

7) DISBURSEMENT OF FUNDS

Channelising Agencies have to first complete pre-requisite formalities viz : selection of beneficiaries, documentation with the beneficiaries, tie-up of their share i.e. Margin Money/Subsidy, identification of supplier of assets and arrangement of Government Guarantee/Bank Guarantee etc. so that the funds are utilised timely upon receipt of the same from NSFDC.

Funds for the sanctioned projects/schemes are released by NSFDC on specific request from the state level channelising agencies (SCAs) and generally subject to:

- i) Execution of General Loan Agreement by the SCAs.
- ii) Arranging of State Govt. Guarantee/Bank Guarantee by SCAs.
- iii) Submission of list of selected applicants to NSFDC in line with its prescribed format.
- iv) Submission of satisfactory status of overall/schemewise utilisation of funds(as per prescribed format), already released by NSFDC.
- v) Satisfactory level of repayment of dues of NSFDC.
- vi) Tying up of Subsidy, Margin Money Loan and Promoter's Contribution etc. by the Channelising Agencies.

8) FUNDS UTILISATION

(a) UTILISATION PERIOD & INTEREST RATES FOR UNUTILISED FUNDS

- i) State Channelising Agencies are to utilise funds drawn from NSFDC within 120 days of its release. The period of 120 days allowed for funds utilisation shall be treated as moratorium period for SCAs, in addition to normal moratorium period allowed for each scheme.
- ii) NSFDC funds released by the SCAs to the beneficiaries or advanced towards procurement of assets under the projects shall alone be considered as funds utilised. However, funds transferred by SCAs to its Branch/District Office, are not considered as funds utilised.
- iii) NSFDC funds not utilised by SCAs within 120 days from the date of release by NSFDC shall attract interest @10% (inclusive of normal interest applicable for the scheme), from the 1st day of disbursement, till the time of actual utilisation.
- iv) NSFDC funds returned unutilised by the channelising agencies even within 120 days shall attract interest @ 10% p.a. (inclusive of normal rate of interest).
- v) In no case the higher rate of interest charged by NSFDC will be levied subsequently by the channelising agencies from the beneficiaries.

Contd.....7/-