

**“MSE COLLATERAL – FREE LOANS” (MSECFL)**

<b>Target Group</b>	<p>Micro &amp; Small Enterprises as defined by MSMED Act, 2006</p> <p>a) The chief promoter/Chief executive should be 21 to 65 years of age in case of non corporate borrower.</p> <p>b) New and existing Micro and Small Enterprises engaged in Manufacturing and Services Sector.</p> <p>Note: In respect of Micro &amp; Small enterprises in service sector, Branches are advised to adhere to the RBI’s guidelines on lending to Priority Sector i.e. small road and water transport operators, small business, professional and self employed persons and all other service enterprises under the ambit to Micro and Small Enterprises definition under MSMED Act are covered but finance to retails/wholesale trade, educational institutions, training institutions and SHGs are not eligible under the scheme.</p>	
<b>Screening of Eligibility</b>	<p><b>i) For loans Upto RS.25 lacs</b> The applicant must obtain a minimum overall score of 50% under each sub-head of Business &amp; Personal and 60% in overall score <b>except collateral details as per the scoring model of SME Score</b>. The score under collateral has to be normalized with Business &amp; Personal details parameter score.</p> <p>ii) For Loans between Rs.25 lacs to Rs.1.00 crore</p> <p>iii) Units having CRA Rating of upto SB-9 as per the applicable revised CRA rating norms as circulated by Risk Management Department from time to time.</p>	
<b>CGTMSE Guarantee Coverage</b>	Mandatory	
<b>Purpose</b>	<p>a. Working capital needs (FB+NFB).</p> <p>b. Term loan for construction of bUilding, office acquisition of machines/equipments including expansion and modernization of the unit.</p>	
<b>Quantum of Finance</b>	Total Exposure to the unit (FB+NFB): upto Rs.100 crore (All facilitates WC & TL facilities)	
<b>Type of Facility</b>	Cash Creidt, Letter of Credit, Bank Guarantee, Term Loan.	
<b>Repayment</b>	<p>Working Capital (WC): On Demand</p> <p>Term Loan: Maximum Seven Years including moratorium period not exceeding 6 months-1 year</p>	
<b>Rate of Interest</b>	We propose the following concessional rate of interest for loans sanctioned upto 30.09.2010 for a period of one year from the date of sanction. Thereafter, the interest will be charged at the applicable rate for the advance.	
	<b>Limits upto</b>	<b>WC &amp; TL</b>

	Upto Rs.5 lacs	Fixed 9% p.a. inclusive of CGTMSE Fee
	> Rs.5 lacs Upto Rs.100 lacs	Fixed 10% p.a.+ CGTMSE Fee
<b>Loan processing and Service Charges</b>	50% of the normal rates. (Applicable on first time sanction and annual renewal charges)	
<b>Other Charges</b>	Normal Rates (As applicable for MSE loans)	
<b>CGTMSE Fee</b>	Guarantee Fee & Actual Service Fee as per the rates prescribed by CGTMSE from time to time to be recovered as per extant guidelines.	
<b>Security</b>	<p>Primery Security: Assets created out of the credit facility so extended.</p> <p>Other Security: Unencumbered assets which are directly associated with the business for which the credit facility is extended i.e. land &amp; building of Factory/office/godown which pertains to unit and associated with the business.</p> <p>Third party Guarantee: No third party guarantee other than personal guarantee of the borrower Promoters, Partners etc.</p> <p>In case the loan is sanctioned to Private/Public Limited company, the guarantee of directors will be treated as third party granantee.</p>	
<b>Circular No. ADV/SME/44 dated 09.03.2010</b>		