Pre Payment guidelines and Penal Charges

- ✓ 774/2025:
- ✓ For loans sanctioned or renewed on or after 1.1.2026
- ✓ For both Priority and Non Priority and Retail Lending
- ✓ To be levied when borrower requests for transfer of loans to other banks / Fis in the following cases
- ✓ A) All Credit facilities sanctioned to non individuals under floating rate regime other than MSEs
- ✓ B) All Credit facilities to individuals and non individuals other than MSEs under Fixed Rate

Pre Payment guidelines and Penal Charges

- ✓ **Penal Charges not to be charged for all floating rate loans sanctioned to :**
- ✓ **A)Individual borrowers with or without co obligants for purpose other than business as well as for business purpose**
- ✓ **B) For Business purpose to MSEs with or without co obligants.**
- ✓ **In both a and b above irrespective of source of funds for pre payment (including take over) either in part or full and without any minimum lock in period pre payment charges should not be charged – to be updated in FP BAM83 (18/26)**

Pre Payment guidelines and Penal Charges

- ✓ For Pre payment not involving transfer to other banks / Fis no penalty need be levied
- ✓ In case of term loan if prepayment charges collected it is on the amount prepaid
- ✓ In OCC/OD if prepaid before due date and if charges are collected it is on the amount not exceeding sanctioned limit.
- ✓ In OCC/OD if the borrower intimates his intention not to renew the facility before the due date no charges to be levied if the loans gets closed on the due date. Date of intimation to be updated in FP BX202 (18/26)

Pre Payment guidelines and Penal Charges

- ✓ **No Pre payment charges if prepayment is effected at the instance of the bank.**
- ✓ **The applicability or otherwise of the prepayment charges to be disclosed in the sanction letter and agreement and in also in KFS if it is applicable.**
- ✓ ***In addition, no charges/ fees shall be charged retrospectively at the time of pre-payment of loans, which were waived off earlier by the bank.***
- ✓ ***Prepayment charges in our bank wherever applicable:***
- ✓ ***2% on the liability if entire loan is prepaid***

Pre Payment guidelines and Penal Charges

- ✓ **Working Capital:**
- ✓ **FB: 2% on the sanctioned limit**
- ✓ **NFB:0.50% on the sanctioned limit**

Waiver / Refund:

- ✓ **By NHA not below the rank of Circle Head CAC upto their delegated powers.**
- ✓ **HO Power – RSAs**
- ✓ **MC Sanction – CAC of the Board**

Validation of ITR/ITAO/Form 16 812/2025

- ✓ To be Carried out by RAHs
- ✓ As part of Pre sanction exercise either through
- ✓ IT Web site or
- ✓ Banks Fintech Partner "M/s ScoreMe Solutions India Private Limited" or
- ✓ Fintech Partner "M/s Perfios Software Solutions
- ✓ Copies of all the documents/reports downloaded in the validation process shall be duly signed by the validating official confirming their validation and preserved along with the loan papers

Validation of ITR/ITAO/Form 16 812/2025 & 840/2025

- ✓ 840/2025 For MSME Loans
- ✓ IT web site or
- ✓ Fintech Partner “M/s Perfios Software Solutions

- ✓ M/s ScoreMe Solutions India Private Limited” is for Retail Loans only

Pre & Post Sanction Visit Portal in SAS 820/25

- ✓ Pre Sanction unit visit format – for sanctioning fresh limits, enhancement of limits and for inspection of units financed under Consortium / MBA NF 1041 (Cir 770/21)
- ✓ Inspection of immovable properties format - annex V of HO Cir 157/2020
- ✓ Post Sanction visit format as per HO Cir 606/24
- ✓ For Retail, MSME, Agri & Corporates

Pre & Post Sanction Visit Portal in SAS 820/25

- ✓ introduction of “PRE-POST SANCTION VISITS” in
- ✓ CANARITES MOBILE APP (Android/IOS) to capture the photos along with GPS Locations during Pre / Post Sanction visits by Bank Officials
- ✓ Photo/s captured in Pre-Post Sanction Visits module of Canarites App will automatically flow to PRE-POST SANCTION VISIT REPORTING PORTAL in SAS application

Pre & Post Sanction Visit Portal in SAS 820/25

- ✓ As per HO Circular 459/25- Valuation report immovable properties to contain the Photo of asset, Bank officials and Valuer taken together
- ✓ Digitally signed Valuation report – Class 3 digital signature. 240/2025

Review of Retail Loans 823/2025 & 877/25)

- ✓ **All TL and OD against the security of our banks term deposit to be reviewed by reviewing authority through BI 280024**
- ✓ **For TL and OD against approved securities like NSC, KVP LIC Policy shares debentures *wherein all sanctions to a borrower exceeding total exposure (FB+NFB) of Rs.5.00 lakhs are to be individually reviewed by the next higher authority as per Credit Review and Monitoring Policy***

Rate of interest for TL /OD to Employees and Ex Employees 831/2025

- ✓ Employees, Ex Employees and Spouse of deceased employee and Exemployee who are eligible for preferential interest rate on our term deposit
- ✓ Irrespective of loan amount (TL or OD) against our term deposit interest rate is 1% over and above the interest paid on deposits.
- ✓ Graded interest based on loan amount stands with drawn.

