

# **PUNJAB SCHEDULED CASTES LAND DEV.& FINANCE CORPORATION CHANDIGARH.**

## **LOAN REGULATION**

In exercise of the powers conferred by Section 34 of the Punjab Scheduled Castes Land Development & Finance Corporation Act, 1970, the Board of Directors hereby make the following Loan Regulations.

### **INTRODUCTION**

#### **1. SHORT TITLE:**

These regulations may be called “ The Punjab Scheduled Castes Land Development & Finance Corporation, Loan Regulations, 1972.”

#### **2. COMMENCEMENT:**

These Regulations shall come into force with effect from 16.11.1972.

#### **3. DEFINATION**

In these Regulations unless there is anything repugnant in the subject or context:

- a) “The Act” means the Punjab Scheduled Castes Land Development & Finance Corporation, Act, 1970.
- b) “Chairman” means the Chairman of the Corporation.
- c) “Loan Committee” means the Committee constituted by the Executive Director for recommendation of various loans to the members of the Scheduled Castes/ Handicapped persons / safai karamcharis.
- d) “Family” means a unit consisting of parents and minor and major children who are living with their parents and are also dependent upon them.
- e) Other expressions have the meaning respectively assigned to them in the Act.

#### **4. PERSONS ENTITLED TO LOANS**

Any person may apply for loans to the Corporation Who:-

- i) is a member of the Scheduled Castes and is in the age given between 18 and 50 years and Safai Karamcharis and their dependents and handicapped persons as per term and conditions of NSKFDC and NHFDC respectively.
- ii) is a permanent or ordinarily a resident of Punjab ;
- iii) If the annual income of his family is less than such sum as may be specified by the State Govt./National Corporation i.e.NSFDC, NSKFDC & NHFDC from time to time.
- iv) Satisfied other conditions, if any, prescribed for entitlement of loan by a Loan Committee.

Provided that the Directors on the Boards of Directors of the Punjab Scheduled Castes Land Development & Finance Corporation shall not be entitled to any loan from the Corporation. Provided further that the amount advanced as loans by the Corporation to member of the Scheduled Castes shall be utilized for the purpose for which it is advanced within the State of Punjab.

#### **5. SCOPE OF ADVANCE OF LOANS:**

**(a)** The Corporation will provide loans to the members of the Scheduled Caste or Scheduled Castes Organisations and handicapped with 40% or more disability by advancing to them in cash or in kind loans including loans under hire purchase system for any of the purposes specified below:

- (i) Agriculture Development (ii) Marketing (iii) Processing (iv) Supply & Storage of Agriculture Products (v) Small Scale Industry (vi) Building construction (vii) Transport & (viii) Such other business, trade or activity as may be approved in this behalf by the State Government as provided in

Section 16 of the Punjab Sch. Castes Land Dev. & Finance Corporation, Act. 1970.

#### **b) deleted**

**(c)** The Corporation will also provide loans to the students belonging to Scheduled Castes for study in Degree /Diploma Courses in Medicine and Engineering and other professional courses.

### **EXPLANATION**

**(a)** Agriculture Development will mean:(

- i) Construction and repair of ordinary wells & tubewells.
- (ii) Installation of pumps & other water lifting appliances.
- (iii) Construction of Bunds.
- (iv) Fencing against wild animals.
- (v) Arranging of fruit gardens.
- (vi) Reclamation of Bunzar Lands.
- (vii) Purchase /repair of the tractor, its allied implements and other agriculture implements, such as: Chaff cutter, Cane Crusher, Windowing machine, Rice husking equipment, it

would not include the implements such as ordinary plough.

(viii) Construction of farm building ,such as godown, cattle shed but not residential accommodation.

(ix) Such other works as the Board may determine to the improvement for the purpose of this clause from time to time(Board means the Board of Directors.)

**(b) Grant of loan for the purchase of Agricultural Land in the State of Punjab.**

**(i) Limit of loan :**

Maximum limit of loan for the purchase of land has been fixed at Rs.30.00 lacs.

**ii) Limit of Area**

Landless persons will be preferred .The entire land in the ownership of the applicant and his family including the land to be purchased with the amount of loan should not exceed the ceiling fixed under the law by Punjab Govt. Limit fixed earlier as 2 Acres Chahi or Canal irrigated or 5 acres barani or 10 Acres inferior land in the Bet area has been done away with.

