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## **Priority Sector Lending Guidelines**

*(Towards Promotion of Cottage and Small Industry)*

**COMMON PSL CREDIT MANNUAL FOR ALL FIs**

**July 2021**

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## **1. PROLOGUE**

The PSL Guidelines is the outcome of the inspiration from His Majesty's address and a result of the joint collaboration between the Government and the financial sector. Thus, in line with the Priority Sector Lending (PSL) Guidelines issued by Royal Monetary Authority (RMA), the common PSL credit manual for all Financial Institutions (FIs) i.e., Banking and Non-Banking shall be effective for implementation henceforth. This Manual shall provide policy guidelines and directions to the personnel operating in the Credit Department of FIs. In future, any change of the instructions contained in this Manual shall be subject to change as per the change in PSL guidelines issued by RMA.

Contents that are not covered in this manual, however, similar to other credit procedures of the Credit Manual of respective FIs must be followed.

## **2. OBJECTIVES**

- 2.1 To ensure seamless delivery of Priority Sector credit facilities;
- 2.2 To provide financial access (including short-term loans) for development in the farming, manufacturing and service sectors;
- 2.3 To provide clear and comprehensive guidelines on the procedures to the staff of the FIs on loan procedures for appraisals;
- 2.4 For the development of Bhutan's economic transformation through improved access to finance.

## **3. TARGET SEGMENTS**

The target segments will be the:

- 3.1 Farmers;
- 3.2 Unemployed youths; and
- 3.3 Anyone engaging in PSL activities.

#### 4. PRODUCT CATEGORIES

The PSL Guideline organizes the Cottage and Small Industries (CSI) sector into two broad categories:

4.1 Agricultural CSI; and

4.2 Non-Agricultural CSI.

Refer *Annexure I* for the list of products for both the categories mentioned above.

#### 5. ELIGIBILITY

5.1 Applicant(s) should be Bhutanese citizen holding valid Citizen Identity Card;

5.2 Applicant(s) should be between the age group of 18 to 60 years at the time of borrowing;

5.3 Applicant(s) should be of sound mind;

5.4 Applicant(s) should have a good CIB record;

5.5 Applicant(s) should be within the **target segments** as mentioned under point 3 subsections (3.1,3.2 and 3.3);

5.6 An individual can apply only for Agricultural CSI (primary production) with a loan limit up to 0.5 million however, an individual may be eligible for a higher amount for integrated Agriculture CSI. Groups/ Partnerships/Cooperative/Incorporated company can apply for both agriculture (primary production, processing & packaging, marketing & sales) and non-agriculture CSI (Production/Manufacturing and Services) for a loan limit up to 10 million;

5.7 Existing PSL Clients will be eligible for additional loans exceeding the existing ceiling of Nu. 0.5 million to individuals for primary production under Agriculture CSI. However, the proponent must have a good record of paying back the existing loan and the Dzongkhag PSL Committee must recommend the proponents capacity to avail the additional loan;

5.8 PSL Loan shall include the provision of working capital where necessary.

5.9 Applicant(s) should not be in active service; and

5.10The business activities should be within the framework as per PSL guidelines.

## **6. LOAN LIMITS AND INTEREST RATES**

- 6.1 The **loan limits** for agriculture CSI as well as for non-agriculture CSI will be based on the PSL guidelines and will be subject to change as and when PSL guidelines are revised; and
- 6.2 The FIs can charge competitive **interest rates** not higher than the prescribed interest rates in the PSL guideline.

## **7. REPAYMENT**

The repayment of the loan may be monthly, quarterly, half-yearly or annually.

## **8. TENURE – (Refer Annexure II)**

- 8.1 Agricultural CSI (primary production) – Maximum of 5 years excluding gestation period;
- 8.2 Agricultural CSI (Processing & packaging, marketing & sales) – Maximum of 10 years excluding gestation period as per the business activities; and
- 8.3 Non-agriculture CSI (Production/Manufacturing and Services) – Maximum of 15 years excluding gestation period as per the business activities.

## **9. SECURITY**

- 9.1 Collateral is not required; and
- 9.2 Insurance-based loan, however, loans may be granted against pledge or hypothecation of project assets by the borrowers.

