

EDC Citizen's Charter

GENERAL: EDC Limited was incorporated on 12th March, 1975 as a Public Limited Company under the Companies Act, 1956 and was originally known as the Economic Development Corporation of Goa, Daman & Diu Limited. It is popularly known as EDC and is a State Financial Institution set up by the Government of Goa with prime objective of promoting Industrial Development in state of Goa.

EDC is a Goa Government Company controlled by the Board of Directors appointed by the Government, having representation from the Government, IDBI and Independent Directors being professionals, representative of Industries etc. EDC has been acting as a State Industrial Development Corporation (SIDC), besides being accorded the twin status of State Financial Corporation (SFC).

The Equity Paid up Capital of the Company is as follows:

1. Government of Goa	85.41%
2. IDBI Bank Ltd	11.43%
3. Administration of Daman	<u>3.16%</u>
Total	100.00%

OBJECTIVE: Some of the objectives of the Corporation are:

1. To effectively identify and assist the entrepreneurs in establishing successful business enterprises.
2. To extend project finance to units being setup in the Small and Medium Enterprise sector & for enterprises like hotel, tourism related services, hospitals etc.
3. To provide quality financial and related services on a continuous basis.
4. To motivate and involve employees to achieve the set organizational growth targets.
5. To encourage the employees to upgrade and enhance their knowledge and skills through effective training and development.
6. To transform the organization to a customer centric institution.
7. To implement some of the Government schemes.

PROJECT FINANCE – TERM LOANS

EDC Limited offers a variety of loan schemes under different categories, befitting the class of entrepreneurs, the size and nature of the project. The present schemes are as below:

1. General Term Loan Scheme.
2. Scheme of Financial Assistance against Mortgage of Immovable Properties.
3. Scheme of Loan Assistance for Construction Projects.
4. Composite Loan Scheme for EDC Clients with Good Track Record.
5. Scheme of Loan Assistance to State Government Agencies.
6. Scheme of Term Loan Assistance to Qualified Professionals.
7. Personal Loan Scheme.
8. Modified Interest Rebate Scheme 2012 (MIRS-2012).

For details of the above schemes, please log on to: www.edc-goa.com

PRELIMINARY INFORMATION: The Loans Department in EDC provides guidance to entrepreneurs in respect of the procedure, norms or any other aspect pertaining to availing of financial assistance by way of term loans for their projects.

PRELIMINARY CLEARANCE: If the project satisfies the eligibility criteria for financial assistance under the above mentioned schemes, the entrepreneurs are provided with the Preliminary Application Form for term loan assistance. Please refer <http://www.edc-goa.com/edc/forms.php> for Preliminary Application Form and a checklist of documents required.

The applicant has to pay non-refundable processing fees to the Corporation along with the preliminary application as per existing rate structure.

All term loan applications are placed before the Preliminary Project Clearance Committee (PCC) of the Corporation for preliminary approval. The PCC is chaired by the Managing Director.

The Committee meets periodically to examine loan proposals and related matters and gives preliminary clearance. On obtaining preliminary clearance from the Committee, the Loans Department issues the preliminary clearance letter along with conditions stipulated therein if any within a week's time after the approval of the Minutes of the Meeting/or approval by the concerned General Manager. The letter of approval is accompanied by the detailed application form along with formalities to be complied with.

FINAL LOAN APPLICATION: The applicant is required to file the Final Application Form along with necessary enclosures and other required details within 15 days from the date of preliminary clearance letter. Please refer <http://www.edc-goa.com/edc/forms.php> for Final Application Form and a checklist of documents required.

PROCESSING FEES (non refundable):

—Personal Loan Scheme:

- 0.5% of the loan amount (plus applicable taxes).

- Scheme of term loan Assistance to qualified professionals:

- For loans between Rs.5.00 Lakhs to Rs.10.00 Lakhs – Rs.5000.00 (plus applicable taxes).
- For loans more than Rs.10.00 Lakhs – 1% of the loan amount subject to maximum of Rs.2.00 Lakhs (plus applicable taxes).

- All other Term Loans schemes:

- 1% of the loan amount subject to maximum of Rs.2.00 Lakhs (plus applicable taxes).

The processing fees to be paid shall be as follows:

Preliminary application: Rs.10,000.00 (plus applicable taxes)

Final application: Total processing fees payable less fees paid along with the preliminary application.

