

## UNITED UDYOGSHREE YOJANA

1. **Coverage**      The Scheme covers whole of the country.
  
2. **Objective**      To appreciate and encourage the good customers, borrowers under tiny and SSI sector as well as depositors in Rural, Semi-urban, Urban and Metropolitan area having good track record and to improve upon their financial condition through uninterrupted and hassle free credit delivery for various productive activities under taken by them in tiny industries and SSI. The main thrust areas are:
  - Cottage and Village Industries under tiny Industries sector
  - Small Scale Industry
  - Other Self-Employment avenues under Tiny & SSI Sector.
  
3. **Purpose of loan**
  - Setting up of new village & cottage industries units under tiny sector.
  - Setting up of new SSI Units.
  - Expansion of existing tiny/SSI units.
  - Purchase of two wheelers/four wheelers used for conveyance, marketing and transport of raw materials as well as products of SSI units.
  - Repair/renovation/extension of factory shed.
  - Marketing of products.
  - To encourage women entrepreneurs who are the family members of the bank's eligible borrowers/ depositors to undertake productive activities under Tiny/SSI Sector.
  
4. **Eligibility**
  - All existing term loanees under Tiny Industries and SSI Sector having good track record for last three years excluding Moratorium/Gestation period for the existing loan.
  - All existing cash credit account holders under tiny or SSI maintaining good track record for last three years.
  - Dependent female family members of such borrowers who are adults, non-defaulter to any banks or financial institution and willing to take up productive activities in village and cottage industries and small scale industries.
  - Existing depositors with good track record maintaining an average balance of Rs 5000/- or above for last three years running a tiny industry or willing to start such units and an average balance of Rs 25,000/- or above for last three years running an SSI unit or willing to set up such unit. Such depositors should not be defaulters to any Bank/Financial Institutions.

- Such depositors can also recommend any person to the Bank for doing SSI or tiny industry activities by providing their personal guarantee.

**5. Quantum of loan**

- For existing borrowers as mentioned under para 3 (I) above and enjoying credit limit up to Rs 5.00 lacs are eligible for a loan for purchase of car/scooter/motorcycle. The amount of loan will be cost of vehicle less margin or the amount of principal of the original loan repaid or Rs 2.00 lacs whichever is lower. For existing cash credit borrowers as mentioned under para 3 (ii) above, the loan will be for the same purpose but the amount will be cost of vehicle less margin of Rs 2.00 lacs whichever is lowe for cash credit limit ranging from Rs 2.00 lacs to Rs 5.00 lacs.
- If the loanee in the category 4(i) & 4(ii) above enjoying credit up to Rs 5.00 lacs wants to set up a new unit or expand the existing unit, he may be allowed higher loan limits according to the credit appraisal but in such case reduction in rate of interest will be considered to the extent of 1%.
- In case of borrowers enjoying cash credit limit of above Rs 25.00 lacs to Rs 1.00 crore and coming under credit risk rating of UBI CR-2, enhancement in need based credit limit will be allowed with reduced rate of interest by 1%, margin by 10% and service charges by 10% based on the following parameters:
  - a) Average utilization of fund based limit is more than 70% without any irregularity for the last three years.
  - b) Interest and installments are paid on/or before the due dates.
- In case of borrowal accounts with good track record having cash credit limit of above Rs 1.00 crore and falling under Credit Risk Rating UBI CR-2, enhancement of limit may be allowed as per the credit assessment with reduction in rate of interest, margin and service charges as per H. O. Circular issued from time to time.
- Depositors with good track records and the prospective borrowers recommended by such depositors may be allowed need based loan limit and the limit of above Rs 5.00 lacs to Rs 25.00 lacs should be covered under Credit Guarantee Fund Trust scheme for Small Industries with reduction in rate of interest by 0.50%.
- Female family members of borrowers and depositors in the above mentioned category will be allowed loan up to Rs 50,000/- jointly with her father or near relative having blood relation, for starting or expanding cottage and tiny industries at a margin as given below:-

**6. Margin/Subsidy**

For borrowal A/cs. as mentioned under 5 (i) and (ii) above	25%
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For borrowal A/cs. as mentioned under 5 (iii) above	15%
For borrowal A/cs. as mentioned under 5 (iv) above	May be determined according to scoring
For borrowal A/cs. as mentioned under 5 (v) above	25%
For borrowal A/cs. as mentioned under 5 (vi) above	10%

7. **Security:**

**Primary:** Hypothecation of assets created out of bank's loan

**Collateral:** For limits up to Rs 25.00 lacs, on collateral, if covered under Credit Guarantee Fund Scheme after observing all norms of the scheme as outlined under the Credit Guarantee Fund Scheme for small industries.

8. **Rate of Interest** : as per HO guidelines issued from time to time.

9. **Disbursement**

- Loan should be disbursed only after completion of documentation.
- Loan should be disbursed either in cash or by draft/pay order to the suppliers according to the purpose of loan. In case of cash disbursement, the borrower should undertake to produce the Cash Memo/Vouchers evidencing the purchase of assets under the loan if it is a term loan.

10 **Repayment**

- Repayment period for loan will be 3 to 5 years.
- Installment should be fixed either monthly, quarterly or half-yearly basis commensurating with the income generation from the activity for which the loan is granted.

11 **Insurance** The assets created out of loan are to be insured against fire and other risks with bank clause and to be renewed every year. However, in case of loan limit up to Rs 10,000/- for equipment and current assets, insurance may be waived at the request of the borrower or at the discretion of the bank.

12. **Operations**

- Loans sanctioned under the scheme are to be treated as loan to SSI.
- Application of prudential norms, charging of interest and asset classification, provisioning for such loans/advances will be done as per the existing policies of the bank.

13. **Documentation**

- Demand Promissory Note,
- Hypothecation of goods/equipment/asset acquired out of loan.

- Letter of Continuity.

14. **Review**            The accounts will be reviewed once in every year.

15. **Other Procedural aspects:**

- On receiving the application in standard form of SSI the Manager should satisfy that the required information and papers are submitted as per the checklist and verify the facts stated in the application and ascertain whether the loan proposal is prima-facie acceptable as per the checklist and thereafter issue an acknowledgement to the applicant. The proposal should be instantly entered in Proposal Received Register.
- While fixing credit limit following points are to be considered:
  - a) The financial need of the activity.
  - b) Credit history/past record of the borrower/depositor
  - c) The repaying capacity of the borrower after meeting his existing liabilities and commitments towards his family.
  - d) Operation in the existing loan account.
- No processing and inspection charge are to be levied up to loan limit of Rs 25,000/- .
- Security Register, Limitation Register, Insurance Register, Discretionary Power Register and Drawing Power Register wherever required etc. are to be maintained properly.
- Periodical inspection is to be conducted and inspection report is to be kept in file.
- No proposal should be rejected without the approval of the next higher authority and rejection if any, should be communicated to the applicant with reasons.
- The existing loan application, processing sheet etc, for SSI loan should be used.
- Loan proposals from women members of borrowers/depositors should be disposed off with a period of 7 days.
- Loan limit above Rs 25,000/- to be disposed off within a period of two weeks from the date of receipt of the application.
- Loan limit above Rs 25,000/- up to Rs 5.00 lacs to be disposed of within a period of four (4) weeks and above Rs 5.00 lacs to be disposed of within 8-9 weeks.
- In all cases branches have to send acknowledgement to the applicant on receipt of the application together with the checklist after verification.
- In all case of transport finance it should be noted in the Register of RTO like transport loan.

16. **Reservations, if any:**            Nil