

	Bank of India Head Office	CORPORATE CREDIT Department
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**MARGINAL COST OF FUND BASED LENDING RATES (MCLR)
Revision in Credit Spread w.e.f. 01.01.2017.**

Bank has introduced **Marginal Cost of Fund Based Lending Rates (MCLR)** for interest rates on Advances as per RBI guidelines w.e.f 01.04.2016 in respect of **all new rupee loans sanctioned and all credit limits renewed.**

2. A minimum of following 5 MCLR of various maturities shall be reviewed and published on monthly basis on a pre-announced date as under:
 - Overnight MCLR
 - 1 month MCLR
 - 3 month MCLR
 - 6 month MCLR
 - 1 year MCLR

3. In addition Banks will charge Spread for two components over and above applicable MCLR as under:-
 - i. **Business Strategy Spread**
 - ii. **Credit Risk Premium (Credit Spread).**

- 3.1 **Business Strategy Spread (BSS)** is 30 bps uniformly for all the loan products w.e.f. 25.04.2016
- 3.2 **Credit Risk Premium (Credit Spread):**
Credit Risk premium (Credit Spread) shall be as per **Annexure 'A'** for C&IC advances.
- 3.3 **Tenor Premium –**
No further tenor premium is to be added over and above applicable ROI as calculated above.
- 3.4 **Computation of Rate of Interest:-**
The final rate of Interest applicable to all the new Advances accounts or in all credit limits renewed on or after 01.04.2016 shall be as under: -

$\text{Rate of Interest} = \text{Applicable MCLR} + \text{Business Strategy spread} + \text{Credit Risk Premium \#}$
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no other component to be added over and above these three components like tenor premium etc.

4. **There will be no lending below the MCLR of a particular maturity for all loans linked to that benchmark MCLR**
Reset of Interest Rate linked to MCLR:
5. With the introduction of rate of interest on loans linked to MCLR, Bank will offer loans with reset dates linked to the date of first disbursement. The **MCLR** prevailing on the date of **first disbursement** will be applicable till the next reset date, irrespective of the changes in the benchmark during the interim period.

The Rate of Interest linked to benchmark MCLR + BSS + Credit risk premium once fixed at the time of Sanction/Review/Reset date will be valid till the next Review/Reset date irrespective of change in internal credit rating in between period. However, any change in BSS or Credit spread before the next reset date of an account, the effective ROI in the account will be revised accordingly.

Revision in Credit Risk Premium (Credit Spread)

6. The **revised credit risk premium** (Credit Spread) for **C&IC advances** for above Credit rating models as given in **Annexure-A** is to be applied over and above the benchmark-MCLR +BSS. The revised Credit Spread will be applicable from 01.01.2017.

7. Exemptions:

Following loan accounts are exempted from MCLR guidelines and can be priced without any reference to the MCLR.

- i. Loans covered by schemes specially formulated by Government of India wherein banks have to charge interest rates as per the scheme, are exempted from being linked to MCLR.
 - ii. Working Capital Term Loan (WCTL), Funded Interest Term Loan (FITL), etc. granted as part of the rectification/restructuring package, are exempted from being linked to MCLR.
 - iii. Loans granted under various refinance schemes formulated by Government of India or any Government Undertakings wherein banks charge interest at the rates prescribed under the schemes to the extent refinance is available are exempted from being linked to MCLR as the benchmark for determining interest rate. Interest rate charged on the part not covered under refinance should adhere to the MCLR guidelines.
 - iv. Advances to banks' depositors against their own deposits.
 - v. Advances to banks' own employees including retired employees.
 - vi. Advances granted to the Chief Executive Officer / Whole Time Directors.
 - vii. Loans linked to a market determined external benchmark.
 - viii. Fixed rate loans granted by banks above 3 years. However, in case of Fixed rate loans granted by banks upto 3 years **OR** hybrid loans where the interest rates are partly fixed and partly floating, interest rate on the floating portion should adhere to the MCLR guidelines.
8. All the rates will be linked to 1 Year–MCLR, unless the tenor of the loan at the time of sanction or review/renew is not more than 6 months. In case of loans with tenor of 6 months and less, the MCLR of the respective maturity shall be applicable & in case of tenor not matching with the published MCLR tenor then the tenor shall be linked to the next higher tenor MCLR.
9. Revised spread applicable to various categories are given in the annexure as mentioned below for Commercial advances, other personal loans and loans against Lease Rentals/ for Branch Premises, etc as detailed under **Annexure- A**
10. **Annexure 'A'** - Commercial Advances, other personal loans and loans for Branch premises etc **(With revision in Spread)**
- Annexure 'B'** - Export Credit

