

**ONE TIME SETTLEMENT SCHEME
MFD-OTS-07-SCHEME-TERM LOAN**

1. **INTRODUCTION:**

In order to reduce the excessively high level of NPAs in the loan portfolio of OSFC and in accordance with instruction received from the State Government vide No.I-SI-60/2008/2257/I, Bhubaneswar dt.16.02.2009, the last OTS-07 Scheme is modified for implementation and such modified policy shall be in the name and style of “**MFD-OTS-07-SCHEME-TERM LOAN**”.

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.

(iii) **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.

(iv) Balance Settlement Amount:

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

(v) 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:**

- i) The assets classified as doubtful / loss category as on 15.03.2007 as per extant RBI guidelines on asset classification shall be eligible to apply under this "MFD-OTS-07-SCHEME-TERM LOAN" subject to not being ineligible for any other reason.
- ii) In cases of loans where any proceeding(s) are pending before Judicial Courts / Debt Recovery Tribunal (DRT) / Board of Industrial and Financial Reconstruction (BIFR), such loanee(s) may also apply, if covered under clause 2(i) above and are otherwise eligible subject to the condition that the loanee shall furnish an undertaking to withdraw the pending proceeding(s) / case(s) along with OTS application form. In the event of such application being considered for settlement under this "MFD-OTS-07-SCHEME-TERM LOAN", the loanee(s) shall be required to submit the consent / decree / permission from the respective Judicial forums and final withdrawal order of the case(s) passed by the concerned Judicial forum(s) voluntarily prior to issue of No Dues Certificate (NDC) subsequent to payment of settlement amount under this Scheme and all other ineligible loans and other dues of OSFC to the satisfaction of OSFC.
- iii) Cases otherwise eligible under clause 2(i) shall however, exclude the case(s) where orders for winding up have been passed or official liquidator has been appointed. Moreover, in cases where BIFR has recommended for winding up, such cases shall also not be eligible to be covered under this scheme.

- iv) This “MFD-OTS-07-SCHEME-TERM LOAN” shall also be applicable to the cases where assets after seizure u/s 29 of SFCs’ Act. 1951 have been fully sold or partly sold or unsold.
- v) Cases where assets (industrial and/or collateral) have been seized and a decision has been taken to sell the assets but the sale letter has not yet been issued, loanee(s) in such cases can avail an opportunity to apply for settlement of dues under OTS, if such cases are otherwise eligible, within a maximum period of one month from the date of issue of the letter inviting for settlement of dues. In case the loanee concerned does not apply within the above period of one month, the Corporation can proceed with issue of sale letter and other formalities of sale. In case a sale letter has already been issued for sale of seized assets of a loanee, such cases can be covered for settlement under the Scheme only after the sale is cancelled in accordance with the Disposal Policy. However, no invitation whatsoever under the Scheme shall be made to the loanee concerned where the sale letter is still in force and valid.
- vi) In cases where OSFC has obtained a decree from a competent Court with or without interest on the decreed amount, such cases may also be considered for coverage under this “MFD-OTS-07-SCHEME-TERM LOAN”, if they are otherwise eligible. In such cases, the decreed amount along with interest, if any, or the settlement amount as arrived under this Scheme, whichever is less shall be the final settlement amount.
- vii) Cases where the eligible loan(s) were settled under OTS-07 Scheme and the settlement amount has already been paid in full, such case(s) shall not be reopened for consideration under this scheme. However, such cases may avail fresh settlement of dues against existing Cyclone loan(s), RTDM loan(s) and Agency Loans such as Soft loan, Seed loan and Margin Money Assistance from Government earlier being considered as an ineligible loan for settlement. Cases which have already been covered under OTS-07 Scheme and have not paid the

settlement amount in full may avail the benefit in this Scheme under Switchover option only and can not be considered as new case under any circumstances.

