

EDC Citizen's Charter

GENERAL: EDC Limited was incorporated on 12th March, 1975 as a Public Limited Company under the Companies Act, 1956 and was originally known as the Economic Development Corporation of Goa, Daman & Diu Limited. It is popularly known as EDC and is a State Financial Institution set up by the Government of Goa with prime objective of promoting Industrial Development in state of Goa. EDC is registered as a Non Banking Financial Company (NBFC) with Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systematically Important (NBFC-ND-SI).

EDC is a Government of Goa Company controlled by the Board of Directors who are appointed by the Government, having representation from the Government, IDBI and Independent Directors being professionals, representative of Industries etc. EDC has been acting as a State Industrial Development Corporation (SIDC), besides being accorded the twin status of State Financial Corporation (SFC).

The Equity Paid up Capital of the Company is as follows:

1. Government of Goa	85.41%
2. IDBI Bank Ltd	11.43%
3. Administration of Daman	<u>3.16%</u>
Total	100.00%

OBJECTIVE: Main objectives of the Corporation are:

1. To effectively identify and assist the entrepreneurs in establishing successful business enterprises.
2. To extend project finance to units being setup in the Small and Medium Enterprise sector & for enterprises like hotel, tourism related services, hospitals etc.
3. To provide quality financial and related services on a continuous basis.
4. To motivate and involve employees to achieve the set organizational growth targets.
5. To encourage the employees to upgrade and enhance their knowledge and skills through effective training and development.
6. To transform the organization to a customer centric institution.
7. To implement some of the State Government schemes.

PROJECT FINANCE – TERM LOANS

EDC Limited offers a variety of loan schemes benefitting entrepreneurs. The eligibility criteria for these schemes depend upon the legal and financial viability of the proposed project. The lists of schemes are presented below:

1. General Term Loan Scheme.
2. Scheme of Financial Assistance against Mortgage of Immovable Properties.
3. Scheme of Loan Assistance for Construction Projects.
4. Composite Loan Scheme for EDC Clients with Good Track Record.
5. Scheme of Loan Assistance to State Government Agencies.
6. Scheme of Term Loan Assistance to Qualified Professionals.
7. Personal Loan Scheme.
8. Modified Interest Rebate Scheme 2012 (MIRS-2012).

For details of the above schemes, please log on to: www.edc-goa.com

PRELIMINARY INFORMATION: The Loans Department in EDC provides guidance to entrepreneurs in respect of the procedure, norms or any other aspect pertaining to availing of financial assistance by way of term loans for their projects.

LOAN APPLICATION: The applicant is required to file the Term Loan Application Form along with necessary enclosures and other required details. Please refer <https://edc-goa.com/wp-content/uploads/2021/09/Term-Loan-Application-Form-V2.0.pdf> for Term Loan Application Form and a checklist of documents required.

PROCESSING FEES (non refundable):

- **Personal Loan Scheme:**
 - 0.5% of the loan amount (plus applicable taxes).
- **Scheme of term loan Assistance to qualified professionals:**
 - For loans between Rs.5.00 Lakh to Rs.10.00 Lakh – Rs.5000.00 (plus applicable taxes).
 - For loans more than Rs.10.00 Lakh – 1% of the loan amount subject to maximum of Rs.2.00 Lakhs (plus applicable taxes).
- **All other Term Loans schemes:**
 - 1% of the loan amount subject to maximum of Rs.2.00 Lakhs (plus applicable taxes).

The processing fees to be paid shall be as follows:

On submission of the Term Loan Application Form: Rs.10,000.00 (plus applicable taxes)

Before submission of the Term Loan Appraisal Agenda to the Sanctioning Authority: Total processing fees payable less fees paid earlier.

MICRO FINANCE DEPARTMENT: Processes the following loans:

1. Chief Minister's Rojgar Yojana Scheme (CMRY)
2. Goa Tribal Employment Generation Program (GTEGP)

The loan is basically to finance projects with fixed assets which are to be secured by way of hypothecation/mortgage. The financing of current assets is to be considered on need based basis. The applicant should furnish application in prescribed form along with non- refundable processing fee as under:

1. CMRY Loan

- | | |
|------------------------|--------------------------------|
| a) Upto Rs. 50,000.00 | - Application form: Rs. 25.00 |
| b) Above Rs. 50,000.00 | - Application form: Rs. 100.00 |

Duly completed form to be submitted with application fees of:

- Rs. 200.00 for Loan upto Rs. 5.00 Lakh
- Rs. 500.00 for Loan upto Rs. 10.00 Lakh
- Rs. 1000.00 for others
- SC/ST applicant will be charged uniform application fee of Rs. 200.00 irrespective of the loan amount.
- Loans upto Rs. 50,000.00 will not be charged application fees.

