

RFC/PG/1002

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

HEAD OFFICE,
TILAK MARG,
JAIPUR.

Ref. No. RFC/GBD/Gen-125/199

Dated :13.05.2003

: PG CIRCULAR :
(LA No.363)

Sub:Scheme for working capital term loan with the facility of deposit and withdrawal through pass book

The Corporation is operating schemes to provide working capital term loans to the good borrowers and new entrepreneurs. With a view to provide flexibility in these schemes , and to widen the scope of these schemes,the Board of Directors in its meeting held on 28.4.03 has decided to introduce a new scheme called “Schemne for Working Capital Term Loan with the facility of deposit and withdrawal through pass book.”Detailed Scheme as approved by the Board is enclosed which will form part of the P&G As Schedule LA(S) /1/17K Accordingly necessary additions in the SWS and WCTL Schemes for GB/PGB may be made in Schedule no. 12/M ,17B,17E and 17I respectively.

Flexibility is in built in the scheme for availment of two replenishment loans before original LDR after deposit of four instalments without further execution of loan documents.Pre payment is allowed without premium, no application fee and no processing charges shall be charged for replenishment under the Scheme. It is expected that the Corporation may get good business under this new scheme.

All concerned are advised to give due publicity to the scheme within the area falling in the jurisdiction and attract maximum business.

(J.P.Vimal)
EXECUTIVE DIRECTOR

Encl:As above

SCHEME FOR WORKING CAPITAL TERM LOAN WITH THE FACILITY OF DEPOSIT AND WITHDRAWAL THROUGH PASS BOOK

Introduction

The Corporation is operating schemes to provide working capital to good borrowers and to new entrepreneurs under the single window scheme. As per norms of the scheme, WCTL is provided as term loan and borrowers are not free to withdraw and redeposit the loan during the currency of loan. During the course of operation of these schemes, demand has been raised at various forums of Industrial Associations and entrepreneurs that the Corporation should provide flexibility in the schemes & for depositing and withdrawing funds without charging pre-payment charges as per their requirement/need. Keeping this in view, the Corporation has decided to modify these schemes as as to provide better flexibility for optimum use of funds as per requirement of the unit

Scope:

The following units will be covered for financing under this scheme :-

- 1) Good borrowers/potential good borrowers eligible under the existing WCTL Scheme
- 2) Units eligible under non assisted unit (NAU) Scheme for WCTL.
- 3) New units or existing units eligible for WCTL under Single Window Scheme to Tiny and SSI units.

Eligibility Criteria

The eligibility criteria will be the same as applicable under respective schemes already in operation.

Quantum of Assistance

- A) WCTL under GB, PGB, & NAU Scheme
Rs. 2 lacs to 100 lacs
- B) Under Single Window Scheme
Upto Rs. 200 lacs subject to the condition that component of WCTL shall not exceed quantum of term loan proposed for the fixed assets i.e WCTL would not exceed to 50% of the total term loan

Computation of WCTL

The computation of WCTL shall be made as per the provisions/norms contained in the respective schemes.

Debt Equity Ratio

- a) WCTL under GB, PGB & NAU Scheme
Not exceeding 2:1 after proposed loan
- b) Single Window Scheme
 - i) For term loan (including proposed WCTL) upto Rs. 10.00 lacs 3:1

- ii) For term loan (including proposed WCTL) 2:1
above Rs. 10.00 lacs

Security Debt Ratio :

- a) GB Scheme : 1.5:1
b) PGB & NAU Schemes : 2:1
c) Single Window Scheme : First charge over fixed assets and hypothecation of current assets and collateral security to the extent of 150% of the term loan provided as WCTL.

Calculation of acceptable value of Security

The acceptable value of security shall be calculated as per norms laid down in the circular of the respective scheme.

Rate of interest

The rate of interest (including replenishment) is chargeable as under:-

- a) Good Borrower Scheme
- i) SSI Sector 13%
(Small Scale units,Hospital/Nursing Homes and Toruism Related activities including Hotels and Restaurants etc. Project Cost upto Rs. 10.00 Crore.
 - ii) MSI/Non SSI Sector 14%
- b) PGB,NAU and Single Window Scheme
- i) SSI Sector 13.50%
(Small Scale units,Hospital/Nursing Homes and Toruism Related activities including Hotels and Restaurants etc. Project Cost upto Rs. 10.00 Crore.
 - ii) MSI/Non SSI Sector 15%

No flexi rate of interest shall be chargeable

Liquidated Damages

- a) On principal overdue : If there are principal overdues as on 31 March of every year , the liquidated damages as prescribed in respective scheme shall be charged on the amount of default and for the period of default to be worked out as per repayment schedule.
- b) Interest Overdue Liquidated damages as prescribed in the respective scheme shall be charged on the amount due for the period of default.

Service Charges

Service charges @ 1% p.a. shall be charged over & above interest to be due on quarterly basis alongwith the interest on interest due dates

Timely payment rebate

No separate rebate would be available for the timely payment

Pre-payment charges

Pre payment of loan is allowed without premium

Repayment Period

- a) The repayment be worked out as per the existing prescribed norms in respective scheme
- b) The repayment schedule shall be automatically extended by the installment replenished. The concern has to ensure that the amount fallen due against principal in a particular financial year shall be cleared in that particular financial year itself i.e by 31st March, failing which liquidated damages shall be applicable as above.
- c) The interest is payable on due dates failing which liquidated damages shall be applicable as above.

