, subject to fulfilment of terms and conditions of sanction and the unit continuing to satisfy the eligibility criterion for grant of Exporters Gold Card. However, at the same time, Renewal Memorandum/ Note will have to be submitted to the existing sanctioning authority.

2.6 Credit facilities in Foreign Currency:

Gold Card holders will be given priority in sanction of PCFC advances. Accordingly, while seeking Funds Angle Clearance (FAC) from Foreign Department, Kolkata, the branches should clearly specify that the borrowing unit is a Gold Card holder. Normally, the foreign currency credit to Indian exporters is at rates of interest not exceeding LIBOR + 0.75 percent. In case of Gold Card holders, if PCFC is made available to them by making market borrowings, additional service charge at flat rate of 10 basis points (0.10 percent) will be charged, for which Foreign Department, Kolkata will advise separately.

2.7 ECGC Cover :

Exemptions from ECGC cover/guarantee may be considered by the sanctioning authority on case to case basis.

2.8 Rate of Interest:

Interest rate on pre-shipment credit, up to 180 days, which constitutes the majority of the transactions, will be 3.75% below SBAR which presently translates to an effective rate of 6.50%. This would imply that the Gold Card holders will avail a concession of 60 bp over the pre-shipment interest rate extended presently to exporters. In regard to post-shipment credit upto 365 days, interest rate will also be 3.75% below SBAR which presently translates to an effective rate of 6.50%. This would imply that the Gold Card holders will avail a concession of 75 bp over the post-shipment interest rate up to 90 days extended presently to exporters, which constitutes the majority of the transactions. Chief General Manager of Circles/CAG/ Mid Corporate can exercise further discretion of up to 25 bp for quoting finer interest rates. Full details of the interest rate structure are given at Annexure 1.

2.9 Security :

The security norms for Gold Card holders will be the same as those for existing advances.

2.10 Documentation :

Suitable amendments, as may be required, is being made in the existing Security Documents/Arrangement Letter, in consultation with the Law Department at Corporate Centre, and will be advised separately. Meanwhile, with a view to immediately launch the product, Circles may use the existing Security Documents/Arrangement Letter after due modifications, in consultation with the Law Department at LHO.

2.11 Time Norms :

The time frame for disposal of applications received for sanction of credit under the Scheme will be as under:

Disposal of fresh applications	-	25 days
Renewal of limits	-	15 days

Requests for sanction of adhoc limits, if received, should be processed within a period of 7 days.

The appraisal memoranda should be accompanied by a date chart to enable the sanctioning authority to monitor adherence to the time norms. The details of pending proposals should be furnished to the Domestic Offices (Planning) Section of International

Banking Group at the Corporate Centre, every quarter in Statement A of the "Nation Building" return, in a separate column.

As regards existing borrowers, who are eligible for Exporters Gold Cards, an in-principle offer letter should be addressed immediately by all branches and the process of issuing Gold Cards, after necessary sanction, should be completed by 31.08.2004.

2.12 Application Form :

Simplified application form for use under the Scheme is placed at Annexure II (A to E). The application form will be used irrespective of the size of the credit limits.

2.13 Service Charges :

Bank's existing schedule of charges, together with the discretion structure, will be applicable for accounts under the Scheme also.

2.14 Additional Facilities :

International Credit/Debit cards and Internet Banking facilities may be extended to the promoters/ directors/ senior executives of the borrower units under the Scheme on priority basis.

3. Details of the Scheme, as indicated above, may be circulated expeditiously to the branches/offices under your control. You are requested to adopt suitable strategies for marketing the product effectively with a view to cover maximum number of eligible exporter clients under the Scheme. Meetings/Seminars of exporters should be organized at forex intensive centres to explain the salient features of the Scheme and publicity campaigns organised to make the product a success.

4. The data related to export credit granted under the Scheme may be furnished to the Business Control Section of the Domestic Wing of International Banking Group as additional information in the quarterly statement on Form 'C' regarding export credit disbursement and balances outstanding as on the last reporting Friday of each quarter beginning with the quarter ending September 2004. Revised format in this respect is enclosed as Annexure III.

5. As the Bank's Exporters Gold Card Scheme is being introduced on highly competitive terms, branches should make all out efforts to market the product amongst prospective borrowers. For this purpose, the top non-borrower exporters of the area should be identified based on the information available in public domain, and suitable letters indicating the highly competitive features of our Scheme should be sent to them, followed by personal visits.