2. GTEGP Loans

- Application form: Rs. 25.00
- Duly completed form to be submitted with uniform application fees of Rs. 200.00 irrespective of the loan amount.

All the above non-refundable processing fees are exclusive of GST and which are payable at the applicable rates.

Means of Finance of CMRY and GTEGP:

(A) CMRY Scheme

Sources	Category		
	General (Men)	OBC/ Women/ Disabled	SC/ ST
Interest Free DITC Share Capital	50%	50%	80%
EDC Term Loan	40%	45%	15%
Promoter's Contribution	10%	5%	5%

(B) GTEGP Scheme

Sr. No.	Types of Activity	Maximum Project Cost	Subsidy Applicable on loan amount	Maximum Working Capital limit	Promoter's Contribution
1.	Micro & Small Manufacturing Enterprises	Rs.25.00 Lakhs	40%	35%	5%
2.	Service Enterprises	Rs.15.00 Lakhs	40%	80%	5%
3.	Trade Enterprises	Rs.15.00 Lakhs	40%	80%	5%

Collateral Security for CMRY/ GTEGP:

(1) Loan upto Rs.2.00 Lakhs:

- (a) In case the applicant is married only Personal guarantee of the applicant and spouse as a confirming party.
- (b) In case the applicant is unmarried, Personal guarantee of the applicant and parent/ relative to be considered as guarantor.

(2) Loan above Rs.2.00 Lakhs to Rs.6.00 Lakhs:

- (a) In case the applicant is married the spouse as the Confirming party plus third party guarantor (one or more) to be taken.
- (b) In case the applicant is unmarried the parent/relative in addition to third party guarantor (one or more) to be taken.

Such a guarantor could be an employee of the Government of Goa /Corporations of Government of Goa/ Autonomous Body/ Government Aided and other Institutions controlled by the Government of Goa/ Companies of repute to the satisfaction of the TFC provided they are regular employees working for more than 10 years or any other person with taxable income of minimum Rs 5.00 Lakh for preceding 3 years, with take-home salary commensurate to the EMI of the loan or a person owning an unencumbered immovable property in Goa, the value of which should commensurate to the loan amount.

In instances wherein the applicant/ parent/ relative/ Guarantor (whosoever form part of the application) submits a House Tax Receipt only and is unable to support with other ownership documents the Appraising officer could consider such cases by proper assessment.

(3) Loan above Rs.6.00 Lakhs:

- (a) In case the applicant is married the spouse as the Confirming party plus third party guarantor (one or more) to be taken.
- (b) In case the applicant is unmarried the parent/relative in addition to third party guarantor (one or more) to be taken.

The applicant shall also provide Notarized copy of ownership documents of the unencumbered immovable property owned by any one i.e. guarantor/s or applicant/spouse or parent/ relative (in case of unmarried), commensurate to the loan amount to be provided.

APPROVING AUTHORITY: The Loans Department has discussions with the applicant, scrutinizes the application and prepares an Appraisal Agenda. The proposal is then placed before the approving authority. The approving/ sanctioning authority for term loans is as under:

Loans upto Rs.100.00 Lakhs	-	Managing Director
Between Rs.100.00 Lakhs to Rs.250.00 Lakhs	-	Committee of General Managers
Between Rs.250.00 Lakhs to Rs.750.00 Lakhs	-	Subcommittee of EDC Board for sanction of Term Loan
Above Rs.750.00 Lakhs	-	Board of Directors

The Micro Finance Department has discussions with the applicant and accepts financially viable proposals which could be considered as per acceptable norms for financial assistance under the scheme.

Thereafter, on scrutiny of the application, an Appraisal Agenda is prepared which is placed before the CMRY-Task Force Committee (CMRY-TFC) for screening and sanctioning respectively in the case CMRY scheme; and in case of GTEGP scheme, the GTEGP- Task Force Committee (GTEGP-TFC) for sanction. All CMRY and GTEGP Loans are placed under Deputy General Manager (MFD).