**HEAD OFFICE
C&I Department**

Credit Risk Premium (a component of spread) to be applied over and above applicable (MCLR + BSS) w.e.f. 01.01.2017 would be as under:

Commercial Advances w.e.f. 01.01.2017

I. <u>Limits upto Rs 10 lakhs :</u>	<u>Applicable spreads</u>
Upto Rs.10 lakhs (WC/STL)	2.50%
Upto Rs.10 lakhs TLN	3.50%

In case of various other loans, the Credit risk premium (Credit spreads) given in following pages may be followed.

II.A Limits Rs.10 lakhs & above (linked to Credit Rating of the borrower):

- Credit Spreads applicable to commercial advances for limits Rs.10 lakhs & above for
- (i) working capital including WCDL facilities and Short Term loans (upto 1 year) and
 - (ii) Term Loans above 1 year:

(Classification based on Aggregate limits)

Commercial Advances	RATING MODEL										
Corporate Credit + CRE (RH) + NBFC Rating (AFC)	MS	MS1	MS2	MS3	MS4	MS5	MS6	MS7	MS8	MS9	MS10
	SBS	SBS1	SBS2	SBS3	SBS4	SBS5	SBS6	SBS7	SBS8	SBS9	SBS10
	HLC	Hybrid LC 1	Hybrid LC 2	Hybrid LC 3	Hybrid LC 4	Hybrid LC 5	Hybrid LC 6	Hybrid LC 7	Hybrid LC 8	Hybrid LC 9	Hybrid LC 10
	EC	EC1	EC2	EC3	EC4	EC5	EC6	EC7	EC8	EC9	EC10
	NBFC	NBFC1	NBFC2	NBFC3	NBFC4	NBFC5	NBFC6	NBFC7	NBFC8	NBFC9	NBFC10
	RG	RG1	RG2	RG3	RG4	RG5	RG6	RG7	RG8	RG9	RG10
	RE	RE1	RE2	RE3	RE4	RE5	RE6	RE7	RE8	RE9	RE10
CREDIT RISK PREMIUM											
Rs. 10 lakhs and above		2.00	2.20	2.40	2.70	3.20	3.70	4.50	5.00	6.00	6.00
NBFC (other than AFC), Capital Markets	NBFC	NBFC1	NBFC2	NBFC3	NBFC4	NBFC5	NBFC6	NBFC7	NBFC8	NBFC9	NBFC10
	SB	SB1	SB2	SB3	SB4	SB5	SB6	SB7	SB8		
Rs. 10 lakhs and above		2.50	2.70	2.90	3.20	3.70	4.20	5.00	5.50	6.50	6.50
CRE (other than RH),	RE	RE1	RE2	RE3	RE4	RE5	RE6	RE7	RE8	RE9	RE10
Rs. 10 lakhs and above		3.00	3.20	3.40	3.70	4.20	4.70	5.50	6.00	7.00	7.00

Aforesaid spreads are over & above (MCLR + Business strategy Spread).

CRE- RH- Commercial Real Estate- Residential Housing; AFC- Asset Finance company

RG (Risk Grade) is generic name for all infra/Greenfield model risk grades.
For eg. - Credit rating for road project to be read as Road 1- Road 10.

II.B : Advances to Public Sector:

Rating	LC1	LC2	LC3	LC4	LC5	LC6	LC7	LC8	LC9	LC10
Credit Spread	1.00	1.00	1.20	1.20	1.50	2.00	2.50	3.00	3.50	4.00

II. C: Government Advances:

	Particulars	Spread
1	Govt. Of India & State Govt.	BSS+1.30%
2	Guaranteed by State Govt.	BSS+1.30%

TENOR PREMIUM:

With the introduction of MCLR , No Tenor Premium is further to be added over and above the applicable Rate of interest [i.e. over applicable MCLR & BSS and Credit Spreads].