Credit Guarantee Scheme for Startups (CGSS)

- ✓ **Earlier Circulars: 76/23, 564/23(Canara Startup), 836/23,532/24**
- ✓ **837/2025 – Maximum loan quantum increased from Rs 10 cro to Rs 20 cro as guarantee cover increased from Rs 10 cro to Rs 20 cro (542/2025)**

Credit Guarantee Scheme for Startups (CGSS)

- ✓ **542/2025- Modifications: Guarantee cover limit enhanced from Rs 10 cro to Rs 20 cro as under:**
- ✓ **The Trust will provide guarantee cover to *to the extent of 85% of the amount in default for loan amount upto Rs.10 Crores and***
- ✓ ***to the extent of 75% of the amount in default for loan amount exceeding Rs. 10 Crores.***
- ✓ ***Amount in Default – Liability on the date of NPA or on the date of preferring claim which ever is less***

Credit Guarantee Scheme for Startups (CGSS)

- ✓ **Revised Guarantee fee:**
- ✓ **Women entrepreneurs & Units in NER -1.50% on disbursed / Outstanding amount and on sanctioned amount for Working Capital and NFB**
- ✓ **For units from 27 champion sector – 1.00%**
- ✓ **For all other cases – 2%**
- ✓ **To be paid within 30 days from the Guarantee Demand Advice Note (CGDAN)**

Credit Guarantee Scheme for Startups (CGSS)

- ✓ **Guarantee fee is on amount outstanding in respect of term loan and on sanctioned amount for working capital and NFB limits**
- ✓ **Lock in period is 12 months from the date of commencement of guarantee cover for preferring claim**

Credit Guarantee Scheme for Startups (CGSS)

- ✓ Claim to be preferred within a period of 12 months from the date of NPA if the NPA is after the lock in period. or
- ✓ Within two years of lock in period if NPA is within the lock in period
- ✓ 75% of the guaranteed amount will be paid on preferring the claim by the trust within 60 days of preferring the claim.
- ✓ If there is any delay beyond 30 days in making payment after the 60 days trust will pay interest at repo rate for the period of delay beyond 30 days

Credit Guarantee Scheme for Startups (CGSS)

- ✓ **Balance 25% on conclusion of recovery proceedings by the bank or after write off of the unpaid due of the borrower**
- ✓ **Champion Sectors – 27 sectors identified by the ministry of commerce and industry under the Make in India**
- ✓ **Out of the 27 fifteen are in manufacturing sectors and 12 are in service sectors.**

CV-CMR by Transunion CIBIL 846/2025

- ✓ New Version called CV – CMR – MSME loan Above Rs 10 lac upto Rs 10 cro
- ✓ Credit Vision –CIBIL Commercial Rank
- ✓ It predicts future credit performance over 15 month horizon by analyzing behavioral trends from the past 36 months (earlier 24 months) for better reliable insights
- ✓ CV CMR ranks commercial business on a scale of CV CMR 1 to 10 where CV CMR 1 is the least probability default and 10 is the highest probability default
- ✓ Charges Rs 1000 (CIR Rs 500 and CV CMR Rs 500)

Canara GST 894/2025

- ✓ **543/2023 Base Circular**
- ✓ **For financing working capital requirement of GST registered MSME Borrowers against collateral securities of immovable properties and / or other approved collateral including our bank deposits.**
- ✓ **564/2025 –**
- ✓ **Periodicity of submission of stock / book debt statement is made quarterly wef 1.10.2025 as against existing half yearly periodicity.**

Canara GST 894/2025

- ✓ Delegation for loan sanction modified in **894/2025**
- ✓ Loan amount upto Rs 10 cro by RSAs
- ✓ Above Rs 10 cro upto Rs 20 cro by Circle Head CACs upto their delegated powers (earlier by CGM/GM HO CAC)
- ✓ Above Rs 20 cro upto Rs 30 cro by CGM/GM HO CAC upto their delegated powers. (earlier above Rs 20 cro by ED CAC & above authorities upto their delegated powers)
- ✓ Above Rs 30 cro by ED CAC and above authorities upto their delegated powers

Penal Charges Modification 933/25

- ✓ Existing Guidelines: 809/2024 and Policy 22/2025:
- ✓ Additional interest for FB and additional commission for NFB for externally unrated borrowers irrespective of exposure is
- ✓ Additional interest for FB 0.50% pa
- ✓ Additional Commission for NFB 0.10% pa
- ✓ Modification in **933/25:**
- ✓ Penal charges for FB limits for unrated borrowers: for exposure above Rs 50 cro upto Rs 100 cro 0.50% pa and for above Rs 100 cro 1% pa on outstanding FB facility

Penal Charges Modification 933/25

- ✓ **Additional commission for NFB facilities for unrated accounts:**
- ✓ **For exposure above Rs 50 cro – 0.10% pa**
- ✓ ***Additional Commission shall be applicable on non-fund based liability arising from fresh LC/BG issued*.**

Risk Weighted Asset – Capital to Risk Weighted Ratio (CRAR)

Asset	Rs in Cro (A)	Risk Weight (%) (B)	Risk Weighted Asset(Rs in cro) (A*B)
CRE	100	100	100
Credit Card	100	150	150
Capital Market	100	125	125
EL	100	75	75
Total	400		450

Capital at the rate of 9% to be kept on Risk weight asset and not on Asset. So Capital to Risk Weighted Ratio (CRAR) ie capital adequacy ratio is on Risk Weighted Asset

RBI Assigns Risk Weight for different types of Assets.

