

ANNEXURE-VII

ONE TIME SETTLEMENT SCHEME ON AGENCY LOANS SUCH AS
SOFT LOAN, SEED LOAN AND MARGIN MONEY ASSISTANCE FROM
GOVERNMENT
(MFD-OTS-07-SCHEME-AGENCY LOAN)

1. **INTRODUCTION:**

The State Government in Industries Department vide their letter No. I-SI-60/2008/2257/I, Bhubaneswar has directed to cover Agency loans such as Soft loan, Seed loan and Margin Money Assistance from Government under One Time Settlement. Accordingly, a policy in the name and style of “**MFD-OTS-07-SCHEME-AGENCY LOAN**” is proposed for implementation.

2. **DEFINITION:**

(i) Date of acknowledgement by concerned Branch shall be the **Date of Application (DOA)**.

(ii) **Age (period of loan) of loan on weighted average basis** shall mean the sum total of the products of each disbursement of a particular loan with the period of such disbursement of that particular loan from the cut off date divided by the total disbursement of that loan.

(iii) **Date of communication of the settlement order:**

(a) Date of issue of the Settlement order is the date of issue of the Settlement order by the Competent Authority.

(b) Due date(s) for payment of Settlement Amount is to be calculated from the date of issue of the Settlement order.

(c) If the due date happens to be a public holiday for the Corporation, the next working day shall be accepted/ considered as the due date.

(iv) **Satisfaction of payment on due date(s):**

(a) If the payment within the due date is made through local draft/local bankers cheque / local pay order, it would be accepted as a payment on the said due date, provided that the said instrument(s) are credited within three working days from presentation of such instrument(s) and in such case no interest shall be charged for the period of delay in collection.

(b) Cheques are also acceptable instrument of payment, if the payment is made within the due date through local cheque(s) it would be considered to have been paid within the due date, but

the party shall have to pay interest for the period it takes for actual credit of such cheque(s), to the account of the Corporation.

(v) **Balance Settlement Amount:**

Balance Settlement amount shall be the unpaid amount/ installments of Settlement amount lying unpaid as on a particular date.

(vi) **Delayed or default period:**

Settlement amount is normally to be paid by due date(s) as calculated from the date of issue of settlement order. The period of default is to be calculated from the due date till the date of actual payment.

The scheme is detailed below:

3. **COVERAGE AND ELIGIBILITY:**

(a) Agency Loans such as Soft loan, Seed loan and Margin Money Assistance from Government shall be covered under this scheme, if those loans are otherwise eligible for settlement under OTS.

(b) Conditions of coverage and other terms and eligibility shall be same as at para-3 of "MFD-OTS-07- SCHEME-TERM LOAN".

4. **EFFECTIVE PERIOD:**

i) This scheme shall be effective for a period of six months and shall come into operation from 21.05.2009.

ii) The last date for receipt of application from under the scheme shall be 20.11.2009.

5. **INITIAL DEPOSIT:** 10% of the total principal outstanding on account of Government Agency Loans like Soft Loan, Seed Loan and Margin Money Assistance as on the date of application along with other provisions as described at para-5 under MFD-OTS-07- SCHEME-TERM LOAN.

6. **PROCESSING CHARGE:**

All the applicants shall deposit non-refundable processing charge along with the OTS application as prescribed hereunder

Sl. No	Total Disbursement under Govt. Agency loan Scheme	Processing charge
1	Up to Rs.5,00,000.00	Rs.1,000.00
2	Above Rs.5,00,000.00 and up to Rs.20,00,000.00	Rs.2,000.00
3	Above Rs.20,00,000.00 and up to Rs.50,00,000.00	Rs.5,000.00
4	Above Rs.50,00,000.00	Rs.10,000.00