MICRO FINANCE DEPARTMENT: Processes the following loans:

1. CMRY Loans
2. GTEGP

No preliminary clearance is required for CMRY and GTEGP loans. The applicant should furnish application in prescribed forms along with non- refundable processing fee as under:

1. CMRY Loans
 - a) Upto Rs. 50,000.00
(Application form: Rs. 25,00)
 - b) Above Rs. 50,000.00
(Application form: Rs. 100.00)

Duly completed form to be submitted with application fees of:

- Rs. 200.00 for Loan upto Rs. 5.00 Lakhs
- Rs. 500.00 for Loan upto Rs. 10.00 Lakhs
- Rs. 1000.00 for others
- SC/ST applicant will be charged uniform application fee of Rs. 200.00 irrespective of the loan amount.
- Loans upto Rs. 50,000.00 will not be charged application fees.

2. GTEGP Loans

- Application form: Rs. 25.00
- Duly completed form to be submitted with uniform application fees of Rs. 200.00 irrespective of the loan amount.

All the above non-refundable processing fees are exclusive of GST and which are payable at the applicable rates.

APPROVING AUTHORITY: The Loans Department has discussions with the applicant, scrutinizes the application and prepares an Appraisal Agenda. The proposal is then placed before the approving authority. The approving/ sanctioning authority for term loans is as under:

Loans upto Rs.100.00 lakhs	-	Managing Director
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Between Rs.100.00 lakhs to Rs.250.00 lakhs	-	Committee of General Managers
Between Rs.250.00 lakhs to Rs.750.00 lakhs		Subcommittee of EDC Board for sanction of Term Loan
Above Rs.750.00 lakhs	-	Board of Directors

All CMRY and GTEGP Loans are placed under Deputy General Manager (MFD).

All CMRY application pertaining to vehicles upto Rs. 6.00 Lakhs and general applications upto Rs. 2.00 Lakhs are put up to Joint MD or in his absence to Chief General Manager for sanctions.

All other CMRY applications are placed before the Appraisal Committee for screening and approval to place them before the CMRY Task Force Committee (TFC) for sanction. The Appraisal Committee and the TFC consists of members appointed by the Government from time to time. The GTEGP loan applications are placed before the GTEGP Task Force Committee for sanctions.

The sanction of all loans (Term Loans/ CMRY/ GTEGP) is communicated to the applicant within 7 days from the date of approval. This is enclosed with special conditions stipulated along with the general terms applicable for financial assistance. A brochure which explains "How to obtain EDC funds faster" is furnished to the applicant along with sanction letter. The sanction letter is issued by the concerned Head of Department i.e. GM (Loans) / DGM (MFD).

ACCEPTANCE: The applicant is expected to convey acceptance within 15 days from the date of receipt of sanction letter.

DOCUMENTATION: On acceptance of the terms and conditions, the applicant has to approach the Legal Department which starts preparing and approving the legal documents based on the terms and conditions stipulated. The Legal Department seeks various documents, records, consents and also the compliance of requisite terms and conditions before execution of the documents.

In case there is need for title investigation of the property considered for security, the

same is referred to Advocate on the panel of the Corporation. The draft documents are prepared within 15-30 days from the submission of complete information required by the Legal Department.

INTEREST RATE: The interest rate structure currently applicable for Term Loans is as under:

Loan Amount	Interest Rate
Upto Rs.50.00 lakhs	10.50 %
Above Rs.50.00 lakhs upto Rs.100.00 lakhs	10.50 % - 12.50 %*
Above Rs.100.00 lakhs	10.50 % - 13.50 %*

***Based on Modified Credit Rating for fixing interest rate**

For Personal Loan Scheme	- 11.50% (fixed).
For CMRY Loans	- 8% p.a.
For CMRY Loans to women entrepreneurs	- 6% p.a.
For GTEGP Loans	- 2% p.a.

The interest rates are subject to revision from time to time.

PENALTY CLAUSE: The penalty clause is as below:

In case of default in the payment of interest, the interest due will be capitalized and will attract penal interest in addition to the normal rate of interest on the amount so capitalized. In the event of default in the payment of any installment on account of principal, penal interest at such rate as may be stipulated by the Corporation from time to time in addition to the above normal rate of interest will be charged on the defaulted amount for the defaulted period.