- viii) The cases of wilful default / fraud / malfeasance are normally not eligible for settlement. However, if OTS is found to be a better route for recovery, such cases may be processed with due care. Managing Director shall be the competent authority to allow such cases for consideration under this “MFD-OTS-07-SCHEME-TERM LOAN” without prejudice to any action / outcome of any criminal case(s) initiated / to be initiated by the Corporation. Further, the borrower shall not be absolved from any action and his / her / their liability on account of wilful default / fraud/ malfeasance committed with any other financial institution / agencies.

- ix) In cases, where condonation of wilful default / fraud / malfeasance was granted in OTS Schemes of 2005-06/OTS-07 and are applying for switchover to this “MFD-OTS-07-SCHEME-TERM LOAN”, fresh condonation of such angle is not necessary unless there is a fresh case of wilful default / fraud / malfeasance.

- x) (a) This Scheme shall not cover loan(s) 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.
 (b) This Scheme shall also not cover loan(s) like Cyclone loan (after October’1999), RTDM loan, Agency Loans such as Soft loan, Seed loan and Margin Money Assistance from Government, HP loan and STWC Loan dues and were normally payable over and above settlement amount against eligible loans under earlier OTS-07 Scheme. However, one can avail the facility for payment of these dues through present modified OTS Schemes. For this purpose, one has to apply separately and settlement of dues under OTS can be considered as per the applicable parameters under “MFD-OTS-07-SCHEME-CYCLONE-RTDM LOAN“,“MFD-OTS-07-SCHEME-AGENCY LOANS“

"MFD-OTS-07-SCHEME-HP LOAN" and "MFD-OTS-07-SCHEME-STWC LOAN" being launched separately.

© Component of NEF loan for which the Corporation has not received refinance support from SIDBI, shall be considered as an eligible loan for settlement under this Scheme.

xi) The Guarantor(s) / Mortgager(s) for any loan or their legal heir(s), which is otherwise eligible to be considered under this "MFD-OTS-07-SCHEME-TERM LOAN" are allowed to apply for settlement of the loan account for which such guarantee / mortgage is provided by the Guarantor(s) / Mortgager(s). In the event of successful payment of the settlement amount as determined under this scheme, the Guarantee / Mortgage shall be released in favour of the Guarantor(s) / Mortgager(s). However, No Dues Certificate (NDC) shall not be issued in such cases.

xii) Legal heir(s) of a loanee, in the event of death of the loanee can also apply for settlement of dues, if the case is otherwise eligible for settlement of dues under this Scheme.

xiii) **Switchover cases:**

The loanees coming under category 2(i) and who are otherwise eligible and had applied for any of the OTS Schemes launched during the FY 2005-06 and OTS-07 and in whose cases, settlement order has been communicated and who have not paid the settlement amount so communicated, are allowed to switchover to this "MFD-OTS-07-SCHEME-TERM LOAN" by ;

- (a) making a fresh application as prescribed under this "MFD-OTS-07-SCHEME-TERM LOAN" ,
- (b) depositing requisite processing charge and
- (c) making payment of initial deposit afresh as applicable to them under this "MFD-OTS-07-SCHEME-TERM LOAN".

This switchover option is not available in the following cases:-

- (i) Where the settlement amount under the previous OTS schemes of 2005-06 and OTS-07 has been fully paid.
- (ii) Where the loans have been settled earlier under OTS-04 Scheme and subsequently reconsidered with special rebate under the provisions of OTS-2.00 lakh Scheme (launched during 2005-06).

However, earlier ineligible loans like Agency Loans such as Soft loan, Seed loan and Margin Money Assistance from Government / Cyclone loan, RTDM loans / STWC loan / H.P. loan, if exist, for cases as at (i) above, can be considered for settlement under the Schemes launched separately. Similarly, cases as at (ii) above can also be considered as a new application under this Scheme, if the loanee so desires.

- xiv) Notwithstanding anything contained in this scheme, OSFC reserves the right to accept or reject any application for settlement of loan dues made under this scheme at any stage without assigning any reason thereof. Submission of application under this scheme and / or payment of processing charge / initial deposit / settlement amount in part or full shall not debar the Corporation from taking recourse to other alternative measures for recovery of the outstanding dues from the applicant(s).

