

# LENDING POLICY



**BSMFC**

**BIHAR STATE MINORITIES FINANCIAL CORPORATION LIMITED**

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# Prologue

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Bihar State Minorities Financial Corporation Limited (BSMFCL) Is an Apex Corporation which is implementing its mandated work of implementing the schemes of Minority Welfare Department, Government of Bihar. Lending Policy plays a pivotal role in smooth and proper application as well as operation of the schemes. The Corporation framed its Lending Policy at the time of its inception, but with passage of time additions and deletions have taken place.

My unquenchable thirst, to collect and collate orders issued in this regard from time to time, has resulted into compilation of this booklet. The idea behind this was also to carry out a review and remove inconsistencies and inapplicable clauses.

All efforts have been made to compile this book as systematic and as exhaustive as possible. I am sure this will help in ease of doing business. Suggestions to plug gaps, if noticed any, are welcome.

Md Moez Uddin

(MD,BSMFC)

# LENDING POLICY

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## AIMS AND OBJECTIVES

- a)** Bihar State Minorities Financial Corporation Limited (BSMFCL) was incorporated as a Govt. Company on 23<sup>rd</sup> March, 1984 under Section 617 of the Companies Act, 1956. (Now the Companies Act 2013).
- b)** The Corporation has been set up to promote economic and Minorities. The "Muslims", "Christians", "Sikhs", "Buddhists" and "Parsis" have been notified as Minorities by the Central Government under the National Minorities Commission Act, 1992. "Jain" community was also added in the list of notified Minority Communities in January, 2014.
- c)** As per the Memorandum of Association the following are the main objectives of the Corporation:
  - 1. To aid, assist, promote, encourage, undertake, co-ordinate, organise, establish, develop, extend and render financial help and assistance by way of loan or otherwise to the financially and socially weaker and needy members of the religious minority communities residing in the State of Bihar and with a view to secure and bring their economic development and upliftment and to improve their means and standard of living to help and assist them in establishing and setting up agriculture, animal husbandry, village, cottage and small industries of every description,. Carrying on any trade or business and to do all other works and activities allied to or required to be done and preformed for the attainment

of the above objects of the Company except the Banking business as per the Banking Regulation Act, 1949.

The expression "religious minorities" means and includes Muslims, Christians, Anglo-Indians Budhists, Sikhs, Brahmo-Samajist, Arya-Samajist and all other minorities based on religion, whose population is less than fifty percent in Bihar, Only those members of the minority communities will be entitled to get financial assistance from the Corporation whose family's annual income & land holding does not exceed the limit specified by the State Government from time to time.

2. To finance, aid, co-ordinate, organize, secure and provide, loans, advances, secured or unsecured, guarantees, securities and other forms of financial assistance to the eligible members of minorities communities for the promotion, establishment and development of projects and schemes to be undertaken executed and/or assisted in the fields of integrated development of agriculture including land use, irrigation, communication, animal husbandry, fisheries, dairies, pisciculture, forestry, seed multiplication, grass farms, nursery pasturers, orchards, plant protection service, agricultural inputs, storage and distribution, manufacture repair and service centres, agro-processing units, transportation and marketing services, and agro-based rural industries.
3. To carry on the business for providing finance by way of loan to eligible members of religious minority communities in the State of Bihar by way of :
  - Lending money with or without security and making advances upon or holding in trust any of the securities or invesments or acting as agents for any of the above or the like purposes;
  - Participating in capital of industrial enterprises, with a view to promote industrial enterprises or assisting them.
4. To provide consultancy services including identification of industries to be established, inviting, keeping liason with intending entrepreneurs, conducting negotiations with bankers and financial institutions on their behalf to secure loans and other assistance,

co-ordinating with the State and Central Governments and other bodies and agencies both Governmental and non Governmental who are engaged in similar objects as of this Company.

### **EQUITY STRUCTURE**

BSMFC was incorporated with an Authorized Share Capital of Rs. 20 cr.

Subsequently, the Authorized Share Capital has been enhanced in several steps & now it is 80 Cr. BSMFC

### **FINANCIAL ASSISTANCE SCHEMES**

- a. The mandate of the Corporation is to provide concessional credit for self-employment activities to the backward sections amongst the Minorities comprising of Muslims, Christians, Sikhs, Buddhists, Parsis & Jains.
- b. Mukhyamantri Alpsankhyak Rozgar Rinn Yojan aims to provide loan (up to Rs. 5,00,000) to the youth of minority communities for employment generation.

# Mukhyamantri Shram Shakti Yojna

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The Mukhyamantri shram shakti yojna of BSMFC aims at imparting skills to the targeted individual beneficiaries leading to self/wage employment.

## **Brief detail of this scheme is as under:-**

Sr. no	Parameters	Particulars of the Parameters
1.	Base cost of Training	The present per hour fee (all inclusive) is as given below. Category I – Rs. 46.70 per hour Category II – Rs. 40.00 per hour Category III – Rs. 33.40 per hour
2.	Duration	Course dependent
3.	Stipend	Rs. 1500/- per month per trainee, to be borne by BSMFC ( in case of non-residential training centre)
4.	Means of Financing	100% cost will be borne by the BSMFC including stipend.

# Mukhyamantri Alpsankhyak Rozgar Rinn Yojna

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## Sanction of Loan

Advertisement is published about availability and submission of application at DMWO Offices. Loan amount is transferred to the bank account of applicants selected by the Selection Committee and approved by the MD, BSMFCL.

## Disbursement of Loan

After Sanction Order is issued, money is transferred to the account of the beneficiary by RTGS.

If sanctioned amount is:

1. More than 1 lakh (per unit of equipment or machines, etc.) - it is transferred to the vendor's account after receiving quotation or performa bill.
2. Less than one lakh – transferred directly to the applicant's account.

## Moratorium Period

A grace period (Moratorium) of 3 months is offered to the beneficiary for stabilizing the business activity financed under BSMFC loaning program. During this period, it is expected that the turnover of the business would gradually increase to a sustainable level when the business is able to generate sufficient surplus, for repayment of the loan.

## Repayment Period

The loan availed under Mukhyamantri Alpsankhyak Rozgar Rinn Yojna scheme shall have to be repaid by the beneficiaries over a maximum period of five years after the expiry of moratorium period at quarterly installments.

## Security for Beneficiaries to Avail Loan Under the Scheme

- Upto 1 lakh: Self guarantee/guarantee by a person who has/ whose either parent has a rent receipt/ other related document for guarantee.
- More than 1 lakh: A govt/semi-govt/bank/ autonomous body employee (at least 5 years of service remaining), income tax payee, Anganbadi workers, teachers from Registered Madarasas, permanent teachers or mutawalli from registered waqf who has immoveable properties of equitable mortgage.

## Simple Interest

After 3 months moratorium, 5% simple interest will be levied on loan amount.

## Penal Interest

Failure to pay the EMIs on time will lead to compounded interest being recovered at the end of FY.