

## **SCHEME FOR FINANCING MSME MANUFACTURING UNITS- 'PNB NIRMATA'**

### **1. ELIGIBILITY**

Individuals / Partnership / Ltd Liability Partnership / Pvt. Ltd. Co. / Public Ltd. Co/Trust and Co-operative Societies registered under any law relating to co-operative societies engaged in the manufacture or production of goods and are categorized as Micro, Small & Medium Enterprises

### **2. PURPOSE**

#### **WORKING CAPITAL**

This covers the cost of raw material, components, spares, stores, etc., and processing of raw materials, marketing of finished products, etc. by way of bills purchased and discounted and book debts

#### **TERM LOAN :**

For acquiring fixed assets like land, factory building, plant and machinery by new enterprises and in case of existing units for expanding factory accommodation, renovating and modernizing the existing factory with a view to improving the quality or reducing production cost, **creating additional infrastructure facilities, like setting up of Research & Development Centres / Testing Laboratories**, purchase of vehicle (other than the vehicles meant for personal use) which are required exclusively to meet production and marketing needs of the unit etc.

### **3. NATURE OF FACILITY**

- (i) Cash Credit (FB+NFB).
- (ii) Term loan
- (iii) Composite loan

### **4. EXTENT OF FINANCE**

- (i) Cash Credit- Need based.
- (ii) Term loan-Need based.

### **5. MARGIN / OWNER'S CONTRIBUTION**

<b>Nature of Facility</b>	<b>Extent of Margin</b>
<b><u>WORKING CAPITAL FACILITIES</u></b> Against stocks of raw material, components, spares, stores, material in process and finished goods.	
i) <b><u>Cash Credit (Hyp.)</u></b>	
a. Upto Rs. 2.00 lakh	NIL
b. Above Rs.2 lakh & upto Rs 5 lakh	20%
c. Above Rs.5 lakh	25%

ii) <b>Cash Credit (Pledge)</b>	15%
iii) <b>Cash Credit (Book Debts)</b>	
a. Limits upto Rs.5 lakh	25%
b. Above Rs. 5 lakh	<b>30%</b>
(iv) <b>Bills for Collection</b>	
a. ABC limits covering RRs and MTRs of IBA approved Transporters	20%
b. Govt. supply bills	10%
c. Against existing unencumbered machinery	25%
Against Selective Credit Control Commodities margin is to be maintained as per RBI/ Bank's guidelines issued from time to time.	
v) <b>TERM LOAN</b>	
a. Purchase of Land for construction of factory building thereon	<b>25% for all a. to d.</b>
b. Construction of Building on land purchased through Bank's finance	
c. Construction of Building on land owned by borrower	
d. Constructed Factory Building	
e. Plant and machinery	
(i) Upto Rs. 2.00 lakh	NIL
(ii) Above Rs.2 lakh & upto Rs 5 lakh	20%
(iii) Above Rs.5 lakh	25%
f. For purchase of old machinery (Having Minimum remaining useful life i.e 5 years or loan tenure, whichever is higher. In case of old generators set, it should not be older than three years )	25%
g. Deferred payment guarantees	25%

## 6. INTEREST

Rate of interest as per extent guidelines of bank.

## 7. REPAYMENT

- i) **The working capital limits** shall be sanctioned for a period of one year and shall be renewed annually.

ii) **Term Loan**

Except for the items mentioned in the table below, the repayment period would be 5 to 7 years depending upon the project profitability over and above the gestation period of 6 to 12 months.

**8. SECURITY**

**i) PRIMARY**

Mortgage/Hypothecation/pledge/assignment etc. of assets (land/building/P&M/ stocks/book debts (not older than 3 months) created out of the loan.

**ii) COLLATERAL**

In respect of MSME advances, where collateral security/3<sup>rd</sup> party guarantee norms have been categorically mentioned the security norms under that specific scheme to be followed. In other cases, the collateral security will be taken as per the following table:-

<b>S.No.</b>	<b>Situation</b>	<b>Extent of Collateral security</b>
<b>1.</b>	Where land &/or building has been financed and mortgaged as primary security	No additional collateral security is required, in case where land and/or building of factory is financed by us and land and building is mortgaged as primary security having realizable value of atleast equivalent to 133% of total exposure. If there is any shortfall, additional collateral in the shape of Liquid security/IP will be taken.
<b>2.</b>	Where Bank is not financing Land &/or Building and either only WC is sanctioned and/or TL is sanctioned for Plant & machinery only and land and/or building is not mortgaged with the Bank as in 1 above.	In respect of such advances collateral security by way of mortgage of immovable properties or 3 <sup>rd</sup> party guarantee may be asked for in those cases, where sanctioning authority feels that the primary security would be inadequate to safeguard Bank's interest or for other valid reasons so that Bank's interest is protected and not as a matter of routine.