6. Please arrange accordingly.

Yours faithfully,

**Dy. Managing Director
& Chief Credit Officer**

Encl:

EXPORT CREDIT (Applicable to all market segments)
INTEREST RATE STRUCTURE
UNDER SBI EXPORTERS GOLD CARD SCHEME

	Category of Advance	Concessional Interest rate structure under SBI Exporters Gold Card scheme
1.	Pre-shipment credit	
i)	Up to 180 days	3.75% below SBAR i.e. 6.50%
	Beyond 180 days and up to 365 days	2.10% below SBAR i.e. 8.15%
(ii)	Against incentives receivable from Govt. covered by ECGC Guarantees (Up to 90 days)	3.15% below SBAR (10.25%) i.e. 7.10%
2.	Post-shipment credit	
i)	Demand Bills (for transit period as specified by FEDAI)	3.75% below SBAR (10.25%) i.e. 6.50%
ii)	Usance Bills (For total period comprising usance period of export bills, transit period as specified by FEDAI and grace period wherever applicable) a) Up to 365 days from the date of shipment	
	b) For the overdue period up to 6 months from the date of shipment	
	c) Beyond 6 months from the date of shipment	SBAR plus 1.85%
	Against incentives receivable from Govt. covered by ECGC Guarantee (up to 90 days)	SBAR plus 2.50%
iii)	Against undrawn balances (up to 90 days)	3.15% below SBAR (10.25%) i.e. 7.10%
iv)	Against retention money (for supplies portion only) payable within one year from the date of shipment (up to 90 days)	3.15% below SBAR (10.25%) i.e. 7.10%
v)		3.15% below SBAR (10.25%) i.e. 7.10%

3.	Deferred Credit Deferred Credit for the period beyond 180 days	Rate applicable to term loans based on the borrower's credit rating
4.	Export credit not otherwise specified (ECNOS)	
i)	Pre-shipment credit	Rate applicable to Cash Credit advance
ii)	Post-shipment credit	Rate applicable to Cash Credit advance

SBI EXPORTERS GOLD CARD SCHEME

BIO-DATA FORM

(Please use separate sheet for each person)

1.

Full Name (Mr/Mrs)
2.

Name of the Father/Husband
3.

Passport/PAN No.& Issuing Office
4.

Address:

Office

Tel No.

Residence
5.

Experience

Years

Employer

Designation
6.

Functional responsibilities in the unit
7.

Details of associate concerns
- 7.1.

Name and address of the branch/associates/identical concern
- 7.2

Activity of the concern
- 7.3

Functional responsibility in that concern
- 7.4

Name of the associate concern’s Banker and their address
- 7.5

Aggregate credit facilities enjoyed by the concern
8.

Personal Assets and Liabilities:
- 8.1

Immovable property
- 8.2

Other Assets
- 8.3

Personal Liabilities, if any.

(including guarantees/acceptances given)
9.

Any other relevant information

Place:

Date:

Signature

SBI EXPORTERS GOLD CARD SCHEME

APPLICATION FORM FOR WORKING CAPITAL CREDIT FACILITIES

- 1.1 Name of the Unit
(In block letters)
- 1.2 Constitution
Please strike out which are not applicable
- Proprietary/Partnership
Firm/Private Limited/ Public
Limited Company/Co-
operative Society
- 1.3 Name of the business
house/group (of any)
- 2.1 Registration No.
(as given by the District
Industries Centre/Directorate
of Industries)
- 2.2 IEC No.
- 2.3 Date of Incorporation/
Commencement of Business
3. Business Address with Telephone/Telex No.
- 3.1 Registered Office
- 3.2 Administrative Office
- 3.3 Factory
- 3.4 E-mail address/Website
4. Background of the Proprietor/Partners/Directors
(Please furnish for each person as per the
Annexure II-A)
5. Brief Description of the
Industrial Activity
- 5.1 Existing
- 5.2 Proposed
6. How the Activity was financed so far
(to be filled up in case of existing unit only)

Source of Funds (*)	Security	Rate of Intt.	Repayment per Month in case of Term Loans only	Present O/S (in 000s of Rs.)	Amount of OD (if any)

(*) Indicate sources of funds with name & address, e.g. banks/financial Institutions/others (specify)

7. Past Performance
(To be filled up by existing unit only)
(Indicate in 000s of Rs.)

Particulars	Last Year	Last but One Year	Last but Two Years
Turnover			
Net Profit			
Retained Profit			
Major Countries to which exports made			

Monthly Turnover for last twelve months

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8. Arrears in Statutory Payments (if any)

9. Whether Merchant Exporter or Manufacturer Exporter

10. Name of the associate concern(s), if any, and
10.1 Nature of association and amount invested

10.2 Nature of activity

10.3 Items traded manufactured

10.4 Turnover and profit during preceding three years

11. Technical Feasibility - required only in case of a new unit (As per Annexure II-E)

12. ECONOMIC FEASIBILITY
Marketing (mention separately for each product)

12.1 Countries where the product is/will be sold

12.2 How does the unit meets/proposes to meet the competition
(comment on the competitive advantages enjoyed by the unit)

12.3 Is the unit selling direct to its customers. If so, please furnish details like sales force, showrooms, depots, warehouses, offices abroad.

