

## MANUAL - III

**The procedure followed in the decision making process, including channels of supervision and accountability;**

### **SANCTION PROCEDURE OF LOANS UNDER DIFFERENT SCHEME:**

The proposal/applications of the prospective borrower and registered at Regional Office upto loan amount of Rs. 50.00 lacs and for loan above Rs. 50.00 lacs at Head Office of the Corporation. The application is processed by concerning Regional Office for loan proposal upto Rs. 1.00 Crore. The loan proposal is processed normally by a team of technical and a finance officer who examine the proposal after getting required information from borrower. They prepare appraisal memorandum and check technical feasibility and economic viability. Appraisal memorandum mainly covers, location, infrastructure, cost of project, means of financing, profitability indicators like BEP, Cash Flow, IRR, Pay back period, DSCR etc., marketing aspects like demand supply position of the product, distribution channels and existing capacity etc. The appraisal team also assigned credit rating to the proposal to decide the interest rate depending upon the risk quantified through the credit rating model. The appraisal is prepared as per internal guide-lines, norms issue from time to time. The appraising officers also inspect the site and verify the antecedents of promoters. The appraisal memorandum prepared is checked by appraisal incharge/Regional Manager at R.O. and is sent to Zonal Officer at Head Office. After thorough examination by Zonal Office, proposal is put-up with the recommendations before concerned sanctioned authority for taking decision.

The proposals which are under jurisdiction of Executive Committee and Board of Directors are put up only after clearance by Advisory Committee. The powers of sanction of loan mount delegated to various Committees is as under: -

(i)	Internal Committee	Upto Rs.150 lacs
(ii)	Executive Committee	Above Rs. 150 lacs & upto Rs.500.00 lac
(iii)	Board of Directors	Above Rs.500.00 lacs

After sanction of loan, sanction advise is issued by R.O./H.O. The comprehensive loan policy giving detail operational guidelines of sanction is available at website of the Corporation. At present due to financial constraints and directions from State Govt. lending activities have been stopped except for State Govt. Schemes.

### **SUPERVISION & ACCOUNTABILITY:-**

For proposal processed at Regional Office: Regional Manager

For proposal processed at Head Office: Zonal Manager, Concerned Sanctioning Authority.

## **DOCUMENTATION & DISBURSEMENT PROCEDURE:**

The Law Officer scrutinizes the title papers and other legal documents as per terms of sanction before disbursement and prepares title report and get the legal agreement signed. The documentation is done by Law Officer at Regional Office. After this legal transfer note is prepared and file is forwarded to disbursement department of R.O. After this Borrower is required to fulfill all other stipulations made by Sanctioning Authority before approaching the disbursement. The disbursement incharge checks the compliance of the terms and conditions of sanction and gets the inspection done. On the basis of the security created and verified the disbursement amount is calculated after taking into account the stipulated margin. The entire disbursement is made through Regional Offices in stages depending upon the creation of the assets / security. At present due to financial constraints leading have been stopped except for State Government schemes.

## **FOLLOW-UP & MONITORING:**

To avoid the delay in implementation, the follow up & monitoring of each case is done at the level of Regional office & Head Office. The impediments in implementation of the project either at the level of State Govt. or other agencies are attended to and efforts are made to remove these impediments.

## **REHABILITATION:**

In order to address the problems of the SSI Sector and help the SSI units which have become sick but are potentially viable, a comprehensive policy of rehabilitation package based on RBI guidelines have been framed. The promoter approaches the R.O. when unit become sick as per definition of RBI guidelines. The R.O. prepares the rehabilitation package, if unit is potentially viable and recommends relief's and concession as per RBI guidelines to turn around the sick unit. The rehabilitation package prepared is sent to H.O. and Zonal Office at H.O. examines the package and put up the same to competent authority for approval.

The gist of relief's and concessions which can be granted to potentially viable sick SSI units is available at Head Office/Regional Office.

## **RECOVERY:**

If unit makes two consecutive defaults in payment of principal and or interest, Corporation can issue notice under section 29 for taking over the physical possession of the unit. The physical possession is taken only after taking into confidence the local chamber / association when all other avenues of recovery are exhausted. The Corporation has other option of recovery under U.P. Public Money Act to recover the loan outstanding as an arrears of land revenue by issuing recovery certificate. Managing Director is only authorized to issue recovery certificate, whereas notice under section 29 can be issued by Regional Manager and Sr. Officers of the rank of Dy. General Manager and above depending upon the quantum of the loan amount.

There is comprehensive policy for recovery by way of sale of assets under section 29 wherein norms for sale of assets alongwith procedural guidelines have been enumerated. The latest guidelines are available at the web site of the Corporation.

Similarly to settle the sticky loan accounts a comprehensive OTS policy has been grown out by Corporation wherein certain norms and delegations of power to settle the loan accounts alongwith constitution of the settlement committee have been enumerated. The latest guidelines are available at the web site of the Corporation.

