

III. BSR - 1 - Part A (BSR-1A)

1. **Format** : The return is to be prepared in the revised format only as prescribed in this Handbook. In case of any deviation, data should be copied again in the prescribed form before submission.
2. **Page Number** : Each page of the return should be numbered. In case, the return runs into more than one page, continuous serial numbers should be given. Page numbers should not be distinguished through the addition of alphabets to numbers such as 12A, 12B, etc. Each page should indicate the number of that page as well as that of the total number of pages of the return. For example, in a return of 15 pages, the pages should be numbered as 1/15, 2/15, 3/15 14/15, 15/15. Page number 1/15 and 2/15 will indicate that these are the first and second pages of a return of 15 pages and so on. Similarly, page 15/15 will show that this is the last page of the return of 15 pages. Single page return should be marked as 1/1.
3. **Serial number (Column S)** : Each line of entry on a page is to be serially numbered page-wise.
4. **Name of the party (Column 1)** : The information regarding the name of party need not be filled in column 1 by the banks submitting data in the form of filled-in return. This column is for the use of the reporting branches and not for the use of the Reserve Bank. The entry of the name of the party against each account would facilitate the checking of the various codes given to it. However, since many banks submitting data on magnetic tapes send the pre-printed computer output pertaining to the previous survey to their branches/offices for updating the data, it is advantageous to have the name of the party in their output in order to facilitate easy reporting of information from the records by the bank offices.
5. **Account Number (Column 2)** : Account numbers given by the branch should not exceed sixteen digits/characters. In case a system of numbering of borrowal accounts is already followed by the branch, the relative number of each account should be recorded in this column subject to the provision that the number should not exceed sixteen digits/characters. Care should be taken to ensure that the number once allotted to an account is not changed for any reason, as for instance, with the opening of new ledgers. A number allotted to an account closed subsequently, should not be used for any new account.
6. **Utilisation of Credit** : The information on place of utilisation of credit is being collected under two heads viz., district and population group.
 - (a) **District (Column 3)** : The district code indicates the district where actual credit has been or will be utilised by the borrower. Code numbers allotted to the different districts are given in List 'A'.

(b) Population Group (Column 4) : The code indicates the population group status of the place of utilisation of credit. The relevant codes are given in List 'B'.

Information given in these columns is important for ascertaining the State and District/population group-wise flow of credit. The credit extended by a branch/office is not always used in the same district/population group and State in which the branch office is located. In several major urban and metropolitan branches, a good part of the credit extended, is utilised elsewhere. The codes for the district and population group in which the loan is utilised by the borrower should be entered in columns 3 and 4, respectively. For example, if the Head Office of a company in Mumbai is granted an advance for utilisation for its factory located in Pen (Raigad district in Maharashtra), the appropriate district code for Raigad i.e. 603 should be indicated in column 3 and as the population of Pen is between 10,000 and one lakh, the appropriate population group code 2 for semi-urban area should be entered in column 4. It should be ensured that only one district code and corresponding population group code are given against an account.

It may not always be possible to indicate the district and population group where certain advances are utilised, for instance, advances granted to a Government Corporation (e.g. Food Corporation of India) or statutory bodies (e.g. Electricity Boards) or a privately owned company, the operations of which extend to more than one district, population group or state. In such cases, the codes of the district and population group where the major portion of the advances is utilised, is to be recorded. In case it is difficult to identify those aspects, the information of the place where the branches located may be provided. As far as possible, efforts should, however, be made to identify the district and population group where the credit is actually utilised.

7. **Type of Account (Column 5) :** The code numbers allotted to the various types of accounts are given in List 'C'. All accounts in the books of a branch/office have to be classified under one or the other of these types appropriately. The code number relevant to the type of each borrowal account, i.e. cash credit, overdraft, term loan, etc. should be entered on column No.5. In case a party is given borrowing facilities under different types of accounts, each account should be separately listed. Such accounts should not be combined.

Further, abbreviations such as CC, OD, DL, TL, etc. should be avoided and only the appropriate code should be reported in the return. The listing of accounts may follow any convenient order, say overdrafts, etc. ledger-wise, if it is easy for the bank staff. Where ledgers are maintained according to type of account (i.e. separate ledgers for cash credits, overdrafts, etc.), listing for all accounts in one ledger could be completed before another ledger relating to another type of account is taken up, e.g. all cash credit accounts could be listed before going on to overdraft accounts and so on. Where ledgers are maintained according to type of borrowers (small-scale industry, agriculture, etc.), the listing could follow this order. All types of accounts of any one class of borrowers could be listed in any convenient sequence. However, care should be taken to give the appropriate code from List 'C' for each account.