Notes:-

The gist of guidelines in respect of levying penal interest are as under:

- i. No penal interest should be charged for advance accounts upto the sanctioned limit of Rs.25,000/-
- ii. Maximum penal that can be levied in an account is 2% p.a. covering all types of default and should be charged on the outstanding balance and not on sanctioned limit.
- iii. The aberrations for which penal interest can be levied are as under :
 - Non-submission of various statements (stock/book-debts, QIS etc) and financial data (Balance Sheet, CMA etc)
 - Irregularities in accounts and default in repayment of loan.
 - Default in complying with terms of sanction.

III. Discounting of Future Cash Flows/Lease Rentals:

		Rate of Interest
a)	Landlords having lease agreements with MNCs/PSUs/Banks – Public Sector, Private Sector, Foreign Banks, Top rated Corporates	1 Year MCLR+ BSS+1.50% in case of the Lessor is a PSU
		1 Year MCLR+ BSS+2.00% in case of the Lessee is a PSU
b)	Others	1 Year MCLR+ BSS+ 2.50% for all Lessees other than PSU

IV. Trade Finance (For select customers/transactions)

i)	Bills backed by LCs of Banks within the exposure limit given by Risk Mgmt Dept, HO	Rates w.e.f. 01.07.2017 to 30.09.2017*
	a) Not exceeding 90 days	3 Month MCLR + 0.05%
	b) 91 days to 180 days	6 Month MCLR + 0.10%
		Rate of Interest
ii)	Bills drawn by customers whose rating is LC 1 to 2 & SBS 1 to 3	
	a) Not exceeding 90 days	3 month MCLR + BSS +2.20%
	b) 91 days to 180 days	6 month MCLR +BSS+ 2.70%
iii)	Customers with risk rating LC 3 to 4 & SBS 4 to 6 and above for bills drawn on corporates and PSUs	
	· Not exceeding 90 days	3 month MCLR + BSS +2.70%
	· 91 days to 180 days	6 month MCLR + BSS+3.20%

* Rates are valid from 01.07.2017 to 30.09.2017 only.

The rate is to be applied only when the bills are realised as per the original tenor of the bill. In case of bills not realized as per the original tenor of the bill, interest is to be recovered at 2% over the applicable rate for the particular bill from the due date, for the overdue period.

These rate are subject to revision on quarterly intervals.

Note

- a. The above rates are the minimum. Hence, higher rates may be negotiated by the branches/ZOs with borrowers to maximize yield.

V. Rate of Interest on Temporary Overdrafts/Temporary Over-limits and charges for against effect payments :

a.	Temporary Overdraft/Overlimit	Rate of Interest p.a
i)	Temporary overdraft in current account - permitted with prior approval,	1- month MCLR + BSS + 8.00%
ii)	In case of overlimit/temporary/adhoc limit in overdraft or cash credit account permitted with prior approval,	1% over the rate of interest applicable in the account should be charged for the period for which the overlimit /temporary/ adhoc limit is granted.
iii)	In case of forced debits resulting in overdraft in current account or overlimit in overdraft/cash credit account,	1 month MCLR+BSS+ 9.00% OR 2% higher than the rate of interest applicable to the account is to be recovered
iv)	In case the overdraft/ overlimit/ temporary adhoc limit remains unpaid beyond the period for which it is granted	Penal interest at 2% p.a. is to be recovered over and above the applicable rate as stated in i) and ii) above.

b.	Drawals against un-cleared effects	Rate of Interest p.a.
i)	Normal Rate of Interest with no TOD	7.50% over 1 Month MCLR + BSS to be charged
ii)	If the return of such cheque/s causes temporary overdraft in current accounts,	Interest at 9.00% over 1 Month MCLR +BSS should be charged on the amount of TOD for the actual period of temporary overdraft.
iii)	If the return of such cheque/s causes Temporary overlimit in Overdraft/Cash Credit Account,	2% higher than the rate of interest applicable to the account is to be recovered on the overlimit, till regularization.
iv)	In case the cheque against which such payment is allowed, is subsequently returned unpaid,	Branches should recover actual out of pocket expenses relating to "Return of Cheques" subject to minimum charges as applicable from time to time.

