

LOANEES DISTRESS RELIEF FUND (LDRF) SCHEME 2023

(Date:24/05/2023)

I. Introduction and Objective of the Scheme:

The Loan Schemes of KSBCDC Ltd is meant for the economic development and social empowerment of the weaker sections of Other Backward Communities (OBC) and Minority Communities of the State. **After availing loan** from KSBCDC under a scheme, the loanee and his/her family may fall into unfortunate situations like

- (a) death of the loanee
- (b) death of the spouse who is the **sole** earning member of the family
- (c) Permanent Disability of the Loanee or spouse or unmarried children due to accident, chronic diseases etc. that adversely affect the earning capacity of the family.
- (d) Situations like permanent missing of loanee or family members who is the only earning member of the family.
- (e) Spouse – Earning Member separated / divorced, that in turn affected the repayment capacity of the loanee. (Court Cases)
- (f) Prolonged critical diseases of the family members that adversely affect the repayment.
- (g) Prolonged critical mental disorder of family members that adversely affect the repayment.

In such untoward situations the borrower's family may not have sufficient means to clear the outstanding dues in the loan account.

The Corporation thus felt the need to devise some Distress Relief scheme to rescue such Loanees and their families from the debt and thus implemented a scheme by creating a fund known as ***Loanees Distress Relief Fund (LDRF)***.

II. Sources of Fund

- 1) The processing fee for loans upto 10 lakhs is 0.75% of the loan amount or Rs 5000 whichever is less and for self-employment loans above 10 lakhs the processing fee is 0.5% of the loan amount subject to a maximum of Rs 10,000/-. The percentage of P/F or share to the fund shall be decided by the board from time to time.

In general 2/3 part of the Processing Fee is earmarked to LDRF. In the case of self-employment loans above 10 lakhs 1/3 of the Processing Fee is earmarked to LDRF.

- 2) Provision as contribution from Profit of the company as decided by the board from time to time.
- 3) The contribution received from NBCFDC, NMDFC and such other Agencies on requisition.

III. Eligibility conditions under this Scheme:

The following are the situations for providing financial relief to the loanee/family:

- (a) on the death of the loanee, or
- (b) in such other extreme distress situations like permanent disability of the loanee that will permanently affect his earning capacity or
- (c) in case of death of the spouse who is the earning member
- (d) Permanent disability of the Earning Member (spouse) or unmarried children that adversely affect the repayment
- (e) permanent missing of the borrower or spouse that adversely affected the repayment – For ex. missing in Sea etc. that is certified by the District Collector including FIR from the police dept. In case of missing of the borrower or spouse reported without any specified reasons, the period of such missing shall be happened for the last 7 years
- (f) Cases like Divorce / Separation that in turn affected the repayment capacity of the borrower. (with proof of Court Cases / Legally accepted document issued by competent authorities)
- (g) Death of parents (father & mother) of the girl, who availed the marriage loan by herself.
- (h) Prolonged Critical Diseases of the family members/ mental disorder of the family members that adversely affect the repayment

All the above mentioned situations shall be happened ***ONLY AFTER THE LOAN IS AVAILED*** by the loanee and also ***WITHIN 3 YEARS FROM THE DAY ON WHICH THE LOAN PERIOD IS OVER.***

The above scheme is extended to period over loans, multiple loans taken by the same beneficiary/ family also.

Note:

1. Permanent Disability Means: Those Persons with Severe Disability having 60% or more on one or more prescribed diseases which the Medical Board certifies as chronic along with the percentage of such severity.
2. Medical Certificate issued by the Medical Board OR Medical Certificate issued by the Medical Superintendent of Government Medical Colleges, National and State Level Apex Government Hospitals/Institutions like Regional Cancer Centre, SCTIMST, MCC etc.

IV. Other Eligibility Conditions

In addition to the Eligibility of the Applicant mentioned in the above paragraph, the application for relief

under this scheme in any loan account shall be considered only if:

- (a) the repayment history in the loan availed by the loanee before the causality conditions discussed as (a) to (h) under para III is satisfactory AND
- (b) the loanee has paid an amount equal to 50% of loan amount irrespective of the date/month of causality reported with documental evidences as discussed in the above said paragraph.

*For Example, a person availed a SE loan on for Rs. 1,00,000/- on 01/01/2015. Then he has to pay a minimum amount of Rs. 50,000/-. Suppose the loanee has not remitted even a single instalment after availing the loan amount. **In this case to eligible for relief under this scheme the loanees dependent or surety has to pay a minimum of Rs 50,000/- in the account.***

The balance amount if any to be remitted is calculated only after deducting the amount already remitted in the account.

V: Extend of Relief & Delegation of Power for sanctioning relief

The maximum amount of relief under the scheme is limited to Rs. 3 lakhs (Rupees Three Lakhs only). Further, considering the assets created in the high value loans, for loans above Rs. 3 lakhs proposal shall be send to the head office for scrutiny before considering for relief.