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 new cases under the scheme shall be 20.11.2009.
- iii) The last date for receipt of application from switchover cases shall be one month from the date of operation of this scheme i.e 20.06.2009.

5. **INITIAL DEPOSIT:**

- (i) All applicants under this "MFD-OTS-07-SCHEME-TERM LOAN" are required to make an initial deposit along with the application. Initial deposit shall be 10% of the total principal outstanding as on the date of OTS application for all applicants including switchover cases from OTS Schemes launched in 2005-06 and OTS-07 Scheme. In other words, both fresh applicants and switchover cases shall have to make payment of 10% of the total principal outstanding amount as Initial Deposit under this modified Scheme to become eligible to avail benefits under this Scheme. As regards payments made under the previous OTS policies of 2005-06 and OTS-07 in case of switchover cases, the same shall be treated as payment made over and above the initial deposit of 10% of principal outstanding under this "MFD-OTS-07-SCHEME-TERM LOAN".

- (ii) Cases where the loanee(s) have voluntarily applied for settlement of dues under OTS-07 scheme by making payment towards initial deposit while the scheme was not in force, shall be covered under this scheme if they are otherwise eligible. However, they have to formally apply in the prescribed format along with the processing charge and the shortfall amount towards initial deposit, if any, with other relevant documents. In case, the said payment has been credited towards the loan dues, it shall notionally form a part of the initial deposit required to be paid under this Scheme without passing any reverse entry in the books of accounts.
- (iii) Where the sale proceeds under Section 29 of the SFCs Act has been appropriated as per the revised guidelines for appropriation of such proceeds in the preference of (a) Misc. expenses on Loan & Advances., (b) principal and (c) interest, in such cases the initial deposit shall be 10% of the principal outstanding as on the date of seizure.

6. **PROCESSING CHARGE:**

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

Sl. No.	Disbursement Band	Processing charge
1	Total disbursement up to Rs.25,000.00	Nil
2	Total disbursement above Rs.25,000.00 and up to Rs.5,00,000.00	Rs.1,000.00
3	Total disbursement above Rs.5,00,000.00 and up to Rs.20,00,000.00	Rs.2,000.00
4	Total disbursement above Rs.20,00,000.00 and up to Rs.50,00,000.00	Rs.5,000.00
5	Total disbursement above Rs.50,00,000.00	Rs.10,000.00

7. **PROCEDURE OF APPLICATION:**

- i) The eligible borrower must submit an application in the prescribed format along with other requisites wherever necessary.
- ii) The application in prescribed format must be accompanied with requisite non-refundable processing charge and initial deposit by way of Demand Draft / Pay Order / Bankers Cheque / Cash. Applications not complying with this requirement shall be deemed to be incomplete and shall be liable for summary rejection. No acknowledgement shall be issued for such applications.

- iii) The application must also be accompanied with audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for FY 2005-06, 2006-07 and 2007-08 along with other documents, if any, for cases having disbursement above Rs.20.00 lakh excluding ineligible loans like NEF (refinanced by SIDBI), Soft loan from special share capital from the Corporation), Seed Capital loan from SIDBI and Seed capital loan from IDBI .
- iv) In case of a loanee Company, a Resolution of the Board of Directors of that Company authorizing any Director to apply for such OTS shall also be furnished along with the application form.
- v) On receipt of the OTS application along with required documents, if any, and upon payment of processing charge and initial deposit as per the Scheme, the applicant shall be issued an acknowledgement by the Branch concerned. This acknowledgement however, is only a record of the fact that the applicant has submitted his/her/their application along with processing charge and initial deposit to the Branch concerned on a specific date. Receipt of application and initial deposit and processing charge by the Branch and / or issue of acknowledgement for the same does not confer any right of acceptance of the OTS application on the applicant. The application form so received shall be further subject to detailed scrutiny and verification of accounts, documents, assets etc. and the decision regarding the settlement or otherwise under this "MFD-OTS-07-SCHEME-TERM LOAN" shall be communicated to the applicant by the competent authority of OSFC.
- vi) Any application which is found to be incomplete in any respect shall be liable for rejection at the Branch level itself and no acknowledgement for such application shall be issued.