All CMRY applications pertaining to vehicles upto Rs. 6.00 Lakh and general applications upto Rs. 2.00 Lakh are put up to Joint MD or in his absence to Managing Director for sanction which is subsequently placed before the Task Force Committee (TFC) for ratification.

The Task Force Committee (TFC) consists of members (CMRY/GTEGP) appointed by the Government from time to time. The GTEGP loan applications are placed before the GTEGP Task Force Committee for sanctions.

The sanction of loans (Term Loans/ CMRY/ GTEGP) is normally communicated to the applicant within 7 days from the date of approval. This is enclosed with special terms and conditions stipulated along with the general terms and conditions applicable for financial assistance. A brochure which explains "How to obtain EDC funds faster" along with mode of repayment of loan copy is furnished to the applicant along with sanction letter. The sanction letter is issued by the concerned Head of Department i.e. GM (Loans) / DGM (MFD).

ACCEPTANCE: The applicant is expected to convey their acceptance within 15 days from the date of receipt of the sanction letter.

DOCUMENTATION: On acceptance of the terms and conditions, the applicant has to approach the Legal Department which starts preparing and approving the legal documents based on the terms and conditions stipulated. The Legal Department seeks various documents, records, consents and also the compliance of requisite terms and conditions before execution of the documents. In case there is need for title investigation of the property considered for security, the same is referred to the Advocate on the panel of the Corporation. The draft documents are prepared within 15-30 days from the submission of complete information required by the Legal Department.

INTEREST RATE: The interest rate (floating basis) structure currently applicable for Term Loans is as under:

Loan Amount	Interest Rate
Upto Rs.50.00 lakhs	9.50 %
Above Rs.50.00 lakhs upto Rs.100.00 lakhs	9.50 % - 11.50 %*
Above Rs.100.00 lakhs	9.50 % - 12.50 %*

***Based on Modified Credit Rating for fixing interest rate**

The interest rate (floating basis) structure currently applicable for Personal Loans, CMRY & GTEGP is as under:

For Personal Loan Scheme - 9.50%.

For CMRY Loans - 8% p.a.

For CMRY Loans to women entrepreneurs - 6% p.a.

For GTEGP Loans - 2% p.a.

The interest rates are subject to revision from time to time.

PENALTY CLAUSE: The penalty clause is as below:

In the event of default in the payment of any EMI under the CMRY Scheme, penal interest @ 2% p.a. on EDC Term Loan and 8% p.a. on DITC Share Capital or at such rates as may be decided from time to time in addition to the normal rate of interest will be charged on the defaulted amount for the defaulted period.

In case of default in the payment of Term Loan interest, the interest due will be capitalized and will attract penal interest @4% in addition to the normal rate of interest on the amount so capitalized. In the event of default in the payment of any installment on account of principal, penal interest @4% or at such rate as may be stipulated by the Corporation from time to time in addition to the above normal rate of interest will be charged on the defaulted amount for the defaulted period.

REPAYMENT PERIOD: The repayment schedule is decided based on the profitability estimates, cash generation and debt servicing capacity of the project. The maximum term loan repayment period for all the above mentioned schemes (except Scheme of Loan Assistance for Construction Projects and Personal Loan Scheme where the maximum repayment period is 5 years) is 8 years. The Corporation also provides a moratorium period of up to 2 years on case to case basis. This moratorium period applies to repayment of principal installments only.

The CMRY loan shall be paid (including moratorium of maximum 1 year) in monthly installments in 5 years for cases with Current Assets over 50% of the project cost and transport vehicles and 7 years for other loans. Whereas 5 to 10 years in case of GTEGP scheme.

DISBURSEMENT: On execution of the necessary and requisite legal documents, the applicant is entitled to avail the loan on compliance of terms and conditions and as per the procedure laid out. The applicant should make a request for disbursement in writing in the prescribed format along with compliance / submission of –

- a. Terms and Conditions of sanction
- b. Consents and approvals for the project as mentioned in the sanction letter.
- c. Chartered Accountants certificate of Capital Position and Investment towards the project.
- d. Invoices / bills for assets against which disbursement is claimed
- e. Valid and adequate insurance.

Every disbursement is normally made within 5 days after filing the claim and on compliance of requisite terms.