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Credit Risk Policy modification 933/2025, 118/2026 222/2026 & 236/2026

- Exposure above Rs 50 cro(FB+NFB) from our bank to be ECAI Rated– (excluding exposure which are fully secured by our bank deposit) 215/2025 & 222/2026
- Penal charges for unrated accounts – 933/2025
- ✓ Penal charges for FB limits for unrated borrowers: for exposure above Rs 50 cro upto Rs 100 cro 0.50% pa and for above Rs 100 cro 1% pa on outstanding FB facility

Credit Risk Policy modification

- ✓ **Additional commission for NFB facilities for unrated accounts:**
- ✓ **For exposure above Rs 50 cro – 0.10% pa**
- ✓ ***Additional Commission shall be applicable on non-fund based liability arising from fresh LC/BG issued*.**

Credit Risk Policy modification

- ED-CAC and above authorities shall have powers to permit exemption from rating by ECAI in respect of accounts falling upto circle powers and CAC of the Board in respect of HO power accounts.
- Even in cases where ECAI rating is waived by specific authorities additional interest / commission as above to be collected unless specifically permitted by ECAI rating waving authority.
- Waiver is valid till next review / renewal

Credit Risk Policy modification

- In respect of accounts fully secured by Central/State Government Guarantees Circle Head CAC and above authorities can permit waiver of obtention of ECAI rating for accounts up-to their delegated powers. Penal Charges / additional commission for non obtention of ECAI rating not applicable in such cases.
- No Objection Certificate (NOC)charges in respect of withdrawal of ECAI rating irrespective of Exposure is Rs 50,000 plus taxes wef 16.4.2026 **179/2026 New**

Credit Risk Policy modification

- **ECAI accepted by the bank for Domestic Rating 222/26**
- **Credit Analysis and Research Ltd. (CARE)**
- **CRISIL Ratings Ltd. (CRISIL)**
- **India Ratings Ltd (Formerly Fitch Ratings India Pvt Ltd. [FITCH])**
- **ICRA Ltd. (ICRA)**
- **ACUITE Ratings and Research Ltd (Erstwhile SMERA)**
- **INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS)**

Credit Risk Policy modification

- **Brickwork rating India Private Limited**
- **International Rating 222/2026**
- **Fitch Ratings Ltd. (FITCH)**
- **Moody's Investor Services Ltd. (MOODY'S)**
- **Standard & Poor Rating Agencies Ltd. (S&P)**
- ***CareEdge Global IFSC Limited (New 118/20026)***

Credit Risk Policy modification

- Risk weight assigned by Domestic Rating Agencies (Corporates)
- Long term claim:

Rating	AAA	AA	A	BBB	BB & below	Unrated
RW (%)	20	30	50	100	150	100

- Short Term Claim:

Rating	A1+	A1	A2	A3	A4 & D	Unrated
RW (%)	20	30	50	100	150	100

Credit Risk Policy modification

- For domestic exposure Risk weight to be assigned as per Short term Ratings for exposures with contractual maturity of one or less than one year.
- For domestic OCC, OD or revolving credit facilities and term loan exposure repayable in more than one year long term ratings given by ECAI will be applicable.
- For overseas exposure only one rating given by international agencies will be reckoned.

Credit Risk Policy modification

- Claims of corporates having exposure of more than Rs 100 cro from the banking system which was rated earlier but subsequently unrated will attract a risk weight of 150%
- Claims of unrated corporates with an exposure of more than Rs 200 cro from the banking system will attract risk weight of 150%
- Borrowers having fund based working capital limit of 150 cro and above from the banking system, the undrawn portion of OCC/ OD limits will attract a credit conversion factor of 20% and risk weight will be calculated

RISK WEIGHT FOR NBFCs & Core Investment Companies

- ✓ Loan to NBFCs other than Core investment companies (CICs) Risk weight is as per ratings assigned by rating agencies.
- ✓ Long Term Claims (In percentages)

	AAA	AA	A	BBB	BB& below	Unrated
HFCs	20	30	50	100	150	100
NBFC (Priority)	20	30	50	100	150	100
NBFC (Others)	20	30	50	100	150	100
CICs	100	100	100	100	100	100

Short term claim TLs repayable within one year – Long term all OD/OCC and TL repayable more than 1 year

RISK WEIGHT

✓ **Short Term Claims of NBFCs**

	A1+	A1	A2	A3	A4 &D	Unrated
HFCs	20	30	50	100	150	100
NBFC (Priority)	20	30	50	100	150	100
NBFC (Others)	20	30	50	100	150	100
CICs100	100	100	100	100	100	100

NBFCs other than CICs having more than Rs 100 cro exposure from banking system rated earlier but subsequently unrated will attract a risk weight of 150%. Unrated NBFCs other than CICS with more than Rs 200 cro exposure from banking system will attract a RW of 200%

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LTV Ratio for Individual HLs sanctioned on or after 1.4.2023

Housing Loans sanctioned on or after 1.4.23

Loan quantum	LTV Ratio	Risk Weight %	Standard Asset Provisioning
Upto Rs 30 lac	<=80%	35	0.25%
Upto Rs 30 lac	>80%<=90%	50	0.25%
>30 lac upto Rs 75 lac	<=80%	35	0.25%
Above Rs 75 lac	<=75%	50	0.25%

LTV Ratio 222/2026

Minimum Margin on HL -

Loan quantum	New House/Flat or Old House/Flat upto 10 years old	Old House / Flat more than 10 years old
Upto Rs 30 lac	10%	25%
>30 lac upto Rs 75 lac	20%	25%
Above Rs 75 lac	25%	25%

RISK WEIGHT 222/2026

Commercial Real Estate	100%
Commercial Real Estate (Residential Housing)	75%
Capital Market Exposure	125%
Venture Capital	150%
Consumer Credit ie personal loans (excluding Credit Card, HL, Vehicle Loan, Gold Loan & EL)	125%
Credit Card	150%
EL	75%
VL	100%

