

Policy on demand/ call loans

RBI vide its Master Circular - Non Systemically Important Non-Banking Financial (Non Deposit Accepting) Companies Prudential Norms (Reserve Bank) Directions, provides for that the Board of Directors of every non-banking financial company granting / intending to grant demand / call loans shall frame a policy for the company and implement the same. Keeping the regulatory requirement in view, a policy on extending demand / call loans per se is detailed out as under:

- (i) Demand / Call loans would be considered by the Company both under Secured loan as well as unsecured loan segments.
- (ii) The Demand / Call loans can be considered under business loans, inter-corporate deposits, trade advances, inventory funding, loans against shares & securities, etc
- (iii) A cut-off date within which the repayment of demand or call loan shall be demanded or called up will be decided on case to case basis.
- (iv) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut-off date for demanding or calling up such loan is stipulated beyond a period of five years from the date of sanction.
- (v) Demand / Call loans may be considered on fixed interest or fluctuating interest rate basis pegged to any anchor rate as may be agreed upon. Interest rate would be decided on case to case basis considering the prevailing market rate and such interest shall be payable monthly or quarterly or annually as per prevailing business practices.
- (vi) Interest on such loans, as stipulated shall be payable either at monthly or quarterly or annually rests and will be decided on case to case basis.
- (vii) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period. The due date for payment of Interest Due will be 30 days from the end of the month/quarter/year as the case may be.
- (viii) Performance of the loan to be reviewed periodically.
- (vii) Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.
- (ix) The policy can be altered / revised as per changed market scenario and /or statutory guidelines.
