

# STATE BANK OF INDIA OFFICERS' ASSOCIATION

## (BENGAL CIRCLE)

(Registered under Trade Unions Act 1926-Regd. No. 6908)

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Circular No. 141/2021

Date : 28.09.2021

To All Members (Please Circulate)

### ALERT SERIES - 4

## PREVENTIVE MEASURES AGAINST PERPETRATION OF FRAUDS IN KCC LOAN

Comrades,

You are aware that several incidences of fraud have taken place in our Circle, which is a matter of consternation. The need for issuance of circulars on important and sensitive topics/issues under "ALERT SERIES" is not only aimed to safeguard the interest of our members and our esteemed institution but also to imbibe a culture of adherence to the laid down instructions/ guidelines of the bank in day-to-day work. Many of the frauds/ irregularities have been perpetrated /committed due to our members' negligence, ignorance, or misconception.

We believe that number of incidences of fraud can be reduced/ averted by creating awareness among our members as preventive and risk-mitigating measures.

In this fourth edition of "ALERT SERIES," we have taken up different aspects of loans under Kisan Credit Card (KCC) as it has been observed with great concern that a large number of frauds have been reported, during this time, in this area.

### **KISAN CREDIT CARD (KCC):**

The most important aspect that we should consider while financing a KCC loan is identifying the customer to avoid impersonation.

### **Please be aware that:**

- ❖ As Aadhar is now mandatory for financing under KCC, and we should invariably obtain e-KYC from the customer.
- ❖ The particulars of land (*like name of revenue village, survey number, the extent of land, etc.*) furnished in the loan application should be compared and confirmed with the corresponding particulars given in revenue records of the village.
- ❖ To avoid fraudulent land records, we should verify the "Parcha" submitted by the applicant from e-portal, <https://banglarbhumi.gov.in/BanglarBhumi/Home>.
- ❖ The cultivated land may include own land, leased land, or land cultivated by applicants as tenants/sharecroppers.
- ❖ Further, it is advisable to get the land record vetted by the land record authority (usually, all Government sourced applications are vetted by the authority itself).
- ❖ Pre-sanction inspection has to be carried out by Field Staff for making independent field / local inquiries to ascertain the skill, experience, and capability of the applicant.
- ❖ Before lending, please check the CIBIL/ CRIEF Highmark report of the applicant invariably to ascertain the creditworthiness of the borrower.
- ❖ KCC borrowers shall be issued ATM enabled KCC RuPay cards to enable them to undertake their banking transactions
- ❖ All crop loans under KCC are to be covered under 'Pradhan Manthri Fasal Bima Yojana (PMFBY), and the relevant crop insurance particulars are to be uploaded in Gol Crop Insurance Portal.

**Shubhajyoti Chattopadhyay**  
**General Secretary**  
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In the recent past, it has been observed with deep concern that loans under KCC turned into NPAs have been closed by sanctioning new loans to same borrower randomly by various branches. This practice is a clear violation of regulatory guidelines and also leads to several types of frauds, due to which drastic steps have been initiated by bank management against concerned officers. The CPPD vide its e-Circular No. 265/2021-22 dated 17.06.2021 has also issued instructions that no NPA account is to be permitted to be closed by the sanction of new facilities to the same borrower other than case of restructuring of credit facilities where, as part of the appraisal, additional facilities are sanctioned to the borrower. (Circular No.: NBG/ABUAC^IRCROPLOANS/3/2021 - 22 date: Sat 21 Aug 2021).

**CARE: STAY AWAY FROM MIDDLEMEN/AGENTS\*\*\***

The involvement of Middlemen/Agents in sourcing and documentation of KCC loans is fraught with risk. Independent Pre-sanction visit to the site/borrower's residence/farm/field by the Bank's staff without accompanying the borrower or his representative is obligatory before sanctioning the loan.

Evidences have revealed that such people apart from collecting bribes in the name of bank officials, sourced poor quality proposals, forged vital documents, and in the process, acted as catalysts in the perpetration of frauds in our branches.

**To exercise KCC review/renewal, the following should be kept in mind:**

- KCC Review through YONO.
- No collateral security for KCC Loans up to Rs.1.60 lakh
- Renewal may be continued with 5th year MDL (Maximum Drawing Limit) even after five years.
- Existing documents may be continued beyond five years within the overall MPL (Maximum Permission Limit)

Comrades, we, as bankers, have to be prudent and cautious to undertake great responsibility towards protecting the interest of the depositors as well as various other stakeholders. Let us understand that deviation from laid down systems and procedures may lead to irregular/fraudulent activities, which invite both financial and reputational loss to the Bank.

So, the undersigned urges upon all of you to acquaint yourselves with your role manual and discharge your responsibilities within the ambit of the Bank's systems and procedures so that we can discharge our duties without leaving any scope of pointing fingers at us by anybody at any point of time.

**"Stay Safe, Stay Healthy"**

**With revolutionary greetings,**



**Shubhajyoti Chattopadhyay**  
(General Secretary)

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