**(iii) General Conditions:**

Any Scheduled Castes whether already doing agriculture cultivation or not is allowed to avail of this loan facility. After taking loan he will cultivate the land himself i.e will not give on Batai till he clears off the loan. An undertaking about it may be taken in the affidavit.

**(iv)** Land should either be under the possession of the loanee or seller .There should not be tenancy dispute and the land to be purchased should not be surplus with the seller who should also undertake in the affidavit to transfer its possession to the loanee immediately . The land should be free from all encumbrances at the time of its mortgaging with the Corporation. These facts will be verified by the Distt. Manager as correct to the best of his knowledge, belief and judgement.

**(v) Price of land**

Two years collector rate preceeding the date of sale along with the market value of land is required to be furnished in all cases by the applicants to ascertain the proximity between the loan applied for and agreement arrived between the parties regarding the sale price of the land.

**(vi)** The land purchased with the loan amount will not be sold to any person upto a period of 10 years from the date of purchase. This undertaking will be given by the applicant in an affidavit.

**(c) Redemption of mortgaged agriculture land.**

Loan for this purpose shall be sanctioned subject to the condition that only such land are to be redeemed which are situated in the State of Punjab ,provided after redemption the total holding of the loanee and his family do not exceed the area of the permissible limit of land holdings as laid down by the law for time being in force in the state of Punjab regarding fixation of ceiling of land holding.

**Note:** 1)Loan for this purpose shall be sanctioned only if genuine and proper applications of the prior debts is established beyond doubts.

2)Security of the same land which is to be redeemed will be taken as security and no more security will be asked for .Loans for the redemption of land sanctioned after 1.11.1974 will be recoverable in 10 years.

3)The land redeemed with the loans advanced by this Corporation will not be sold to any person upto a period of 10 years from the date of redemption.

**6. COMPETENT AUTHORITY TO SANCTION LOANS:**

The Executive Director has full powers to sanction loans upto any extent in strict conformity with the Loan Regulations. In case ,any deviation from the Loan Regulation is felt necessary and desirable, the case should be placed before the Board of Director for prior approval.

**7. ALLOCATION OF FUNDS:**

Funds shall be allocated by the Board district wise every year in the month of April for advances of loans under various trades/purposes on the basis of the population and the occupation activities .

**8. METHOD OF APPLYING FOR LOAN:**

A person desiring to secure loan from the Corporation shall apply on the form prescribed.

**9. SECURITY FROM THE LOANEE:**

a) (i) A loanee will be required to mortgage either of his own or of his surety property free from all encumbrances of a value equal to the loan amount. If tangibles assets, immovable or movable ( excluding animals and other perishable articles), are created with the amount of the loan advanced then such assets shall be mortgaged or hypothecated as the case may be, in favour of the Corporation, till such time the entire amount with interest is recovered.Loan may also be sanctioned if the surety of Government employee is given alongwith the security of immovable property.”

(ii) If the applicant has no tangible assets to offer as security nor any third person is ready to stand surety for him, the surety of permanent Government officials upto the following limits will be acceptable:

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| 1. Loan upto Rs.1,00,000/  | Permanent employees with emoluments between Rs.9500 to Rs. 10,000 P.M.         |
| 2. Loan upto Rs. 1,50,000/ | Permanent Govt. employees drawing 1 emolument between Rs. 10,001 –15,000 P.M.  |
| 3. Loan upto Rs. 2,00,000/ | Permanent Govt. employees drawing emolument between Rs. 15,001 – 20,000/- P.M. |
| 4. Loan upto Rs. 2,50,000/ | Permanent Govt. employees drawing emolument between Rs. 20,001 –25000 P.M.     |
| 5. Loan upto Rs.3,00,000/  | Permanent Govt. employees drawing emolument between Rs. 25001- 30,000 P.M.     |
| 6. Loan upto Rs.3,50,000/  | Permanent Govt. employees drawing emolument between Rs.30,001-35,000 P.M.      |
| 7. Loan upto Rs.4,00,000/  | Permanent Govt. employees drawing emolument between Rs.35,001 -40,000/-P.M.    |
| 8. Loan upto Rs.4,50,000/  | Permanent Govt. employees drawing emolument between Rs.40,001-45,000 P.M.      |
| 9. Loan upto Rs.5,00,000/  | Permanent Govt. employees drawing emolument between Rs.45,001-50,000 P.M.      |
| 10. Loan upto Rs.6,00,000/ | Permanent Govt. employees drawing emolument above Rs.50,000 P.M.               |

