



GOVERNMENT OF KERALA

Abstract

Co-operation Department – General loan agreement between Artisans Development Co-operative Limited (ARTCO Ltd) and National Backward Classes Finance and Development Corporation (NBCFDC) - Sanction accorded - Orders issued.

Co-operation (PS) Department

G.O.(Ms)No.17/2023/Co-Op Dated,Thiruvananthapuram, 22-08-2023

- Read 1. Letter no.RCS/9550/2018/MT(4) dated 29.12.2020 from the Registrar of Co-operative Societies.
2. GO(Ms)No.15/2022/Co-op. dated 20.05.2022.

ORDER

As per the Government Order read above, sanction was accorded for a Block Government Guarantee of Rs.45 crores for availing financial loan assistance from National Backward Classes Finance and Development Corporation (NBCFDC) through Artisans Development Co-operative Limited (ARTCO Ltd), to disburse the amount among its members who are from poor backward classes. For availing financial loan assistance from NBCFDC, Artisans Development Co-operative Limited (ARTCO Ltd) have to execute a general loan agreement with NBCFDC. As per the letter read above, the Registrar of Co-operative Societies has submitted a draft general loan agreement for this purpose.

2) Government have examined the matter in detail and are pleased to accord sanction to Artisans Development Co-operative Limited (ARTCO Ltd) to execute the general loan agreement with National Backward Classes Finance and Development Corporation (NBCFDC) as appended.

(By order of the Governor)
MINI ANTONY I A S
SECRETARY

- 1.Accountant General (A&E, Audit), Kerala, Thiruvananthapuram.
- 2.Registrar of Co-operative Societies, Thiruvananthapuram.
- 3.General Manager (Project), National Backward Classes Finance

and Development Corporation (NBCFDC), 5th Floor, N.C.U.I.
Building, 3, Siri Institutional Area, August kranti Marg,
New Delhi-110 016.

4. Joint Registrar (General), Thiruvananthapuram.
5. The Managing Director, Artisans Development Co-operative Ltd.
No.4429 (ARTCO Ltd.), H.O.Kochuveetil Towers, T.C.25/595-5,
Model School Junction, Thampanoor, Thiruvananthapuram - 1.
6. Finance (PU-B) Department (Vide 1408866/PU-B3/2019-Fin dated
07.01.2023).
7. Law (Conveyancing Cell) Department (Vide U.O.No. 73/Convey.2
/2022/Law dated 27.07.2022).
8. Web & New Media (for publishing in the website).
9. Stock file/Office copy.

Forwarded /By order

Signed by

Dr Usha Kumari A

Date: 24-08-2023 08:59:31

Section Officer

Copy to :- PS to Hon'ble Chief Minister.

PS to Hon'ble Minister for Co-operation.

PA to Secretary, Co-operation.

CA to Joint Secretary, Co-operation.

Rs.100/Stamp Paper

GENERAL LOAN AGREEMENT

GENERAL LOAN AGREEMENT FOR AVAILING OF FINANCE FROM THE NATIONAL BACKWARD CLASSES FINANCE AND DEVELOPMENT CORPORATION Memorandum of Agreement made between _____ (Name of Channelising Agency) having its registered / principal / head office _____ (hereinafter referred to as the Channelising Agency) of the one part.

AND

National Backward Classes Finance & Development Corporation registered under section 08 of the Companies Act: 2013 and having its registered office at 5th Floor, NCUI Building, 3 Siri Institutional Area, August Kranti Marg, New Delhi-110016 (hereinafter referred to as NBCFDC of the other Part.