RISK WEIGHT 222/2026

Gold Loan	125%
Regulatory Retail	75%
Micro Finance loans in the nature of Regulatory Retail	75%
Micro Finance Loans in the nature of Consumer Credit	100%

Regulatory Retail includes individual segment and Small business (Turnover upto Rs 50 cro) exposure upto Rs 7.50 cro

RISK WEIGHT 222/2026

- **Staff Loans:** Fully covered by Superannuation benefits /Collateral of Residential Property 20% Others 75%
- Claims on Domestic Sovereign

Type of Claims	Risk Weight (%)
Direct claims on Central Govt./claims guaranteed by Central Government	0
Direct Credit exposures to State Government. Investment in State Government securities	0
Claims guaranteed by State Government	20
Claims on RBI, DICGC,/CGTSME/ CRGFTLIH/CGFMU	0
Claims on ECGC	20

RISK WEIGHT 222/2026

- **Claims on non resident Corporates will be risk weighted as under**

S&P/Fitch Ratings	AAA to AA	A	BBB to BB		Below BB	Unrated
Moody's ratings	Aaa to Aa	A	Baa to Ba		Below Ba	Unrated
Risk Wet (%)	20	50	100		150	100
Care Edge Global IFSC Ltd (NEW)	AAA	AA	A	BBB	BB & below	
RW (%)	20	30	50	100	150	

Borrowers having exposure of more than Rs 25000 cro from the banking system will be termed as ULTR LARGE BORROWER NEW

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Supply chain management Modification 99/2026

- 911/2025 Processing Charges & Interest rate modifications
- Now modifications in quantum of Finance
- For externally rated borrowers ie exposure above Rs 50 cro from our bank:
- 10% of last year turnover of audited balance sheet subject to a maximum of
- AAA Rs 300 cro
- AA Rs 200 cro
- A Rs 150 cro
- BBB Rs 100 cro

Supply chain management Modification 99/2026

- For externally unrated borrowers ie exposure upto Rs 50 cro
- 10% of last year turnover as per audited balance sheet subject to a maximum of
- Low Risk Rs 50 cro
- Normal Risk Rs 30 cro
- Moderate Risk Rs 25 cro

MSME Area Specific Scheme Modifiction 212/26

- Existing 12 Schemes will continue for 2026-27.
- Modifications in Canara MSME INN – Existing maximum loan Rs 25 cro
- Modified: Based on Internal rating and DOP CACs upto Circle Head can sanction maximum Rs 30 cro. Loan above Rs 30 cro upto Rs 50 cro by respective CACs at HO
- Implementation and moratorium period may be extended upto 3 years (earlier 2 years) within the repayment period of 10 years.

MSME Area Specific Scheme Modifiction 212/26

- For All schemes: In respect of collateral if the sale deed is executed more than 1 year ago the realizable value of the security will be taken into account. (earlier Realisable value, market value or distress sale value whichever is less)
- In respect of Area specific schemes where the delinquency is high (i.e. SMA+NPA above 20%), the Sanctioning authority shall be MSME Sulabh/RO (DM-CAC & above). **NEW**

Opening and maintenance of OCC, OD and Current Accounts by banks 134/26 &236/26 wef 1.4.26

- **Cash Credit Accounts are those accounts *under which a customer is allowed an advance up to the credit limit against the security by way of hypothecation / pledge of goods, book debts, standing crops, etc. The facility is a running account and 'Drawing Power – DP' is periodically determined with reference to the value of the eligible current assets. The outstanding amount is repayable on demand.***
- ***Banks can open these accounts without any restriction as per extant guidelines.***

Opening and maintenance of OCC, OD and Current Accounts by banks 236/26 Credit Policy wef 1.4.26

- ***Overdraft (OD)' shall mean a facility, under which a customer is allowed to draw an agreed sum (credit limit) in excess of credit balance in their account. The overdraft facility may be secured (against fixed / term deposits and other securities, like small saving instruments*** **surrender value of insurance policies, etc.) or clean (i.e. without any security). TOD on Current and SB accounts are also included.**

Opening and maintenance of OCC, OD and Current Accounts by banks 236/26 Credit Policy wef 1.4.26

- Banks can provide OD facilities or Current account without any restrictions if the aggregate exposure of the banking system to that borrower is less than *Rs. 10 crore*.
- However, the bank must obtain an undertaking from such borrowers that they (the borrowers) shall inform the bank(s), if and when the credit facilities availed by them from the banking system becomes *Rs. 10 crore* or more.
- Exposure means all fund based Credit facilities and Non fund based facilities availed from the banking system

Opening and maintenance of OCC, OD and Current Accounts by banks 236/26 Credit Policy wef 1.4.26

- Banking system for this purpose includes commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks, but excluding Payments Banks), Urban Co-operative Banks and Rural Co-operative Banks (State Co-operative Banks and Central Co-operative Banks).