**iii) Deleted**

**Explanation :- emoluments mean Basic Pay + Dearness Allowance only.**

**EXCEPTIONS:**

- (i) Where the loanee mortgage with the Corporation immovable assets worth double the loan amount in that case the requirements of hypothecation will be dispensed with.
- (ii) In case land is to be purchased with the loan amount the land so purchased shall be mortgaged in favour of the Corporation.
- (iii) In case land purchased from Rehabilitation Department is to be redeemed with the loan amount loanee shall be required to mortgage same land with the Corporation.
- (iv) In case of security of Kacha House properties, the value of the Malba may be accepted as security for the grant of loans if the Corporation is satisfied with the assessment of such Malba and the house is not likely to collapse due to rains.

**Note:**

In case where the hypothecation of created assets is necessary, loanee must mortgage / hypothecate the assets created with the loan amount within one month of the creation of such assets failing which the loanee shall pay penal interest on the entire loan amount till he executes the mortgage/hypothecation deed in the form prescribed by the Corporation.

The following conditions shall be observed for the cases where the hypothecation is to be done:

- (a) In case the loan amount is utilised for the purchase of any machinery it shall be incumbent upon the loanee to get it insured comprehensively against the possible damages and in the insurance papers, the loanee shall declare the interest in such machinery of the Corporation to the insurance company.
- (b) The loanee shall also get affixed ,an engraved metal plate to the machinery with words”Pledged to the Punjab Scheduled Castes Land Development and Finance Corporation.”
- (c) In the instruments evidencing the security taken by the Corporation there may be a stipulation that in the event of a fall occurring in the value of the assets pledged ,mortgaged /hypothecated or assigned to the Corporation the individual /group of individuals concerned obtaining financial assistance from it, may be required to furnish such additional security as may be considered reasonable by the competent sanctioning authority.
- (d) In case not covered by the fore going provisions the competent sanctioning authority shall make suitable recommendations to the Board for waiving off any condition it may deem fit for final decision.

**10. PROPERTY TO BE MORTGAGED WITH THE CORPORATION AS SECURITY.**

- (a) 3 places /units of property/surety will be accepted for the grant of loan with the following clarifications:
  - (i) Land of one owner consisting of any number of Khasras of fields, situated at one different places in one Tehsil will be treated as one unit/piece.
  - (ii) One house as one piece/unit.
  - (iii) Personal surety of one Government servant as one unit.
- (b) Property to be mortgaged by the loanee or his surety as a security of the loan should be situated in the State of Punjab.

(c) Property to be mortgaged shall be in the ownership of the loanee or his surety as the case may be and free from all encumbrances.

#### **11. VALUATION OF PROPERTY:**

i) Valuation of properties shall be done by patwari and the valuation report shall be countersigned by the Tehsildar/Naib Tehsildar in respect of Agricultural land and house property in the rural areas. Valuation of the Agricultural lands shall be worked out by the patwari on basis of collector rate of similar and similarly situated land.

ii) The Valuation of the properties in the urban areas will be done by the Municipal Engineer either personally or on the report of the sectional officer in the Municipalities where the post of the Municipal Engineer does not exist; the report may be made by the section officer/patwari of the committee and should be counter signed by the E.O/ president of the Municipal Committee concerned. However , if the loanee applicant can have report direct from the Tehsildar or Executive Officer of the Municipal Committee then the report of the lower official will not be necessary. Provided that if the valuation by the authorities mentioned at

(i) and (ii) above , appears to be excessive, the Corporation will have it revaluated through its own sources.

#### **12. MAXIMUM LIMIT OF LOAN AND MODE OF REPAYMENT:**

The period for the repayment , commencement for repayment and the maximum limit of the financial assistance of advancement of loans to the loanees shall be as shown in Annexure-I.

In the case of Cooperative Society the maximum limits of loan will be determined as under :

Maximum limit of loan permissible to an individual multiplied by number of members of the Society and whole divided by two;

Provided that in cases of loan of more than Rs.20,000/only seed Money will be provided by the Corporation as required by financial institutions and the balance will be got arranged from the Banks provided in the cases which are not financed by the Banks the entire amount as otherwise admissible and allowable will be allowed by the Corporation.