## **10. CHECKLIST**

- 10.1 PSL Application forms as per *Annexure III* duly filled in and signed on all the pages (Full signature)'
- 10.2 For loan limit between 0.5 million to 1.0 million – A brief business proposal template as per *Annexure IV* duly filled in where applicable;
- 10.3 For loan limit between 1.0 million to 10.0 million – A detailed business proposal with the financial projections;
- 10.4 A Copy of valid Citizenship Identity (CID) of the applicant(s) or the Chairman,

- office bearer and treasurer as applicable;
- 10.5 Two recent Passport size photographs of the applicant(s) or the Chairman, office bearer and treasurer as applicable;
  - 10.6 A copy of security clearance of the applicant(s) or the Chairman, office bearer and treasurer as applicable;
  - 10.7 Ownership certificate(s) or Land Use Certificate (LUC) of the plot where PSL activity is taking place;
  - 10.8 For land under joint or co-ownership, a consent letter from the joint owner or co-owner witnessed by Gup of the village (if applicable);
  - 10.9 For family-owned land, family (household) register issued by Department of Civil Registration and Census, MOHCA and NOC from family members (18 years and above) (if applicable);
  - 10.10 For private land under lease, a lease agreement validated by the relevant authority along with a copy of CID of the owner of the land (if applicable);
  - 10.11 A land sale deed agreement must be validated by the relevant authorities (if applicable);
  - 10.12 Approved drawing plan of the building or construction and a copy of approval letter for construction from concerned authority (if applicable);
  - 10.13 Off-take agreements if applicable; and
  - 10.14 A copy of group resolution or Articles of Association/incorporation – in case of partnership/cooperative/groups/company.

## **11. APPRAISAL**

The Dealing official will undertake the following appraisal processes:

- 11.1 Verify that the application form is duly filled and signed on all the pages by the applicant(s) and the technical clearance has been verified and validated by the Dzongkhag technical window committee;
- 11.2 Confirm that the applicant's name appearing in the loan application form matches with name mentioned in the CID copy, ownership certificates and other enclosures;
- 11.3 Generate CIB report for applicant(s) or the chairman, office bearer and treasurer;
- 11.4 Verify CIB report and satisfy that no credit facilities are entertained to any client if

their past repayment is unsatisfactory (other than technical errors and related issues). However, in case of technical errors or other related issues, the client must provide bank statements of those loan accounts or loan clearances for the loan accounts that are liquidated;

- 11.5 Confirm the submission of the required documents stated in the checklist;
- 11.6 Introduction/brief history of the applicant (a copy of inspection report highlighting the location, and any natural threats etc to be enclosed). The respective checklists of all the financial institutions will be circulated to the dzongkhag PSL committee to facilitate prospective clients in compiling all required information needed by both the dzongkhag and the financial institutions;
- 11.7 The respective checklist of the Financial Institutions shall be circulated to the Dzongkhag PSL committee to facilitate prospective clients in compiling all required information needed by both the dzongkhag and the FIs;
- 11.8 Verify the correctness of the details of assets of the applicant as given in the application form;
- 11.9 For any reasons the loan cannot be sanctioned, the customer shall be intimated within five working days;
- 11.10 Necessary noting of loan sanctioned or declined shall be made in the sanction/decline register; and
- 11.11 All necessary registration of project assets must be completed by the financial institutions.

## **12. FEES AND CHARGES**

- 12.1 Financial institutions will not charge any fee on priority sector loan amounts that are below Nu. 0.5 million; and
- 12.2 Above Nu.0.5 million, FIs may charge a maximum service fee of Nu.100.00.

## **13. POST SANCTION DOCUMENTS**

- 13.1 Insurance copy;
- 13.2 Joint Inspection report (Govt. Sector & FIs); and
- 13.3 Proper Documentation.

#### **14. POST SANCTION MONITORING**

- 14.1 Scrutiny of repayment schedule pattern;
- 14.2 Following up constantly with the clients;
- 14.3 For the big projects retrieve financial statements from the clients annually/ semi-annually / quarterly basis so that banks can analyze the financial health of the business and accordingly advise the client;
- 14.4 For small projects retrieve information of their business status through calls/ site visits and advice accordingly;
- 14.5 Timely monitoring of end-use of funds; and
- 14.6 Make a suitable diary note for the tentative date of completion of the gestation period so as to avoid the account being in 'bullet' mode indefinitely.

