

## **Amended Scheme for Financing of Industrial Land in RIICO Industrial Areas**

With a view to offer financial support to the entrepreneur right from the beginning of the project implementation, the scheme for financing of Industrial Land in RIICO Industrial Areas was formulated in Financial Year 2015-16. The Scheme has now been amended w.e.f. November 22, 2019 with the approval of the Board of Directors.

The details of the scheme are as under:

### **1. Eligibility Criteria:**

- (a) Fresh allotment of plot or plots auctioned by RIICO in its Industrial Areas will be eligible under the scheme. Plot purchased under resale will not be eligible.
- (b) Allotment letter issued for industrial plot shall be the basic document for loan. Plot is to be used for the purpose of setting up an industrial unit. Industrial unit here means the "Industrial Concern" as defined in SFC's Act. Commercial/Residential plots and plots for institutional purpose will not be eligible.
- (c) Promoter should have satisfactory record of repayment and should not be a defaulter to any financial institution/bank.
- (d) The borrowers who have already availed facility of payment of cost of land on installment basis will not be eligible under this scheme.

### **2. Quantum of Term Loan:**

Minimum amount of term loan will be Rs. 100.00 lacs.

Minimum promoter's contribution will be 25% of the bare cost of land.

### **3. Rate of Interest:**

Prevailing Interest rate. Presently, 12% p.a.. Rebate of 2% for timely payment is admissible.

### **4. Repayment Period:**

The maximum period of repayment will be 5 years including moratorium up to one year. The promoter will adhere to the timelines for starting construction, commercial production, etc. specified in the letter of allotment & RIICO Disposal of Land Rules, 1979.

In case the promoter opts for taking loan for the project proposed to be set up on the plot from other financial institution/bank, he will have to pre-pay the loan of RIICO

before the charge on the land is released by RIICO. However, no prepayment premium will be charged under the scheme by RIICO for pre-payments made.

## **5. Security**

The loan shall be secured by way of :

- (a) First charge over the plot of land proposed to be financed, and
- (b) Personal guarantee of Promoters/Directors/Proprietors/Partners of the company/ proprietorship firm/partnership firm/LLP, as the case may be.
- (c) Collateral Security, where ever considered necessary.

## **6. Sanctioning Authority:**

The Competent authority under the scheme shall be as per the prevailing policy of the Corporation for sanction of term loan.

## **7. Issuance of Letter of Intent (LOI)**

After sanction of term loan and deposition of service charges, LOI shall be issued by the Investment Cell to the borrower with a copy endorsed to the Concerned Unit Office.

The Unit Office will consider the Letter of Intent (LOI) as Letter of Assurance towards payment of cost of the plot of land to the extent of loan amount. In case the land dues exceeds the loan amount, the same shall be get deposited before execution of lease deed..

The Unit Office will execute the Lease Deed in Form ' D ' mentioning balance cost of land and send the same directly to the Chief General Manager (Investment). The dues, if any, which may have accrued in the intervening period, may also be indicated.

## **8. Disbursement Procedure**

The following disbursement procedure shall be followed:

- (a) The borrower will submit proof of payment of minimum 25% of the cost of land along with any other land dues relating to the plot, over & above the amount of loan, if any.

- (b) The borrower shall execute all the necessary legal documents like Loan Agreement, Personal Guarantee and Hypothecation etc. with Legal/Documentation wing of the Corporation and shall also mortgage the lease deed.
- (c) Consequent upon the execution of necessary legal documentation, the disbursement wing of Investment Cell will ensure deposition of the outstanding dues by the borrower towards the plot of land, if any, prior to disbursement of sanctioned term loan amount.
- (d) The Investment Cell of the Corporation will release the term loan amount by issuing a credit note in favour of the unit office on compliance of all terms & conditions of Letter of Intent.
- (e) The unit office will forward to Head Office “No Dues Certificate”.

**9. Other Conditions:**

- (a) The loan application for project finance from RIICO will be considered separately on merits of the case irrespective of the fact that the applicant has already availed loan from RIICO towards cost of land.
- (b) The processing fee @ 0.1% and applicable GST and service charges @0.15% subject to maximum Rs.4.00 lacs and applicable GST will be payable as per policy of the Corporation.
- (c) The payment of interest and principal shall be made on due dates on quarterly basis, as per the repayment schedule annexed to the LOI.
- (d) In case the promoter does not take effective steps for construction and implementation of the project within the prescribed period, the Corporation will have right to recall and recover the loan irrespective of timely repayments being made as per schedule of repayment of the loan.
- (e) The borrower will ensure compliance of terms and conditions of Allotment letter issued to them and also abide by the provisions of RIICO Disposal of Land Rules, 1979 as amended from time to time.

**Note:** The Detailed Scheme & Loan Application are available at following link(s):

<http://www.industries.rajasthan.gov.in/content/industries/riico/downloads-/Forms/LoanApplication.html>

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