REPAYMENT PERIOD: The repayment schedule is decided based on the profitability estimates, cash generation and debt servicing capacity of the project. The maximum term loan repayment period for all the above mentioned schemes (except Scheme of Loan Assistance for Construction Projects and Personal Loan Scheme where the maximum repayment period is 5 years) is 8 years. The Corporation also provides a moratorium period of up to 2 years on a case to case basis. This moratorium period applies to repayment of principal installments only.

In case of CMRY Loans the amount is payable in EMIs over a period of max. 10 years

with maximum moratorium of 1 year. In case of loans against vehicles and certain activities, the repayment tenure is restricted to 5-7 years.

DISBURSEMENT: On execution of the necessary and requisite legal documents, the applicant is entitled to avail the loan on compliance of terms and conditions and as per the procedure laid out. The applicant should make a request for disbursement in writing in the prescribed format along with compliance / submission of –

- a. Terms and Conditions of sanction
- b. Consents and approvals for the project as mentioned in the sanction letter.
- c. Chartered Accountants certificate of Capital Position and Investment towards the project.
- d. Invoices / bills for assets against which disbursement is claimed
- e. Valid and adequate insurance.

Every disbursement is normally made within 5 days after filing the claim and on compliance of requisite terms.

VERIFICATION AND VALUATION: Before every disbursement, the designated Recovery Officer is expected to inspect the site and verify the assets against which disbursements are being made and give the follow-up/verification report. However, in cases where disbursements are made against Proforma invoices, the assets are verified after the disbursement. As regards disbursement against land/ building the same is subject to valuation by the Corporation's Civil Engineer.

APPROVAL FOR CHANGES/ MODIFICATIONS IN THE TERMS & CONDITIONS OF SANCTION: Any special changes prior to first disbursement or any major changes in the terms and conditions will have to be approved by the Competent Authority.

In case of changes in the suppliers / specifications of plant and machinery / furniture's etc. and / or reallocation of project cost, the borrower has to furnish application in writing, along with the non-refundable processing fees as applicable.

INSTALLMENT AND INTEREST NOTICES: Every borrower is sent the notices of

the installment/ Equated Monthly Installment (EMI) as and when due. Besides, every assisted unit/ borrower is sent quarterly interest notices indicating the interest dues for the quarter along with earlier dues if any. The rate of interest is charged as per agreed terms.

The borrower should contact EDC office immediately in case of discrepancy, if any in the notice or if the notices are not received in time. The status of interest and term loan account of the concerned borrower can be handed over to the borrower as and when needed.

In case the borrower desires the working of interest calculations, as also the principal amount outstanding and over dues, the same can be furnished to the borrower within 2 working days. The breakup of penal, compound and simple interest can be furnished to the borrower as and when sought for within 5 working days.

FOLLOW-UP & RECOVERY: The operations of Follow-up and Recovery Department are placed under Chief General Manager.

The concerned recovery officer makes frequent visits to the assisted units in his area as a follow-up to see the progress of the working of the unit, its operations etc.

Visits, reminders, discussions and persuasion are made for recovery of dues in time. In case of consistent and deliberate defaults, cohesive action under Section 29, 30 and 31 of the SFCs Act or SARFAESI or PMRA, Recovery of debts due to Bank (DRT), National Company Law Tribunal (NCLT) or any other action under available provisions of the law is taken.

REPHASEMENT: In case the borrower avails substantially less amount as compared to the sanctioned amount, he can approach for rephasing of the schedule of payment for the outstanding amount as compared to the originally sanctioned amount. This is normally appraised by the concerned area officer and put up for approval of Managing Director. This reduces the amount of installment, keeping the number of installments almost the same.

RESCHEDULEMENT/ RESTRUCTURING: In case the account becomes sub

standard or doubtful due to unavoidable circumstances and / or adverse market conditions, the borrower can seek rescheduling of outstanding interest and term.

The detailed guidelines have been framed for rescheduling/ restructuring of such accounts. The borrower has to make an application for the same by payment of the prescribed fees.