#### **15. RECOVERY PROCESS**

- 15.1 The bank will follow up closely with the Dzongkhag technical committee who have issued the technical clearance and the clients themselves on regular basis;
- 15.2 Special credit channel (PSL Team) to take the help of Credit Monitoring and Recovery Department of the respective banks in carrying out Credit Monitoring and Recovery;
- 15.3 Depute one dedicated official apart from the regular credit officers to look after the repayment status and accordingly inform the clients and Dzongkhag Technical team;
- 15.4 In case of sickness, death, mental problems etc of a borrower/damage of products (Crops, cattle etc), the respective banks shall take the lead in following up with the insurance companies and clearing the loans;
- 15.5 During non-repayment, the Gups or the Dzongkhag technical window committee chairperson should also assist the FIs in following up for repayment; and
- 15.6 After completion of the normal recovery procedure, the financial institutions may initiate legal proceeding as per the existing respective FIs norms.

#### **16. INSURANCE CLAIM**

Insurance Claim amount should be directly issued in favor of respective FIs.



## **17. ASSET CLASSIFICATION**

The asset classification of PSL loans shall be as per the relevant provisions of the PR 2017, and amendment thereof.

## **18. GOVERNMENT'S FISCAL INCENTIVE 2017**

The Government's Fiscal Incentives 2017 provide for the waiver of income tax on interest earned by the financial institutions through preferential lending to CSIs.

## **19. REPORTING**

Reporting to RMA will be done quarterly as per the reporting template shared by RMA from time to time.

## **20. ACCOUNTING AND DATA**

Separate accounts and ledgers must be maintained for PSL loans by FIs.

## **21. LOAN RESTRUCTURE**

A restructured credit exposure is one whose original terms and conditions have been modified principally. This may include a change in the type or structure of the facility, or changes to the existing terms and conditions to assist the borrower to overcome its genuine shorter-term financial difficulties -particularly where the longer-term prospect of the business or project is still deemed to be viable. When the borrower enters into schemes of arrangement of this nature, the new facility will constitute a restructured facility. However, such a facility may be granted only in the case of credit exposures that have been regular and have genuine unforeseen financial constraints.

## **22. FORECLOSURE AND WRITE-OFF OF NON-PERFORMING LOANS**

The foreclosure and write-off of non-performing Priority Sector Loans shall be as per the "Guidelines on Foreclosure and Write-off of Non-Performing Loans 2021" and amendment thereof.

## **23. Any Other Matter**

The treatment of any other matter not covered in this manual shall be in line with the prevailing regulations issued by the RMA.

The RMA will review the performance of PSL activities annually.

## ANNEXURE I: BROAD ACTIVITIES AND LIST OF PRIORITY PRODUCTS

The *value-chain approach to financing* will provide access to all activities in the value-chain either as independent activities or as an *integrated project* that involves more than one activity.

The PSL loans will be for new projects as well as for business expansion.

AGRICULTURAL CSIs		
Primary Production	Processing & Packaging	Marketing & Sales
<p>Activities will cover agriculture proper, livestock and forestry; and related infrastructure &amp; allied activities as follows:</p> <ul style="list-style-type: none"> <li>i) Cultivation of agricultural crops, livestock farming and forestry.</li> <li>ii) Production of farming inputs including fertilizers, pesticides, seeds and seedlings.</li> <li>iii) Purchase of farming &amp; livestock machinery and equipment.</li> <li>iv) Purchase of green house, irrigation, fencing and other farm development activities</li> <li>v) Purchase/production of animal feeds and billets</li> <li>vi) Green fodder &amp; legume production</li> <li>vii) Production of total mixed ration &amp; urea mineral mixture block</li> </ul>	<p>Activities will cover related infrastructure &amp; allied activities as follows:</p> <ul style="list-style-type: none"> <li>i) Construction of cold storage facilities (such as warehouses, cold chain facilities, go-downs and silos) for storing agricultural &amp; livestock produce/ products.</li> <li>ii) Purchase of agricultural machinery/ equipment for food/agro processing and packaging</li> <li>iii) Production of animal feeds and billets</li> <li>iv) Establishment of clean meat processing facilities</li> <li>v) Establishment of ice making/ice block plant</li> <li>vi) Purchase of forage processing equipment &amp; facility</li> <li>vii) Purchase of wool processing equipment &amp; facility</li> <li>viii) Agro based products</li> </ul>	<p>Activities will cover related infrastructure &amp; allied activities as follows:</p> <ul style="list-style-type: none"> <li>i) Construction of cold storage facilities (such as warehouses, cold chain facilities, go-downs and silos) for storing agricultural &amp; livestock produce/ products.</li> <li>ii) Purchase of farm utility transport vehicles</li> <li>iii) Packaging, labeling, advertisement and distribution of products</li> <li>iv) Food grade packaging materials</li> <li>v) Establishment of agricultural &amp; livestock sales or distribution outlets</li> </ul>