Opening and maintenance of OCC, OD and Current Accounts by banks 236/26 Credit Policy wef 1.4.26

- **In case of customers to whom the exposure of the banking system is *Rs.10 crore* or more:**
- ***CA or OD accounts may be maintained by a bank which has either***
- ***(i) A minimum 10 per cent share in banking system's aggregate exposure to the borrower; or***
- ***(ii) A minimum 10 per cent share in banking system's aggregate fund-based exposure to the borrower.***
- ***in case no bank within the banking system meets the above criteria, or only one bank meets the above criteria, two banks from the banking system having the largest exposures to the borrower may maintain OD accounts or Current Account of the borrower.***

Opening and maintenance of OCC, OD and Current Accounts by banks 134 /26 & 236/26 wef 1.4.26

- In case where only one bank within the banking system has any exposure to the borrower, one more bank of the customer's choice within the banking system may maintain current accounts, subject to furnishing of a no-objection certificate (NOC) from the bank that has the exposure to the borrower.
- If no lending bank meets the above criteria and if the customer wants to have a Current account with any SCB (other than the one with which the customer is enjoying credit facilities) it can also be opened provided a NOC from all lending banks to be obtained

Opening and maintenance of OCC, OD and Current Accounts by banks 134 /26 & 236/26 wef 1.4.26

- A bank not meeting the eligibility criteria (10% of total exposure or 10% of fund based exposure) the CAs or OD accounts in these banks will be in the nature of collection accounts.
- Funds credited in the collection accounts are to be remitted to the CC or OD or CA with any bank in the banking system(ie the bank from which the borrower availed exposure) within 2 working days designated by the borrower. (called designated account)
- Any disbursement in the OD account which are in the nature of collection account is only to the designated account.

Opening and maintenance of OCC, OD and Current Accounts by banks 134 /26 & 236/26 wef 1.4.26

- Any dues to the banks maintaining the collection accounts can be deducted before remitting the funds to the designated account.
- All banks to monitor the accounts on a regular basis atleast once in half year.
- In case if it is noticed that the borrowers exposure touches Rs 10 cro or more or the share in the banking system undergoes a change etc
- Banks to notify the customers within 30 days of noting the ineligibility that such accounts will either be converted into collection account or will be closed.
- This should take place within 3 months of noting the ineligibility.

Opening and maintenance of OCC, OD and Current Accounts by banks 134 /26 & 236/26 wef 1.4.26

- Internal guidelines for opening collection account: 272/25 reproduced in 134/26
- New Collection Accounts to be opened under Product Code: 1660
- Debit transactions for accounts under this product code are restricted.
- Beneficiary details and retention days are to be maintained in CHM45 screen by enabling collection account check box.
- New report CHX711 is made available to know the balance transferred from collection accounts.

Guidelines on Legal Scrutiny Report (LSR)

- ✓ **Value of Property is Rs 5 cro and above two LSRs from different Panel Advocates**
- ✓ **LSR to contain a certificate about CERSAI search details as per 8/2023.**
- ✓ **Wherever physical verification is dispensed with in SROs of various states, Advocate to verify the documents on line & a certificate in LSR as per 361/24 to be furnished.**

Guidelines on Legal Scrutiny Report (LSR)

- ✓ **LSR from 1.7.2025 to be duly signed with class 3 digital signatures only – 240/2025**
- ✓ **LSR from 1.5.2025 to contain Unique Land Parcel Identification number in states where ULPIN is mandatory. 251/2025**
- ✓ **The format of revised LSR and check list and approval format is as per HO Cir 251/2025**
- ✓ **For new Mortgage based Credit proposals, branches, offices shall generate Covering letter to the advocate for requesting LSR mandatorily from LAPS Package.**

Guidelines on Legal Scrutiny Report (LSR)

- **While permitting/sanctioning additional exposure upto Rs. 2 crores (including proposed exposure) to borrowers against existing mortgaged properties, Branches/Offices shall obtain Supplementary Legal Scrutiny Report(LSR) from a panel advocate other than the one who had originally given the LSR and ensure perfection of security/ies (483/2025)**

Guidelines on Encumbrance Certificate (EC)

- **98/24 & 236/26**
- **Encumbrance certificate shall be obtained in respect of all immovable properties mortgaged in favour of the bank within a period of 36 months from the date of creation of mortgage and thereafter once in every 36 months.**
- **Guidelines shall be in addition to obtention of 'broken period EC' immediately on putting through the mortgage transaction.**
- **Applicable for all accounts irrespective of exposure where immovable properties are mortgaged to the bank including NPA accounts**

Guidelines on Encumbrance Certificate (EC)

- Accounts covered under legal audit are exempted
- Charges to be borne by the borrower.
- Fees payable to third party agent or lawyer maximum per property is Rs 500 in addition to the charges levied by Govt departments.

Important Points in Valuation 307/2026

- It is the practice of the bank to appoint more than one valuer in respect of valuation of assets having high value.
- Bank shall obtain minimum 2 independent valuation reports from 2 empanelled valuers in respect of loan accounts where the value of individual property (Land and Building) obtained as collateral for the loan is **Rs 5 crore** and above.
- When value differs?

Important Points in Valuation 307/26

- ✓ First ascertain whether both the reports used the same basis for valuation.
- ✓ If basis for valuation is different then average of both the valuations are taken to arrive at the notional value of the property.
- ✓ If basis of valuation is same and the variation is within 15% average of the two to be taken to arrive at the notional value

Important Points in Valuation 307/26

- If the basis is the same and the variation is more than 15%, then bank will get valuation from an empaneled 'A' category valuer and the lowest of the three to be taken. Cost of third valuation to be borne by the bank.
- Bank to examine the valuation of the highest one and call for explanation and if the explanation is not satisfactory then steps to be taken for deletion from Panel.