**Note:** Where extension of the existing trade/business is sought, loan not more than 50% of the permissible limit will be given.

Normally, loan for only one activity shall be advanced . However, where more than one purpose is involved , the loan could be sanctioned by the authority within its competency.

#### **13. RATE OF INTEREST**

The rate of interest on the loan to be advanced by the corporation will be as under:

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|---|-------|
| i) Loans upto Rs.50,000/  | 5.00% |
| ii) above 50,000 /-   | 8.00% |
| iii) For National Corporation's schemes as per their lending policy |       |

#### **14 (i) PROCEDURE FOR DISBURSEMENT OF LOAN**

(a) The loan may be given in installments, if the Executive Director for the reasons to be recorded in writing considers that it will be in the interest of Corporation or the proper utilisation of loan will be better assured by doing so.

(b) The Executive Director will have the discretion to determine the number of installments depending upon the circumstances of each case , for reasons to be recorded in writing.

(c) When the loan is being released in installments , a utilisation report based on enquiry will be obtained through the staff of the Corporation, if it is found that loan has not been properly utilized , the Executive Director will have the power to stop payment of further instalment of loan.

#### **(ii) LOAN FORM:**

A loan form as prescribed by the Corporation shall be filled in and order of payment from the Executive Director obtained thereon before the release of payment.

#### **(iii) PAYMENT OF LOAN**

(a) The payment will be made by RTGS in the Bank account of the loanee .

(b) Where the payment of loan is to be made in kind or to the supplier /dealer with whom the loanee has struck the bargain for the purchase of machinery or other materials and whose bill has been produced by the loanee, the payment shall be made by the Bank draft . Such bills of the supplier will be in the name of the loanee as purchaser and the name of the Corporation as financier. In case of land purchase cases, payment will be made by bank draft in name of seller and in all other loan cases payment shall be made directly to the accounts of loanees electronically through RTGS.

(c) After the issue of the demand draft to the supplier , procurement of Machinery and registration of land etc. will be the responsibility and risk of the loanee himself.

(d) The loanee will also get the insurance policy for the assets created out of loan amount and he will be bound for the renewal of the insurance policy every year.

**(iv,v,vi) deleted**

## **15. PROCEDURE FOR RECOVERY OF LOANS :**

### **i) PERIODICITY AND NUMBER OF INSTALMENTS:**

a)The loan shall be repaid by the loanee on agreed terms stipulated in Mortgage deed/Surety bond or some other undertaking, if any,made by the loanee.

b)The loan is repayable in instalments , but the loanee has the option to repay the loan earlier or in lesser number of instalments than agreed to.The instalments of principal has to be paid on or before the due date by the loanee together with interest due till the date of final payment.

### **ii) DEMAND NOTICE:**

The terms and conditions of loan including the periodicity and number of instalments having already been agreed to by the loanee in the mortgage deed/surety bond or other undertaking , the loanee has to make payment in time without waiting for any demand notice. However , the Corporation may as a matter of courtesy remind the loanees a few days before the due date of payment by issuing a simple demand notice.

### **iii)NON PAYMENT OF LOAN INSTALMENTS ON DUE DATE:**

In case where the payment of loan instalment together with interest due thereon is not received on the due date, simple notice, Joint notice, show cause notice, lumpsum recovery notice and then a final notice shall be served to the loanee to make the payment together with interest/ penal interest within the period specified in such notice.

### **iv)RECOVERY PROCEEDINGS FOR NON PAYMENT:**

In case the loanee fails to repay the loan instalment of principal and interest including penal interest even on receipt of final notice by the date specified in such notice, the recovery proceedings for realising the entire amount of loan as arrears of land revenue through the Collector will be started in accordance with the provision in Section 24 and 25 of the Punjab Scheduled Castes Land Development & Finance Corporation Act, 1970. The amount of principal ,interest/ penal interest and cost of its recovery will be realised as arrears of land revenue by the Collector and remitted to the Corporation.