The amount of relief permitted from the LDRF Scheme and the delegation of power shall be as follows:

| Sl No | Nature of Debt Relief | Relief at Unit Office Level | Relief at Head Office Level | Relief at LDRF Sub Committee Level | Relief at Director Board level |
|-------|---|--|--|---|---|
| 1 | On the death of the loanee with in the loan period | Outstanding Penal Int + the amt paid in PI + Other Charges | Outstanding Interest & PI + Amt paid in PI + Other charges | Outstanding Amt in Principal, Interest, PI and Other Charges + the amt paid in PI | |
| 2 | On the death of the loanee after the expiry of the loan period | Outstanding Penal Int + the amt paid in PI + Other Charges | Outstanding Interest & PI + Amt paid in PI + Other charges | Outstanding Amount in Principal, Int, PI and Other Charges +the amt paid in PI | |
| 3 | Permanent disability of the loanee that will permanently affect his earning capacity | | | Outstanding Amt in Principal, Interest, PI and Other Charges + the amt paid in PI | |
| 4 | Death of Spouse (if the Spouse is the Primary Bread winner of the family) Or permanent disability of the Earning Member (spouse)/ dependent children Or Prolonged Critical Diseases/ mental disorders of the dependents | | | Outstanding Principal, Interest, PI and Other Charges | Outstanding Amt in Principal, Interest, PI and Other Charges + the amt paid in PI |

| | | | | | |
|---|--|--|---------------------------------|---|--|
| 5 | Permanent Missing of the borrower or spouse - like missing in Sea etc. that is certified by the District Collector including FIR from the police dept. | | | Outstanding Interest, Penal Interest & other Charges+ the amount paid in PI | Outstanding Principal, Interest, Penal Interest and Other Charges + the amt paid in PI |
| 6 | Cases like Divorce / Separation - affected the repayment capacity of the borrower. (Court Cases) | | | | Outstanding Principal, Interest, Penal Interest and Other Charges |
| 7 | Death of a Loanee, who is an Employee (Employee Loans) | | Outstanding Penal Interest only | Outstanding Interest, Penal & Other Charges | Outstanding Principal, Interest, PI and Other Charges |

1. *Sl. No. 1 to 6 is not applicable for loans under Employee Scheme or Loans taken by Govt Employees.*
2. *Loans availed for income generating activities- under Self Employment, Business Development, Working Capital Loans etc – the death of spouse/permanent disability of spouse or dependent children shall be considered only on merit after assessing the present status of the scheme and the capacity of the beneficiary to generate income from the scheme.*

VI. Officers/Committees Authorized to sanction/order Relaxation under the Scheme

| Nature of Relief | Officers/Committees Authorized for relaxation |
|------------------------------------|--|
| Relief at Unit Office Level | Committee constituted for the purpose: 3 member committee: Unit Manager, Asst Manager and one staff nominated by the manager. Quorum: 2 |
| Relief at Head Office Level | Managing Director |
| Relief at LDRF Sub Committee Level | Committee constituted by the Director Board |
| Relief at the Director Board Level | Director Board |

VII. Application Procedure:

- (a) A written request for considering relaxation from (a) Loanee (b) Spouse (c) Surety (d) legal heirs as the case may be submitted to the Manager of the unit.
- (b) A Communication received from Government to consider under the scheme.
- (c) On receipt of the request / application : The Manager or an authorized staff has to make a personal visit and make inquiry and submit a factual report in the format prescribed by BCDC. The report shall contain inter alia the following information
 - a) Basic Information: The amount of loan and date, Amount of loan repaid so far, The nature of security for the loan, The loan outstanding: showing separately, the principal, the interest, penal interest and other charges.

- b) The genuineness of the Certificates submitted by the applicant.
- c) Financial background of the family.
- d) A general comment on the eligibility of the case.
- e) The authorized officers/committee shall consider the application on the basis of the field report of the concerned Unit Managers to fix the quantum of relief.

VIII. Documents required in support of the relief, as the case may be

- 1. Attested True copy of the Death Certificate issued by the Local Self Govt Institution.
- 2. Permanent Disability Certificate from the Medical Board/Authorized Medical Officer
- 3. Report from District Collector or Authorized Police Officials for missing cases
- 4. Report of Family Court or Commissions or a competent Authority for Divorce/Separation.
- 5. Direction from Government, as the case may be.

IX. Schedule for Considering the Applications:

A meeting for considering the applications may be held as per the following Schedule

| Nature of Relief | Schedule for conducting the Meeting |
|------------------------------------|---|
| Relief at Unit Office Level | Once in a month, if application is available. |
| Relief at Head Office Level | At any time on receipt of application from unit offices |
| Relief at LDRF Sub Committee Level | Regional/Dist Wise Meeting |
| Relief at the Director Board Level | At any time |

X. Maintaining LDRF Register:

A Register should be maintained in all Unit Offices and Head Offices to record details of the cases considered under LDRF scheme in the prescribed format.

XI. Scheme Exclusions

As there is more than one borrower and the repayment period of loan is 15 years, the LDRF scheme is not applicable to “Ente Veedu” Housing Loan Scheme.

The LDRF scheme is also not applicable to Micro Credit Loans availed by NGO/CDS


Managing Director