<p>List of Priority Products under Agricultural CSI: Priority activities will include all products listed here as well as value additions to these products under the broad activity categories identified above. This list is indicative and subject to periodic review.</p>	<p><b>1. Agricultural Crops</b></p> <p>1.1. Cereals: rice, buckwheat, maize, and quinoa</p> <p>1.2. Oil seed crops (sunflower, mustard, groundnut and soya beans)</p> <p>1.3. Horticulture</p> <p>1.3.1.1. Vegetables: Chili, onion, tomatoes, beans, cauliflower, asparagus, peas, broccoli, carrots and potatoes;</p> <p>1.3.1.2. Fruits and Nuts: Apple, pear, persimmon, avocado, kiwi, litchi, banana, passion fruits, strawberry, blueberry, raspberry, dragon fruit, pineapple, walnut, pecan, mangoes and citrus</p> <p>1.3.1.3. Floriculture</p> <p>1.3.1.4. Medicinal and aromatic plants (MAPs): Cardamom, ginger, turmeric, herbs, garlic</p> <p>1.3.1.5. Mushrooms: Shiitake and oyster</p> <p>1.4. Legumes and pulses: kidney beans, peas and lentils</p> <p>1.5. Plantation crops: tea, coffee and green tea</p> <p>1.6. Nurseries (in horticulture and floriculture)</p>	<p><b>2. Livestock Farming</b></p> <p>2.1. Dairy</p> <p>2.2. Poultry: broiler, layer and turkey farming</p> <p>2.3. Piggery</p> <p>2.4. Fishery (cold water and warm water)</p> <p>2.5. Sheep farming</p> <p>2.6. Goat farming</p> <p>2.7. Rabbit farming</p> <p>2.8. Apiculture</p> <p>2.9. Allied activities (Green fodder/feed production, meat and dairy processing)</p> <p><b>3. Forestry Activities</b></p> <p>1.1 Private and community forest (including nurseries)</p> <p>1.2 Cane and bamboo</p> <p>1.3 MAPS (including cordyceps)</p> <p>1.4 Incense</p> <p>1.5 Traditional paper</p> <p>1.6 Cosmetics and fragrances (including spa products and essential oils)</p> <p>1.7 Integrated wood-based industries (Including sawmills)</p>
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<b>NON-AGRICULTURAL CSIs</b>		
<p>List of Priority Products under Non-Agricultural CSI: This list is indicative and subject to periodic review.</p>	<p><b>1. Production / Manufacturing</b>  Zorig Chusum  Engraving &amp; polishing of stones  Textiles, Clothing &amp; Apparels including handicrafts Foot wares, Socks, Audio Visual Productions and creative arts (animations) Pharmaceuticals and nutraceuticals Educational Products and materials.  Renewable energy (wind, solar &amp; biogas), Pencil productions  Souvenirs Sanitary towels  Detergent powder &amp; Soap  Packaging materials/  Products/egg tray Face mask &amp; hand sanitizer  Construction Building Materials (excluding mining, quarrying and stone crushing)  Mineral based products</p>	<p><b>Services</b>  Early Childhood Care &amp; Developments (ECCD)  Health Clinics &amp; Diagnostics Centers  Research &amp; Developments Center  Cold Storage &amp; Ware house  Waste Management Service  Recreation, Health &amp; Wellness Centers  Indoor games &amp; sporting centers  ICT (IT &amp; ITES)  Cleaning Services  Automobile Workshops in rural non-economical places as defined by the Dzongkhag  Cobbler &amp; Hair cutting Services  Labour Saving Hiring Construction Services  Specialized Tradesman ship Services (Masonry, Plumbing, Electrical housewarming, construction carpentry, welding and fabrication in the new building, electrical and electronic repair  Tailoring  Home delivery services</p>