Important Points in Valuation 307/26

Category	Work experience	Value of property for assignment of valuation work
A	More than 10 years	No limit
B	>5 years upto 10 years	Upto Rs 25 cro
C	>2 years upto 5 years	Upto Rs 5 cro
D	Upto 2 years	Upto Rs 1 cro

- ✓ D category only for HL schemes of the Bank

Important Points in Valuation 307/26

- ✓ Periodicity of valuation is before sanction and take over and subsequently once in three years. (Schematic loans as per Scheme guidelines, Agriculture as per agriculture guideline and Retail lending as per Scheme guideline)
- ✓ In some of the MSME schemes loan quantum and interest rates are linked to the value of the collateral.

Important Points in Valuation 307/26

- In such cases Circle Head CAC can reduce the frequency of periodical valuation less than 3 years to allow concession in interest rate and for additional credit.
- In such cases:
- If valuation is carried out at frequency less than 33 months:
- value of property to be taken at 85% of the latest valuation and
- valuation to be given by a valuer other than the one who gave earlier valuation.

Important Points in Valuation 307/26

- **Residual Life and last repayment date:**

- **When Immovable property is taken as security(L&B), the residual age of the property as given in the valuation report should be at least 5 years more than the tenure of the loan.**

VALUATION OF FIXED ASSETS 307/2026

- **If the property is only land (other than agriculture), Sites, Plot without any superstructure**
- **The acquisition cost as per registered Sale deed to be taken as value of land if it is acquired within immediate preceding one year. No need for outside valuer.**
- **If it is purchased beyond preceding one year, 85% of the Fair Market value assessed by Valuer to be taken as value.**

Important Points in Valuation 307/26

- ✓ **Digitally signed Valuation report 240/2025.**
- ✓ **459/25- Valuation of immovable properties**
- ✓ **Valuation report to contain the Photo of asset, Bank officials and Valuer taken together**

VALUATION OF FIXED ASSETS 307/26

- **Valuation of recently purchased properties:**
- **The period of Recent Purchase is taken as 12 months prior to the date of valuation**
- **Eg: Valuation July 2025. Sale deed of the property is Aug 2024 and subsequent.**
- **If guidelines value are revised after the date of sale deed, the purchase price as per sale deed or guideline value which ever is more – not market value**
- **The above is for all loan products of the bank.**

VALUATION OF FIXED ASSETS PROPERTIES ACQUIRED BY WILL ETC

- ✓ **In cases where the property is acquired by way of a Will / Gift Deed / Settlement deed recently (within 12 months from the date of loan application) in such cases, Guideline Rate obtained from Registrar's Office / Mandal Revenue Office shall be reckoned for valuation purposes.**
- ✓ **If the property is acquired by way of Will / Gift Deed / Settlement deed beyond 12 months from the date of loan application), the extant guidelines on valuation of properties shall be adhered to**

VALUATION OF FIXED ASSETS

- In respect of Fixed Assets if the borrows account is down graded-
- Fresh Valuation need not be undertaken if down gradation is from low to normal or from Normal to Moderate or from Moderate to High Risk provided the valuation report is not more than 6 months old. – Otherwise within 3 months to be done.
- If down gradation by two notches then fresh valuation to be undertaken within 3 months of down gradation irrespective of the date of valuation report.

VALUATION OF FIXED ASSETS

- If account turns into NPA
- Wait for 3 months
- If not upgraded get permission from RO or CO as the case may be regarding the need for valuation.
- For SSA and DA accounts with exposure of Rs 1 cro and above no waiver is permitted – Valuation is necessary. If DA and value of security is negligible valuation may be waived.
- Valuation to be done within 6 months from the date of account becoming NPA and subsequently once in 3 years

VALUATION OF FIXED ASSETS

- **If the existing valuation already more than 3 years fresh valuation to be done immediately**

Fees Payable to Fixed Asset Valuer

Value of Security	Fee payable
Upto Rs 5 lac of asset valued	0.25%
Next Rs 10 lac of asset valued	0.20%
Next Rs 35 lac of asset valued	0.10%
Next Rs 50 lac of asset valued	0.05%
On the balance of asset valued	0.025%

Fees Payable to Fixed Asset Valuer

- ✓ Minimum Rs 2000 maximum Rs 50,000
- ✓ NPA 50% of the above maximum Rs 25,000
- ✓ Vacant Land 25% of the above maximum Rs 12,500
- ✓ TA & HA after getting permission from CO
- ✓ Maximum per borrower including TA & HA not to exceed Rs 75,000. CO head and above authorities can increase
- ✓ Fees to be paid to be informed to the borrower and if he has not paid to be debited his loan account.
- ✓ Suit filed account GC to be debited

VALUATION OF P&M

- New P&M – Invoice value – to be enquired with other vendors supplying such P&M
- Fresh borrowal accounts based on existing P&M – Valuation by Panel valuer
- Existing P&M if value is Rs 50 cro and above two approved valuers
- The Realisable value of security to be taken into account.
- Frequency of valuation of P&M is like Fixed Assets

VALUATION OF FIXED ASSETS

- ✓ **Who can permit waiver of Valuation of Fixed Asset?**
- ✓ **Low Risk – Upto and inclusive of Circle Head power Circle Head CAC. HO power respective CACs – MC power CAC of the Board**
- ✓ **NR and MR: Below Circle Head CAC by Circle Head CAC.**
- ✓ **Circle Head CAC and above by NHA**
- ✓ **CAC of Board and MC – CAC of Board**

VALUATION OF FIXED ASSETS

- ✓ HR – No waiver permitted
- ✓ Unrated Accounts: Accounts classified as Standard Assets: Waiver by authorities as applicable to MR accounts. SSA and DA waiver not permitted
- ✓ DA accounts where securities are not available, fully provided accounts, technically written off accounts are exempted from Valuation

VALUATION OF FIXED ASSETS

- ✓ **Valuation of Vehicle: Insured Declared Value (IDV) as per valid insurance policy or depreciated value at 20% applied at Written Down Value which ever higher to be considered**

VALUATION OF FIXED ASSETS

- ✓ Atleast one valuation assignment to be entrusted per valuer in a year.
- ✓ Valuation of Fixed Assets shall be entrusted to different valuers each time the valuation is undertaken.
- ✓ At any cost, a valuer shall not be entrusted with valuation of assets of one borrower consecutively.
- Depreciation (Building 5%, P&M 15%, Vehicle 20% PA) – Written Down Value Method - Land value no need for applying depreciation.
- Minimum age of valuer is 21 and no upper age limit.
- Duration of empanelment is 5 years
- Fair Market Value to be taken into account for valuation purpose for taking the property as security.