8. **PROCESSING OF APPLICATION AND DELEGATION OF AUTHORITY:**

- (i) Having received the application in prescribed application form complete in all respect and having satisfied that necessary processing charge and initial deposit have been paid by the applicant; the Branch Office shall issue an acknowledgement in the prescribed format to the applicant.

- (II) Thereafter, the Branch Office shall undertake detailed scrutiny of the OTS proposal as per the various parameters prescribed in the Scheme and also conduct a detailed verification of the documents submitted along with taking up of detailed scrutiny of the accounts relevant to the applicant. The Branch shall also take up field verification of the assets, wherever necessary.

(iii) **Delegation of Authority for processing of proposals:**

Disbursement Band	OTS to be recommended by	OTS to be approved by	Condonation of angle of willful default / fraud & malfeasance to be recommended by	Angle of willful default / fraud & malfeasance to be Condoned by
Up to Rs.25,000/-	BLOTSAC	DGM / BM	BLOTSAC	Managing Director
Above Rs.25,000/- and up to Rs.5.00 lakh	BLOTSAC	DGM / BM	BLOTSAC	Managing Director
Above Rs.5.00 lakh and up to Rs.20.00 lakh	BLOTSAC	DGM / BM	BLOTSAC	Managing Director
Above Rs.20.00 lakh and up to Rs.50.00 lakh	BLOTSAC	Managing Director	OTSAC	Managing Director
Above Rs.50.00 lakh	OTSAC	Executive Committee	OTSAC	Managing Director

- iv) The constitution of OTSAC at Head Office level and BLOTSAC at Branch level are as under:

(A) Constitution of OTSAC at H.O.

- | | | | |
|--------|----------------------------------|---|-----------------|
| (i) | HOD of Finance Department | - | Member |
| (ii) | HOD of Business Develop Deptt | - | Member |
| (iii) | HOD of Recovery Deptt | - | Member |
| (iv) | Manager,HR & OM Deptt | - | Member |
| (v) | Manager,Legal (Docu.) Deptt | - | Member |
| (vi) | HOD of Internal Audit Department | - | Member |
| (vii) | HOD of Legal Suit Department | - | Member |
| (viii) | DGM/B.M of the concerned Branch | - | Member Convenor |

The senior most member of the Committee present shall be the Chairman.

(B) Constitution of BLOTSAC at B.O.

- | | | | |
|-------|--|---|----------|
| (i) | DGM/BM, OSFC | - | Chairman |
| (ii) | Senior most Officer from
Finance wing | - | Member |
| (iii) | Technical Officer | - | Member |
| (iv) | Legal Officer/Asst. | - | Member |

NOTE:

- (a) The DGM / BM of the concerned Branch may co-opt any other Officer / Assistant against the Technical officer and Legal officer/ Assistant, if not available in the branch.
- (b) While notifying the committee at Branch i.e., BLOTSAC, the DGM/ BM of the concerned Branch shall notify one of its members as member convenor.
- (c) No sub delegation / representative shall replace a designated member in BLOTSAC or OTSAC.
- (d) The Managing Director is authorized to reconstitute the OTSAC / BLOTSAC, whenever necessary.

