APPENDIX C

NATIONAL SMALL INDUSTRIES CORPORATION

GENERAL TERMS AND CONDITIONS

Eligibility:

1. The object of the scheme is to assist small scale industrial units and entrepreneurs in the procurement of machinery and equipment on hire purchase basis.

2. Only small scale industrial units and entrepreneurs including ancillaries are eligible for the benefits of this scheme. Applications from units, which are not covered by the term "small scale industry" as defined by the Government of India will not be considered.

3. (i) All formalities regarding the application shall be completed before the issue of letter of demand for earnest money which shall be at rates specified by the Corporation from time to time. Earnest money will have to be paid before placement of the order within the prescribed period.

(ii) The earnest money is to be remitted by a demand Draft of Bank Guarantee, as applicable made in favour of the National Small Industries Corporation Ltd., New Delhi, or the concerned Regional Office of the Corporation. The earnest money will be calculated on the approximate landed cost in case
of imported machines and F.O.R. value in case of indigenous machines.

(iii) (a) The requisite earnest money must be remitted in time to reach the Corporation within sixty days of the offer. In case of failure on the part of the applicant, the case will stand automatically closed.

(b) In case the amendment in specification is accepted by the Corporation, the applicant will have to deposit the earnest money within 30 days from the date of communication of decision.

(iv) At the time of supply of the machine(s) an amount equivalent to 1% of the landed cost of imported machine(s) out of total earnest money deposited will be kept as 'Consideration Money' which will not carry any interest and the credit thereof will be given only if the option to purchase is exercised by the hirer after paying full hire-purchase price of the machine and otherwise complying with all the terms and conditions and covenants of the hire-purchase agreements. The balance earnest money will be treated as initial payment and credit thereof will be given in calculating the instalments and shall not be refundable.
(v) The Corporation reserves the right to forfeit the entire earnest money if the hirer fails to comply with any of the terms, conditions and covenants of the hire-purchase agreements.

(vi) After earnest money has been paid, change in the specification of the machines will not be allowed.

4. (i) Hire-purchase price of the indigenous machine(s) will be calculated taking into consideration the cost of the machine, packing and forwarding charges, sales tax, transit insurance, administrative charges, interest, insurance and all such other expenses that may be incurred by the Corporation on these accounts.

(ii) In the case of imported machine(s) this price will be calculated taking into consideration the cost of the machine(s) freight, marine insurance, clearance charges, custom duty, administrative charges, interest, insurance, and such other expenses as may be incurred on these accounts.

(iii) All expenses incurred by the Corporation towards inland freight, inland transport, loading and unloading charges sales tax, commitment charges and any other charges covering other levies and duties payable, will be paid by the hirer at actuals.
5. The date of despatch of the relevant Railway Receipts or a similar document shall be taken as the date of the delivery of the machine(s).

6. In respect of hire-purchase applications under which more than one machines have been applied for, and each individual machine forms a part of a complete plant, a separate agreements will be entered into in respect of each individual machine. These agreements will, at the option of the Corporation, be replaced by a consolidated agreement, hereinafter described as the "Ultimate Agreement" at the time of delivery of the last item of machine. In the Ultimate Agreement an amount representing the interest on investment of capital towards the cost of the individual items of machines delivered earlier will be added. The first instalment in respect of the plant would fall due on the expiry of the grace period as per from the date of delivery of the last item. The subsequent investments in such cases will be payable every six months after the due date of the first instalment. The decision whether the machines applied for constitute a complete plant, or not will be taken at the time of acceptance of the application by the Corporation and shall be final and binding on both the parties.

7. The applicant shall not in any case sell, mortgage, pledge, assign, let or otherwise deal with or part with the possession of machine(s) supplied under this scheme.
or alienate any interest in the machine(s) or in respect of hire purchase agreement(s) or in the option to purchase in the said hire-purchase agreement(s).

8. (i) The machine(s) shall remain the sole and exclusive property of the Corporation until the full value together with interest and other charges, the duties, taxes payable by the hirer have been paid to the Corporation. Till then the terms embodied in the relevant hire purchase agreement shall remain operative. In case of imported machines, however the hirer shall not sell or dispose off the machinery in any manner or part with its possession or any interest therein even after ownership thereof is transferred by the owners to it in terms of this agreement without the prior permission of the Chief Controller of imports and Exports, Govt. of India for which an appropriate application should be made to the said Licensing Authority through the NSIC along with the requisite documents as required in terms of the Import Policy in force at the time of submitting such application.

(ii) A metal plate fixture indicating prominently that the machine(s) is/are the property of the Corporation shall be fixed on each machine by the hirer and shall remain there until all the money due to the Corporation is fully repaid.
(iii) It shall be the responsibility of the hirer to ensure that during the period the agreement is in force, the machine(s) is/are kept well serviced and in proper working order at his cost.

9. In the case of Limited Companies, at least two shareholders/directors and in case of Co-Operative Society/Trusts, two credit worthy office bearers of the Society/Trusts acceptable to the NSIC shall stand as guarantors in their individual capacity for the machine(s) to be supplied by the Corporation on the hire purchase basis. These guarantees shall be incorporated in the Agreement to be executed between the Corporation and the hirer.

10. (i) The hirer, shall send a report about the conditions of the machine(s) immediately on receipt. In case no report to the contrary is received from the applicant within thirty days of receipt of the machine(s), it will be presumed that the hirer has received the machine(s) in good order and condition and no complaints regarding the transit damages of the machine(s) will be entered thereafter.

