

OUR MOU WITH SIDBI UNDER Loan Facilitation Service (LFS)

Our Bank joined hands with SIDBI in this LOAN FACILITATION SERVICE scheme of financing MSMEs and signed a MOU on 11.1.2013 at Chennai .

Salient features of this scheme are furnished hereunder.

Loan Facilitation Service (LFS)-Features

- The key objective is to set up a suitable ecosystem for generating rated and validated proposals from MSE/Service Sector complete in all respects to be offered to Banks for consideration of sanction.
- Make available timely and adequate credit to MSME sector and also augment credit flow to MSME sector

The above facilitation process would be done with support of network of partners including Accredited Consultants, Rating Agencies, Banks etc.

The role / responsibility and proposed timeline of the partners is, as indicated below:

Particulars	Accredited Consultants	Rating Agency	MOU with Banks
Role / Responsibility	Creation of Basic Information Memorandum which contains validated information required by rating agency/banks	Independent / assessment / rating / limited due diligence	Considering assistance
Time Expected	3 weeks	2 weeks	3 weeks

LFS is expected to enhance the flow of credit to MSME on the above lines under partnership from various public sector banks.

OPERATIONAL ARRANGEMENT UNDER LFS:

- SIDBI would work through a network of trained and accredited consultants (ACs) for preparation of a "Basic Information Memorandum (BIM)" which will contain all the information required by rating agencies

for rating the proposal and banks for considering credit. BIM along with other documents will flow through SIDBI to a designated RBI approved rating agency for due diligence and rating. Subsequently it will be submitted to us for considering assistance. The system aims to address the current problems such as incomplete application/data from applicants, delays in credit delivery by banks, etc.

- In respect of normal term loans and working capital, the proposal would be forwarded by SIDBI to us. The complete proposal containing Basic Information Memorandum (BIM) along with rating would be forwarded to us by SIDBI for our consideration of sanction. The proposals received from SIDBI will be sent to the nearest Branch to the applicant.
- The loan proposals, subject to a minimum threshold level to be decided mutually by the parties both for working capital and term loan may be accepted. Bank shall take the minimum level of credit limit as Rs 25 lacs to be considered under the facility.
- Fees to be charged from the borrower in connection with the loan syndication service will be mutually decided by SIDBI and IOB in consultation with the other stake holders.

CONCLUSION:

Our partnering with SIDBI under their Loan Facilitation Service (LFS) will pave way for receipt of proposals with Due Diligence/Rating done and BIM with all requisite details which will enable sanction of proposals at the quickest turnaround time.

❖ FOR FURTHER DETAILS PLEASE CONTACT NEARBY BRANCH/ REGIONAL OFFICE
