



युनाइटेड बैंक ऑफ इंडिया
United Bank of India

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लघु उद्योग तथा लघु व्यवसाय विभाग
SMALL INDUSTRY & SMALL BUSINESS DEPARTMENT

प्रधान कार्यालय :
16, ओल्ड कोर्ट, हाउस स्ट्रीट,
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Head Office :
16, Old Court House Street,
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संदर्भ क्रमांक / Ref. No. PS/SI&SB/NSIC-97/365/2006

02.02.06.

The General Manager,
Chief Regional Manager,
Regional Manager,
United Bank of India,
_____ Region.

Dear Sir,

Re: Performance & Credit Rating Scheme of SSI Unit.

The need for a performance and Credit Rating mechanism for SSI Units was highlighted in the Union Budget of 2004-05. Accordingly, a scheme for performance and credit rating of SSI Units had been formulated in consultation with Indian Bank Association and Rating Agencies. National Small Industries Corporation Ltd. (NSIC) has been appointed nodal agency for implementation of the scheme through empanelled Rating Agencies viz. Dun & Brad Street (D&B), CRISIL, ONICRA, ICRA, CARE, FITCH. The address and contact person of Rating Agencies are enclosed.

Salient features of the Rating Scheme :-

- A combination of credit and performance factors including operations, finance, business and management;
- Uniform Rating Scale for all empanelled agencies
- SSIs have the liberty to choose among the empanelled Rating Agencies.
- Turn-Over based Fee structure
- 75% reimbursement of Rating Fee through NSIC

Benefits of Performance & Credit Rating for the SSI Units :

- An independent, trusted third party opinion on capabilities and Credit-worthiness of SSIs
- Availability of credit at attractive interest
- Recognition in global trade
- Prompter sanction of Credit from Banks and Financial Institutions
- Subsidized rating fee structure for SSIs
- Facilitate vendors/buyers in capability and capacity assessment of SSIs
- Enable SSIs to ascertain the strengths and weaknesses of their existing operations and take corrective measures

" एक हिन्दी में भी पताचार का सामल करता हूँ "



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Benefits to Banks and Financial Institutions

Availability of an independent evaluation of the strength and weaknesses of an SSI unit seeking credit and thereby enabling banks and financial institutions manage their credit risk and taking prompt decision.

Normal Performance & Credit Rating fees as mentioned by NSIC by different Rating Agencies are as below:

Turnover	D&B	ICRA	CRISIL	ONICRA	CARE	FITCH
Up to Rs. 50 lacs	30,000	40,000	45,000	33,000	38,000	1,15,000
Above Rs. 50 lacs to Rs. 200 lacs	40,000	40,000	45,000	40,000	40,000	1,20,000
Above Rs. 200 lacs	50,000	55,000	60,000	54,000	50,000	1,25,000

However, reimbursement of Performance and Rating fees as per NSIC Scheme are given below

Turn Over of SSI in Rs. Lacs	Reimbursement of Fee through NSIC
Up to Rs. 50 lacs	75% of the fee or Rs. 25,000 - (Whichever is less)
Rs. 50 to 200 lacs	75% of the fee or Rs. 30,000 - (Whichever is less)
More than Rs. 200 lacs	75% of the fee or Rs. 40,000 - (Whichever is less)

We have so far received Rating fees of 4 Agencies for SSI Units namely CRISIL, D&B, ICRA, CARE and the fees structure are given below:

CRISIL	Turnover <Rs.50 Lakhs		Turnover Rs.50-2000 Lakhs		Turnover > Rs200 Lakhs	
	Normal	Bank's SSI Customers	Normal	Bank's SSI Customers	Normal	Bank's SSI Customers
Rating Fees (Rs.)	40,000	27,040	45,000	30,000	60,000	48,000
NSIC fee (Rs.)	4,080	2,758	4,590	3,072	6,120	4,896
Rating fees (Rs.)	44,080	29,798	49,590	33,072	66,120	52,896
Reimburse from NSIC (Rs.)	25,000	22,349	30,000	24,754	40,000	39,672
Amount payable by SSIs	19,080	7,450	19,590	8,918	26,120	13,224



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Units under our finance with the above mentioned special rates. But we are to create awareness and make publicity amongst the Small Scale Units regarding utility of credit rating for enhancing their acceptability in the market and understanding their strengths and weaknesses for increasing their productivity and quick access to credit from Bank/Financial Institution even at a cheaper rate for units having better rating. In our policy package for SSI Units, No. UROP/COM-381/2005 dated 30/09/05 it has also been mentioned that SSI Units rated by accredited credit rating agencies and enjoying limit above Rs.2 lac will be given further relaxation in the rate of interest, viz.

- | | |
|-----------------------------------|-------------------------------|
| 1. Highest Rating | Reduction of interest by 1% |
| 2. 2 nd Highest Rating | Reduction of interest by 0.5% |

In view of the above we would request you to arrange awareness programme amongst the Managers, credit officers and also entrepreneurs of SSI Units under our finance about the performance & Credit Rating Scheme of NSIC through empanelled Agencies which will help us to achieve our targeted growth of our advance to SSI sector. In this connection we are enclosing also the details of the scheme as circulated by NSIC for your perusal.

Encls. As Stated
M/NSIC(11-14)

Yours faithfully,

General Manager (P&D)