

## LAGHU UDHYAMI CREDIT CARD (LUCC)

1. **Coverage**      The scheme covers whole of the country.
  
2. **Purpose of loan**      To meet the credit requirement of the small business units, retail traders, artisans, village industries, small scale industrial units and tiny units, Professionals and Self-employed persons.
  
3. **Eligibility**
  - Existing Borrowers
  - Dealing with Banks for last 3 years satisfactorily.
  - Enjoying working capital loan limit up to Rs.10.00 lac (w. e. f. 01.03.2004)
  
4. **Assessment of Credit Card Limit**  
**For small Business, Retail Traders**
  - 20% of Annual Turnover declared for tax purpose  
OR
  - 20% of last 12 months turnover in the operative Account with the Bank, whichever is higher.

In respect of parties where Sale Tax returns are not available, the credit limits may be decided taking into consideration the actual turnover in the account during last 2 years.

**For Professionals & self employed Persons**    50% gross annual income as per I.T. return.  
**For Small Scale Industrial Units**      As per recommendation of Nayak Committee Working Capital limit will be decided at 20% of projected annual turnover subject to maximum of Rs.10.00 lakhs.
  
5. **Maximum Loan Limit**      Limit decided/sanctioned will be allowed as Cash Credit/Overdraft Limit/ TL up to Rs.10.00 lakhs.
  
6. **Margin:** 25% of Credit facility
  
7. **Security**  
**Primary:** Hypothecation of stock in trade, receivables, and machinery, office equipment.  
**Collateral:** Existing securities may be retained depending on track record of borrower. Bank may consider waiving collateral security taken for the existing advance.

In the case of borrows proving excellent track record for last three years, Bank may also waive collateral security to the Small Business & SSI borrowers

provided it is covered under the guarantee coverage scheme of CGTSI(Credit Guarantee Fund Trust for Small Industries).

8. **Interest** As per H. O. Circular issued from time to time in this respect.
9. **Validity** LUCC limit is valid for three years subject to satisfactory operation in the account found during annual review. For term loan availed for the purpose of purchasing tools and equipment the repayment period will be 3 years or as per the terms of sanction.
10. **Insurance** Insurance cover may not be insisted for limit up to Rs. 25.000/-.
11. **Operations**
  - LUCC account should be operated in separate ledger.
  - LUCC account holder would not be required to submit monthly stock statement or financial statements for renewal of limit up to Rs.2.00 lakhs but above Rs.2.00 lakhs such statements are required to be submitted annually.
  - Cheque books to be issued and marked as LUCC account.
  - The borrower will be issued with a credit card embossing his photograph through a LUCC issue register.
  - All prudential norms as applicable to normal CC/OD account would apply for the LUCC A/c.
  - Statement of account as issued in case of CC/OD accounts is issued to LUCC A/c. holders.