

Major Lapses and Irregularities noticed at the time of Branch Inspection

GL Head	Name of the GL Head	Nature of Lapse/Irregularity	Lapse/Irregularity found in the following Accounts
Application & Annexures			
		Application Blank/Incomplete	
		Photo of the Borrower and/or Co-obligant/Guarantor not on record	
		KYC documents to the satisfaction of the bank not obtained	
		Property Statement Blank / Not filled in properly	
		Proof of Income not on record / Not reliable	
		Credit Information Form not on record	
		Statutory Licences and Approvals not obtained	
		Power Connection and with required load not available	
		Quotations/ Proforma Invoice from an approved dealer/producer not submitted	
		Lease Agreement is not registered (not applicable for small loans)	
Pre-Sanction Screening			
		Credit Investigation Report/Due Diligence Form not on record	
		CPV not on record	
		Pre-Sanction Unit Inspection not on record	
		CIBIL Report not on record	
		Borrower does <i>not</i> have steady and stable income	
		Existing Loans and Other Liabilities of the Borrower not taken into account fully	
		Credit Information Report from the existing banker not obtained	
		'No Dues Certificate' from the present banker not obtained	
		Borrower has not submitted satisfactory proof as to the source of funds to pay the margin money, if the loan gets sanctioned	
		In case of 'Take over' of accounts from other banks, prior approval from higher authority has not been obtained	
Appraisal			
		Process Note not on record	
		Process Note not in the standard format	
		Process Note not signed by the Appraising Officer	
		Process Note has not covered all relevant points	
		Credit Rating/Personal Banking Score not on record	
		No satisfactory proof for required capital infusion	
		Projections made are exaggerated and not achievable	
		Major deviations from the rules/guidelines of RBI and Loan policy of the bank are observed.	
		Name of the Borrower and/Co-obligant/Guarantor appearing in CIBIL/Caution List/Wilful Defaulters' List/ECGC's Specific Approval List	
		Assumptions made are unrealistic and unacceptable	
		Computation of MPBF/Eligible loan amount is wrong	

		Quality of appraisal is poor	
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GL Head	Name of the GL Head	Nature of Lapse/Irregularity	Lapse/Irregularity found in the following Accounts
Sanction			
		Loan sanctioned does not fall within the branch powers	
		Sanction Letter not on record	
		Sanction Letter has not incorporated all the standard terms and conditions	
		Sanction Letter not signed by the sanctioning authority	
		A copy of the sanction letter not handed over to the borrower	
		Borrower and Co-obligant/ Guarantor not acknowledged the terms of sanction	
Legal			
		In case of Sale Deed executed by the GPA Holder, prior approval from ZO was not obtained.	
		Legal Opinion not on record	
		Supplementary Legal Opinion not on record	
		Certified copies of title deeds and Search Report not on record	
		Legal Audit not conducted	
		Compliance to legal audit remarks not submitted to ZO/ HO	
Documentation			
		All the documents as per terms of sanction not obtained	
		Employer's Letter of Undertaking for recovery of loan instalments from the monthly salary and/or terminal benefits of the borrower not obtained	
		Undertaking Letters and Affidavits (where required) not obtained from the borrower	
		Post date cheques / ECS mandate not obtained	
		Documents are blank/ incomplete	
		Documents not signed / All pages of the loan documents not signed	
		All parties to the loan transaction not signed the documents	
		Details of assets financed by and charged to the bank and the percentage of Margin thereon not clearly and correctly mentioned in the Composite Agreement	
		Documents are not stamped	
		Special Adhesive Stamps affixed on the documents not defaced	
		Stamps affixed defaced without date	
		Stamps affixed defaced, but not in the capacity of 'Proper Officer'	
		Documents not obtained on Renewal/Enhancement/ Sanction of additional facilities	
		Documents are not produced for verification	
Charge Creation			
		All documents mentioned in the Legal Opinion not obtained	
		Entries not made in Title Deeds Register chronologically	