All types of inland bills (trade and other) have to be given same type of account code.

The loans and advances shown under Term Loans are bifurcated as under:

1. Medium-Term Loans i.e. loans and advances granted for a period of above 1 year and up to and inclusive of 3 years.
2. Long-Term Loans i.e. loans and advances granted for a period of above 3 years.

These loans would include (a) loans originally sanctioned for a period exceeding one year with specific schedule of repayment and remaining outstanding partly or wholly as on the date of the return; (b) interim cash credit pending the sanction of formal term loans; and (c) instalment credit where repayment is spread over more than one year on the basis of their classification criteria. There may, however be some agricultural loans sanctioned for short-term purposes (e.g. cultivation of sugarcane) where the duration is more than one year but such loans should not be included under term loans. However, for instance where a demand promissory note is taken as an additional security for a term loan, where the schedule of repayment of the loan extends over a period in excess of one year, the account should be reported as a term loan and not as a demand loan.

Pre-shipment finance under any type of facility viz., cash credit, overdraft and demand loans should be classified as Packing Credit. Advances by way of rediscounting of bills of other party, if any, may be reported as 'Bills discounted' with appropriate occupation category.

8. Type of Organisation (Column 6) : The code number relevant to the type of organisation of the borrower should be recorded in this column. List 'D' contains the code numbers allotted to different types of organisations. The list itself provides a brief explanation for each category of organisation. Some further explanations are given below:

(a) Government companies are defined under Section 617 of the Indian Companies Act, 1956, as companies in which not less than 51 per cent of the paid-up capital is held by the Central or a State Government either separately or jointly.

(b) Statutory corporations, owned by the Central Government or by a State Government, as well as companies which are subsidiaries of Government companies are also to be treated as Government companies.

(c) If a company is owned by the Central and State Government jointly on 50:50 basis, it may be treated as a State Government undertaking for the purpose of this return.

(d) Loans sanctioned to a State Government or its departments, e.g. for food procurement operations, should be coded as 'State Government' (code 12). However, advances to Co-operative Marketing Federations for food procurement operations as also for other purposes should be coded as 'Co-operative' (code 20)

(e) All types of co-operative institutions should be given organisation code 20. The

activities of the co-operative institutions are not relevant. Thus, organisation code 20 will include co-operative marketing and other federations, co-operative housing societies, co-operative retail stores, etc. Even where the co-operative institution is sponsored by a Government body, the correct organisation code is 20 and not 14.

The code relevant to the activity of the co-operative (farming, processing, marketing, trading, housing, etc.) should be given in column 7 (occupation).

(f) Public and Private Limited companies should be classified as Private Corporate Sector (code 31 & 32) and other private sector entities such as Partnerships, Propriety concerns, Joint families, Self-Help Groups, NGOs, Associations, Clubs, Trusts and Groups etc. should be taken as Private Sector Others (codes 33, 34 and 35).

(g) Loans granted to individuals, singly or jointly with one or more persons should be assigned the code number 41 (Individuals - Male) or 42 (Individuals - Female) depending on the gender of the sole/first account holder.

(h) Non-profit institutions serving business and privately funded quasi-corporate institutions should be classified as private corporate sector.

Organisation code consists of two digits. The accuracy of the organisation codes with reference to the constitution of the units should be verified.

9. **Activity/Occupation (Column 7):** Information given in this column would bring out the sector-wise flow of credit. List of 'E' gives the 5 digit code numbers for different types of occupation or activities.

The code number appropriate to the occupation or activity of the borrower for each account is to be entered in this column. More than one occupation code should not be reported against any account. If the borrower is engaged in more than one type of activity and if separate limits/sub-limits are sanctioned by the bank for different activities, the credit limit and outstanding amount should be segregated for each activity reported separately. For example, if a company engaged in the manufacture of cotton textiles and chemicals is granted credit limits by the bank, it is necessary to report the credit limits and amount outstanding separately for the two units, if separate credit limits are sanctioned. If, however, separate limits are not sanctioned, the major activity of the borrower should be the basis of classification. In such cases, suitable explanation should be furnished in the 'Remarks' column. In a majority of cases, the occupation code can be determined on the basis of the activity of the borrower. However, in the case of consumption and personal loans such as housing loans, loans for education, etc. activity of the borrower may not by itself determine the occupation code. For Example, in the case of personal loans (codes 94003, 94004, 94006, 94007, 94008 and 94009), housing loans (codes 94001 and 94002), loans for education (code 94005), etc. It would not be proper to determine the occupation code on the basis of the activity of the borrower. In such cases, purpose for which the credit is extended (whether for education, housing or consumption) should be the guideline for determining the correct occupation code.