**Note:** The priority sector activity list is subject to revision with the amendment of PSL guidelines/directives issued from time to time

## ANNEXURE II : CONDITIONS FOR PSL FINANCING

Type of Borrower	Eligible Activities	Investment Size / Loan Limit	Loan Tenure (Max)Gestation	Collateral Requirement	Max Debt Financing Available	Preferential interest rate
<b>(1) For Primary Production under Agricultural CSI:</b>						
Individuals	All PSL activities	Up to Nu. 0.5 million	5 years (T) Gestation to be determined depending on type of activity	No Collateral but Mandatory Insurance	100%	8.0%
Groups & Cooperatives	All PSL activities	Up to Nu.10 million	5 years (T) Gestation to be determined depending on type of activity	No Collateral but Mandatory Insurance	100%	8.0%
Incorporated Companies	All PSL activities	Up to Nu.10 million	5 years (T) Gestation to be determined depending on type of activity	No Collateral but Mandatory Insurance	100%	8.0%
<b>(2) For Processing &amp; Packaging and Marketing &amp; Sales or Integrated (i.e. involving more than one activity) under Agriculture CSI.</b>						

**(3) For integrated activities involving primary production, processing and packaging, and/or marketing and sales (i.e., involving more than one activity) under Agricultural CSI**

**(4) For Non-agricultural CSI**

Individuals	All PSL activities	Up to Nu. 10 million	15 years (T)	Cash flow/project financing Mandatory fire insurance.	70%	8.5%
Groups & Cooperatives			Gestation to be determined depending on type of activity / business			
Incorporated Companies						

**Annexure III**

**PRIORITY SECTOR LENDING (PSL)  
CREDIT APPLICATION [INDIVIDUAL]**

Passport size photo
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Name of Bank/ FIs:

Date:

Branch:

**A) APPLICANT INFORMATION**

1) Name:		2) Gender:	
3) DOB (DD/MM/YY):		4) CID:	5) Phone:
6) E-mail:		7) Marital Status:	
8) Business License Number:		9) Qualification:	
10) CIT/BIT no.:		11) Occupation:	
12) Present address:			
13) Permanent address			
Dzongkhag:		Gewog:	Village:
Thram No/ Plot No:		House No.:	

**B) RELATIVE INFORMATION**

1) Name (Any Relative):		2) Relationship:	
CID:	Phone:	E-mail:	
3) Name of Spouse (If Married):			
CID:	Phone:	Email:	

**C) DETAIL OF LOAN REQUESTED**

1) Loan Amount	Nu.			
	(In Words):			
2) Purpose of Loan				
3) Mode of Interest Applied (Tick)	Fixed [    ]		Floating [    ]	
5) Mode of Payment (Please Tick)	Monthly [    ]	Quarterly [    ]	Half Yearly [    ]	Annually [    ]

	[		[	
6) Repayment Term Desired				
7) Security Offered	Insurance Policy No.:		Validity Date:	
Insurance Type (Please mention it)	i)			
	ii)			
	iii)			
8) Means Of Financing	i) Own Financing (%):		ii) Borrowing (%):	
<b>D) OTHER ASSETS OR SOURCES OF INCOME</b>				
Description			Amount per month or value	





5. Security clearance [ ]
6. Business Proposal [ ]
7. Copy of insurance policy [ ]
8. off-take agreement if applicable [ ]
9. Technical clearance need from Technical window [ ]
<b>I) CERTIFICATION</b>
The undersigned certifies that, to the best of his or her knowledge and belief, all information contained in this loan application and in the accompanying statements and documents is true, complete, and correct. Further, I/We hereby assure to make prompt and timely repayments as per the agreement. In the event of non-compliance, I/We hereby authorize FIs to take legal action as per FIs norms.
<b>J) CONSENT CLAUSE</b>

The Parties hereunto in their respective capacities as hereinabove mentioned do hereby declare that all the information furnished herewith is correct to the best of my/our knowledge and ability and do hereby consent to disclose and share all or such information required by FIs. To do such acts, deeds or things that are deemed necessary to facilitate Credit Information Bureau to ascertain accuracy/correctness of information. The parties hereunto mentioned do hereby give consent to use my/our demographic and credit information by the Credit Information Bureau and other Credit reporting entities.