## **16. MODE OF REPAYMENT:**

(a) The repayment of amount of loan can be remitted by the loanee by cash or Bank Draft. These amounts shall also be accepted by the cashier at the counter in the Head Office / District offices of the Corporation. Bank Draft sent in favour to the Executive Director, the Punjab Scheduled Castes Land Development & Finance Corporation Chandigarh payable at Chandigarh/District Headquarters.

(b) Receipts in the prescribed form will be issued to each loanee in acknowledgement of the payment received.

(c) The Corporation will take no responsibility for any payment made by the loanee to a person other than the Cashier at the counter or if the Bank Draft is sent by him in favour of some one else.

## **17. PENAL INTEREST:**

Penal interest at the rate of 5% per annum or the rate fixed by Board of Directors from time to time in addition to the normal rate of interest prescribed for a loan shall be chargeable on overdue amounts of loanee as under:

i) For late payment of instalment of principal and interest the penal interest may be charged on the amounts of defaulting instalments of Principal and interest for the period from the due date of instalment to date of its payment.

ii)In case of misutilization of loan, entire loan amount shall be recovered in lumpsum and the penal interest will be chargeable on the entire loan amount and for the period from the date of disbursement till the entire amount of loan with penal interest is paid, regardless of the date of detection of misutilization.

iii)For noncompliance , with or default in fulfillment of terms and conditions of loan such as hypothecation of plant machinery , taking out of comprehensive insurance policy, fixing engraved metal plates on machinery,purchased with loan and disclosing Corporation , interest to Insurance Company etc. the penal interest may be charged on the entire amount of loan till the default is removed.

### **17 (a)**

#### **REMISSION OF PENAL INTEEREST:**

- i) In case of death of a loanee, if such loanee does not have any major earning member in the family, the penal interest may be remitted by the Executive Director /Chairman at their discretion either wholly or in part depending upon the circumstances of each case.
- ii) In case where the loanee suffers from an incurable disease or a natural calamity like floods/fire or spread of epidemic or where the loanee becomes bankrupt to the satisfaction of Executive Director /Chairman, the latter may at their discretion waive off all the penal interest either wholly or any part as the circumstances of each individual case so warrant.
- iii) Where remission of penal rate of interest in the aforesaid circumstances exceed the sum of Rs.5000/each such case will be referable to the Board.

#### **18. POSTPONEMENT OF RECOVERY:**

- i) In case where it is established beyond reasonable doubt that the loanee has misutilized the amount of loan taken by him /her, the Executive Director may order recovery of the whole in lumpsum with normal and penal interest as prescribed.
- ii) "In the case of financial hardship warranted by the circumstances referred to in regulation No. 17 (A) (ii) and such other circumstances involving financial hardship of the loanee, the Executive Director may for reasons to be recorded in writing (a) Postpone the recovery of not more than 4 installments upto a period of 5<sup>th</sup> installment or (b) change the date of payment of recovery installment provided the period of recovery will remain the same as per sanction."

Provided that where such payment of installment is deferred, no penal interest shall be charged for the period of default. Provided further that in the case of postponement of installments due to floods or any natural calamity the interest on the last installment due should not be charged for the period of postponement.

#### **19. POWER OF INSPECTIONS:**

The Executive Director or his nominee shall have the power to supervise inspect the premises of the projects/ undertakings, for which the loans are taken by the individuals or group of individuals from the Corporation to protect the interest of the Corporation, particularly to ensure continued fair margin of returns in such undertakings/projects and to enable the loanee shall afford all facilities for such inspections. The loan amount must be utilized within (2) months from the date of disbursement of loan. The Executive Director or his nominee may visit the spot and conduct the verification of utilization of loans after the completion of two months period. Provided that Executive Director shall have the authority to extend such period in case of hardship to enable the loanee making best use of loan assistance given by them. The loanee shall furnish the receipts duly attested from Sarpanch or Lamberdar of the village and Municipal Commissioner in case he/she lives in the Municipal Area regarding the utilization of loan and shall also afford all other facilities for such inspection. However, in case the Executive Director is satisfied otherwise with the utilization of loan, he shall have the power to waive off the condition of receipts. Executive Director may delegate such of these functions and duties to officer/official subordinate to him as he may deem necessary for administrative convenience.

#### **20. POWER TO AMEND REGULATIONS:**

The Board shall have the powers to make from time to time such additions, deletions, alternations or amendments in these regulations, as it may think fit.