

The Tamilnadu Industrial Investment Corporation of Limited,
692, Anna Salai, Nandanam, Chennai – 600035.

**Statement showing compliance of Guidelines on Fair Practices
Code for Lenders issued By RBI / SIDBI**

1. Applications for Loans and their Processing

a. Application form: The entrepreneurs shall apply in the prescribed application form obtained from Head Office or Branch Offices of the Corporation **on free of cost** together with the particulars required for the processing of the Application. It can also be downloaded from our website http://www.tiic.in/appln_download.html.

b. Registration Fees: The applicant has to remit Registration Fees at the time of registration of the application. The Registration Fee is Rs.5000/- for loans to be considered by Branch Sanction Committee. In respect of loans to be considered by Head Office, the Registration Fees is Rs.25,000/-.

c. Investigation Fees: The Investigation fees is inclusive of Registration Fees and is payable by the applicant before the loan proposal is placed in the respective sanction committee.

(i.) Investigation Fee Structure

Amount of Loan	Investigation fees incl. Regn. Fees (Rs)
Loans upto Rs.10.00 lakhs	Rs.5000/-
Loans above Rs.10 lakhs and upto Rs.50 lakhs	Rs.10000/-
Loans above Rs.50 lakhs and upto Rs.100 lakhs	Rs.30,000/-
Loans above Rs.100 lakhs and upto Rs.200 lakhs	Rs.40,000/-
Loans above Rs.200 lakhs and upto Rs.300 lakhs	Rs.50,000/-
Loans above Rs.300 lakhs and upto Rs.2000 lakhs	@ 0.20% upto maximum of Rs.2.00 lakhs
Loans above Rs.2000 lakhs	Rs.5,00,000/-
Passenger Auto Rickshaw	Rs.500/-

50% concession in investigation fee for applications received in Loan Melas/ Customers meets organized by TIIC.

(ii) Refund in the case of rejection of loan application :

- a. Initial Registration fees will not be refunded.
- b. The balance investigation fee paid as second installment shall be considered for refund at the rate of 50% on balance fees paid if the applicant withdraws the proposal before sanction.
- c. If the loan application is rejected by the Corporation or the applicant withdraws the application after the sanction of loan, no reimbursement will be considered.
- d. No refund of investigation fee will be considered for those cases where 50% concession in payment of investigation fee is extended.

(iii) Pre-closure Terms:

a. No preclosure premium will be collected where the document rate of interest on a loan is equal to or less than the current rate of interest.

b. For other cases, Pre-closure premium of 1% p.a. will be collected for pre-closure of term loans by borrowers on the preclosed amount being the amount paid ahead of repayment schedule for the unexpired period excluding rebate for prompt payment if any.

b (i). Acknowledgement of Loan Application :

Acknowledgement is issued on receipt of loan application as detailed below.

Received from M/s..... an application for
 Term Loan of
 consideration of Rs..... lakhs.

(ii) Time schedule within which loan applications upto Rs.2.00 lakhs will be disposed of

Time schedule for disposal of loan application upto Rs.2 lakhs will be indicated in the acknowledgement as detailed below :

1. Received from M/s.....an application for consideration/ Sanction of Term Loan (Loan below Rs.2 lakhs)
2. Time schedule for disposal of Loan application upto Rs.2 lakhs - Maximum of 18 working days.

c. Immediate communication of reasons for rejection of loan application :

Reason(s) for rejection are communicated then and there within the stipulated time.

2. a. Loan appraisal and terms and conditions :

Margin and security stipulations are treated as part of compliance of certain norms for consideration of financial assistance. Promoters' credit worthiness is individually assessed by the Office based on the qualification, experience, networth statement of the promoters, banker's opinion, local enquiry about the promoters etc.

b. A copy of the terms and conditions duly signed by the borrower :

Soon after sanction the same is communicated to the clients. Only after acceptance further process starts.

c. A copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement should be furnished to the borrower.

Corporation is providing a copy of all enclosures in the loan agreement to the borrower.

d. Loan agreement should clearly stipulate credit facilities that are solely at the discretion of lenders and that the lender does not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.

The above is stipulated in the Terms and Conditions document for loans sanctioned.

e. Decisions on consortium financing :

Whenever consortium financing is done, all agencies are consulted each other in all actions.

3. (a) Disbursement of Loans :

Loan sanction is to be disbursed quickly; change in rate of interest, service tax etc. are to be informed to the borrowers and the same is to be effected prospectively.

Subject to fulfillment of terms and conditions of sanction order, loan sanction is quickly disbursed after capital upfront clause is satisfied. Change in the rate of interest, service tax etc. are communicated to the borrowers individually and the change in the rate of interest, levy of service tax, etc. are effected only prospectively.

4. a. Post Disbursement Supervision :

Post disbursement supervision by lenders, particularly in respect of loans upto Rs.2 lakhs, should be constructive with a view to taking care of any "lender-related" genuine difficulty that the borrower may face.

Being followed.

b. Foreclosure Notice / Acceleration of repayment schedule :

Foreclosure Notice/Acceleration of repayment schedule is done by giving due notice to the borrowers.

c. Return of security documents :

Corporation is returning the security documents to the borrowers after repayment of the loan account.

5. General :

a. Interference in the affairs of the assisted units :

Corporation is not interfering in the affairs of the borrowers except for those provided in the terms and conditions of the loan sanction.

b. Discrimination in Lending :

Corporation is not making any discrimination in lending on the grounds of sex, religion, caste etc.

c. Harassment of borrowers at the time of recovery :

Corporation is following a systematic procedure in respect of recovery and no borrower is harassed at the time of recovery.

d. In case of swap / take over of loan, objection of the lender, if any, should be conveyed within 21 days from the date of receipt of application.

Instruction issued in this regard has been taken note of.

e. Grievance Redressal Mechanism

TIIC has already established a Grievance Cell and the Managing Director of the Corporation is hearing the grievance and disposing off the same.

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