Whereas:

1. The channelizing Agency is desirous of granting loans margin money advances to members of backward classes for the purpose of income generating viable economic project / scheme setup / to be set up and for such other activities under various schemes as may contained in the Annual Action Plan may be approved by NBCFDC.
2. The channelizing Agency has requested the NBCFDC to finance such loans, margin money, and advances for income generating viable economic activities run / to be run by the members of backward classes on terms and conditions mutually agreed upon.
3. The NBCFDC have agreed to these proposals which may be with such modifications as NBCFDC may deem fit and proper. The terms of channelizing agency application in respect of the said financial assistance and its appraisal by NBCFDC will constitute the basis of this agreement and of the finance granted hereunder. Now it is hereby agreed by and between the parties hereto as follows:-
 - i. The NBCFDC may sanction financial assistance to the channelizing agency in the form of loan, margin money and advances (hereinafter referred as the said financial assistance) whether before or after the date of this agreement for income generating economic activities, scheme/project appraised, approved and agreed to be financed by NBCFDC on such terms and conditions including the rate of interest / service charges as the NBCFDC may from time to time decide.
 - ii. The loan assistance may be sanctioned by the NBCFDC in respect of the said loan, margin money and advances shall be disbursed in accordance with the demand of SCA / schedule of disbursement stipulated by the NBCFDC. The said loan assistance shall be repaid by the channelizing agency in accordance with the schedule of repayment indicated by the NBCFDC. The said schedule of disbursement and of repayment may be varied by mutual agreement.
 - iii. That for speeding up disbursement of the said loan, margin money and advance, the state channelizing agencies (SCAs) will submit sector-wise and need based action

plan every year in the month of February / March and may request for withdrawal of advance fund from the national corporation. NBCFDC, on the basis of availability of funds with National Corporation, Annual Action Plan submitted by the SCA and its past performance would advance of loan at the rate of interest fixed by NBCFDC from time to time till such time the advance is converted into loan account. In case of the SCA utilize the advance after 120 days till 180 days for any reason what so ever, in that event NBCFDC will charge applicable rate of interest on the amount not disbursed to the beneficiaries with stipulated time. In case the advance remain unutilized upto 180 days of its drawal by SCA, NBCFDC will charge enhanced rate of interest as applicable for the period the amount remained unutilized. The SCA will hence to refund the unutilized amount after 180 days.

- (a) The loan component of the said financial assistance after the advance is converted into loan amount shall carry interest at the minimum rate of 1% to 3% p.a. (chart annexed which form part of this agreement deed). The higher revised rates of the interest / service charge on un-utilized amount shall become effective from the date / dates intimated by NBCFDC to channelising agency in writing. All dues shall be payable on quarterly, half yearly or yearly basis as specified in the repayment schedule. In the event of default in three consecutive payment whether in principal, interest or service charges, NBCFDC reserves the right to charge penal interest as applicable.
- (b) The interest of loan to be charged from ultimate beneficiary by the channelising agency in case of all loans shall not exceed the rate of interest fixed by NBCFDC under various schemes as mentioned in the chart annexed.

In the event of revision in rate of interest NBCFDC, channelizing agency may charge interest by adhering to the written communication from NBCFDC with respect to the rate of interest charged from the ultimate beneficiaries.

The channelizing agency shall have an option to repay to NBCFDC forthwith on receipt of such intimation alongwith the entire outstanding interest there on.

If channelizing agency draws, receives advances or financial assistance from NBCFDC and does not disburse it further to the ultimate beneficiary or utilize it for the purpose for which it was drawn within a fixed period the channelising agency will pay interest at the normal bank rate not below 6% p.a. to be levied on quarterly basis to the NBCFDC on the undisbursed and unutilized amount for the period it is not disbursed or utilized after the expiry of stipulated period i.e. six months.

4. Channelising agency is granted moratorium period for repayment of principal and interest depending upon the nature of scheme and communicated accordingly.
5. Channelising agency shall arrange the guarantee of state Govt. / UT Administration or a guarantee from the bank approved by NBCFDC for timely repayment of instalment of loans and advances disbursed under this agreement together with interest thereon and other money as may become due and payable by the channelizing agency in terms of this agreement. The guarantee may be invoked by NBCFDC in the event of default by the channelizing agency either for the whole of the amount advanced under this agreement or for the amount advanced for the scheme project specified here under.
6. The channelizing agency shall hold the securities mentioned in the channelizing agencies application or any other correspondence pertaining thereto (including properties, particulars whereof are given in the security documents) as security for financial assistance to the beneficiaries.
7. The Channelising agency agrees and undertake that if and when ever realizes the said securities (including properties) referred to in clause 5 of any part thereof, it shall forth with pay over the NBCFDC all such realizations to the extent required to repay the channelizing agency's obligations hereunder and shall pending such payment hold all sums so realize for and behalf of NBCFDC.