9. SETTLEMENT FORMULAE:

The settlement amount recoverable under different disbursement Bands is as below:

BAND	SETTLEMENT FORMULA		
Total Disbursement up to Rs.25000/-	Amount disbursed minus Repayment since inception till date of application or 50% of amount disbursed, whichever is lower		
Total Disbursement above Rs.0.25 lakh and up to Rs.5 lakhs	Amount disbursed plus Interest @ 5% to 12 % till cut off date (31.03.2003) for cases under Sl. No. 1,2, 3 & 4 less Repayment since inception till date of application or principal outstanding as on the date of application which ever is lower.		
	Sl.No	Condition	Rate
	1	Loan period is more than 20 years till cut off date or one who has repaid more than 200% of amount disbursed	@ 5% p.a. till cut off date
	2	Loan period is more than 15 years & up to 20 years till cut off date or one who has repaid more than 150% & up to 200% of amount disbursed	@ 7% p.a. till cut off date
	3	Loan period is up to 15 years till cut off date but disbursed prior to 31.03.1998	@ 8% p.a. till cut off date
	4	Loan is disbursed after 31.03.1998	@ 12% p.a. till cut off date

Total Disbursement above Rs.5 lakh and up to Rs.20 lakhs	Amount disbursed plus Interest @ 7% to 12% till cut off date (31.03.2003) for cases under Sl. No. 1,2, 3 & 4 less Repayment since inception till date of application		
	Sl.No.	Condition	Rate
	1	Loan period is more than 20 years till cut off date or one who has repaid more than 200% of amount disbursed	@ 7% p.a. till cut off date
	2	Loan period is more than 15 years & up to 20 years till cut off date or one who has repaid more than 150% & up to 200% of amount disbursed	@ 9% p.a. till cut off date
	3	Loan period is up to 15 years till cut off date but disbursed prior to 31.03.1998	@ 10% p.a. till cut off date
	4	Loan is disbursed after 31.03.1998	@ 12% p.a. till cut off date

Total Disbursement above Rs.20 lakh and up to Rs.50 lakhs	Amount disbursed plus Interest @ 9% to 12% till cut off date (31.03.2003) for cases under Sl. No. 1,2, 3 & 4 less Repayment since inception till date of application.		
	Sl.No.	Condition	Rate
	1	Loan period is more than 20 years till cut off date or one who has repaid more than 200% of amount disbursed.	@ 9% p.a. till cut off date
	2	Loan period is more than 15 years & up to 20 years till cut off date or one who has repaid more than 150% & up to 200% of amount disbursed	@ 10% p.a. till cut off date
	3	Loan period is up to 15 years till cut off date but disbursed prior to 31.03.1998	@ 11% p.a. till cut off date
	4	Loan is disbursed after 31.03.1998	@ 12% p.a. till cut off date

Total Disbursement above Rs.50 lakhs	Amount disbursed plus Interest @ 10% to 12% till cut off date (31.03.2003) for cases under Sl. No. 1,2 & 3 less Repayment since inception till date of application		
	Sl.No.	Condition	Rate
	1	Loan period is more than 20 years till cut off date or one who has repaid more than 200% of amount disbursed	@ 10% p.a. till cut off date
	2	Loan period is more than 15 years & up to 20 years till cut off date or one who has repaid more than 150% & up to 200% of amount disbursed	@ 11% p.a. till cut off date
	3	Loan period is up to 15 years till cut off date	@ 12% p.a. till cut off date

NOTE: There will be no refund whatsoever, in case one has already repaid to the Corporation over and above the Settlement amount as per the applicable parameters, indicated above. **However, in such a case, the Settlement amount will be equivalent to the amount of Initial deposit.**

10. **SPECIAL TREATMENT FOR SETTLEMENT OF DUES IN CASE OF OBSOLETE SECTOR.**

(a) **Eligible sectors-**

The units under the following sectors with disbursement up to Rs20.00lakhs will be eligible to get special treatment for settlement of dues under this “MFD-OTS-07-SCHEME-TERM LOAN” subject to fulfilment of conditions at (b).