AUCTION: The units attached under Section 29 of the SFC's Act 1951 or SARFAESI Act after sending show cause and recall notice, are then publicly auctioned for sale. Advertisements in newspapers are issued and tender papers are sold for each units being auctioned. The cost of the tender document varies on case to case basis. The tender papers accompanied by Earnest Money Deposit (EMD) specified therein should be submitted to EDC Limited. The information about units available for sale, current public notice for sale, description of assets is displayed on the website of the Corporation (www.edc-goa.com).

Interested parties should participate in auction between tenders. The sale of assets is on cash basis with 30% of total of purchase price (including EMD) to be deposited within 10 days of date of letter of acceptance and balance within 30 days from date of letter of acceptance. On receipt of full payment of the auction the assets will be got transferred in the name of the buyer. Before accepting the bid offer, the original borrower will be given the first preference on the same terms.

DISCHARGE/ NO DUES: No dues certificate along with discharge of the securities i.e. the release of original documents is issued within 15 days from the last payment and the request made by the Borrowers.

PUBLIC GRIEVANCE CELL/ GRIEVANCE BOX: Whenever there is any grievance or any difficulty encountered by the entrepreneur/ client, he can contact the concerned General Manager or Chief General Manager or Managing Director to redress his grievance(s).

Managing Director is the Public Grievance Officer who handles all types of complaints and a reply wherever necessary will be given within 15 days on the subject matter, after having necessary clarifications/ consents/ approvals, etc.

The complaints can be handed over directly to the office of the Public Grievance Officer or placed in the Grievance Box which is kept at the entrance of the office.

The Corporation is following the Standard Operating Procedures (SOP), EDC Citizens Charter and internal orders are issued from time to time for decision making purposes, supervision and accountability.

SYSTEM: The Corporation has devised its objective of extending financial assistance for the industrial and economic development of the State. The procedures have also been well laid out for different functions. However, this is not an end in itself. The systems are being continuously modified/ improved/ updated, based on the changing environment taking into consideration various aspects of public services rendered by the Corporation. Accessibility, transparency, efficiency, effectiveness, quality, speed and simplicity of procedures with responsibility and accountability and empathy of the entrepreneurs are considered as the main aspects and the elements in the Citizen's Charter. Hence it is advisable that the entrepreneur first visits this office and understands the system, procedure, prevailing terms and conditions, etc.

A Standard Time Chart for the various services provided is annexed.

It may be noted that mere compliance of all requisite formalities does not entitle an entrepreneur to avail financial assistance from the Corporation. Each proposal received by the Corporation is considered on its merits of technical, commercial, financial, economic, environmental, managerial aspects etc. in addition to the Corporation's own experience in financing similar projects.

STANDARD TIME CHART

Sr. No.	Particulars	Pre-requisites	Sanctioning / Issuing Authority	Time (Working days)
1.	Preliminary Clearance	<ol style="list-style-type: none"> 1. PCC application with application fees. 2. Brief details of the promoter 3. Marketability /Technical feasibility of project 4. Technical aspects/ cost of the project/ means of finance 	Preliminary Clearance Committee	15
2.	Preliminary sanction letter / approval letter	Approval of Minutes by the concerned authority	M.D. / GM (Loans)	5
3.	Term loan sanction	<ol style="list-style-type: none"> 1. Detailed application with application fees 2. All enclosures including - <ol style="list-style-type: none"> i) Detailed Promoters background / Bio Data ii) Land details/ ownership iii) Civil work estimates and plans iv) Quotation of moveable assets v) Consents and approvals. vi) Market/Sales report vii) Profitability and cash flow statement 	<ol style="list-style-type: none"> a) M.D. - Above ₹100.00 Lakhs b) GM Committee-- ₹100.00 to ₹250.00 Lakhs c) Subcommittee of EDC Board for sanction of Term Loan -- ₹250.00 to ₹750.00 Lakhs d) Board – Above ₹750.00 Lakhs 	30-90
4.	Term loan sanction letter	Approval by concerned authority / minutes	GM (Loans)	7
5.	Disbursement	<ol style="list-style-type: none"> 1. Disbursement claim 2. Raising of promoters funds. 3. CA's Cert. of capital position and investment made 4. Valuation of land and building if applicable 5. Execution of legal documentation 6. Compliance of terms and conditions 7. Insurance & Verification report 	GM (Loans) / Disbursement Officer (Disbursement Division)	5
6.	Amendments / changes in the project	Request by unit with justifications	M.D.	5