Appendix H

Commercial Banks

Terms and Conditions of State Bank of India, Syndicate Bank, Canara Bank, Andhra Bank Ltd., and Indian Bank.

State Bank of India:

1. Term loans to meet the cost of fixed assets like land and buildings, plant and machinery etc.
2. Short term loans for the purchase of raw material and to keep finished goods.
3. Other facilities like Bank Guarantees, Inland L.C.C., Packing credit.
4. Bills purchase facility - SOB, CDB, BEC.

Margins on fixed assets:

Land and Buildings 60% - 75%
Machinery 60% - 80%
Technocrats upto 90%
Ancillary units upto 80%

Grace period and Repayment period shall be fixed depending on income generation capacity of the unit.

Instalment period - Quarterly, half yearly and annually.

Margins on inventories:

Raw material 60% - 75%
Finished goods 60% - 80%
Semi-finished goods 60% - 75%
Packing material 60% - 75%
Term Loans:

Term loans are granted for a period usually from 3 to 5 years for purchase of capital equipment including erection of buildings. However, longer period of repayment is accepted in case the nature of industry and the economics suggest such an extension. This extended period may not be beyond 7 years. We generally stipulate a margin of 25% on fixed assets like land, building and plant and machinery.

Working capital finance: We extend working capital finance by way of pledge and hypothecation loans and overdraft facility. The margin normally varies from 15% to 25% depending upon the type of raw materials and finished goods. Security will be the Stock-in-Trade. For commodities falling under Selective Credit Control, the margin and interest rates will be as stipulated by the Reserve Bank of India from time to time.

Sales Finance: We extend sales finance by way of purchase or discount of documentary and other sales bills to the S.S.I. units to take care of their credit need during transportation of goods and the interim period between the supply and payment of bills.

Interest Rates: Prevailing rate of interest at the time of sanction of the credit facilities will be charged.

Schemes for Technocrats:

This scheme has been evolved to encourage young
entrepreneurs who have received technical education and/or training or had acquired specialised knowledge and skills, but who lack finance to start their own small industrial units. The scheme is designed to tap latent entrepreneurial talent of the community. The salient features of this scheme are as follows:

Under the scheme, technically qualified persons like engineers, artisans, craftsmen, etc., with experience or capabilities, but who lack necessary financial resources would be given financial assistance to set up small scale industrial units.

The proposals should be technically feasible and economically viable. These two aspects will be carefully examined by the Bank.

The location of industrial unit should be preferably within the easy reach of any branch of the Bank.

The scheme is applicable and is confined to only new projects.

The entire financial requirements of the unit as assessed by us shall be met by us without any margin. However, wherever a borrower is in a position to put in his own funds towards the margin, he should be required to do so, as it may ensure meaningful involvement of the borrower in the success of the enterprise. The Bank may also stipulate that the borrower has to build up a reserve rapidly out of the profit earned by the unit by convenient contribution to
The scheme is aimed to help small entrepreneurs whose total financial requirements do not exceed Rs. 50,000/-. This is the maximum limit set by us in each case under the scheme. That means, the total cost of the project for building, machinery, tools and equipments along with a reasonable working capital should be within Rs. 50,000/-. Hence, it is advisable to start a unit in a rented premises. However, the Bank has no objection to the premises being owned by the entrepreneur.

The unit shall obtain SSI registration from the State Directorate of Industries for availing various facilities from the State Government.

The Bank will reserve the right to recall the entire credit made available to the party under this scheme, should at any time it comes to the knowledge of the Bank that the facility has been abused in any manner and used in a way which it is not intended for.

Canara Bank:

Types of Loans:

A) Term Loans - Land and buildings, plant and machinery etc.
B) Short term loans - For the purchase of raw material and to keep finished goods.
C) Other facilities - Guarantees, Inland L.C.C. Export Finance.
D) Bills purchase facility - S.O.B, C.D.B, B.E.C.
Margins for term loans:

<table>
<thead>
<tr>
<th>Item</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Buildings</td>
<td>50% - 75%</td>
</tr>
<tr>
<td>Machinery</td>
<td>60% - 80%</td>
</tr>
<tr>
<td>Repayment period</td>
<td>3 years - 10 years</td>
</tr>
</tbody>
</table>

Margins for working capital loans:

<table>
<thead>
<tr>
<th>Item</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Material</td>
<td>60% - 75%</td>
</tr>
<tr>
<td>Finished goods</td>
<td>60% - 80%</td>
</tr>
<tr>
<td>Semi-finished good (work in progress)</td>
<td>60% - 75%</td>
</tr>
<tr>
<td>Packing materials</td>
<td>60% - 75%</td>
</tr>
</tbody>
</table>

Andhra Bank Ltd.

Types of Finances:

A) Term Loans - to meet the cost of fixed assets like land, building and machinery; to meet the cost of trawlers, vans, testing equipment, etc.

B) Short term loans: to meet the working capital requirements such as Open Cash Credit, Key Cash Credit for purchase of raw materials, to keep finished goods.

C) Other facilities like Bank Guarantees, Letter of Credit, Packing Credit etc.

D) Bills Purchase facility like Documentary bills, Usance bills etc.

Bank Loan for Fixed Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; building</td>
<td>50% to 75%</td>
</tr>
<tr>
<td>Machinery</td>
<td>66 2/3% to 80%</td>
</tr>
</tbody>
</table>
Technocrats 90%
Ancillary units 85%
Road Transport Operators 75%
Professionals 75%

(The above percentages are not fixed and rigid and vary according to the nature of industry)

Repayment Period: 1 to 9 years

Bank Loan for Working Capital (General):

1. Raw materials 60% to 75%
2. Finished goods 60% to 75%
3. Semi-finished goods (work-in-progress) 50%
4. Packing materials 50% to 70%

Indian Bank:

1. Term Loans for the acquisition of land & buildings and plant & machinery
2. Short-term loans: for the acquisition or raw material and to maintain finished stocks.

Margins for term loans:

Land & buildings 60% - 75%
Machinery 60% - 80%
Repayment period 3 years - 10 years
Instalment period - Quarterly, half-yearly, annually.

Margins for Working capital loans:

Raw material 50% - 70%
<table>
<thead>
<tr>
<th>Type of Goods</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>60% - 80%</td>
</tr>
<tr>
<td>Semi-finished goods</td>
<td>60% - 75%</td>
</tr>
</tbody>
</table>