Execution of Loan Documents

The Scheme provides in built facility of replenishment, two times only before original LDR therefore adequate provisions for flexibility and replenishment in the legal documents have to be made to facilitate the above modifications ,accordingly documents of this loan account shall be executed as per modified documents which shall be prescribed by the Law Section separately.

Disbursement

The process for disbursement and other terms and condition of respective schemes shall remain unchanged.

Miscellaneous terms & conditions

The other parameters like sanctioning authority ,moratorim period etc prescribed procedure of Single Window Scheme,GB Schemes shall remain unchanged and shall be guided by the respective provisions of these schemes.

Other Salient Features

a) **Drawing & Depositing Facility** : Every borrower may be allowed to withdraw not exceeding 2 times a month and to deposit not exceeding 2 times a month meaning thereby that the unit is allowed to transact 4 times during a month. Amount to be deposited/ withdrawal would be as per the requirement of the borrower. However, in any case as on date of withdrawal the outstanding balance including withdrawal in the account shall not exceed principal not due as per repayment schedule.

b) **Freezing of operation** : If at any time it is observed that unit is not making payment of interest on due date, the facility of flexibility in operation would stand seized till such time the overdue interest paid by the borrower.

c) **Replenishment of limit** : The borrower who is maintaining this account regularly will have the facility of replenishment two times before original LDR after deposit of four instalments. The replenished amount will be added to the principal not due amount as and when it is disbursed. As such no separate account is required to be opened for the replenishment. The LDR shall also be extended by the number of installments replenished.. The replenishment shall be considered at the documented rate of interest irrespective of whatever be the prevailing rate of interest.

d) Additional requirements of working capital can be considered separately for which separate account shall be opened and shall be subject to interest rate prevailing at the time of first date of disbursement.

e) No application fee and processing charges shall be charged for replenishment of WCTL.

f) **Transaction fee** : Charges are to be levied on the basis of number of transaction of deposit and withdrawal @ Rs. 25/- each (excluding entries related to repayment schedule) on the 1st day of the next quarter.

g) **Maintenance of pass book** : Every borrower will be provided a pass book containing details of amount sanctioned, disbursed ,interest rate, liquidated damages, service charges, repayment schedule and the amount replenished etc. will have basic information of borrower and at the time of every withdrawal and deposit the borrower will ensure that the entries have been made in the pass book by the concerned Branch Office.

The pass book shall be reconciled on monthly basis and the borrower may get the pass book completed and the concerned clerk and AM and DM who may be verifying officer should also put signature on the pass book so that no error in account occurs. The entrepreneur should also put his signature at the time of taking passbook after verification for his satisfaction about correct position of the account. The overall supervision shall be of the BM. The concerned Cashier/Staff/Officials who have been given the responsibility will attract disciplinary action if this prescribed procedure is violated.

h) **Monitoring** : The monitoring and follow up of the scheme shall be made by the concerned DGM® . He will regularly monitor these cases on monthly basis. Nodal Officers shall also review the default cases regularly and shall suggest further course of action to regularize the account.

RAJASTHAN FINANCIAL CORPORATION
UDYOG BHAWAN, TILAK MARG
JAIPUR
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BORROWERS PAYMENT PROFILE

A) Basic Data :

1- A/c Code : _____
 2- Name : _____
 3-. Address : _____
 4- Phone : (O) _____
 (R) _____

5. Name of the Key Promoter _____

6. Loan Sanctioned-Date : _____ Rs. _____

7. Loan Replenished Date : _____ Rs. _____
 Date : _____ Rs. _____

8. Original LDR _____

9. Date of first disbursement _____

10. Rate of Interest Concessional _____ Penal _____
 Date w.e.f _____

B) Details of Loan Disbursed

	Date	Amount
1-	_____	_____
2-	_____	_____
3-	_____	_____
4-	_____	_____
5-	_____	_____

C.) Account Statements :

Date	Transaction Details	Cheque No/ Receipt No.	Debit	Credit	Balance	Initials RFC Borr- Off. ower
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Transaction Total
Closing Balance

- 1- Please quote your account number in all correspondence
- 2- All payments deposited, should be got entered & verified in the pass book
3. Interest fall due on quarterly basis on the first day of April, July, October, & January of each financial year.
- 4- The pass book shall be reconciled on monthly basis and the borrower may get the pass book completed and concerned clerk, AM and DM who may be verifying officer should also put signature on the passbook . The entrepreneur should also put his signature at the time of taking passbook after verification for his satisfaction about correct position of the account.
- 5- Unless the loanee notifies the Corporation within seven days from the date of reconciliation about any discrepancy in the pass book, it will mean that the account is correct to the satisfaction of the borrower.
- 6- Appropriation of receipts (under this payment profile)shall be as under:-
 - A) Other Money
 - B) Penal Interest
 - C) Interest
 - D) Overdue Principal &
 - E) Not due principal
- 7- In case of any suggestion for improving operating of the scheme, you may send it to the concerned Branch Manager or Regional Office.