

The Orissa Gazette

EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 348 CUTTACK, MONDAY, MARCH 9, 2009 / FALGUNA 18, 1930

INDUSTRIES DEPARTMENT

NOTIFICATION

The 16th February 2009

SUBJECT :—One Time Settlement Policy of Orissa Small Industries Corporation (O.S.I.C.) Limited

No. 2251—IV-SI-32/2007-I.—Due to sickness of the units, non-availability of the working capital loan from the banks, spiraling effect of interest & damage caused to the industrial units by the Super Cyclone of 1999 the loanee S.S.I. Units were not in a position to clear their principal and interest dues to the Corporation which adversely affected the health of the Corporation. Such S.S.I. Units would be benefitted by this O.T.S. Scheme making them free from this debt.

Against book outstanding of Rs.14.62 crore, the amount outstanding at the end of the quarter in which the last credit was given is Rs.4.78 crore. Out of this O.S.I.C., has already received Rs.1.90 crore. The balance of Rs. 2.88 crore is recoverable under this O.T.S. Scheme. This amount will be utilized for repayment of principal amount of Rs.1.77 crore of outstanding Government loan.

This has been approved by the State Cabinet in their 44th Meeting held on the 1st February 2009 as communicated by the Parliamentary Affairs Department in their Memo. No.566, dated the 4th February 2009. A copy of the One Time Settlement Policy is enclosed for wide publication.

ORDER—Ordered that the Notification be published in the next issue of the Extraordinary Gazette of Orissa and copy thereof be forwarded to all Departments of Government /all Heads of Departments/A.-G. (A. & E.), Orissa / all R.D.Cs. / all Collectors/ G.Ms./P.Ms. D.I.Cs./ all P.S.Us. under Industries Department for information and necessary action.

By order of the Governor

SAURABH GARG

Commissioner-cum-Secretary to Government

GOVERNMENT OF ORISSA
INDUSTRIES DEPARTMENT

The 16th February 2009

SUBJECT—One Time Settlement Policy to be adopted by Orissa Small Industries Corporation (O.S.I.C).

1. The Orissa Small Industries Corporation Limited (O.S.I.C.) was established in the year 1972 under the Companies Act, 1956. Its main objective is to aid, assist and promote Small Industries in Orissa and to provide them with assistance for the procurement and acquisition of raw material for their business and assist them to improve their methods of manufacture, technique of production and marketing of their goods.

2. In order to achieve the above objectives, the Government has introduced many promotional schemes through O.S.I.C., such as :—

- (i) Hire Purchase Loan Scheme
- (ii) Seed Capital Loan Scheme
- (iii) Raw Material Credit Assistance Scheme
- (iv) Factoring (Marketing) Assistance Scheme, etc.

3. Over the years, the Government has funded those schemes and O.S.I.C. Limited has paid back all the Government loan dues with interest up to the year 1995-96. From 1996-97, Government has provided Rs. 1.80 crore for implementation of the Raw Material Credit Scheme and the Factoring (Marketing) Assistance Scheme. The total outstanding on this loans as on the 31st March 2008 is Rs. 4.34 crore (Principal Rs. 1.77 crore and interest Rs. 2.57 crore).

4. O.S.I.C. Limited has assisted the S.S.Is. of the State in times of their need. But due to various factors some of the S.S.Is. have failed to liquidate the loan liabilities. The major factors are sickness, closure, seizure and devastations due to the Super Cyclone of 1999.

5. The Industries Associations have time and again approached the Government and the Corporation for formulation and introduction of an O.T.S. Policy.

6. In a meeting held on the 2nd July 2007 under the Chairmanship of the Chief Secretary, on various issues pertaining to performance of O.S.I.C. which has been playing important role in providing backward and forward linkages to the M.S.M.Es., it was decided that an O.T.S. Scheme of O.S.I.C. will be launched and defaulting S.S.Is. will be asked to settle their dues. Those who will fail to settle the same will be blacklisted and they will not be permitted to participate in the Government purchases for supply of their products.

Accordingly, O.S.I.C., has prepared an O.T.S. Scheme which was approved in its 156th Board Meeting held on the 19th December 2007. A copy of the O.T.S. Policy is appended at Annexure-I.

7. In a meeting held on the 17th May 2008 chaired by the Chief Secretary with the representatives of Finance Department, Law Department and Industries Department, the O.S.I.C. Limited made a presentation on the proposed O.T.S. Scheme. As on the 31st March 2008, the outstanding dues against the S.S.I. Units stood at Rs. 14.02 crore. The Corporation could recover only a negligible amount even after institution of Certificate Cases against the loanees. Poor recovery is adversely affecting the financial health of the O.S.I.C. Limited. M/s. S.R.B. Associates was engaged as a consultant to look into the financial aspects of O.S.I.C. and its restructuring. They have recommended for launching an O.T.S. Scheme to salvage the long outstanding dues of the Corporation.

