

**ORISSA STATE FINANCIAL
CORPORATION (OSFC)**

**SALIENT FEATURES
OF
LOAN POLICY FY 2012-13**

Post restructuring, the Corporation has resumed lending since March 2010 and it continues its firm commitment to the growth and cause of the MSME sector by extending term loans and a host of other services. The lending activities are governed by the annual Loan Policy of the Corporation and the salient features of Loan Policy in vogue i.e. Loan Policy FY 2012-13 are as under:

1. **Objective-**

Extension of credit facility to the MSME Sector for acquisition of fixed assets.

2. Eligible borrowers/entrepreneurs

(a) Loan to present & past customers of OSFC

- i. Existing borrowers coming under standard category.
- ii. Past Borrowers who have satisfactory repayment track record are eligible for finance for the purpose of expansion/ modernization/ technology up-gradation of existing units or for setting up of new viable projects.
- iii. The promoters, who have closed their loan accounts under OTS Scheme with the Corporation other than OTS-07 Scheme and Modified OTS-07 Scheme of OSFC and/or other FIs or banks under their OTS Scheme, are also eligible for finance provided they satisfy the following requirements.
 - The unit has positive net worth and no accumulated loss.
 - The unit has been running profitably in last three financial years.
 - Cooling period of at least three years has passed from the date of issue of No Due Certificate by the FI(s)/Bank(s), with whom the loan dues has been settled under OTS scheme(s).
 - The loan dues has been settled under OTS scheme(s) only by promoter(s) but not by the guarantor(s)/mortgager(s).
 - The promoters/units are not in default in payment of the dues of any F.I./Bank

(b) Loan to new Entrepreneurs.

- i. Promoters having loan from other F.I.s/Banks and their account being regular, are eligible for finance for expansion/ modernization/ diversification of existing viable units or for setting up new viable projects in the State of Orissa.
- ii. Promoters, traders or businessmen, with good track record and satisfactory net worth, who have not availed any institutional credit but desirous of setting up MSME.
- iii. A fleet owner with good track record is eligible for finance for adding vehicle(s) to the fleet provided:
 - The applicant having at least 4 running vehicles as on the date of application and sanction of loan shall be treated as a Fleet owner,
 - The Overall Asset Coverage shall be minimum 200% of the loan amount including provision of enforceable and marketable immovable collateral property and/or pledge of liquid security in shape of NSC/KVP/FD in commercial banks to an extent of minimum 50% of the loan amount.
 - Loan free vehicles less than 5 years old may be taken as collateral security but for determination of the overall desirable security coverage, the insured value as mentioned in the insurance cover note/policy shall be taken into consideration,
 - The loan component should be at least `10.00 lakh
 - The applicant should meet other general criteria.

NB:-

General Criteria:-

- The applicant should have valid route permit to ply the vehicle,
- They must not have defaulted to any bank or FIs for any other loan,
- They have not cleared their loan dues under OTS-07 scheme or MFD-OTS-07 Scheme of the Corporation. However, the fleet owners who have cleared their dues under other OTS Scheme of the Corporation are eligible after 3 years from issue of No Due Certificate.

iv. Financial assistance can be considered for road transport operators, Civil Contractors and Mine Owners on selective basis provided:

- They have equal number of loan free road worthy vehicle(s), generally not more than 5years old, against number of vehicles to be financed.
- Equal number of loan free vehicles less than 5 years old would be hypothecated to the Corporation as security along with financed vehicle and the Overall Asset Coverage shall be minimum 200% of the loan amount including provision of enforceable and marketable immovable collateral property and/or pledge of liquid security in shape of NSC/KVP/FD in commercial banks to an extent of minimum 50% of the loan amount.
- They have good repayment track record with OSFC/ Banks/ F.Is.,
- They must have satisfactory Net worth,
- The loan component should be at least `5.00 lakh
- The applicant should meet other general criteria.