7. **PROCEDURE OF APPLICATION:** It shall be in the same in the line of “MFD-OTS-07- SCHEME-TERM LOAN”. Application in the same format prescribed for “MFD-OTS-07- SCHEME-TERM LOAN” mentioning “***Application for settlement of Agency Loans***” at the top of the application shall be submitted.
8. **PROCESSING OF APPLICATION AND DELEGATION OF AUTHORITY:**
It shall be in the same in the line of para-8 of the “MFD-OTS-07- SCHEME-TERM LOAN”.
9. **SETTLEMENT FORMULAE:** It shall be in the same in the line of para-9 of the “MFD-OTS-07- SCHEME-TERM LOAN”.
10. **COMPUTATION OF SETTLEMENT AMOUNT:**
Determination of Band:-
- (i) The Band mentioned in the settlement formula will be decided on the basis of total original disbursement of loans like Cyclone loan, RTDM loan and Agency Loans such as Soft loan, Seed loan and Margin Money Assistance from Government. Disbursement of Term loan, HP loan, STWC loan and other ineligible loans such as NEF loan (Refinanced by SIDBI), Seed Capital loan from SIDBI, Seed capital loan from IDBI and soft loan out of special share capital from the Corporation shall not be included for determination of the Disbursement Band. It will also not include disbursement of loans already closed.
- (ii) All other provisions at para-11 (ii) to (ix) of “MFD-OTS-07-SCHEME-TERM LOAN” shall also be applicable under this scheme.
11. **PAYMENT OF SETTLEMENT AMOUNT:**
The applicant is required to pay the settlement amount in the following manner:
- (i) 25% of the settlement amount inclusive of initial deposit is to be paid within 2 (two) months from the date of issue of the settlement order failing which, the settlement order shall stand automatically withdrawn.
- (ii) Balance 75% of the settlement amount is to be paid in 7 (Seven) equated monthly installments. Failure to pay any installment will attract interest @ 13.5% p.a on the unpaid amount for the period of default.

Delayed period interest shall be payable simultaneously with the defaulted installments. On failure to pay three consecutive equated monthly installments, the settlement order shall stand automatically cancelled.

- (iii) Revocation of cancellation order may be considered within 9 (Nine) months of the issue of settlement order, if balance unpaid settlement amount is paid along with interest at the rate of 15.50% p.a for the period of delay on unpaid settlement amount. Similar provision shall also apply for any default in payment of 25% up-front payment which is to be paid within 2 (two) months from the date of issue of settlement order.
- (iv) The settlement order shall become automatically invalid after lapse of 9 (Nine) months from the date of issue of the settlement order, if total payment along with delayed period interest and other expenses & also other loans are not paid within prescribed period of 9 (Nine) months.
- (v) The DGMs in charge of Branches / Branch Managers of OSFC shall be competent to cancel and issue cancellation orders in such default cases irrespective of approving authority for any loanee. Similarly, revocation of cancellation order, as prescribed above shall also be done by DGM / BM of Branches.

12. **PAYMENT OF OTHER LOANS:**

Loans not eligible for settlement under this Scheme are required to be paid over and above the settlement amount of eligible loans under this scheme within the stipulated time. If the loanee/ unit applies for settlement against outstanding dues of Term loan, STWC loan, HP loan, Cyclone loan and RTDM loan, the Settlement orders under the respective Schemes shall be issued separately and such settled dues under the respective Schemes along with ineligible loans, if any, shall also be paid within the period applicable for payment settlement amount under such scheme(s).

13. **OTHER CONDITIONS:**

- (i) Settlement under this Scheme is subject to payment of settlement amount alongwith with the entire outstanding dues of all ineligible loans like NEF loan (Refinanced by SIDBI), Seed Capital loan from SIDBI, Seed capital loan from IDBI and soft loan out of special share capital from the Corporation and outstanding dues/settlement amount of the

loan(s) like Term loans, Cyclone loan, RTDM loan, HP loan and STWC Loan which can be covered under separate OTS Schemes.

- (ii) The loanee(s) eligible under this scheme and who fails to apply under this scheme within the prescribed period shall not be eligible for any other OTS scheme in future.
 - (iii) The unit / loanee / promoter and their legal heirs shall not be eligible for availing further financial assistance from the Corporation for a minimum period of three years from the date of issue of NDC after the accounts are settled under this scheme.
 - (iv) Once the loan account is settled, the Corporation shall not be liable for payment of any institutional / statutory dues of any kind against the unit / loanee(s). The loanee(s)/their legal heirs alone shall be liable for such payment(s).
 - (v) Miscellaneous Expenses on Loan & Advances accrued and remaining unpaid shall have to be paid along with the settlement amount. Unpaid miscellaneous expenses on Loan & Advances shall not be waived under any circumstances.
 - (vi) FITL shall not be treated as principal. It shall be treated as part of interest only.
 - (vii) There will be no refund in whatsoever manner, in case one has already repaid to the Corporation over and above the Settlement amount as per the applicable parameters.
 - (viii) In case of mutual transfers, the terms of transfer shall prevail while considering cases under this "MFD-OTS-07-SCHEME-TERM LOAN".
14. The provisions on 'AUTHORITY TO CONSIDER APPEAL', 'RESIDUAL CLAUSE' and 'INTERPRETATION' shall be the same as that at para 14, 16 and 17 respectively of "MFD-OTS-07-SCHEME-TERM LOAN".