**K) CENTRAL REGISTRY**

The undersigned agrees to have his/her/company's movable securities/collaterals, registered with the Central Registry, RMA, to have secured creditors rights on the properties as per the MIPA 1999 and Bankruptcy Act 1999 of  
 Bhutan.

*\* Please note: You are required to bring the original copy of all the documents for verification by the concerned officials.*

Signature of applicant/ Thumb Impression:	Legal Stamp	Date: Place:
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**FOR FIS OFFICE  
USE**

<b>Action taken by Credit Officer</b>	
i) Application Receipt Date:	
ii) Category (Agricultural CSI/ Non Agricultural CSI)	
iii) Loan Appraised & Submitted to committee Date:	

iv) Loan declined and intimated	
v) Site visit/ Inspection	Date:
vi) Reasons for declining the loan	Reasons:

**PRIORITY SECTOR LENDING ( PSL)  
CREDIT APPLICATION [ GROUP]**

Name of Bank/ FIs:

Date:

Branch:

**A) APPLICANTS INFORMATION**

**President's Information**

1) Name:		2) Gender:
3) DOB (DD/MM/YY):	4) CID:	5) Phone:
6) E-mail:		7) Marital Status:
8) Present address:		
9) Permanent address		
Dzongkhag:	Gewog:	Village:
Thram No/ Plot No:		House No.:

**Vice President's  
Information**

1) Name:		2) Gender:
3) DOB (DD/MM/YY):	4) CID:	5) Phone:
6) E-mail:		7) Marital Status:
8) Present address:		
9) Permanent address		
Dzongkhag:	Gewog:	Village:
Thram No/ Plot No:		House No.:

**Treasurer's Information**

1) Name:		2) Gender:
3) DOB (DD/MM/YY):	4) CID:	5) Phone:

6) E-mail:		7) Marital Status:	
8) Present address:			
9) Permanent address			
Dzongkhag:		Gewog:	Village:
Thram No/ Plot No:		House No.:	
<b>Business Information</b>			
1)Business Name:			

2) Business License Number:

3) CIT/BIT no.:

4) Number of group Members:

**DETAILS OF GROUP MEMBERS**

NAME	CID	PHONE NUMBER	ADDRESS

(Please attach the name list of the members if it's more than 10 )

**C) DETAIL OF LOAN REQUESTED**

1) Loan Amount	Nu.		
	(In Words):		
2) Purpose of Loan			
3) Mode of Interest Applied (Tick)	Fixed [ ]	Floating [ ]	
5) Mode of Payment (Please Tick)	Monthly [ ]	Quarterly [ ]	Half Yearly [ ]    Annually [ ]
6) Repayment Term Desired			
7) Security Offered	Insurance Policy No.:	Validity Date:	
Insurance Type (Please mention it)	i) ii) iii)		

8) Means Of Financing	i) Own Financing (%):	ii) Borrowing (%):
<b>D) OTHER ASSETS OR SOURCES OF INCOME</b>		
Description	Amount per month or value	
<b>E) DETAILS OF TECHNICAL WINDOW COMMITTEE MEMBER</b> <b>(GUPS/CHAIRPERSON OF PSL COMMITTEE)</b>		



