

General Funding Mechanism – An Overview

Call for Proposals for Joint R&D is announced from time to time by GITA in collaboration with counter part implementing organization of the partner country. Financial support to approved projects is extended to the Indian Applicant by DST through GITA.

The process for submission of proposals may be two-step or a single step depending on the guidelines of the Call. In the two step process, first an Expression of Interest needs to be submitted. EOIs meeting the basic requirements of the Call are invited to submit the full proposal. In the single step process, the full proposal is submitted at one go.

The proposals are circulated for evaluation by an Advisory Panel comprising of experts in related field and discussed further at the Expert Evaluation Committee meeting. If necessary, some applicants may be invited to present their case to the Committee.

On recommendations of the proposal by the Expert Evaluation Committee, it is put up for approval of Chairman, GITA. Once the project has been approved, a loan agreement is drawn up. Based on requirements of the project and capacity of the company to securitize each installment, the quantum of disbursement in each release is decided by GITA. Post dated cheques of the sanctioned amount has to be deposited prior to disbursement of the first installment. All release of funds is securitized by way of bank guarantee, hypothecation of assets etc.

During the process, GITA, at any point can request the Indian Applicant to provide background documents registration papers of the company, balance sheets, annual reports etc. as well as clarifications on the proposal.

Terms and Conditions for soft loan extended by DST though GITA

1. The loan will be released by GITA to the Indian Applicant in installments. Quantum of each installment will be worked out prior to signing of loan agreement
2. The loan will be an unsecured loan carrying a simple interest of 3% per annum on the outstanding amount of the loan. Interest will become due from the date of release funds in the project to industrial partners. The repayment of the loan will be in 10 annual equal installments.
3. The project implementation period will be the moratorium period and will not be liable for repayment of installments and interest. However, the interest accrued during the implementation period will be amortized and will be payable in a maximum of 5 installments.
4. The interest will be payable every year along with the loan installment of repayment.
5. The Indian Applicant undertakes to ensure timely repayment of the loan along with installment of interest as per the schedule notified. Any delays in repayment will entail payment of penal interest @ 12% P.A. compounded monthly for the period of delay. Successive two defaults will entail recall of the total outstanding loan immediately.

6. A separate book of accounts and a separate bank account for the project must be maintained
7. The Industrial Partner shall utilize the loan only for the purpose of the project and not for any other purpose. Diversion of funds to other purposes will entail cancellation of the loan and immediate repayment of the outstanding loan amount with a penal interest @ 12% compounded monthly.
8. If the project does not take off within six months after release of first installment foreclosure of the project due to lack of initiative/ willingness will be considered. A penal interest @18% p.a.on the loan amount would be levied on this account
9. The Industrial Partner will meet any expenditure incurred on the project over and above the loan amount.
10. The Industrial Partner must have an R&D Center, which has valid recognition of Department of Scientific and Industrial Research (DSIR), Government of India; if not registered, the firm undertakes to get the R&D Center so recognized within 12 months. Failing which, unless and otherwise extended the period, the firm may be asked to return the loan amount.
11. In case of reorganization of the Industrial Partner through merger, acquisition, termination, closure etc., the Industrial Partner undertakes to settle the GITA/DST loan even prior to initiating such measures.
12. In the event that industrial Partner wishes to pay any amounts ahead of the schedule, there shall be no prepayment penalty levied.

Please note that procedure for project approval and terms & conditions of extension of loan are subject to change any time without prior notice.