Also in case of CMRY/ GTEGP loans the applicant should make a request for disbursement in writing in the prescribed format along with compliance / submission of –

- a. Terms and Conditions of sanction
- b. Consents and approvals for the project as mentioned in the sanction letter.
- c. Disbursement Claim
- d. Loanee's Undertaking for Disbursement Against Proforma Invoice.
- e. Supplier's Undertaking for Disbursement Against Proforma Invoice.
- f. Invoices / bills for assets against which disbursement is claimed
- g. Corpus Fund Receipt.

The disbursement is normally made in minimum two installments. The first disbursement is normally within 5 days after filing the claim and on the compliance of requisite terms. The subsequent disbursements upon completion of Assets verification by CMRY/GTEGP - Recovery Department and/or Engineering Department as the case may be.

Subsidy: In case of CMRY scheme, an amount equal to 20% of the equated monthly installments (EMIs) (which corresponds to approximately 25% of the principal component of the EMIs) paid towards Capital investment, within the due date, on the EDC term loan and DITC share capital, shall be credited to the loan account of the beneficiary, as subsidy, under "Goa State 25% Subsidy For Self Employed – 2015", on receipt of the amount from Government/ DITC, subject to fulfilling terms and conditions for availing the said subsidy.

Subsidy shall be available only on fixed Capital investment and shall not be paid on working capital investment and on the defaulted EMIs. Subsidy can be resumed on payment of defaulted

EMIs but only for the balance amount or for fresh EMI. Whereas in case of GTEGP, 40% direct subsidy on the total loan amount i.e. 95% of the project cost is available.

VERIFICATION AND VALUATION: Before every disbursement, the designated Recovery Officer is expected to inspect the site and verify the assets against which disbursements are being made and give the follow-up/verification report. However, in cases where disbursements are made against Proforma invoices, the assets are verified after the disbursement. As regards disbursement against land/ building the same is subject to valuation by the Corporation's Civil Engineer.

APPROVAL FOR CHANGES/ MODIFICATIONS IN THE TERMS & CONDITIONS OF SANCTION: Any special changes prior to first disbursement or any major changes in the terms and conditions will have to be approved by the Competent Authority on examination of the request made being in compliance with the procedures and stipulated norms.

In case of changes in the suppliers / specifications of plant and machinery / furniture's etc. and / or reallocation of project cost or change in the location of the unit, the borrower has to furnish application in writing, along with the non-refundable processing fees as applicable.

INSTALLMENT AND INTEREST NOTICES: Every borrower is sent the notices of the installment/ Equated Monthly Installment (EMI) as and when due. Besides, every assisted unit/ borrower is sent quarterly interest notices indicating the interest dues for the quarter along with earlier dues if any. The rate of interest is charged as per agreed terms.

The borrower should contact EDC office immediately in case of discrepancy, if any in the notice or if the notices are not received in time. The status of interest and term loan account of the concerned borrower can be handed over to the borrower as and when needed.

In case the borrower desires the working of interest calculations, as also the principal amount outstanding and over dues, the same can be furnished to the borrower within 2 working days. The breakup of penal, compound and simple interest can be furnished to the borrower as and when sought for within 5 working days.

FOLLOW-UP & RECOVERY: The operations of Follow-up and Recovery Department are placed under General Manager.

The concerned recovery officer makes frequent visits to the assisted units in his area as a follow-up to see the progress of the working of the unit, its operations etc.

Visits, reminders, discussions and persuasion are made for recovery of dues in time. In case of consistent and deliberate defaults, **coercive** action under Section 29, 30 and 31 of the SFCs Act or SARFAESI or **Public Moneys Recovery Act (PMRA)**, Recovery of debts due to Bank (DRT), **Insolvency and Bankruptcy Code (IBC)/ NCLT** or any other action under available provisions of the law is taken.

REPHASEMENT: In case the borrower avails substantially less amount as compared to the sanctioned amount, he can approach for rephasing of the schedule of payment for the outstanding amount as compared to the originally sanctioned amount. This is normally appraised by the concerned area officer and put up for approval of Managing Director. This reduces the amount of installment, keeping the number of installments almost the same.

RESCHEDULEMENT/ RESTRUCTURING: In case the account becomes sub standard or doubtful due to unavoidable circumstances and / or adverse market conditions, the borrower can seek reschedulement of outstanding liabilities. This shall however be considered as per the policy of the Corporation as applicable to a category of borrowers only.

The detailed guidelines are framed from time to time for reschedulement/ restructuring of such accounts. The borrower shall have to discuss with the Follow-up and Recovery Department and has to make an application for the same by payment of the prescribed fees.