VALUATION OF FIXED ASSETS

- ✓ If valuation to be got done by a valuer empaneled for one Circle by another Circle permission from RM wing HO to be obtained.
- ✓ This is not applicable for Circle Offices coming under the same State. But the maximum number of entrustment of such valuation for fixed assets and Current Assets from neighboring Circle in the same state not to exceed 3 in a Financial year.
- ✓ Empaneled valuer to be assigned valuation work of a particular branch for a maximum period of 3 years.

VALUATION OF FIXED ASSETS

- ✓ **Valuer has to give details of last two transactions (within in last 2 years) in respect of adjacent properties in that area. If there are no such transactions the same to be mentioned in the valuation report**

SARFAESI VALUER

- ✓ **SARFAESI Valuer: should have been registered as valuer under Section 34 AB of Wealth Tax Act 1957 and approved by the Board of Directors**
- ✓ **Individuals and Partnership firms only are eligible**
- ✓ **All partners should hold the certificate**
- ✓ **Work Experience:**
- ✓ **For retails Loans: Should have been empaneled as SARFAESI agent with any other bank, FI, HFC or NBFC registered with RBI**

SARFAESI VALUER

- ✓ **For other Loans: The valuer or any one of the partners should have 3 years experience with any Bank etc or**
- ✓ **The valuer should have should have completed 5 assignments successfully with any other bank etc**
- ✓ **The above experience conditions can be waived if the valuer is working as valuer with DRT and or with a High court**
- ✓ **For valuation of the company property the valuer should be registered with Insolvency and Bankruptcy Board of India**
- ✓ **Duration of empanelment is 5 years**

VALUATION – INVENTORY Stock and Receivable Audit

Risk	FB &NFB Working Capital	Periodicity
Low & Normal	Rs 5 cro and above	Once in a year
Moderate & High	Rs 1 cro and above	Once in a year
Unrated	Rs 1 cro and above	If Standard Yearly
Unrated	Rs 1 cro and above	SSA & DA once in 2 years
Unrated	Rs 5 cro and above	DA once in a year

VALUATION - INVENTORY

- ✓ Exposure includes both FB and NFB
- ✓ Exposure - both from our bank and from the banking system
- If ratings come down by one notch and if the Current valuation report is more than 6 months old fresh valuation to be conducted within 3 months.

VALUATION - INVENTORY

- If current Valuation report is not older than 6 months no need for fresh valuation.
- 2 or more notches down fresh valuation within 3 months irrespective of previous Valuation report date.
- Valuation to be got done before taking over in respect accounts that are being taken over irrespective of risk grade and quantum of loan.
- Stock Audit need not be conducted for accounts coming under Agencies for Specialised Monitoring (ASM)

VALUATION - INVENTORY

- **NPA Accounts(Rated Accounts) – Permission to be obtained from Circle Office after ensuring sufficient stock is available- Otherwise no need for valuation after getting permission from Circle Office.**
- **Three months time to be allowed for upgradation.**
- **If not upgraded valuation to be done within 6 months of account becoming NPA and as per periodicity till inventory value depletes.**
- **DA accounts where security is not available full provided technically written off stock audit is waived**

VALUATION - INVENTORY

- ✓ **Waiver of Stock Audit:**
- ✓ **Low Risk: Accounts falling upto and including under the power of Circle Head CAC – Circle Head CAC to permit**
- ✓ **HO Power – RSAs –MC Power – CAC of the Board**
- ✓ **Normal Risk & Moderate Risk – Below Circle Head CAC power accounts to be permitted by Circle Head CAC – Circle Head CAC and above - NHA**

VALUATION - INVENTORY

- ✓ CAC of Board and MC power accounts – to be permitted by CAC of Board
- ✓ High Risk Accounts – No waiver is permitted
- ✓ Unrated Accounts – Standard – to be permitted as applicable to Moderate Risk accounts
- ✓ Sub standard and Doubtful – No waiver
- ✓ DA where security is negligible, not available, fully provided and technically written off accounts Stock audit is exempted.