8. Notwithstanding the fact that NBCFDC does not invoke the Govt. Guarantee or does not realize the overdue loan and interest from above mentioned securities, the NBCFDC shall have the right to deduct the overdue instalments of principal and interest from the loan or financial assistance sanctioned in the future for any project or scheme to the channelizing agency.
9. The scheme within investment limit of Rs.1,00,000/- may be branded under scheme name of "small business" and for such scheme, the SCA shall not send any activity wise proposal giving detail of plant, machinery, raw material and working capital. The SCA may sanctioned for the scheme of small business with unit cost of Rs.1,00, 000/-.
10. That the channelizing agency agrees that:-
 - (i) The entire amount drawn on advance form NBCFDC shall be disbursed within the fixed quarter and thereafter the said advance will be treated as loan and only in that event SCA would be entitled to withdraw further advance for next quarter in case amount received from NBCFDC utilized within stipulated period, no further advance will be paid by the NBCFDC unless the amount advance to SCAs is utilized.
 - (ii) The SCA would be required to submit sector wise and need based action plan every year in February / March.
 - (iii) The SCA will submit utilization certificate strictly within fixed interval as agreed between NBCFDC and SCA. The interest on advance funds / enhanced interest will be charged up to the date of submission of utilization certificate. The date of dispatch of utilization certificate by SCA will be the cut of date for conversion of advance in to the loan amount.
 - (iv) Any proposal for recasting the loan amount due to the delay in submission of utilization certificate shall not be accepted by the national corporation in that event the enhanced cost of scheme will be strictly shared by SCA as well as beneficiary. No wavier of enhanced interest will be allowed to SCA.

- (v) SCA will be at liberty to appropriate the amount from one sector to another on a case to case basis after approval of National Corporation. For balanced growth the SCA will be at liberty to utilize the funds as per need of the beneficiary within the same sector, the permission of NBCFDC for appropriation shall not imply extension of utilization period.
 - (vi) The SCA can only draw the next installment of advance when utilization report with regard to the previous advance has been submitted to NBCFDC alongwith list of beneficiaries.
 - (vii) To inspect periodically the scheme / project of beneficiary and to submit a report of inspection of NBCFDC periodically during the implementation and the NBCFDC, indicating the progress made by the scheme and whether and said financial help has been utilized by the beneficiary for the purpose for which they have granted and whether the beneficiary has crossed the Below Poverty Line / Double the poverty line (BPL/DPL) after availing NBCFDC loan assistance.
 - (viii) To furnish utilization certificate to NBCFDC regularly and other information as NBCFDC may required from time to time regarding the beneficiaries.
 - (ix) The NBCFDC shall have the right to inspect the account's of channelizing agency related to the project scheme undertaken with the financial assistance of NBCFDC.
 - (x) In case of continuous default in making payment of loan amount whether it is principal, interest, SCA would be liable to pay penal interest in addition to earlier rate of interest agreed hereto (between SCA and NBCFDC).
11. The channelizing agency shall ensure that the ultimate beneficiaries of the scheme / projects are within the eligibility criteria laid down by NBCFDC. The channelizing agency shall provide the list of beneficiaries by mentioning their names, family-income, (BPL / DPL), addresses and community. The channelizing agency shall further provide such other particulars on their website about the beneficiaries as required by NBCFDC from time to time.

