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SMED COUNCIL RESOLUTION ON COMMITED CREDIT LINES TO BE GRANTED BY BAP MEMBER-BANKS TO BAP CREDIT GUARANTY CORPORATION (BCGC) AS COMPLIANCE TO THE MANDATORY ALLOCATION PROVISION ...

BSP CIRCULAR LETTER, September 09, 1997

Read online (full-text search, related cases, audio case brief): https://batas.org/library/c3f336a50ade/

Attached for your information and guidance is a copy of SMED Council Resolution No. 5, Series of 1997, dated April 2, 1997, on the implementing guidelines on "Committed Credit Lines to be Granted by BAP Member-Banks to BAP Credit Guaranty Corporation (BCGC) as compliance to the mandatory allocation provision of R.A. No. 6977, otherwise known as the Magna Carta for Small Enterprises".

Adopted: 9 Sept. 1997

(SGD.) ALBERTO V. REYES
Deputy Governor

"Attachment"

SMED COUNCIL Resolution No. 5
COMMITTED CREDIT LINES TO BE GRANTED BY BAP MEMBER-BANKS TO BAP CREDIT GUARANTY CORPORATION (BCGC) AS COMPLIANCE TO THE MANDATORY ALLOCATION PROVISION OF R.A. 6977

WHEREAS, Republic Act 6977, otherwise known as "Magna Carta for Small Enterprises," mandates the Small and Medium Enterprises Development (SMED) Council to promulgate implementing guidelines, programs, and operating principles as may be deemed proper and necessary to spur the growth and development of small and medium enterprises proper and necessary to spur the growth and development of small and medium enterprises throughout the country;

WHEREAS, under Section 13 of the Magna Carta for Small Enterprises, all lending institutions are mandated to set aside a portion of their total loan portfolio and make it available for Small Enterprise (SEs) credit;

WHEREAS, under SMED Council Resolution No. 11 series of 1995, unavailed but committed credit lines shall be deemed compliance to the mandatory allocation provision of R.A. 6977.

WHEREAS, SMED Council Resolution No. 1 series of 1996 which amended the above resolution specifies under item a and a and b of the implementing guidelines on committed credit lines that a) a credit line must be granted in favor of an eligible Small Enterprise to be considered compliance under R.A. 6977 and that b) only the unavailed portion of the committed credit line shall be reported as compliance;

WHEREAS, the Bankers Association of the Philippines (BAP) requested for a reconsideration of the above resolution and recommended that committed credit lines granted for BAP Credit Guaranty Corporation (BCGC) by their member-banks be considered as compliance to RA 6977;

WHEREAS, the BCGC was established by the Commercial banks through the BAP precisely to serve that banks' corporate vehicle for financial assistance to Small Enterprises;

WHEREAS the SMED Council recognizes the BAP, a private banking association, for its effort to share in SME Development by creating the BCGC, an institution crafted and dedicated to provide the appropriate financial assistance to Small Enterprises;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, that committed credit lines for small enterprises to be granted by the BAP member-banks to BCGC shall be allowed as alternative compliance to mandatory allocation provision of R.A. 6977, subject to the following:

1. BCGC shall inform the SMED Council of its direct loan commitments to small enterprises for the next six months in January 1 and July 1. respectively on its yearly Small Enterprises Lending Plan for the first and last 6 months of the year which shall include:

a) the projection of the number of entrepreneurs to be served; and

b) the volume of loans to be released to small enterprises:

2. After six (6) months or 180 days, BCGC's level of commitment will be evaluated to see if the actual releases conform to the plans they have submitted: and.

3. If after the evaluation. BCGC's level of commitment is not realized, credit will be given only for the loans that actually go to small enterprises, and the process of granting this alternative compliance will be reviewed.

Adopted: 2 April 1997

(SGD.) ERNESTO M. ORDOÑEZ
Alternate Chairman, SMED Council

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