



MSME & Mid Corporate Credit Division, Head Office

Dealer financing scheme is increasingly viewed as being extremely significant in the overall financial management of a business, especially for Micro, Small & Medium Enterprises.

Dealer Finance (SCF) provides short-term credit that optimizes working capital for both the buyer and the seller. Under this model of financing, all the three stakeholders of Dealer Finance are benefitted, which is given here under:

Dealer	Manufacturers	Financer/ Bank
<ul style="list-style-type: none"> <li>✓ Gets much needed working capital for purchase of inventory.</li> <li>✓ Lower cost of funds than other working capital products</li> <li>✓ Increases sense of financial discipline due to short duration</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increases cash flow which in turn ensures availability of goods to the dealers and for end users.</li> <li>✓ Increases sales</li> <li>✓ Reduces cost of goods sold (COGS)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Gets support from manufacturers in case of default by the Dealer as they stop supply of goods.</li> <li>✓ Gets proper information of Dealer for doing due diligence which in turn help in selection of good borrower.</li> </ul>

Dealer Finance is a mechanism through which Working Capital (WC) Limit is provided to the Dealers. Each disbursement in WC account is against the invoice raised by the Manufacturers on dealer and having a fixed tenor for each of the invoices. The facility is in the form of WC to provide a running account facility to the Dealer. Disbursement is made only to the credit of Manufacturers account against goods supplied/to be supplied to the dealer.

PNB made tie-up arrangement with Indian Oil Corporation Ltd. (IOCL) for providing financing to their dealers across the country.

A scheme in this regard has been designed for providing credit facility to their dealers under this tie-up arrangement. Features of the Scheme are given hereunder:

**PNB Electronic Dealer Scheme (PNB e-Dealer Scheme) for IOCL**

SN	PARAMETERS	DESCRIPTIONS
1	<b>Name of the Product</b>	PNB e-Dealer Scheme for IOCL (Financing Petroleum Dealers of IOCL)
2	<b>Type of facility</b>	Cash Credit Facility
3	<b>Purpose</b>	To provide financial assistance to authorized exclusive Dealers of IOCL (Petroleum Division) intimated by the IOCL through Corporate Opinion Report under the tie up arrangement under e-Dealer Scheme

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4	Eligible Dealers	<p>The Dealer who satisfies the below mentioned criterion would be eligible to avail PNB e-Dealer facility:</p> <p>a) Existing Proprietorship, Partnership, LLP, Company, Trust, Society etc. entity having valid Dealership Agreement with IOCL.</p> <p>b) 1 Year of dealership with IOCL (Petroleum Division) for all the existing dealers/ specific written recommendation from IOCL for New Dealers under social objective category.</p>									
5	Loan Amount	Maximum – Upto ₹ 2.00 Crore									
6	Margin	Nil- 100% funding of the invoices									
7	Security	<p><b>Primary:</b></p> <p>100% Hypothecation of stocks and receivables.</p> <p><b>Collateral Security:</b></p> <p>a) Collateral Security shall be <b>NIL</b> provided dealer has dealership with IOCL having tenure of 5 years or more.</p> <p>b) If the aforesaid condition is not met by the dealer, minimum 25% tangible collateral security in the form of Immovable Security/ Bank's approved liquid securities will be obtained.</p> <p>c) Land on which Retail outlet (Petrol Pump) is located can be mortgaged only after prior permission of IOCL.</p> <p>d) In case of collateral is owned by a third party, the guarantee of the owner of the security has to be obtained.</p> <p>e) Conduct of account with Bank/ FIs should be satisfactory.</p> <p><b>Guarantee:</b></p> <p>Personal guarantee of the Promoter/ Director/ Partners of the unit shall be ensured.</p>									
8	Rate of Interest	<p>Rate of Interest for MSME and non-MSME borrowers shall be as under:</p> <table border="1"> <thead> <tr> <th>Collateral Coverage</th><th>MSME</th><th>Other than MSME</th></tr> </thead> <tbody> <tr> <td>Min. 25%</td><td>RLLR+BSP+ 0.85%</td><td>1 Yr. MCLR + 0.30%</td></tr> <tr> <td>Nil</td><td>RLLR+BSP+ 1.30%</td><td>1 Yr. MCLR + 0.75%</td></tr> </tbody> </table>	Collateral Coverage	MSME	Other than MSME	Min. 25%	RLLR+BSP+ 0.85%	1 Yr. MCLR + 0.30%	Nil	RLLR+BSP+ 1.30%	1 Yr. MCLR + 0.75%
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9	Unified Service Charges	<p>On sanctioning to loan, a unified service charges, which includes processing fee, inspection charges, Documentation charges etc. shall be recovered as under:</p> <table> <tr> <th>SN</th><th>Limit</th><th>Charges</th></tr> <tr> <td>1</td><td>Upto ₹ 25.00 lakh</td><td>₹ 10,000/- + Applicable GST</td></tr> <tr> <td>2</td><td>Above ₹ 25.00 Lakh to ₹ 1.00 Crore</td><td>₹ 15,000/- + Applicable GST</td></tr> <tr> <td>3</td><td>Above ₹ 1.00 Crore</td><td>₹ 20,000/- + Applicable GST</td></tr> </table> <p>However, all other charges viz. Insurance/ State specific Stamp Duty charges/NEC/ Valuation/ CIC/CERSAI on actual basis shall be borne by the borrower.</p>	SN	Limit	Charges	1	Upto ₹ 25.00 lakh	₹ 10,000/- + Applicable GST	2	Above ₹ 25.00 Lakh to ₹ 1.00 Crore	₹ 15,000/- + Applicable GST	3	Above ₹ 1.00 Crore	₹ 20,000/- + Applicable GST
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