(ii) In the case of damage to the machine(s) during transit the hirer shall get the consignment surveyed and shall lodge a claim with the insurance company within the time allowed under the policy, on behalf of the NSIC. The hirer will be fully responsible and liable for timely action in this direction.
He will give all assistance towards the settlement of the claim by furnishing document in his possession and by carrying out prompt repairs etc.

11. (i) Any authorised representative of the Corporation shall have the right to inspect and advise on proper upkeep of the machine(s).

(ii) In case of default or other contravention of the terms and conditions of hire-purchase agreement or other complications, the Corporation reserve the right to seize or seal the machine(s) covered under the hire-purchase agreement at any stage.

12. Small machine(s) and tool(s) costing less than Rs. 1000/- will not be supplied on hire-purchase basis. Similarly second hand and rebuilt machine(s) will not be supplied by the Corporation.

13. Only those small scale units as are covered by the letter No. SSI (A)-10 (15)/67 dated 5.12.1968 from the Ministry of Industrial Development and Company Affairs, Deptt. of Industrial Development, Govt. of India will be eligible for the benefits of the hire purchase scheme. (the capital investment of Rs. 7.50 lakhs now stands revised to Rs. 10 lakhs)

Application Fee: Payable with application:
The application fee (non-refundable) is payable at the following rates with effect from 1.10.75:
Value of Machine(s) applied for

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<th>Amount for application fee</th>
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<tr>
<td>Rs. 10/-</td>
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<tr>
<td>Rs. 100/-</td>
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<tr>
<td>Rs. 250/-</td>
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<td>Rs. 350/-</td>
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<td>Rs. 500/-</td>
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**NOTES:**

(i) The application fee is calculated on landed cost in case of imported machine(s) and on f.o.r. value in case of indigenous machine(s) at the time of application.

(ii) The remittances are to be made to the National Small Industries Corporation Ltd., New Delhi-110020 or its Regional Office.

   (a) By a crossed Postal order if the fee is Rs. 10-00

   (b) By crossed demand draft if it exceeds by Rs. 10-00.

**Administrative Charges:** (Payable by inclusion in instalments)

(a) From small scale units having fixed investment in plant and machinery within Rs. 2 lakhs (inclusive of cost of machine(s) applied for):

2% of value of the machine(s) calculated on the basis of the landed cost/f.o.r. price of the machine(s).
(b) From others: (Other than (a) above).

4% of the value of machine(s) calculated on the basis of the landed cost/f.o.r. price of the machine(s).

Earnest Money: (Payable by demand draft only before placement of order against demand note):

(I) Machines/Machine Tools:

(a) from units with total investment in plant & machine(s) within Rs. 2 lakhs (inclusive of the cost of machine (s) applied for)

(i) From units in declared 10% of the backward areas & from landed cost technocrats f.o.r. price.

(ii) From others: 15% of the landed cost/f.o.r. price.

(b) From units with 20% of the landed cost/investment in plant f.o.r. price.
& machine(s) over Rs. 2 lakhs

(II) Furnace, Boilers, Cold Storage 30% of landed cost/f.o.r.
Ice plants, Chemical Intermediaries Mfg. plants. Tyre price
Retreading, Canning & Electroplating plants for all categories of entrepreneurs.
(III) Moulds, dies & Consumable spares 100% of the landed cost/ f.o.r. price.

An option is given to the applicant to deposit 5% by demand draft and the balance by a bank guarantee encashable at the time of delivery.

(iii) (a) An amount equivalent to 1% of the landed cost of imported machine(s) and f.o.r. cost of indigenous machine(s) will be retained out of the total deposit of earnest money as "Consideration Money".

(I) Rate of Interest:

(a) From units with total investment in plant and machine within Rs. 2 lakhs (inclusive of the cost of machines applied for).

(i) From declared backward area 11% per annum ward and technocrats.

(ii) From others 13½% per annum

(b) From units with total investment in plant & machine(s) over Rs. 2 lakhs (inclusive of cost of machine applied for).

(i) From units in declared backward areas and technocrats.

(ii) From others 15% per annum

(II) A rebate @ 2% per annum will be allowed in case
instalment is paid on or before the due date. The rebate will be calculated:
(a) on the total amount of principal outstanding on the date of instalment.
(b) for the period of time for which the instalment was due.

In case the payment of instalment is not made within one month of its due date, interest at 16½% per annum will be charged on the defaulted amount from the date of default to the date of actual payment.

(The above Admin. charges, rate of earnest money and interest rate shall apply to cases in which earnest money has been paid on or after 1.10.75).

Insurance: (Payable along with instalments) : 5% of the value of the machines will be charged and recovered along with the instalments.

Clearing Charges etc., : (Payable by inclusion in instalment):

The following charges are to be paid in respect of imported machine(s):

(i) Towards marine insurance: 1½% of the C & F value of goods.
(ii) Towards clearing charges: 1½% of the c.i.f. value of goods.
Security:

Applicants coming forward for machines within the limit of Rs. 4 lakhs in plant and machine(s) (including the cost of machines already installed) will not be required to furnish any security. Others are required to furnish any security. Others are required to provide security in the form of land and other fixed assets. (Limit raised to 4 lakhs w.e.f. 28.2.77).

Change in Specification After Acceptance: (Payable with the request)

A fee of Rs. 50% will be charged.

Period of Repayment:

The full hire purchase value of the machine(s) supplied will be recovered in 13 instalments. In case of furnaces, boilers, cold storages, ice plants, chemical plants, tyre retreading canning and electroplating plant etc., the hire purchase value will be recovered in 9 instalments.

In case of existing units the first instalment will fall due after one year from the date of delivery of the machine(s). In case of new units the first instalment will fall due after 18 months from the date of delivery of the machine(s).

The subsequent instalments are payable half yearly thereafter.