- (i) Transport vehicles of variety like J-6, Ford, and Mahindra & Mahindra Mini trucks utilized as ‘Goods Carriages’.
- (ii) Textile Sector including Handloom and Power loom units, small sizing unit, Tie & Dye units and Canvas cloth units.
- (iii) Type-set Printing Press,
- (iv) Fishing Trawlers,
- (v) Saw Mills and wood based industries,
- (vi) Rubber Products
- (vii) Brick Kilns,
- (viii) Small Rice Hullers,
- (ix) Leather Processing/Manufacturing units,
- (x) GSL Lamps

(b) **Disbursement Criteria for special treatment under OTS**

- (i) Loan(s) disbursed prior to 01.04.1995,
- (ii) Coverage within the Disbursement Band of “Above Rs.5.00 lakh and up to Rs.20.00 lakh under this “MFD-OTS-07-SCHEME-TERM LOAN”.

(c) **Settlement Formula:**

The settlement formula as applicable to Disbursement Band of “Above Rs.25,000/- and up to Rs.5.00 lakh” shall be applicable for the eligible obsolete sectors as indicated at (a) above while all other provisions of the “MFD-OTS-07-SCHEME-TERM LOAN” shall be applicable.

11. **COMPUTATION OF SETTLEMENT AMOUNT:**

(i) **Determination of Band:**

Band mentioned in the Settlement Formula will be decided on the basis of total original principal disbursement of all eligible loans availed by the loanee exclusive of Funded Capital Term Loan (FCTL), Funded Interest Term Loan (FITL), if any and ineligible loans like NEF

(refinanced by SIDBI) and Seed Capital loan from SIDBI, IDBI Seed capital, Soft loan out of Special Share Capital of the Corporation. Disbursement of Cyclone loan (Super Cyclone of October'99), RTDM Loan, HP loan, STWC loan, Agency loans like Soft loan, Seed Loan and Margin Money Assistance from the State Government, as eligible for settlement under separate modified OTS Schemes, shall also not be included for determination of "Disbursement Band" for settlement of dues under this modified Scheme. It will also not include disbursement of loans already closed.

- (ii) Each eligible loan disbursed to a loanee is to be taken as a separate loan for calculation of interest at applicable simple rate based on the age of loan mentioned in the column, "condition" of settlement formula.
- (iii) The age (period of loan) of each eligible loan shall be determined by taking the weighted average of amount of each disbursement forming part of the loan and periodicity of each such disbursement vis-à-vis cut off date.
- (iv) In case a loanee has availed more than one eligible loan, age of loan for each such individual loan shall be calculated separately in the above manner. The settlement formula for each individual eligible loan shall be applied for each such loan separately.
- (v) Funded Capital Term Loan (FCTL) account created out of the principal outstanding of any loan during rephasing shall be ignored for arriving at the age of the loan.
- (vi) Repayment by a loanee on account of a particular loan shall mean the payment made towards principal and interest only for that particular loan. Payment on account of misc. expenses on Loan & Advances or others shall be ignored while calculating the repayment for arriving at the settlement amount of the particular loan.
- (vii) Repayment made against FCTL & FITL and interest thereon shall notionally be taken as payment towards the original loan(s) on pro-rata basis, from which such FCTL & FITL have been created.
- (viii) In case the loanee has availed more than one eligible loan, the settlement formula shall be applied against each individual and settlement amount for such individual loan shall be summed up so as to arrive at a single final settlement amount.

- (ix) Expenses on loan account as on the date of application for OTS and further Misc. Exp. to be charged till the date of final payment of settlement amount shall be payable over and above the settlement amount.
- (x) **Switchover cases:**
 - (a) While computing the settlement amount in cases of switchover from OTS Schemes of year 2005-06 and OTS-07, the settlement order issued earlier shall be cancelled at the Branch level before processing such application under "MFD-OTS-07-SCHEME-TERM LOAN", if not cancelled earlier.
 - (b) In such cases, payment made by the loanee (including the initial deposit) against the OTS Schemes of 2005-06 and OTS-07, shall not be considered as normal repayment towards loan dues while computing the settlement amount under the current Scheme. Such payment made under the previous OTS schemes of 2005-06 & OTS-07 shall notionally be brought forward and be treated as payment made over and above the current initial deposit and adjusted towards repayment amount required towards the settlement amount under the current scheme. In other words, any earlier repayments made under the earlier OTS schemes of 2005-06 & OTS-07 shall notionally form a part of the repayment together with the initial deposit so paid under this Scheme without passing any reverse entry in the books of accounts.