12. That the channlising agency further agrees that notwithstanding anything contained in this agreement, the NBCFDC shall have the right by notice in writing to require the channelizing agency forthwith to discharge in full or in parts its liabilities to NBCFDC in respect of any of the said financial assistance, loan, advances provided by NBCFDC whether due or not upon the happening of any of the following events:
 - (a) The chanelising agency committing any default in making any payment or repayment in accordance with this agreement or any other agreement between the channelizing agency and the NBCFDC.
 - (b) The channelizing agency committing any breach or default in the performance or observance of this agreement and / or The channelizing agency's application and / or the provisions of financing schemes of NBCFDC and or any instructions issued by the NBCFDC from time to time.
 - (c) The channelizing agency's application or any enclosure thereto containing any false or untrue statement or information, turning out to be wrong or untrue as a result of supervising circumstances. On the question whether any of the above events has happened, the decision of the NBCFDC shall be final, conclusive and binding the channelizing agency.
13. The channelizing agency shall not withstanding any enquiry made by or information received to NBCFDC in respect of the credit of its constituents remain always as a principal debtor to NBCFDC for the due payment or any advance / finance granted by NBCFDC in respect of the said financial assistance. The channelizing agency agrees that in case it fails to repay on due date (s) the installment of principal and / or interest accrued thereon it shall be liable to pay gross interest without rebate compounded as per scheduled of payment / repayment.

14. The channelizing agency that in the event of repayment of principal and interest thereon the channelizing agency will pay to NBCFDC liquidated damage at the rate being the difference between the rate of interest charge by commercial bank on terms landing and the interest stipulated herein as agreed. That NBCFDC would suffer this loss in the event of default.
15. The channelizing agency shall repay the dues in time and if the dues are not paid in time a show cause notice be issued by NBCFDC to the channelizing agency for asking the channelizing agency to submit the reason within a month as to why the financial assistance should not be recalled. If no communication received within one month from the channelizing agency the NBCFDC has the liberty to take necessary action including invocation of guarantee in part or in full will presume that the channelizing agency has no reason to submit.
16. The channelizing agency agrees that NBCFDC shall have right to appoint / change or withdraw from time to time at least one director on the board of directors of the channelizing agency at any time during the currency of this agreement.
17. The instructions / circulars issued by NBCFDC from time to time and the letter of intent of various schemes sanctioned / to be sanctioned shall be deemed to be the part of this agreement.
18. In case of cost over run of scheme / project the channelizing agency shall arrange required funds either from themselves or from beneficiaries.
19. Any advertisement related to the scheme with the financial assistance from NBCFDC would cover the name of NBCFDC to the effect that scheme / project financed by NBCFDC.
20. This agreement shall be binding on the channelizing agency and NBCFDC on and from the date the last party signing the agreement and it shall be enforced till all the amounts due under the agreement are fully paid off.

21. That any dispute arises between the parties hereto shall be referred to the solo arbitrator to be appointed by the Chief Executive of the NBCFDC and the decision / award of such arbitrator shall be binding upon the parties hereto. The venue of the arbitration proceedings shall be at New Delhi.
22. That the Delhi Court will have the sole and exclusive jurisdiction to decide the issue of any dispute between the parties hereto.
23. That Channelising Agencies also agrees and undertakes that they will comply with all the directions provided by the NBCFDC from time to time.
24. The Channelising Agency agrees and undertakes that they are fully responsible if any order or direction passed by any legal authority including judicial, quaci-judicial or Forum against the NBCFDC, in that event the channelizing agencies comply the order or directions on behalf of the NBCFDC in dispute between chanalising agencies and their beneficiaries.

In witness whereof channelizing agency has caused its common seal to be affixed hereto and to a duplicate hereof and NBCFDC have caused the same on the said duplicate to be executed by the hands of Shri _____, Managing Director as hereinafter appearing.

1. The common seal of Channelising agency has pursuant to the Resolution of its Board of Directors passed in that behalf on the day _____ here into being affixed in the presence of Managing Director _____

Authorized persons who has signed counter signed the same in token thereof.

2. Signed and delivered by within name NBCFDC by the hand of _____ & authorized of NBCFDC.

WITNESSESS.