10. Nature of borrowal account (Column 8): The nature of borrowal account should be indicated in column 8 against each individual account. Codes relating to nature of borrowal account are given in List 'F'. Tiny industries are to be classified with village and cottage industries. For loans given to industry the nature of borrowal account can be 1 or 2 or 3 and for all other loans it should be 3. Ensure that correct nature of borrowal account code is reported for each account.

11. Asset Classification of borrowal account (Column 9): Information on asset classification of each account with credit limit of over Rs.2,00,000 is to be reported in column 9 as per asset classification code assigned to a borrowal account for reporting to DBOD/DBS of the Reserve Bank of India. The relevant codes are given in List 'G'. Please ensure that correct asset classification code is reported against each borrowal account. Detailed description of asset classification codes for classifying advances as applicable, at present, is reproduced below. The changes in guidelines as prescribed from time to time by the Reserve Bank of India, may be taken into account while reporting under this column.

Guidelines for classifying advances as per Asset Classification Code System

Code 1: Standard Assets

Standard asset is one which does not disclose any problems and which does not carry more than normal risk attached to the business. Such an asset is not a 'non-performing asset' (NPA). An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A 'non-performing asset' (NPA) was defined as a credit facility in respect of which the interest and/or instalment of principal has remained 'past due' for a specified period of time. An amount due under any credit facility is treated as "past due" when it has not been paid within 30 days from the due date. The specified period was reduced in a phased manner as under:

Year ending March 31	Specified period
1993	four quarters
1994	three quarters
1995 onwards	two quarters

With effect from March 31, 2001, 'overdue' concept is to be used instead of 'past due' for classifying an asset. Accordingly, as from March 31, 2001 a Non-performing Asset (NPA) shall be an advance where

- i. interest and/or instalment of principal remain overdue for a period of more than 180 days in respect of a Term Loan,
- ii. the account remains 'out of order' for a period of more than 180 days, in respect of an Overdraft/Cash Credit (OD/CC),

- iii. the bill remains overdue for a period of more than 180 days in the case of bills purchased and discounted,
- iv. interest and/or instalment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes, and
- v. any amount to be received remains overdue for a period of more than 180 days in respect of other accounts.

It is difficult to envisage a situation when only one facility to a borrower becomes a problem credit and not others. Therefore, all the facilities granted by a bank to a borrower will have to be treated as NPA and not the particular facility or part thereof which has become irregular.

With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the '90 days' overdue' norm for identification of NPAs, from the year ending March 31, 2004 (for detailed definition of NPA and the basis for treating a credit facility as NPA, please refer to the Reserve Bank of India circular DBOD No.BP.BC.20/21.04.048/2001-2002 dated September 1, 2001 on prudential norms on income recognition, asset classification, provisioning and other related matters and subsequent clarifications issued by Reserve Bank of India).

Code 2: Sub-standard Assets

Sub-standard asset is one which has been classified as NPA for a period not exceeding two years. With effect from 31 March 2001, a sub-standard asset is one, which has remained

NPA for a period less than or equal to 18 months. In such cases, the current net worth of the borrower/guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the bank in full. In other words, such an asset will have well defined credit weaknesses that jeopardise the liquidation of the debt and are characterised by the distinct possibility that the bank will sustain some loss, if deficiencies are not corrected.

Code 3: Doubtful Assets

A doubtful asset is one, which has remained NPA for a period exceeding two years. With effect from 31 March 2001, an asset is to be classified as doubtful, if it has remained **NPA for a period exceeding 18 months.** A loan classified as doubtful has all the weaknesses inherent in that classified as sub-standard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Code No.4: Loss Assets

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off, wholly or partly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value. The assets, which have been wholly written off should not be reported in BSR-1. However, in case of partly written off assets, the amount of technical write off, if any, should be reduced from the outstanding gross advances.