12.4 Nature and volume of orders/ enquiries on hand
(certified xerox copies to be furnished)

13. Future Projections
(To be given for the next three years)
Please furnish data on

13.1 Projected balance sheet (as per Annexure II-D)

13.2 Working Capital Requirement as per CMA Data

14. Financial Assistance Required
 - 14.1 Rupee Loan
 - 14.2 Foreign Currency Loan
 - 16.3 Non-Fund Based Limits, i.e. other Forms of assistance (e.g. L/Cs. Bank Guarantees, etc).
15. Details of Securities to be Offered :
 - 15.1 Primary
 - 15.2 Collateral (full details)
 - 15.3 Details of guarantor(s) (Names & addresses), if any
- 16 Please indicate whether the proprietor/any of the partners/promoters/directors have at any time declared themselves as insolvent. If so, details thereof.
17. Whether the Proprietor/ Partner/Directors/Guarantors are related to any official of the Bank. If yes, then details thereof

I/We certify that all information furnished by me/us is true; that I/We have no borrowing arrangements for the unit with any Bank except as indicated in the application; that there is no overdues/statutory dues against me./us /promoters except as indicated in the application; that no legal action has been/is being taken against me/us/promoters that I /We shall furnish all other information that may be required by you in connection with my/our application; that this may also be exchanged by you with any agency you may deem fit; and you, your representatives, representatives of the Reserve Bank of India/National Bank of Agriculture & Rural Development/Small Development Bank of India/Deposit Insurance & Credit Guarantee Corporation/ECGC/EXIM Bank/CIBIL or any other agency as authorised by you, may, at any time, inspect/verify my/our assets, books of accounts. etc, in our factory/business premises as given above.

Date:

Place:

Signature of the Borrower
(Name & Designation)

Encl: Certified Xerox copies of

- a) Audited Balance sheets with Trade and Profit & Loss Account, for the last three years, and next three years with CMA data,
- b) Memorandum and Articles of Association, Certificate for Commencement of Business
- c) Income Tax, Wealth Tax Returns and assessment orders for the last three years, for the unit as well as proprietor/partners/promoters/directors
- d) Sales Tax Returns for the last three years.
- e) Pollution Clearance Certificate

SBI EXPORTERS GOLD CARD SCHEME

Details of Existing Fixed Assets

- A. Land & Building
1. Location

2. Area

3. Whether Freehold or Leasehold

4. Purchase Price of Land if owned

5. Rent in case of Leased land

6. Terms of Lease

Particulars of Machinery

Seria I No.	Name of Machinery specification	Second Hand/New	Imported/Indigenous	Invoice taxes for Importers	Price including CIF for Indigenous Machinery
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1.	Existing Machinery				
	1.1	Indigenous			
	1.2	Imported			

SBI EXPORTERS GOLD CARD SCHEME

Projected Balance Sheet
(Figures in 000s of Rs.)

		1st	2nd	3rd
		year	year	year
<u>Liabilities</u>				
1.	Equity Share Capital			
2.	Reserve and Surplus			
3.	Term Loans			
4.	Bank Borrowings for Working Capital			
5.	Other Liabilities			
Total Liabilities				
<u>Assets</u>				
1.	Gross Block			
2.	Depreciation			
3.	Net Block			
4.	Investment			
5.	Current Assets			
6.	Cash and Bank Balances			
Total Assets				

SBI EXPORTERS GOLD CARD SCHEME

Technical Feasibility (To be submitted only in case of new connection)

1 Name of the Product(s), including bye-products & its (their) use and its manufacturing process in brief

1.2 Capacity : (No. of Units/Quantity in kg/ Volume in Litre per annum)

Capacity for each product	Licensed	Installed	Operating

No. of working days in a month & No.of shifts in a day

1.3 Locational advantages of existing and/or proposed premises with reference to availability of raw material, power, skilled labour, transport etc.

1.4 Whether clearance has been obtained from the pollution control authority

1.5 PARTICULARS OF MACHINERY & OTHER FIXED ASSETS (As per Annexure II-C)

1.6 RAW MATERIALS/COMPONENTS (Please mention about the requirement & availability of imported and indigenous items separately)

2. UTILITIES (Give comments on requirement, availability/adequacy, qualitative aspects, etc).

2.1 Power arrangements including standby

2.2 Water (Enclose certified xerox copy of sanction for water connection)

2.3 Fuel

2.4 Others (specify)

3. QUALITY CONTROL

3.1 Details of arrangement made for quality control like ISI/ISO/OHSAS etc

