

NOW THEREFORE THIS MEMORANDUM OF UNDERSTANDING WITNESSETH AS UNDER :

1. Loan Application forms of the Bank alongwith the broad terms and conditions will be made available at the operational office(s) of NSIC to be provided to SME units (List of NSIC Offices is enclosed).
2. The Bank will provide a list of branches and controlling offices where application forms for credit support are to be forwarded by the operational offices of NSIC collecting applications from interested SMEs.
3. The NSIC will forward the credit proposals to the Bank's branches, without any liability on its part for sanction.
4. The Bank may accept loan applications forwarded by NSIC and consider sanctioning loans on merit basis and as per lending norms laid down in the lending policy of the Bank.
5. After sanction of the loan applications, all necessary action relating to dealing with the borrowers (including disbursement, monitoring, recovery etc) would be taken up by the Bank.
6. Upon sanction of the loan, the Bank will pay within 30 days, 50% of the processing fee received from applicants to NSIC for each application so forwarded. Subsequently, processing fee recovered from the applicants at the time of review / renewal will be shared in the same proportion and shall be paid within 30 days from the date of review of the Accounts.
7. This arrangement of financing by the Bank's branches shall be extended to the projects relating to SME Sector at different places where bank branches are located or other important industrial centres through out the country.
8. NSIC is operating a Performance and Credit Rating Scheme for Small Enterprises (SEs) wherein SEs units are rated in terms of 'performance and credit parameters'. Six rating agencies viz. CRISIL, DUN AND BRADSTREET, ICRA, CARE, ONICRA AND FITCH have been empanelled by NSIC under the scheme for rating of the Small Enterprises. The Bank may refer its customers to NSIC so as to be rated by any one of the six agencies as selected by the customer. In respect of the units rated by any of the above agencies and applying for credit support under this arrangement, the Bank will promote such units and re-calibrate the interest rates and security norms while considering the sanction of their proposals.
9. NSIC organizes various open houses / exclusive sessions, campaigns to create awareness of the schemes implemented by it as well as the arrangements like the one covered under this MOU. The Bank and NSIC may also jointly hold similar open houses / campaigns to create awareness of their schemes and also take necessary steps to promote the business of mutual interest.
10. Under this understanding, the above arrangements would be given publicity by NSIC and Bank at their own cost. Details of the arrangement shall also be publicized through the website of NSIC and the Bank.
11. This MOU will be valid for a period of 3 years and may be renewed on mutually agreeable terms and conditions. Any amendment to the MOU will be mutually agreed upon in advance and will be in writing signed by the both the parties. During the term of this MOU and the extension thereof, NSIC or the Bank may enter into similar arrangements with any other agencies.
12. Neither party shall be liable for any failure, inability or delay in performing the obligation hereunder if such failure, inability or delay be due to an act of God, war, explosion or sabotage, riots, civil disturbance, strike, lockout, labour trouble, accident, casualty, law and order or regulation. Due cogency and every reasonable efforts shall be used by each party in curing such cause.
13. The MOU can be terminated by either party by giving 60 days prior notice to the other party. During this notice period, NSIC shall not collect any fresh applications from any SME unit to be forwarded to the Bank for credit support. The Bank will however carry out and complete the appraisal of applications in all cases where the applications are received by them prior to the date of termination notice.
14. The Bank shall have the right to refuse, accept or not to accept the proposal of a particular Small & Medium Enterprises at its sole discretion and the same may not be disclosed to the customer. However at the request of NSIC the Bank may inform the reasons for rejection.

Ravindra Nath