12. Rate of Interest (Column 10):

(i) The rate of interest (per cent per annum) charged to an account should be reported in decimals (up to two places) and not in fraction and should be exclusive of interest tax.

(ii) In case an advance is given free of interest, indicate a dash(-) against the concerned account with suitable remarks recorded in column 13.

(iii) Where slab rates of interest are charged on advances, the rate corresponding to the largest portion of the advances should be recorded. If two rates are charged, the rate applicable to the major portion of amount outstanding should be reported.

(iv) Banks should ensure that the rate of interest reported is in conformity with the norms prescribed by the Reserve Bank of India from time to time.

(v) In the case of Inland and Foreign Bills Purchased/Discounted, the rate of interest column need not be filled in.

(vi) The rate of interest is sometimes not reported against accounts with credit balances. This should be corrected by reporting the relevant interest rate against each such account.

(vii) In the case of sub-standard, doubtful and loss assets, the rate of interest last applied should be reported.

13. Credit Limit (Column 11): In this column, the credit limit in force as on the date of the return should be treated as the credit limit. Any additional limits granted temporarily for short periods at the discretion of managers and other competent authorities should also be included if they are in force at the time of reporting. The 'drawing limit' which is linked to the value of stocks hypothecated or pledged and the margin prescribed should not be taken as credit limit.

In recording credit limits in respect of term loans, care should be taken to show only the operative limit, i.e. the limit sanctioned minus the principal amount repaid. For example, a company has been sanctioned a term-loan of Rs.25 lakh, for installation of some plant, which is to be repaid in ten equal half-yearly instalments. The company has repaid Rs.5 lakh (i.e. 2 half-yearly instalments of Rs.2.5 lakh each). Hence, under this column, only the operative credit-limit i.e. Rs.20 lakh should be shown and not Rs.25 lakh. If the

operative limit of an account is reduced to Rs.2,00,000 or less, it should be reported in a consolidated manner in BSR-1B.

In case of other loans, which have not been fully drawn, the sanctioned limit should be indicated. The credit limit should not be adjusted for the unpaid or overdue instalments. If a borrower is sanctioned a composite credit limit against more than one account, the limit should be split up in proportion to the outstanding amounts and shown against the respective accounts.

Care may be taken to give credit limit of the loan component and cash credit portions separately.

Where no specific credit limit is sanctioned, the amount outstanding should be treated as the credit limit.

In the case of consortium lending, branches should report only the net credit allocated to them.

14. Amount Outstanding (Column 12):

(i) The actual amount outstanding (debit) in each account as at the close of business on the reporting date is to be rounded off to the nearest thousands of rupees.

(ii) If one consolidated amount is shown against two or more accounts with separate particulars in columns 2 to 11, against each such account, the amount should be split up according to the proportion of credit limits shown against the concerned accounts.

(iii) Amount outstanding should not normally exceed the credit limit. In case where the amount outstanding is more than double the credit limit, the reasons for such excess should be explained in the 'Remarks' column.

(iv) If amount outstanding is reported in column 12, the bank/office should ensure that all the other particulars in respect of that account as required in columns 2 to 11 are filled in and that no column is left blank (except in case of bills, for which column 10 should be kept blank).

(v) If there is no figure to report in column 12, a dash (-) should be indicated.

(vi) If the account is having a credit balance, it should be indicated by a remark 'CR' in column 13 and a dash (-) should be indicated in column 12. The actual amount of credit balance should not be reported.

(vii) Accounts which have been closed should not be reported.

15. Remarks (Column 13): Clarification in respect of any entry, where necessary, may be given in this column. For instance, in the case of large loans utilised in more than one state or district or population group, a suitable indication may be given here, in the case

of composite limit, the procedure outlined in respect of column 11 should be specified. Accounts with credit balance should be indicated by 'CR' in this column.

16. Other Instructions:

(i) Page-wise totals should be given for column 'S' (Number of accounts), column 11 (Credit limit) and column 12 (Amount outstanding) in the space provided at the bottom of each page. These figures should not be carried forward to the next page.

(ii) In case any entry is cancelled after entering in BSR-1A return, then totals under columns 'S', 11 and 12 of the page should be suitably revised.

(iii) A summary of BSR-1A showing the page-wise totals and grand total of number of accounts, credit limit and amount outstanding (i.e. totals of columns 'S', 11 and 12) should be appended to BSR-1A return.