1) Name:				
2) Contact Address:				
Phone:		E-mail:		Fax:
3) Position:				
<b>F) ACCOUNT MAINTAINED WITH THE BANK OF THREE OFFICE BEARERS</b>				
1) Savings Account:				
2) Current Account:				
3) Other Loan Account Number:				
<b>G) LOAN DETAILS WITH OTHER FINANCIAL INSTITUTIONS OF THREE OFFICE BEARERS</b>				
Name of Institution	EMI	Purpose	Sanction Amount	Outstanding Amount
<b>H) DOCUMENT CHECKLIST (PLEASE TICK)</b>				
1. Photocopy of CID of three members [    ]				
2. Latest Passport size Photos (2 Nos.) of three members [    ]				
3. Ownership Certificate if land where PSL Activity is taking place or land certificate [    ] (if applicable)				
4. Security clearance of three members [    ]				
5. Business Proposal[    ]				
6. Copy of insurance policy [    ]				
7. Off-take agreement if applicable [    ]				
8. Power of Attorney [    ]				

9. Technical clearance need from Technical window [    ]

**I) CERTIFICATION**

The undersigned certifies that, to the best of his or her knowledge and belief, all information contained in this loan application and in the accompanying statements and documents is true, complete, and correct. Further, I/We hereby assure to make prompt and timely repayments as per the agreement. In the event of non-compliance, I/We hereby authorize FIs to take legal action as per FIs norms.

**J) CONSENT CLAUSE**

The Parties hereunto in their respective capacities as hereinabove mentioned do hereby declare that all the information furnished herewith is correct to the best of my/our knowledge and ability and do hereby consent to disclose and share all or such information required by FIs. To do such acts, deeds or things that are deemed necessary to facilitate Credit Information Bureau to ascertain accuracy/correctness of information. The parties hereunto mentioned do hereby give consent to use my/our demographic and credit information by the Credit Information Bureau and other Credit reporting entities.

**K) CENTRAL REGISTRY**

The undersigned agrees to have his/her/company’s movable securities/collaterals, registered with the Central Registry, RMA, to have secured creditors rights on the properties as per the MIPA 1999 and Bankruptcy Act 1999 of Bhutan.

*\* Please note: You are required to bring the original copy of all the documents for verification by the concerned officials.*

<p>Signature of applicant/ Thumb Impression: [Preferably President]</p>	<p>Legal Stamp</p>	<p>Date: Place:</p>
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<p align="center"><b>FOR FIS OFFICE USE</b></p>	
<p><b>Action taken by Credit Officer</b></p>	
<p>i) Application Receipt Date:</p>	
<p>ii) Category (Agricultural CSI/ Non Agricultural CSI)</p>	

ii) Loan Appraised & Submitted to committee	Date:
iii) Loan declined and intimated	
iv) Inspection/ Site Visit	Date:
iv) Reasons for declining the loan	Reasons:

## Annexure IV

### Priority Sector Lending (PSL)

#### Business Plan Template (for project sizes above Nu.0.5 million)

##### 1. Brief description of activity

1.1 Proposed name of the business	
1.2 Nature of business (what is your final product / service?)	
1.3 Business ownership	
1.4 Project location	
1.5 Number of employees	
1.6 Brief description of proposed business. Include targeted clients and strategy to market your product/service; and technology to be used.	

## 2. Summary of the Financial Plan

2.1 Total investment cost	
2.2 Projected profit	
2.3 Financing plan and other financial highlights	

### 3. Additional information

<b>A</b>	<b>Initial Project Cost</b>											
1	Land	not required if it's on lease										
2	Fixed Assets											
3	Pre-Expenses											
4	Other Expenses											
	<b>Total Cost of the Project</b>											
<b>B</b>	<b>Capacity Utilization</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
	Installed capacity	how much you can produce in a year at optimum capacity										

	Capacity Utilization	Projected capacity utilization?										
<b>C</b>	<b>Income from Businesses</b>	Price per unit of produce?										
	<b>Variable Cost</b>											
	Consumables											
	Raw materials if any											



	Utilities											
	Other variable expenses											
	Marketing Cost											
D	<b>Cost of Production</b>											
	Salaries and Perks	No of Staffs and salary (Yearly)										
	Administrative Cost											
	Insurance											
E	<b>Sub Total</b>											
	Cost of Sales	D+E										
	<b>EBITDA (Earnings before interest tax and depreciation)</b>	C-E										
	Interest on											

Loans												
Depreciate on: <b>will be calculated by the bank</b>												
<b>Profit before Tax</b>												
Retained Earning												