



707

GOVERNMENT OF KERALA

Abstract

Industries Department – One Time Settlement to settle the arrears on account of outstanding Margin Money Loans - Orders issued.

INDUSTRIES (B) DEPARTMENT

G. O. (Rt) No. 459/2017/ID

Dated, Thiruvananthapuram : 24.03.2017

- Read : 1. G.O(Ms) No. 232/79/ID dated 22.05.1979.
 2. G.O(Rt) No. 805/2002/ID dated 07.09.2002.
 3. G.O(Rt) No. 595/2016/ID dated 07.07.2016.
 4. Letter No. FCI/8981/2013 dated 14.12.2016 from the Director of Industries and Commerce, Thiruvananthapuram.

ORDER

As per the order read as first paper above, Government had introduced a scheme called the Margin Money Loan to assist deserving entrepreneurs in setting up small scale industrial units by way of providing soft loans to raise the required equity stipulated by the financial institutions/banks. However, due to many factors, some of the loanees could not repay the loan to Government as per the contracted terms, and this resulted in arrears in collection of principal, interest and penal interest. In these circumstances, Government, as per the order read as second paper above, had introduced the One Time Settlement Scheme (OTS), for settling the dues of the entrepreneurs on account of Margin Money Loan. As per the G.O read as third paper above, the One Time Settlement Scheme was extended upto 31.07.2016.

2. The Director of Industries and Commerce in his letter read as fourth paper above, has reported that even though almost 50% of the loans sanctioned so far have been recovered/waived or settled through regular instalments/Revenue Recovery/OTS scheme, there is an amount of ₹ 84.00 crores by way of Principal, interest and penal interest still pending recovery from entrepreneurs. Based on the experiences of the earlier scheme and inputs received, the Director of Industries and Commerce has suggested a One Time Settlement Scheme to settle the arrears on account of outstanding Margin Money Loans for all the units irrespective of the period of sanction with the following conditions:-

Category I: To write off all the dues in case the original loanee has expired and the enterprise is defunct, and there are no assets at its disposal for effecting the recovery. The

28/3/17
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709

waiting time of 8 years and 3 months for the Margin Money Loan to become "period over" shall not be insisted upon in such cases.

Category II: In other cases, including cases referred for Revenue Recovery, as well as cases where the unit does not exist and the assets purchased under the Margin Money Loan scheme have been disposed of, the amount repayable shall be the principal along with the interest accrued computed @ 6% per annum from the date of sanction of loan upto the date of application for the OTS, which shall be reduced by the amount already paid, including that recovered through Revenue Recovery; such balance amount, if any, will be paid in lumpsum, or alternatively, with 50% in down payment and the balance to be repaid in 2 instalments within a period of 1 year. If the amount already paid is found to be in excess, then no further amount shall be collected from the party and the loan shall be treated as closed. No refund on this account is permissible. In cases referred for recovery under The Kerala Revenue Recovery Act, 1968, the collection charges shall be collected separately, unless specifically exempted by the Revenue Department authorities. If a loanee defaults payments at any stage of the OTS granted, the OTS will stand cancelled and the dues as before the OTS will be restored and the payment, if any, under the OTS will be adjusted to the earlier dues and processed as per the earlier provisions.

3. Government have examined the matter in detail and are pleased to accord sanction for the One Time Settlement to settle the arrears on account of outstanding Margin Money Loans and conditions mentioned above for its effective implementation.

(By Order of the Governor),
PAUL ANTONY,
ADDITIONAL CHIEF SECRETARY.

To

1. The Director of Industries and Commerce, Thiruvananthapuram.
2. All General Managers, District Industries Centres (Through Director of Industries and Commerce, Thiruvananthapuram)
3. The Chief Executive Officer, K-Bip, Thiruvananthapuram.
4. The District Treasury Officer, Thiruvananthapuram.
5. The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.
6. The Accountant General (A&E), Kerala, Thiruvananthapuram.
7. The Finance Department (vide U.O No. 392602/Ind&PW-A3/17/Fin dated 22.02.2017)
8. Industries(J)Department
9. Information&Public Relations(Web&New Media) Department
(For wide publicity)
10. Stock File/ Office Copy.

Forwarded/By Order,



Section Officer.