



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA

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DBOD.No.BP.BC- 104 /21.04.048/2011-12

May 10, 2012

The Chairman and Managing Director/
Chief Executive Officer of
All Scheduled Commercial Banks

Dear Sir,

Transfer of Borrowal Accounts from One Bank to Another

Please refer to our circular IECD.No.20/08.12.01/97-98 dated December 2, 1997, in terms of which banks were advised to incorporate the necessary safeguards to be observed in the case of transfer of borrowal accounts from one bank to another as a part of their lending policy/procedures.

2. However, of late we have been receiving references/complaints that critical information on the health of the borrowal accounts being taken over is not being shared by the transferor bank with the transferee bank, resulting in inadequate due diligence at the time of taking over of accounts.

3. Therefore, we advise that:

- a) Banks should put in place a Board approved policy with regard to take-over of accounts from another bank. The policy may include norms relating to the nature of the accounts that may be taken over, authority levels for sanction of takeover, reporting of takeover to higher authorities, monitoring mechanism of taken over accounts, credit audit of taken over accounts,

examination of staff accountability especially in case of quick mortality of such cases after takeover, periodic review of taken over accounts at Board /Board Committee level, Top Management level, etc.

b) In addition, before taking over an account, the transferee bank should obtain necessary credit information from the transferor bank as per the format prescribed in our [circular DBOD.No.BP.BC.94/ 08.12.001/2008-09 dated December 8, 2008](#) on “Lending under Consortium Arrangement/Multiple Banking Arrangements”. The format is furnished in Annex. This would enable the transferee bank to be fully aware of the irregularities, if any, existing in the borrower's account(s) with the transferor bank. The transferor bank, on receipt of a request from the transferee bank, should share necessary credit information as per the prescribed format at the earliest.

Yours faithfully,

-sd-

(Deepak Singhal)
Chief General Manager-in-Charge

**Format for sharing credit information
at the time of transfer of borrowal accounts**

Part - I

Bio Data of the Company

I.	Borrowing party's name and address	
II.	Constitution	
III.	Names of Directors / Partners	
IV.	Business activity	
	* Main	
	* Allied	
V.	Names of other financing Banks	
VI.	Net worth of Directors / Partners	
VII.	Group affiliation, if any	
VIII.	Date on associate concerns, if banking with the same bank	
IX.	Changes in shareholding and management from the previous report, if any	

Part - II

Major Credit Quality Indicators

I.	IRAC Classification	
II.	Internal Credit rating with narration	
III.	External Credit rating, if any	
IV.	Latest available Annual Report of the borrower	As on -----

Part - III

Exposure Details other than Derivatives

		(Rs. in crore)
I.	Type of credit facilities, e.g. working capital loan / demand loan / term loan / short term loan / foreign currency loan, corporate loan / line of credit / Channel financing, contingent facilities like LC, BG & DPG (I & F) etc. Also, state L/C bills discounting / project wise finance availed).	
II.	Purpose of loan	
III.	Date of loan facilities (including temporary facilities)	
IV.	Amount sanctioned (facility wise)	
V.	Balance outstanding (facility wise)	
VI.	Repayment terms	
VII.	Security offered	
	* Primary	
	* Collateral	
	* Personal / Corporate Guarantees	
	* Extent of control over cash flow	
VIII.	Defaults in term commitments / lease rentals / others	
IX.	Any other special information like court cases, statutory dues, major defaults, adverse internal / external audit observations	

Part - IV

Exposure Details - Derivatives Transactions

(Rs. in crore)							
Sr. No.	Nature of the Derivatives Transactions	Notional Amount of Contracts	Weighted - Average Maturity of Contracts	Amount of Positive MTM for the Bank (Not due for settlement)	Amount of Contracts classified as NPA	Notional Amount of Outstanding Contracts which have been restructured	Major Reasons for restructuring (in brief)
A.	Plain Vanilla Contracts						
1.	Forex Forward contracts						
2.	Interest rate Swaps						
3.	Foreign Currency Options						
4.	Any other contracts (Please specify)						
B.	Complex derivatives including various types of option combinations designed as cost reduction / zero cost structures						
1.	Contracts involving only interest rate						

	derivatives						
2.	Other contracts including those involving foreign currency derivatives						
3.	Any other contracts (Please specify)						

Part - V

**Un-hedged Foreign Currency Exposures of
the Borrower with Currency-wise Details**

		(Rs. in crore)
I	Short term exposures (less than one year)	
	(a) Long positions	
	(b) Short positions	
	(c) Net short- term exposure (a-b)	
II	Long term exposures (one year and beyond)	
	(a) Long positions	
	(b) Short positions	
	(c) Net long-term exposure (a-b)	
III	Overall Net Position (I -II) for each currency (Please give Overall Net Position in this format for each currency)	
IV	Overall Net Position across all currencies	

Part - VI

Experience with the Borrower

I.	Conduct of funded facilities (based on cash management / tendency to overdraw)	
II.	Conduct of contingent facilities (based on payment history)	
III.	Compliance with financial covenants	
IV.	Company's internal systems & procedures	
V.	Quality of management	
VI.	Overall Assessment	
(The above to be rated as good, satisfactory or below par only)		
(*) Broad guidelines for incorporating comments under this head is furnished in the next page		

**Broad Guidelines for Incorporating Comments under Part - VI
(Experience) of the Credit Information Report**

		Good	Satisfactory	Below Par	
I.	Conduct of funded facilities				
	*	Over-drawings (No. of times)	Upto 4 times	5 to 6 times	Above 6 times
	*	Average period of adjustment	Within 1 month	Within 2 months	Beyond 2 months
	*	Extent of overdrawings (% of limit)	Upto 10%	10 to 20%	Above 20%
II.	Conduct of contingent facilities (Other than Derivatives)				
	*	No. of Defaults	Upto 2 times	3 to 4 times	Above 4 times
	*	Average period of adjustment	Within 1 week	Within 2 weeks	Beyond 2 weeks
III.	Conduct of Derivatives Transactions				
	*	No. of contracts where the positive MTM value due to the bank remained overdue for more than 30 days	<25% of total number of contracts	25-50% of total number of contracts	> 50% of total number of contracts
	*	No. of contracts where the positive MTM value due to the bank remained overdue	<1% of total number of contracts	1-5% of total number of contracts	> 5% of total number of contracts

	for more than 90 days and the account had to be classified as NPA (but later on regularized and is not NPA as on the date of exchange of information) Note : All cases where any of the contracts has been classified as NPA and continues to be NPA as on the date of the exchange of information should be shown as Below Par)			
*	No. of contracts restructured during the relevant period	<25% of total number of contracts	25-50% of total number of contracts	> 50% of total number of contracts
IV. Compliance with financial covenants				
*	Stock statement / Financial data	Timely	Delay upto 15 days	Delay over 15 days
*	Creation of charge	Prompt	Delay upto 2 months	Delay over 2 months
V. Company's internal systems and procedures				
*	Inventory Management	Adequate systems are in place	Adequate systems are in place but not adhered	Adequate systems are not in place
*	Receivables Management	- do -	- do -	- do -
*	Resource Allocation	- do -	- do -	- do -
*	Control over Information	- do -	- do -	- do -
VI. Quality of management				
*	Integrity	Reliable	Nothing adverse	Cannot be categorized in previous columns
*	Expertise Competence / Commitments	Professional & visionary	Have necessary experience	-do-
*	Tract Record	Timely	Executions /	-do-
