

MOU BETWEEN SIDBI AND IIA FOR MSME LOANS

Objective:

To facilitate MSME in getting SIDBI Loans easily and facilitate SIDBI evaluation of the project proposals

MOU Signing function:

MOU signed on 9th November 2011 by President IIA and CGM SIDBI in the presence of all the top Management team of SIDBI including Chairman and Managing Director Mr Sushil Muhnot, Dy. Managing Director Mr N.K.Maini, Executive Directors Mr V.S.Rathore and Mr N.Raman in a function held at Hotel Clarks Awadh Lucknow.

Salient features of the MoU

1. Financial assistance from SIDBI will be provided to a member unit of IIA which is in existence for minimum 3 years with profit for 2 years, for meeting capital expenditure.
2. Limit : Rs. 50 lakh with interest at PLR (presently 12.75% - floating]. Loan will be repayable in 60 months with 3 month's moratorium. No collateral security will be applicable if CGTMSE cover is obtained.
3. IIA would recommend individual MSME customers to SIDBI with loan application in prescribed form. When sanctioned, a copy of the sanction letter will be marked to IIA.
4. Disbursement requests will be submitted by assisted unit alongwith proforma invoice/CA certificate about raising of promoter's contributions, through IIA.
5. IIA would certify about implementation of project/installation of machinery by individual units, will follow-up with units for dues and financial statements, etc. and shall provide early warning signals to SIDBI. IIA shall deploy qualified personnel for the work.
6. Upfront fee up to 1% of sanctioned amount.
7. The MoU is applicable for IIA members in UP where SIDBI has an office, and shall be valid initially for one year. The mechanism will continue till the relative loan is fully liquidated.