

UNITED SHILPI CARD

1. **Coverage** “Shilpi” who may be Artists or Artisans, carry out various productive and creative activities under tiny sector covered broadly under Tiny & Small Scale Industries. Although the bank has been extending finance to this category of borrowers, a large section of Shilpi is yet to covered. In order to ;provide hassle free credit and accord identity to Shilpi, a new scheme entitled “United Shilpi Card” has been devised.

2. **Purpose of loan** Some of the common activities undertaken by Shilpi are as follows:

- Clay modeling
- Drawing and painting.
- Running coaching centres for music, dance and choreography
- Fashion designing
- Computer graphics
- Stone carving (sculpture)
- Bell metal works
- Applique work
- Weaving and dyeing
- Embroidery work, Wool knitting
- Mat, Basket, Rope, Leaf plate making
- Pickles, papad, jam, jelly, potato chips making
- Sweet meats making and preparing dry foods like Muri, Chira, Fried grams, Mixtures and Chanachur
- Making toys and other seasonal festive items, etc.

3. **Eligibility**

- All Shilpi engaged in productive and creative activities as mentioned above and not being defaulters and certified by the Sarpanch, Sabhadhipati, Anchal Pradhan or the Municipal/Corporation.
- On expiry of the validity period of the LUCC or Acc cards of the existing borrowers, United Shilpi Card may be issued to them on request whether the loan limit is enhanced or continued but reporting shall be made under LUCC or ACC cards if they fulfill the criteria under LUCC or ACC as United Shilpi Card covers all salient features of those schemes.
- Group of Shilpi undertaking project work or individual enterprise on cluster basis by formation of Self Help Groups (SHGs).
- All existing regular borrowers under tiny, cottage and village industries.

4. **Area of Operation** All Branches of the Bank.

5. **Fixation of Credit Limit** The credit limit extended under this card shall be in the form of revolving cash credit. Since financing Shilpis comes fully under the tiny, cottage and village industry sector, assessment of working capital requirements may be made as per Nayak Committee recommendations i. e. 20% of projected annual turnover method in the cases wherever it is applicable. Where the Shilpis needs some term loan for procurement of tools and equipments, furniture, fixtures and other accessories incidental to the activity undertaken, the same shall also be included within the above credit limit and in such case, the sanction shall be accorded for a composite loan comprising working capital and term loan.

6. **Quantum of Credit**

- Minimum – Rs 25000/-
- Maximum - Rs 10.00 lac

7. **Margin**

- For credit limit of Rs 25000/- to Rs 2.00 lac - 15%
- For limits above Rs 2.00 lac to Rs 10.00 lac - 20%

8. **Security**

- **Primary** Hypothecation of assets created out of the loan.
- **Additional** Since credit limits allowed under this scheme shall come under SSI Sector, no collateral is to be insisted upon and Credit Guarantee Coverage shall be taken for all loans sanctioned.

9. **Rate of Interest** Interest rate is subject to change in accordance with RBI/H.O. guidelines from time to time. However, if any borrowers under Shilpi Card come under United Udyogshree Yojana specifications, he/she will be eligible to get interest reduction by 0.50%.

Concession to women entrepreneurs Where women entrepreneurs are the borrowers or they join as co-borrowers having major shareholding, the following concession shall be allowed.

Margin 10% for loans up to Rs 2.00 lac and 15% for loans above Rs 2.00 lac to Rs 10.00 lac

Interest 0.50% further reduction in the rate of interest for loans above Rs 1.00 lac.

Service Charges No charges shall be levied for issuance of Shilpi Card to women.

10. **Disbursement** Disbursement for newly set up units may be made in phases based on progress in implementation of the scheme.

11. **Repayment**

- For working capital limit – The limit is expected to be utilized as a revolving cash credit and will provide for any number of draws and repayments within the limit subject to review within one year.
- For term loan availed for the purchase of tools and equipments- 3 years.

12. **Insurance** Insurance is to be done for the assets created out of loan as per extant guidelines of the bank in this regard. However, up to a limit of Rs. 25,000/- insurance clause may be waived.

13. **Operations** As per RBI/Bank Norms.

14. **Documentation**

- Demand Promissory Note
- Hypothecation of assets created out of loan
- Letter of continuity.

15. **Issue of cards**

- The borrowers under the scheme will be issued with a photo identity card –cum-passbook indicating there in the name, address, sanctioned limit, validity period and terms of repayment in case of term loan.
- This card will serve as an identity Card-cum-Pass Book and will facilitate recording transactions on an ongoing basis.
- Two copies of passport size autographed photograph will be taken from the borrower of which one copy will be pasted on the card and the other copy will be pasted on the application form.
- In case of the existing borrowers, only one copy of autographed photograph will be taken for pasting on the card.
- The cover pages of the card should be laminated.
- A service charge of Rs 20/- may be realized for each card issued to the shilpi who is given a sanction of card limit of over Rs 2.00 lac.

16. **Validity/Renewal of the Credit limit/card:**

- The Shilpi card shall remain valid for three years subject to satisfactory operation in the account as may be found from the annual review.

- The validity of the card may be extended for a further period of three years and so on depending on the conduct of the account.
- Credit limit allowed under the card shall be reviewed annually to consider continuation, enhancement or cancellation of the facility.
- For annual review of the account, the borrowers enjoying credit limit over Rs. 2.00 lac shall be asked to submit financial statements or other related papers.
- Review of the accounts having credit limit within Rs. 2.00 lac shall be guided by the operations in the account and findings in inspection of the unit.
- No service charge shall be levied for review of accounts having credit limit up to Rs. 2.00 lac.
- **Term Loan**: For Term Loan, renewal is not required only review is done.