

SCHEME OF FINANCIAL ASSISTANCE AGAINST MORTGAGE OF IMMOVABLE PROPERTIES

The salient features of the scheme are as under:

Purpose The loan assistance will be granted for:

1. Acquisition of additional assets for expansion, modernization, diversification, renovation, etc.
2. Repayment/ take-over of outstanding liabilities of other banks/financial institutions.
3. Repayment of unsecured loans (except IFUL)/creditors towards capital goods.
4. Purchase of assets of an existing unit from the prospective seller who is no more interested in running the unit whatsoever the reason may be.
5. Financing of existing assets, where date of acquisition is prior to 18 months

Category of borrowers / activities

The scheme is applicable to all categories of borrowers / activities such as:

1. Industrial Units
2. Tourism Related Activities
3. Qualified Professionals
4. Purchase of DG set, Medical/ diagnostic equipments
5. Purchase of Mining/ construction/ Road construction machinery
6. Commercial Activities
7. Construction of commercial/ commercial cum residential/ residential complexes.

Eligibility The term loan assistance shall be considered for a specific project only, subject to the project being technically feasible and economically viable in terms of norms and guidelines made applicable under the general term loan scheme. The loan shall be granted for new as well as existing units fulfilling the following criteria:

In case of existing units -

1. The loan account should be classified as standard account with other banks/financial institutions.
2. The unit should be in existence for at least two years and should have net profits for at least last one of the two proceeding year.
3. The promoters/associate concern shall not be in default in repayment to any bankers / financial institutions.
4. The residual life of the plant and machinery/assets being financed, should not be less than 10 years. In case of building, it should be minimum of 20 years

In case of new and existing units:

1. The title of the land and building which is being offered for mortgage should be clear and marketable.
2. In case of building it should have a proper construction licence or occupancy certificate.

3. NOC for mortgage of land and building from its owners should be furnished.
4. Any other documents / clearances / approvals relevant to the case.

Quantum of assistance

The quantum of loan assistance under the Scheme shall be need-based and shall be restricted to the following limits:

Based on the constitution of the borrower:

- i) Limited companies - Rs. 500.00 lakhs
- ii) Partnership - Rs. 250.00 lakhs
- iii) Proprietary - Rs. 120.00 lakhs

Based on margin on the assets created/ being created:

90% of the value of the assets being created by the borrower.

Based on the land / building offered as security upto 50% on the value of immovable properties i.e. land and building of the unit and additional non-agricultural properties, offered as security by the borrower. (The valuation will be carried out by the Corporation's Engineer.)

Based on Debt Equity Ratio

The DER for the borrowing entity shall not exceed 2:1.

Security

1. Mortgage of entire fixed assets including land, building, plant and machinery and other fixed assets of the firm, existing and to be acquired.
2. Mortgage of additional non-agricultural immovable properties, collateral security by way of personal guarantees, lien on fixed deposits, LIC policies, bonds etc. on case-to-case basis.

Loan Processing Fee

The loan processing fees will be applicable at 1% of the loan amount applied for with a ceiling of Rs. 1.00 lakh

Rate of interest

1. The current rate of interest of such term loans will be fixed within the band of 10.5% to 14%, p.a., based on the credit rating of the borrower.
2. Interest subsidy, applicable to the general term loan scheme shall be applicable to this scheme
3. In case of revision in the PLR, these rates will be revised.

Repayment

The repayment of the loan shall be in suitable EMIs / quarterly / monthly installments. The loan amount shall be repayable in a maximum of six years, with a moratorium of upto 12 months.