8. Against book outstanding of Rs. 14.02 crore, the amount outstanding at the end of the quarter in which the last credit was given is Rs 4.78 crore. Out of this, O.S.I.C. has already received Rs. 1.90 crore. The balance amount of Rs. 2.88 crore is recoverable under this O.T.S. Scheme which will be utilised for repayment of the principal amount of Rs. 1.77 crore of the outstanding Government loan. The detail statement is appended in Annexure-II.

9. After detailed deliberation, in the meeting held on the 17th May 2008, Chief Secretary directed that appropriate Cabinet Memorandum may be prepared for taking Cabinet approval for launching the O.T.S. Scheme by O.S.I.C. The proceedings of the meeting held on the 27th May 2008 is appended at Annexure-III.

1. The salient features of the O.T.S. Policy are as under :—

- * The loanees will be required to pay the amount outstanding as at end of the quarter in which the last credit given calculated as per the agreement / work order / purchase order minus recovery made from them subsequent to end of the quarter plus legal expenses till date, if any.
- * The Scheme is simple and realistic. It is expected that the response of the loanees and recovery of outstanding dues shall be much better.
- * Those loanees who will fail to liquidate their outstanding dues under this Scheme will be liable for stricter and stringent enforcement measures under the O.P.D.R. Act as per the documented rates.
- * Government have decided in principle, the present outstanding Government principal loan amount of Rs. 1.77 crore will be converted to share capital and interest thereon amounting to Rs. 2.57 crore will be waived.

The Cabinet may approve the draft policy of O.T.S. to be adopted by O.S.I.C. in the greater interest of O.S.I.C. as well as M.S.M.Es. of the State.

SAURABH GARG
Commissioner-cum-Secretary to Government
Industries Department

O.S.I.C., O.T.S. POLICY, 2007 (Settlement Formulae)

1. Calculation of O.T.S. dues :

Principal :—Principal is defined as the amount outstanding as at the quarter end of the last credit given calculated as per agreement/ work order/ purchase order.

Subsequent Recovery—Subsequent Recovery means recovery after the quarter end of the last credit given.

O.T.S. Amount :—Principal less subsequent recovery. Besides, actual legal expenses (Court fee + Advocate fee+ other incidental expenses incurred for the case) up to the date of issue of N.D.C. will be charged. However, if the O.T.S. amount is received within one month from the date of communication of the acceptance by O.S.I.C., no other incidental legal expenses will be charged except Court fee and Advocate fee.

If principal is less than subsequent recovery, N.D.C. will be issued to the party on application and upon recovery of legal expenses, as applicable.

2. Effective period :

The O.T.S. Policy will remain in force for six months from the date of receipt of approval from Government.

3. Application money :—Rs. 5,000

4. Procedure of application :

- (a) The eligible borrower, must submit an application in the prescribed Format along with other requisite, wherever is necessary.
- (b) The application in prescribed Format must be accompanied with requisite non-refundable processing charge and initial deposit by way of D.D. Cash. Applications not complying with this requirement shall be summarily rejected. No acknowledgement shall be issued for such application.
- (c) On receipt of the O.T.S. application along with required documents, if any, and upon payment of application money the applicant/ loanee shall be issued an acknowledgement by O.S.I.C., Cuttack.

5. Processing of application and delegation of Authority :

- (i) Having received the application in prescribed application form complete in all respect and having satisfied that necessary application money has been paid by the applicant loanee, an acknowledgement in the prescribed Format will be issued to the applicant loanee.

- (ii) Then O.S.I.C. shall undertake detailed scrutiny of the O.T.S. proposals as per the various parameters prescribed in the schemes and also conduct detailed verification of documents submitted and also scrutiny of the accounts relevant to the applicant loanee and communicate the decision of M.D., O.S.I.C. on acceptance of said O.T.S. proposal.

6. Authority to consider appeal :

If an applicant is aggrieved by the order of settlement, he/ she/they may file an appeal before the Chairman, O.S.I.C. within 15 days of the communication of the settlement order who is competent authority to take a final decision in the matter.

O.S.I.C. O.T.S. RULE, 2007

1. The Committee of the Board of Directors of O.S.I.C. in their meeting held on the 17th December 2007 recommended the O.S.I.C., O.T.S. Policy and Rule 2007. This is applicable to all credit/ finance given, to private parties under different schemes such as Seed Capital, Hire Purchase, Raw Material Credit Assistance, Factoring Scheme (Bill discounted) and other credit, etc.

2. Coverage and Eligibility :

- (i) This scheme is applicable to all the parties who have availed credit from O.S.I.C. under different schemes.
- (ii) For cases pending on different Courts if the parties will apply to avail O.T.S. scheme they will submit undertaking in this regard and after deposit of full O.T.S. amount the case will be withdrawn by O.S.I.C.
- (iii) The scheme will be operative for six months from the date of receipt of approval from Government.
- (iv) The application money for availing such scheme will be Rs. 5,000.
- (v) The O.T.S. amount will be paid in three equal monthly instalments from the date of communication of the acceptance by O.S.I.C.
- (vi) In case of default in payment of instalment, the application money shall be stand forfeited and the party will be liable to pay the dues outstanding as per earlier documentary provision.
- (vii) All earlier O.T.S. Policy of O.S.I.C. shall cease from the date of implementation of this policy.