3. Ineligible Criteria

- (i) The Enterprises /borrowers are not eligible for finance if the borrower(s) and / or his family members (Parents, Spouse and dependant unmarried children) have settled their loan accounts with the Corporation under OTS-07 Scheme or under MFD-OTS-07 Scheme.
- (ii) The Enterprises / borrowers are not eligible for finance for a period of three years from the date of issue of No Due Certificate, if the promoter(s) and / or his/her family members (Parents, Spouse and dependant unmarried children) have settled their loan accounts with the Corporation under any other OTS scheme other than OTS-07 Scheme and MFD-OTS-07 Scheme.
- (iii) The Enterprises / borrowers are not eligible for finance if the promoter(s) and / or his/her family members (Parents, Spouse and dependant unmarried children) have settled their loan accounts involving willful default/fraud/malfeasance under any OTS scheme with the Corporation and/or any FI/Bank with condonation of the act of willful default/fraud/malfeasance.
- (iv) The Enterprises /borrowers are not eligible for finance if their loan accounts have been settled under any OTS scheme of the Corporation by the mortgager(s)/guarantor(s),
- (v) The Promoter(s) of the unit/Firm/Company and / or his/her/their family members (Parents, Spouse and dependant unmarried children), if defaulter to the Corporation shall not be eligible for finance.
- (vi) The unit/Firm/Company if defaulter to any Bank / F.I.s shall not be eligible for finance.

4. Eligible Activity

The eligible activities have been divided into three categories i.e. Thrust Category, Selective category and Prohibited category.

5. Finance to Road Transport Operators will be encouraged selectively.
6. Sectoral Exposure limit is specified.

7. Loan Limit- Minimum `5.00 lakh & Maximum `1000.00 lakh.
8. Quicker appraisal through state-of-the-art IT-enabled CART Software.
9. **Consortium/Joint Finance**
In select and bigger projects with high loan requirements, OSFC shall share the loan with other FI and/or Bank in joint financing arrangement for diversification of risk. All Joint finance cases shall be governed strictly by the terms and conditions, credit norms and modalities contained in respective joint finance agreement with co-sharing FI or Bank.
10. **Rate of Interest**
(i) Rate of Interest shall be fixed on risk-based rating of the project which will vary from 12.25% p.a. to 14.25% p.a. and rates are quite competitive.
(ii) Rebate @0.50% towards interest dues shall be allowed against prompt payment/timely payment of principal and interest dues. No other dues should remain payable on the date of granting rebate.
14. **Desirable Overall Asset Coverage**
Minimum 200% of the loan amount relaxable to 150% minimum in deserving cases.
15. **Working capital arrangement**
OSFC has made tie-up arrangement with Union Bank of India to facilitate sanction of working capital.
16. **Distance parameter**
The proposed project (except for the existing standard units) or transport vehicle for which finance is sought by any promoter/applicant shall not be generally more than 50KMs away from the Branch Office(s)/FRc(s). However, in deserving cases the same can be relaxed with approval from the Executive Committee.
17. **Processing Charge & Upfront Fee**
Processing charge @ 0.50% of the loan applied subject to a maximum amount of `0.50 lakh shall be deposited in shape of D.D./Cash after submission of loan application along with all required documents as per the checklist but before sanction/before placing the proposal before the sanctioning authority.

Non-refundable Upfront fee @ 0.50% of the sanction amount shall be deposited at the time of issue of Letter of Intent.
18. **How to apply**
The loan application form along with the checklist of general documents, KYC form, format for affidavit etc. to be submitted along with the application can be obtained free of cost from the concerned branch office/head office of the Corporation or the same can be down loaded from the web site of the Corporation www.osfcindia.com. The loan application complete in all respect, along with complete set of documents may be submitted at respective Branch Offices for further processing. Apart from setting up of new project, any interested entrepreneur may also contact the Branch Managers for purchase of existing taken over units on outright payment basis.

NB:- Only some of the salient features of the Loan Policy FY 2012-13 (but not all the provisions of the Loan Policy FY 2012-13) are mentioned above.