		EMD not registered with the SRO concerned	
		Mortgage not registered for the aggregate amount of all limits in force	
		EC after registration not obtained to confirm the charge on the properties mortgaged in favour of the bank	
		Registration with ROC not done	
		Certification of Registration not obtained	

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		Proof of registration of mortgage with CERSAI not on record	
Disbursement			
		Pre-disbursement conditions not fulfilled	
		Borrower's margin not ensured	
		Disbursement made in cash – partly or fully	
		Loan amount directly credited to borrower's running account	
		Disbursement in instalments was not made in accordance with the progress of the project/stage of construction	
		Margin money of the borrower was not ensured at the time of release of each instalment	
		Reimbursement made for the purchases made in the past, where such action is not specifically allowed, as per the loan policy guidelines	
		OCC Limit was released, before the commencement of commercial operations	
Post Sanction			
		Cash Bills/Stamped Receipts not on record	
		Post sanction inspection not conducted	
		Name Board of the Unit not displayed	
		Bank's Name Board not exhibited at a prominent place	
		In case of Vehicle Loans, registration with RTA not done and a copy of the RC Book with name of the bank not submitted to the bank	
		Duplicate Key for the vehicles financed not on record	
		Insurance of all securities (primary/collateral) not done for full value/policies are not in force	
		Hypothecation clause in favour of the bank not found in the insurance policy	
		Branch has not reported the sanction in the ADA for the relevant month	
		Certificate of Compliance with sanction terms and conditions not submitted to ZO/HO	
Operations in the account			
		Operations in the account are too low	
		Frequent cash withdrawals are noticed	
		Cheques are issued for purposes that are not connected to the line of activity of the borrower	
		Frequent transfers to personal accounts of the borrowers/other accounts in the same group observed	
		Funds are diverted to investment in capital market, gold and real estates	
		Stock statements not submitted regularly	

		Statement of Book Debts not submitted regularly	
		Book Debts statement not certified by a qualified Chartered Account every quarter	
		Interest and other charges debited are not paid promptly	
		Instalments are not paid regularly as per schedule	
		Liability outstanding is less than the Limit and/or DP	
		Excess drawings are allowed frequently	
		Excess drawings and Ad hoc limit are sanctioned simultaneously	
		Excess drawings and/or Ad hoc limit are not adjusted within the stipulated time	

GL Head	Name of the GL Head	Nature of Lapse/Irregularity	Lapse/Irregularity found in the following Accounts
		Cheques issued to the vendors are returned unpaid on many occasions	
		Cheques/ Bills returned unpaid are not adjusted immediately	
		Cheques issued by the Debtors of the Borrower are returned unpaid	
		Devolvement of L.Cs / Invoking of Bank Guarantees noticed	
		Limits are overdue and operations are being allowed	
Post sanction follow up			
		Sales turnover and profit projected in the proposal not achieved even to the extent of 80%	
		Regular unit inspection is not conducted and a register is not kept for unit inspected	
		Demand notices are not sent for recovery of bank dues	
		Latest Audited financial statements are not obtained and reviewed	
		Term Loans are not reviewed periodically	
		Balance confirmation letters are not obtained at half-yearly intervals for working capital loans	
		AOD not obtained for term loans	
Present status of the account			
		Unit is not working	
		Primary security is not available	
		Borrower is not traceable	
		Account is in NPA/Doubtful category	
		Suit filed for recovery	
		Case filed in DRT for recovery	
		Proceedings under SARFAESI Act initiated	
General Remarks			
		Branch has replied to ADA review remarks of ZO	
		Too many loans sanctioned by the branch for the same purpose/same activity	
		Many borrowers are from the same family/group	
		Many units financed are located within the same complex or at the same street/area (<i>say within 500 metres radius from the branch</i>)	
		More than two thirds of the branch advances pertain to a few borrowers or a group of borrowers	

		Loan sanctioned is beyond branch powers. Branch has not sought and received ratification from ZO.	
		Remarks made by Concurrent Auditors/Statutory Auditors are not yet attended to	
		Special Reports written for these accounts	
		Fraud occurred in these accounts	

Date: 24-07-2016

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