12. **PAYMENT OF SETTLEMENT AMOUNT UNDER MFD-OTS-07 SCHEME:**

(A) New Cases:

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.
- (vi) **Rebate for prompt payment:**
 - (a) Rebate of 3% on the current settlement amount under Modified OTS – 2007 Scheme for eligible loans shall be allowed to the applicant who pays the entire settlement amount including the initial deposit within a period of 1 (one) month from the date of issue of the settlement order.
 - (b) Rebate of 1% on the current settlement amount under Modified-OTS – 2007 Scheme for eligible loans shall be allowed to the applicant who pays the entire settlement amount including the initial deposit within a period of 2 (two) months from the date of issue of the settlement order.
 - (c) Rebate for prompt payment shall not result in any sacrifice either principal outstanding and/or Misc. Expenses on Loan & Advances.

(B) Payment of the settlement amount by switchover cases:

- (a) The payment received from switchover cases towards OTS Schemes of 2005-06 and/or OTS-07 shall be deducted from the current scheme settlement amount and shall be the "balance due". 25% of the balance due minus the current initial deposit shall be paid within 2 (two) months from the date of issue of the settlement order, failing which the settlement order shall stand withdrawn.
- (b) The remaining 75% of the "balance due" 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 cancelled.
- (c) 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.
- (d) The settlement order shall become automatically invalid after lapse of 9 (Nine) Months from the date of communication 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.
- (e) 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.

(f) Rebate for prompt Payment:

- i. Rebate of 3% on the “balance due”, shall be allowed to a loanee who pays the entire balance due within a period of 1 (one) month from the date of issue of settlement order.
- ii. Rebate of 1% on the “balance due”, shall be allowed to a loanee who pays the entire balance due within a period of 2 (two) months from the date of issue of settlement order.
- iii. The rebate for prompt payment shall not result in any sacrifice of either principal outstanding and/or Misc. Expenses on Loan & Advances.
- iv. Cases already settled under OTS-07 either as new cases or through switch over option from schemes of 2005-06 shall not be eligible for any rebate under this scheme.

13. 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 also applies for settlement against outstanding dues of Cyclone loan (Super cyclone of October'1999), RTDM loan, STWC loan, HP loan and Agency loans like Soft loan, Seed loan and Margin Money Assistance from Government, 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).

14. AUTHORITY TO CONSIDER APPEAL:

If an applicant is aggrieved by the order of settlement, he /she /they may file an appeal before the Managing Director within fifteen days of communication of the Settlement Order. Managing Director of OSFC would be the Competent Authority to consider this appeal and take a final decision in the matter.

15. 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 Cyclone loan (after October'1999), RTDM loan, Agency Loans such as Soft loan, Seed loan and Margin Money Assistance from Government, 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".

16. **RESIDUAL CLAUSE:**

The above guidelines will not be in supersession of the contractual obligation(s) subsisting between the OSFC and the borrowers as per the terms and conditions as contained in the loan agreement(s) executed by the borrower(s) in favour of the Corporation and thus notwithstanding anything contained herein above, the Corporation may consider any matter pertaining to any loan case and take a decision on the basis of circumstances and merit of each case. It is further clarified that any borrower can not claim the benefits accruing from this scheme as a matter of right.

17. **INTERPRETATION:**

Doubts relating to interpretation of any term or clause or any ambiguity or confusion arising during interpretation or implementation of the scheme shall be referred to the Managing Director, who shall be the competent authority to issue necessary clarification and is authorized to take remedial measures for smooth operation and success of the scheme. Executive instructions necessary for implementation of the scheme shall be issued by the Managing Director.