APPLICATION FORMAT FOR O.T.S., 2007 OF O.S.I.C., CUTTACK

1. Name of the Unit :
2. Address of the Unit :
3. Name of the Loanee i.e. Proprietor/
Partner/M.D./Director, etc. :
4. Contact Telephone Nos. :
5. Name of the Scheme under which
credit availed. :
6. Accounts position :

Sl. No.	Period	Principal	Interest
7.	Total Principal credit availed	:	
8.	Total repayment	:	
9.	Total O.T.S. amount accepted	:	
10.	Particulars of processing charges Amount deposited.	:	

I, Shri....., S/o.....
At....., P.O....., P.S....., Dist.....
do hereby undertake to avail the O.S.I.C., O.T.S Policy 2007 and agreed to settle the outstanding dues as per the scheme. In case of any default the initial application money shall be stand forfeited and the dues will be settled as per earlier documentary provision. After full payment of O.T.S. amount the legal suit, if any, in any Court will be withdrawn and N.D.C. will be issued in favour of the loanee by O.S.I.C.

Date :
Place :

Signature of the applicant
with seal

DETAIL CALCULATION STATEMENT OF O.S.I.C. DUES

(Rs. in Crore)

Sl.No.	Outstanding as per Book	Outstanding on quarter end	Subsequent recovery made	Balance to be recovered under O.T.S.	REMARKS
1	14.02	4.78	1.90	2.88	

MINUTES OF THE MEETING HELD ON THE 17TH MAY 2008 AT 11-30 A.M. IN THE 2ND FLOOR CONFERENCE HALL OF SECRETARIAT, BHUBANESWAR ON ONE TIME SETTLEMENT (O.T.S.) POLICY OF ORISSA SMALL INDUSTRIES CORPORATION LIMITED, CUTTACK

The Chief Secretary, Government of Orissa Chaired the Meeting.

The following officers were present in the Meeting :

1. Shri Chinmay Basu, I.A.S.,
Principal Secretary to Government, Industries Department.
2. Shri S. K. Mishra,
Special Secretary to Government, Finance Department.
3. Dr. D. P. Choudhury,
Additional Secretary to Government, Law Department.
4. Shri K. N. Khatai, I.A.S.,
Managing Director, O.S.F.C. & O.S.I.C. Limited.
5. Shri B. K. Behera,
Deputy Secretary to Government, Industries Department.
6. Shri S. K. Satapathy, OIS(I),
General Manager (Operation), O.S.I.C. Limited.
7. Shri M. K. Mohapatra,
Manager (MIS), O.S.I.C. Limited.
8. Shri N. C. Mohanty,
Joint Manager (Law), OSIC Limited.
9. Shri A. K. Padhi,
Joint Manager, O.S.I.C. Limited.

In the Meeting, held on the 2nd July 2007 under the Chairmanship of Chief Secretary, on various issues pertaining to performance of O.S.I.C. which has been playing important role in

providing backward and forward linkage to the small scale sectors, it was decided that an O.T.S. Scheme of O.S.I.C. will be launched and defaulting parties will be asked to settle their dues. Those who will fail to settle the same will be black-listed and they will not be permitted to participate in the Government purchases for supply of their products.

Accordingly, O.S.I.C. has prepared an O.T.S. Scheme which was approved by its 156th Board Meeting held on the 19th December 2007 and the proposal was submitted to the Government by the O.S.I.C. After detailed examination in the Department, O.S.I.C. was asked to make a presentation of the O.T.S. Scheme in a meeting chaired by Chief Secretary with the representatives of Finance Department, Law Department along with other officers of Industries Department. Managing Director, O.S.I.C. gave a power point presentation. It was presented that due to inherent sickness of the units, non-availability of working capital loan from the banks, spiraling effect of interest and damage caused to the industrial units by the Super Cyclone of 1999, some of the loanees S.S.I. units were not in a position to clear the principal and interest dues to the Corporation. As on the 31st March 2008, the outstanding dues against the S.S.I. units stood at Rs. 14.02 crore. The Corporation could recover only a negligible amount even after institution of certificate cases against the loanees. The financial health of the Corporation has become bad because of this. SRB Associates engaged as the consultant was engaged to look into the financial aspects of O.S.I.C. They have recommended for launching of an O.T.S. Scheme to salvage the outstanding dues of the Corporation.

After detailed deliberation, the Committee accepted the proposal of O.S.I.C. and Chief Secretary directed that appropriate Cabinet Memorandum may be prepared within 15 days for taking Government approval for launching O.T.S. Scheme by O.S.I.C.

The Meeting ended with vote of thanks to the Chair.

CHIEF SECRETARY