VI OTHER PERSONAL LOANS (irrespective of the size of the advance)

Category of advances

1 Fully secured against:

a)	Govt. of India Relief Bonds	
	Card Limit :	Rate of Interest p.a.
	Short term other than OD	1Yr-MCLR +BSS+3.00
	Term Loans	1 Yr-MCLR +BSS +3.50
	Overdrafts	1 Yr- MCLR+ BSS+ 4.00
b)	National Savings Certificates (NSC), Indira Vikas Patras (IVPs), Kisan Vikas Patras (KVPs), LIC Policies	1 Yr-MCLR+ BSS+ 3.50
c)	Public Sector Bonds, Shares, Debentures Units of mutual funds including UTI, Sovereign Gold Bonds etc, Stockash Scheme.	1 Yr-MCLR+ BSS+ 3.50
d)	Assured Returns Scheme (ARS) Bonds (guaranteed by Govt. of India)	1 Yr-MCLR+ BSS+ 1.75
e)	Units of debt oriented mutual funds	1 Yr-MCLR +BSS+ 2.25
f)	Warehouse receipts	1 Yr-MCLR +BSS+2.25
g)	Gold Ornaments/Articles (2.75% over Base Rate)	1 Yr-MCLR+ BSS+ 2.75

2 Against Bank's Term Deposit Receipts (FDR/SDR/MIC/RD/DBD/Cash Certificate)

a) Loan against Bank's Term Deposit Receipts (FDR/SDR/MIC/RD/DBD/Cash Certificate)

<u>Domestic/NRE Deposits</u>	Rate of Interest p.a.
Where the deposit stands in the name of the borrower	1% per annum higher than the rate of interest payable on relative deposit
Where the deposit stands in the name of third party/parties - Both for personal advances and business activities	2% higher than the rate of interest payable on the relative deposit OR 1Yr MCLR+ BSS+ 2%, whichever is higher.

b) **Rupee advances against FCNR-B Deposits /Resident Foreign Currency Deposit**

Where the deposit stands in the name of the Borrower OR Third party/parties	
	ROI
Loans	1 Yr-MCLR+ BSS+2% p.a.
Overdraft or Cash Credit	1 Yr-MCLR + BSS + 3% p.a.

Note: For the purpose of charging interest at 1% above the rate of interest payable on the relative deposit, the following are also considered as deposits of the borrower

- Deposit standing in the name of the borrower jointly with another person i.e. the borrower must be one of the depositors;
- Deposit in the names of all the partners or one or more partners of the firm, either singly or jointly with some other person/s not being partners of the firm, where an advance is granted to a partnership firm; and
- Deposit standing in the name of the proprietor himself or in the name of the proprietor jointly with another person/s, where an advance is granted to a proprietary concern.
- The rate charged on Loan against FCNR (B) deposits to the depositors and to third parties should not be less than the rate payable on the rupee term deposit of similar maturity.

c) **Loan against NRE/FCNR (B) Deposits- Withdrawal of Ceiling by RBI:**

As per RBI Circular No. RBI/2012-13/247/A. P. (DIR Series) Circular No.44 dated 12.10.2012, 'in exercise of powers Foreign Exchange Management (Deposit) Regulations, 2000, that the banks may now grant loans against NR (E) RA and FCNR (B) deposits either to the depositors or the third parties as under:-

Rupee Loans* in India	
Loans against NRE/FCNR (B) Fixed Deposits	Rupee loans to be allowed to depositor/ third party without any ceiling subject to usual margin requirements.**
Foreign Currency Loans* in India/outside India	
Loans against NRE/FCNR (B) Fixed Deposits	Foreign Currency loans to be allowed to depositor/ third party without any ceiling subject to usual margin requirements.**

* The term loan shall include all types of fund based /non-fund based facilities.

** In case of FCNR deposits, the margin requirement shall be notionally calculated on the rupee equivalent of the deposits in accordance with para 9(2) of Schedule - 2 of Foreign Exchange Management (Deposit) Regulations, 2000.

