KARUR VYSYA BANK EMPLOYEES' UNION
(Affiliated to AIBEA)

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Circular No. 38 / 50 / 2026 August 24, 2026

Dear Comrades,

We append hereunder text of our letter dated 21.8.2026 written to our management in respect of **Jewel Loan Portfolio – Strategic Importance, Operational Issues and Request for a Clear, Uniform and Maker-Accessible Operating Framework** for the information of our Members.

Yours comradely,

T. Sekar

T . SEKAR
GENERAL SECRETARY

KVBEU/38/49/2026 August 21, 2026

To
The Managing Director & CEO
Karur Vysya Bank Limited
Central Office, Karur

Subject: Jewel Loan Portfolio – Strategic Importance, Operational Issues and Request for a Clear, Uniform and Maker-Accessible Operating Framework

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Dear Sir,

We submit this representation to draw the Management's attention to certain operational issues relating to Jewel Loan processing, particularly at the maker level. These matters have a direct bearing **on operational efficiency, customer service, procedural compliance, risk management and accountability** at branches.

Given the significant contribution of Jewel Loans to the Bank's business, we request the Management to establish a clear, uniform and readily accessible operating framework applicable across all branches and Divisional Offices.

1. Strategic Importance of Jewel Loans

As per the Bank's Investor Presentation for Q1 FY 2026–27, as at 30 June 2026:

Particulars	Amount	% of Gross Advances
Gross Advances	Rs.1,04,680 Cr	100%
Agri Jewel Loans	Rs.23,894 Cr	22.82%

Particulars	Amount	% of Gross Advances
Non Agri Jewel Loans	Rs.7,474 Cr	7.14%
Total Jewel Loans	Rs.31,368 Cr	29.96%

Thus, Jewel Loans constitute nearly **30% of the Bank's Gross Advances (approx. BPE - 3.16 Crores)**, underlining their strategic importance, particularly in agriculture and priority-sector lending. A portfolio of this magnitude warrants clearly documented procedures, uniform implementation and appropriate maker-level access to operational instructions.

2. Operational Issues Requiring Clarity

a) Approval and Escalation Matrix

A single, consolidated instruction may clearly prescribe the authority, documentation and escalation requirements for each Jewel Loan slab including:

- Up to Rs.10 lakh – Branch level;
- Above Rs.10 lakh and up to Rs.20 lakh – Divisional Office;
- Above Rs.20 lakh and up to Rs.30 lakh – prescribed competent authority; and
- Agriculture Jewel Loan ceiling – Rs.30 lakh.

The applicable authority and procedure should be readily ascertainable by the Maker without dependence on individual or verbal clarifications.

b) Agricultural Documentation – Patta/Chitta and Related Requirements

A comprehensive, amount-wise guideline may specify the documents required for each loan slab, including the treatment of Patta/Chitta standing in the borrower's or a family member's name, relationship proof, lease-related requirements, ownership and identity/address documents, and the prescribed verification and uploading procedure.

c) Official Communication and Maker-Level Accessibility

A significant operational concern is that certain Jewel Loan instructions and subsequent modifications are communicated through Inter-Office Communications, meetings or Divisional Office calls, without being consistently made available through the FRS e-Circular system or another official channel accessible to CSAs.

Since CSAs are directly involved in Jewel Loan processing and CBS data entry, they must have access to the complete and current instructions governing the work entrusted to them. Instructions affecting maker-level processing should therefore be issued through an authenticated written channel accessible to the concerned employees.

Where an IOC, existing circular and verbal instruction differ, employees are placed in an avoidable position of uncertainty. **The governing procedure should be determined by a formally authorised written instruction and should not depend upon varying verbal interpretations or local practices.**

Oral or telephonic clarifications, wherever unavoidable, may kindly be followed by formal written confirmation.

d) Maker-Level Accountability

As CSAs, we bear responsibility and accountability as prescribed under the Bipartite Settlement (BPS), which clearly defines our duties, including the exercise of powers relating to customer-initiated transactions such as remittances and withdrawals.

In respect of Jewel Loans, our responsibility is to ensure that all information required for assessment is duly obtained and recorded, with no mandatory field left blank. However, we cannot be held accountable for information not furnished by the customer, nor can we assume, add or modify particulars beyond the information provided by them.

Accountability must correspond with access to the applicable rules and procedures. Employees entrusted with Jewel Loan-related work should not be subjected to avoidable accountability for non-compliance with instructions that were neither formally communicated nor reasonably accessible.

Accordingly, the complete and updated instructions applicable to maker-level Jewel Loan processing should be made readily available to every employee performing such functions.