VALUATION – INVENTORY Modifications 28/24 307/26

- ✓ **Empanelment of valuers / Stock auditors will be done of Assurance Section Circle and allotment of valuation work will be done by CRM Section at Circles**
- ✓ **Branches to identify the accounts for stock audit for current financial year and send review programme on or before 30th April every year to CRM Circle office**
- ✓ **CRM Section at RO to follow up with Circles for allotment of auditors.**

VALUATION – INVENTORY Modifications 28/24 307/26

- ✓ **CRM Section Circle to collect and consolidate the data in the second fortnight of May and to allocate Stock audit to valuers in the first fortnight of June**
- ✓ **At least one assignment to be entrusted per valuer in a year Max no of valuation to be given for Current asset valuer in a year is 6.**
- ✓ **If sufficient valuers are not available Circle to seek approval from CGM/GM RM wing for additional allotment. (178/26)**
- ✓ **NO such restriction for Fixed asset Valuation.**

VALUATION – INVENTORY Modifications 28/24 307/26

- The valuation of Current Assets of each borrower should normally be entrusted to a specific valuer 3 times consecutively
- ✓ Stock auditors to complete the work before Nov of the financial year.
- ✓ Time to be taken for audit is 2 to 6 weeks .
- ✓ Branches to confirm the compliance of Stock audit report within 2 weeks of receipt of the letter from Controlling Office.
- ✓ The report to be closed before December of the relevant Financial year
- ✓ Assurance Section in CO to empanel the valuers.

VALUATION –INVENTORY 123/2026 & 307/26

✓ **Fees payable to Current Asset Valuer: (Rs)**

WC Limit (FB+NFB)	Manufacturing	Others
>Rs 1 cro to Rs 5 cro	15000	12500
>Rs 5 cro to Rs 10cr	20000	17500
>Rs 10 cro to Rs 50cr	30000	25000
>Rs 50 cr to Rs100 cr	50000	40000
>Rs 100 cr to Rs 200	75000	60000
> Rs 200 cro	1,00,000	75000

Valuation modification 307/2026

- ✓ **Guidelines in respect of Third Party Entities (Valuers) involved in Fraud:**

- ✓ **TPE undertaking Stock Audit, Lenders Independent Engineers (LIE), Techno Economic Viability Consultants (TEV), SARFAESI valuers revaluation to be done in all the accounts where such TPE gave valuation in the last one year.**

- ✓ **In respect of Fixed Assets revaluation to be done in 10% of the loan accounts where valuation done by such TPEs in the last six months**

Empanelment of Valuers – Domain experts in Technically Complex Projects 39/24 307/26

- ✓ To value assets that are taken as security in complex projects related to industries such as Steel, Cement, Coal, Ports, Power Road etc
- ✓ Individuals / Firms should have minimum Industry/domain experience of 5 years with technical background or have undertaken assignment in minimum of 10 high value projects with project cost of Rs.250 cro and above.
- ✓ Age of individuals should not be more than 65 years at the time of application.
- ✓ Projects falling upto and inclusive of Circle Power Accounts entrustment to domain experts to be permitted by PAG HO

Empanelment of Valuers – Domain experts in Technically Complex Projects 39/24 307/26

- ✓ The duration of empanelment is initially 2 years
- ✓ Can be extended another 3 years
- ✓ Thereafter to be renewed every 3 years
- ✓ Fee structure to be borne by borrower

Value of security	Max Fees as (%) of value of security
<= Rs 5 cro	0.075% Max Rs 25000
>Rs 5 cro &=10 cro	25000 + 0.05% of the value of security above Rs 5 cro- Max Rs 50000
Above Rs 10 cro	Rs 50,000+0.01% of the value of security above Rs 10 cro- Max Rs 15 lac

RETAIL LENDING-PERIODIC VALUATION OF SECURITIES

- ✓ **HO CIR 337/2021 307/2026**
- ✓ **Fixed Assets (Primary & Collateral) mortgaged to**
- ✓ **All HL variants**
- ✓ **Canara Mortgage**
- ✓ **Canara Rent**
- ✓ **Canara LRD**
- ✓ **Canara Site Valuation to be done once in 5 years**

RETAIL LENDING- PERIODIC VALUATION OF SECURITIES

- **Outstanding loan Rs 50 lac and above as on 31st March every year - Once in 5 years**
- ***In respect of fixed assets (prime/ collateral) mortgaged to Education loan accounts where outstanding is Rs. 50 lakhs or above, revaluation of property has to be undertaken through the empanelled valuers immediately after completion of moratorium.***
- ***Subsequently, valuation of fixed assets mortgaged for education loans where outstanding in loan account is more than Rs. 50 lakhs as on cut-off date i.e. 31st March of previous financial year shall be undertaken once in every five years.***

RETAIL LENDING- PERIODIC VALUATION OF SECURITIES

- ✓ Valuation is property wise irrespective of the number of loans sanctioned against each property
- ✓ All are standard assets
- ✓ Exempted Category:
- ✓ All employees HL and HL of Retired employees
- ✓ HL partly availed under EHL and RBI Scheme

RETAIL LENDING- PERIODIC VALUATION OF SECURITIES

- ✓ **Revaluation Fees**

Market Value of Property	Fee per mortgaged property
Upto Rs 1 cro	Rs 2000 plus GST
Above Rs 1 cro	Rs 2500 plus GST

Fees to be absorbed by bank – Valuation not to be entrusted to the same panel valuer consecutively. CRM SecROs to assign the valuation work by 30th April. Ros to submit consolidated details of valuation report to CO by 31st May and CO to CAM wing HO by 30th June. Executives overseeing Assurance Section at Ros to make payment of the fees as it is centralised at RO

Valuation of Agriculture Land 7/23

- Valuation of agri land with structure (like farm house/poultry shed etc) to be done once in 3 years
- Lands without any structures once in 5 years
- Agricultural farming land valuation is as per Guideline Value for Registration (GLR)
- Agricultural Land Valuation:
- For loans upto Rs 30 las AEOs or AEO promote managers
- Other Mangers – loans upto Rs 20 lac

Valuation of Agriculture Land 7/23

- **Beyond the above and for valuation of agricultural land with structures (land and building) valuation report to be obtained from revenue officials or from approved consultants / Valuers**