Further, **the facility of premature withdrawal of NRE/FCNR deposits shall not be available where loans against such deposits are to be availed of.** This requirement may specifically be brought to the notice of the deposit holder at the time of sanction of the loan.

e)	Loan against Term Deposit to Staff members/retired Staff members:
	Interest should be charged @ 1% over the rate payable on the relative term deposit on advances granted to a member/retired member of the Bank's staff or the spouse of deceased member/ retired member of the Bank's staff against the term deposit standing in their names.

3	<u>Partly secured/clean advance with or without guarantee</u>	Rate of Interest
		8.00% over 1 Yr-MCLR+BSS

4 **Loans For Branch Premises –**

<u>Size of the Limit</u>	<u>Rate of Interest</u>
Upto Rs.2 lakhs	1.50% over 1 Yr-MCLR+ BSS
OverRs.2 lakhs	1.50% over 1 Yr-MCLR+BSS

Note :

- # The periodical revision of interest rate would not be made applicable to **Premises Loans** and the rates of interest charged at the time of sanction would remain unchanged.

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HEAD OFFICE
FOREIGN BUSINESS DEPARTMENT

Revised Interest Rate for Export Credit in Foreign Currency

I. **Export Credit in Foreign Currency**

		<u>Interest Rates (per annum)</u> w.e.f. 01.04.2013
1	<u>Pre-shipment Credit</u>	
	(a) Upto 180 days	: 250 basis points over LIBOR/ EURO LIBOR/ EURIBOR
	(b) Beyond 180 days and upto 360 days	: Rate of interest for initial period of 180 days prevailing at the time of extension plus 200 bps i.e. (i) (a) above plus 200 basis points
2	<u>Post-shipment Credit</u>	
	(a) On demand bills for transit period (as specified by FEDAI)	: 250 basis points over LIBOR/ EURO LIBOR/ EURIBOR
	(b) Usance bills (for total period comprising usance period of export bills, transit period as specified by FEDAI and grace period as wherever applicable) Upto 6 months from the date of shipment	: 250 basis points over LIBOR/ EURO LIBOR/ EURIBOR
	(c) Export bills (demand or usance) realised after due date but upto date of crystallisation	: Rate for 2(b) above plus 200 basis points

**Revised Interest Rate for Rupee Export Credit
w.e.f. 01.04.2016 as follows:**

ii. Rupee Export Credit

Category of Export Credit	w.e.f. 01.04.2016	
	Entry Level & better Credit Rating**	Below Entry Level Credit Rating
1. <u>Pre-shipment Credit</u>		
a) i) Period upto 180 days ii) Beyond 180 days and upto 360 days	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
b) Against incentives receivables from Govt. covered by ECGC Gtee upto 90 days	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
2. <u>Post-shipment Credit</u>		
a) On Demand Bills For transit period (as specified by FEDAI)	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
b) <u>Usance Bills *</u> i) Upto 90 days ii) Beyond 90 days upto 6 months from the date of shipment iii) Upto 365 days for exporters under Gold Card Scheme	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
c) Against incentive receivable from Govt. covered by ECGC Gtee (upto 90 days)	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
d) Against undrawn balances (upto 90 days)	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
e) Against retention money (for supplies portion only) payable within 1 year from the date of shipment (upto 90 days)	1 Yr MCLR+ BSS +0.50%	1 Yr MCLR+ BSS +1.00%
3. <u>Deferred Credit – For the period beyond 180 days</u>	1 Yr MCLR+BSS + Credit Risk Spread	1 Yr MCLR+BSS+ Credit Risk Spread
4. <u>Export Credit Not otherwise Specified (ECNOS)</u>		
a) Pre-shipment Credit b) Post Shipment Credit	1 Yr MCLR+ BSS +5.50%	1 Yr MCLR+ BSS + 5.50%

* For total period comprising usance period of export bills, transit period as specified by FEDAI and grace period wherever applicable.

** **SBS-5, MS-5, HLC-5, etc**

(Interest Equalization scheme for Pre and Post Shipment Rupee export credit is available to eligible exporters effective from 01.04.2015 as per RBI Circular No DBR.Dir.BC.No.62/04.02.001/2015-16 dated 04.12.2015)

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