Where necessary, adequate manpower should also be ensured for smooth and customer-friendly operations. An exclusive Jewel Loan Department, along with regular job rotation, would facilitate timely service while providing staff with the necessary exposure, knowledge and experience to handle the function efficiently and remain updated with the prescribed procedures.

e) Joint Account – Second Holder

Where a Jewel Loan is required in the name of the second holder of a joint account, a system-based procedure may be prescribed, subject to KYC and other applicable controls, so as to avoid unnecessary opening of fresh accounts and inconvenience to customers.

f) Divisional Office Escalation

A defined turnaround time and designated resource at the Divisional Office level for escalated Jewel Loan cases may be considered to minimise customer inconvenience and prevent loss of business on account of avoidable delays.

g) Appraiser Signatures and Substitution

A uniform procedure may be prescribed specifying when one or two appraiser signatures are required, together with arrangements during leave/absence, deputation or substitution and the corresponding escalation and approval responsibilities.

h) LTV Breach and Rate Changes

Where a change in gold valuation results in an LTV breach during processing, customers may be required to make additional payments. If processing extends to the following day, a further rate change may necessitate another payment and branch visit.

A system-based same-day validity mechanism may therefore be considered to minimise repeated customer visits arising solely from rate or LTV changes during processing.

i) Per-Gram Rate – Accessibility and Communication

The prevailing Jewel Loan per Gram Rate should be independently accessible to authorised employees through a centralised and authenticated system, without requiring entry into the loan-processing module merely to ascertain the applicable rate.

Every revision of the Jewel Loan Rate/Per Gram Rate should also be communicated through an official e-Circular or other formally designated communication channel accessible to employees concerned. Reliance solely on system screens, informal communication or verbal instructions for a fundamental operational parameter should be avoided.

j) Customer Photograph/Biometric Photograph

The present system provides both **“Upload Photo”** and **“Capture Photo”** options. However, where the capture facility becomes available only at the later stage of processing, customers may have to wait until the transaction reaches that stage.

The Bank may consider enabling the photograph-capture facility at an appropriate earlier stage or assigning capture/upload responsibility to the Checker/Authoriser, wherever consistent with the Bank’s control framework.

A clear instruction may accordingly specify:

- Responsibility of the Maker;
- Responsibility of the Checker/Authoriser;
- Stage at which the photograph is to be captured/uploaded;
- Verification and authentication requirements; and
- Procedure in case of system or technical difficulties.

3. Standardisation and System Improvements in Digital Jewel Loans

The present digital Jewel Loan process requires manual calculation and collection of certain charges by the Teller, while charge vouchers are generated only after completion of the transaction. This can limit timely customer signatures and supervisory cross-verification.

To strengthen controls and reduce manual errors, the following measures may kindly be considered:

1. **Standard SOP:** Provide a complete disbursement form along with pre-prepared processing and Appraiser Commission vouchers, enabling customer signatures before completion of the transaction.
2. **System Automation:** Enable automatic calculation of applicable charges based on approved rates and generation of ready-to-sign vouchers at the appropriate stage of disbursement.

3. **Fast Path 1006:**Permit authorisation may be processed without quoting a cheque number only where the transaction is processed through the prescribed Fast Path 1006 fund-transfer mechanism. In all other cases, the customer's account shall be debited against a cheque, with the transaction being processed only with the knowledge/approval of the concerned Supervisor.
4. **Supervisory Monitoring:** Introduce suitable real-time alerts/dashboard facilities for monitoring high-value transactions.

These measures would strengthen supervisory controls, reduce manual intervention and improve customer service and compliance.

4. Request for a Consolidated Jewel Loan Operations Circular

In view of the above, we request the Management to issue a **single, comprehensive and maker-accessible Jewel Loan Operations Circular** covering, inter alia:

1. Approval and escalation matrix;
2. Agricultural documentation, including Patta/Chitta and lease-related requirements;
3. Maker/Checker/Authoriser and Appraiser responsibilities;
4. Joint-account/second-holder procedure;
5. Appraiser signature and substitution requirements;
6. LTV breach and rate-change procedures;
7. Per Gram Rate accessibility and communication;
8. Customer photograph/biometric capture and verification;
9. Divisional Office escalation and turnaround time; and
10. Digital Jewel Loan charges, vouchers and supervisory controls.

All subsequent amendments, clarifications, system changes and rate revisions may also kindly be communicated through the **FRS e-Circular system or another formally designated official channel accessible to all employees concerned**.

This will ensure that Jewel Loan operations are governed by a **single, transparent, documented and uniformly applicable framework**, eliminating ambiguity arising from differences between circulars, IOCs, verbal instructions and local practices.

5. Need for a Clear and Uniform Jewel Loan Operating Framework.

The Bank's Jewel Loan portfolio of **Rs.31,368 crore, representing nearly 30% of Gross Advances**, is of considerable strategic importance. Such a significant portfolio requires corresponding clarity of procedure, uniformity of implementation, maker-level accessibility, appropriate segregation of duties and timely escalation.

We therefore request the Management to examine the above issues and take suitable corrective measures to establish a clear and uniform Jewel Loan operating framework across the Bank.

We submit this representation in the interest of **operational efficiency, regulatory and procedural compliance, customer convenience, effective risk management and protection of employees from avoidable operational ambiguity**.

We trust that the Management will give the matter its due consideration and take appropriate steps.

Thanking you,

Yours faithfully,

Sd/-
T.Sekar
General Secretary

Cc: Chief Human Resources Officer.
Cc: General Manager, Operations Department.
Cc: General Manager, ABG