AUCTION: The units attached under Section 29 of the SFC's Act 1951 or SARFAESI Act after sending show cause and recall notice, are then publicly auctioned for sale. Advertisements in newspapers are issued and tender papers are sold for each units being auctioned. The cost of the tender document varies on case to case basis. The tender papers accompanied by Earnest Money Deposit (EMD) specified therein should be submitted to EDC Limited. The information about units available for sale, current public notice for sale, description of assets is displayed on the website of the Corporation (www.edc-goa.com).

Interested parties should participate in auction between tenders. The sale of assets is on cash basis with 30% of total of purchase price (including EMD) to be deposited within 10 days of date of letter of acceptance and balance within 30 days from date of letter of acceptance. On receipt of full payment of the auction the assets will be got transferred in the name of the buyer. Before accepting the bid offer, the original borrower will be given the first preference on the same terms to pay a higher amount than the highest bid offer.

DISCHARGE/ NO DUES: No dues certificate along with discharge of the securities i.e. the release of original documents is issued within 15 days from the last payment and the request made by the Borrowers.

PUBLIC GRIEVANCE CELL/ GRIEVANCE BOX: Whenever there is any grievance or any difficulty encountered by the entrepreneur/ client, he can contact the concerned Deputy General Manager or General Manager or Chief General Manager or Joint Managing Director / Managing Director to redress his grievance(s).

Shri Sayeesh Prabhu, Manager (Law) is the Public Grievance Officer who handles all types of complaints and a reply wherever necessary will be given within 15 days on the subject matter, after having necessary clarifications/ consents/ approvals, etc.

The complaints can be handed over directly to the office of the Public Grievance Officer or placed in the Grievance Box which is kept at the entrance of the office.

The Corporation is following the Standard Operating Procedures (SOP), EDC Citizens Charter and internal orders are issued from time to time for decision making purposes, supervision and accountability.

SYSTEM: The Corporation has devised its objective of extending financial assistance for the industrial and economic development of the State. The procedures have also been well laid out for different functions. The systems are being continuously modified/ improved/ updated, based on the changing environment taking into consideration various aspects of public services rendered by the Corporation. Accessibility, transparency, efficiency, effectiveness, quality, speed and simplicity of procedures with responsibility and accountability and empathy of the entrepreneurs are considered as the main aspects and the elements in the Citizen's Charter. Hence it is advisable that the entrepreneur first visits this office and understands the system, procedure, prevailing terms and conditions, etc.

A Standard Time Chart for the various services provided is annexed.

It may be noted that mere compliance of all requisite formalities does not entitle an entrepreneur to avail financial assistance from the Corporation. Each proposal received by the Corporation is considered on its merits of technical, commercial, financial, economic, environmental, managerial aspects etc. in addition to the Corporation's own experience in financing similar projects.

STANDARD TIME CHART

Sr. No.	Particulars	Pre-requisites	Sanctioning / Issuing Authority	Time (Working days)
1.	Term loan sanction	<ol style="list-style-type: none"> 1. Detailed application with application fees 2. All enclosures including - <ol style="list-style-type: none"> i) Detailed Promoters background / Bio Data ii) Land details/ ownership iii) Civil work estimates and plans iv) Quotation of moveable assets v) Consents and approvals. vi) Market/Sales report vii) Profitability and cash flow statement 	<ol style="list-style-type: none"> a) M.D. - Upto Rs.100.00 Lakhs b) GM Committee-- Rs.100.00 to Rs.250.00 Lakhs c) Subcommittee of EDC Board for sanction of Term Loan -- Rs.250.00 to Rs.750.00 Lakhs d) Board – Above Rs.750.00 Lakhs 	30-90
2.	Term loan sanction letter	Approval by concerned authority / minutes	HOD / GM (Loans)	7
3.	Legal Documentation	Execution of legal documentation after receipt of Acceptance letter and submission of necessary documents by the borrower	HOD / GM (Law)	30
4.	Disbursement	<ol style="list-style-type: none"> 1. Disbursement claim 2. Raising of promoters funds. 3. CA's Cert. of capital position and investment made 4. Valuation of land and building if applicable 5. Compliance of terms and conditions 6. Insurance & Verification report 	HOD / GM (Loans) / Disbursement Officer (Disbursement Division)	5
5.	Amendments / changes in the project	Request by unit with justifications	M.D.	5