

**RAJASTHAN FINANCIAL CORPORATION**  
**(LOANS SECTION)**

Ref. No.RFC/GBD/Gen/125/1386

Dated : 09.02.2004

**CIRCULAR**  
**(LA-383)**

**Sub : Scheme for Financing Against land  
cost in SEZ area developed by RIICO.**

The Corporation has recently introduced scheme for financing against assets vide P&G Circular No. 1007 dated : 22.05.2003. Under the Scheme, term loan to the extent of 50% of the MRV of mortgageable fixed assets i.e. land & building to the units, who fulfills the eligibility criteria of the scheme, can be financed for meeting out their industrial /commercial /service sector requirements.

In the present scenario, Corporation has to identify new business wherein financial assistance can be provided accelerating the growth of industrial sector. Recently, Govt. of India has declared Special Economic Zones (SEZ) where all sorts of tax benefits are granted to the upcoming industries in the areas earmarked for this purpose.

The Board of Directors in its Meeting held on 03.02.2004 approved the Scheme for financing against land cost in Special Economic Zone areas developed by RIICO in Jodhpur, Jaipur and other places. The Board also decided that cases sanctioned under the Scheme shall be reported to next higher authorities.

While financing under the Scheme for purchase of land cost the following clause in lease deed of RIICO may be incorporated :-

"In case of breach of any terms and condition of this lease by leasee and/or the construction activity is not started and/or project is not implemented as per norms prescribed by RIICO, the clauses made in above lease deed will not be operative against RFC and RFC will be entitled to sell the land and to get their dues realised and transfer the lease hold rights in favour of the purchaser".

Under the scheme delegation of powers of sanction upto the loan of Rs. 15.00 lacs have been delegated to the BMs. Beyond the limit of Rs. 15.00 lacs, the DGM (R) would be the sanctioning authority upto Rs. 50.00 lacs under this scheme.

The Branch Managers and DGM (R) are also directed to report to the next higher authorities after sanction of term loan under this Scheme alongwith copy of proposal and sanction letter.

A Scheme for financing against land cost in SEZ area developed by RIIC is enclosed herewith.

All concerned are advised to take a note of above and ensure compliance.

Sd/-  
**(J. P. Vimal)**  
**Executive Director**

**Scheme for Financing against Land cost in  
SEZ developed by RIICO**

**1- INTRODUCTION :**

The Corporation has recently introduced Scheme for financing against assets vide P&G Circular No. 1007 dated : 22.05.2003. Under this Scheme term loan to the extent of 50% of the MRV of mortgageable fixed assets (Land & building) to the units who fulfills the eligibility criteria of the Scheme can be financed for meeting out their industrial /commercial /service sector requirements.

In the Eligibility Criteria under the Financing Against Assets Scheme is that the Corporation can finance against marketable and mortgageable fixed assets of the existing industrial units situated in industrial area saturated & having potential but not on the land which are located in a developing industrial area. Under this Scheme there is a rider under this scheme that the Corporation can not provide financial assistance over the open land and the areas which are under developing stage. To cope with this rider this scheme is being framed and is popularly known as **"FINANCING AGAINST LAND IN SEZ DEVELOPED BY RIICO"**.

Under this scheme, the Corporation shall provide financial assistance to prospective entrepreneur for meeting their financial requirements for purchase of land in Special Economic Zone (SEZ) developed by RIICO provided that the land is mortgaged to the Corporation as first charge and should be free from all encumbrances.

**2- Eligibility Criteria :**

The term loan against land cost/ development charges in SEZ developed by RIICO.

**3- Coverage :**

Land situated in Special Economic Zone (SEZ) developed by RIICO presently located near Boranada Industrial Area, Jodhpur and Sitapura Industrial Area, Jaipur.

**4- Security :**

- A) The land shall be under the 1<sup>st</sup> charge of the Corporation by way of equitable mortgage.
- B) Personal guarantee of proprietors/ partners /directors etc. for securing repayment of land alongwith interest etc.

**NOTE :** The land so mortgaged to the Corporation should not be transferred by way of sale or by other mode of transfer during the currency of loan of the Corporation.

**5- Security Ratio :**

Under the scheme 50% loan against land cost shall be considered. For calculating the acceptable value of land, the cost of price of land /development charges charged by RIICO alongwith stamp duty charges shall be considered.

**6- Amount of Assistance :**

Loan from Rs. 2.00 lacs to Rs. 50.00 lacs can be considered under this Scheme.

**7- Moratorium Period :**

The moratorium period shall be 18 months from the date of first disbursement.

**8- Repayment Period :**

The loan shall be repayable in five years, including the moratorium period not exceeding eighteen months.

**9- Margin :**

50% of the land value.

**10- Rate of Interest :**

The Corporation shall charge prevailing rate of interest as applicable to SSI Sector at the time of first disbursement.

**11- Rebate :**

Rebate for timely payment @ 1.00% shall be provided to the borrower.

**12- LIQUIDATED DAMAGES :**

The liquidated damages shall be levied on the amount of default for the period of default as per the slab under General Term Loan Scheme.

**13- MODE OF PAYMENT :**

The borrower shall furnish 5 PDCs for payment of interest during the moratorium period and 14 PDCs of equated quarterly installments inclusive of interest and principal.

The first installment of interest shall fall due on the first day of quarter i.e. January, April, July & October. In case of any balance recoverable from /payable to borrower shall be adjusted in last EQI.

**14- APPLICATION FEE :**

- A) Application form fee @ Rs. 200/- shall be charged.
- B) Application fee @ 0.1% of the loan amount shall be payable.

**15- PROCESSING CHARGES :**

Processing charges @ 1.00% shall have to be deposited before convey of the sanction letter.

**16- SANCTIONING AUTHORITY :**

As per existing delegation of powers the BMs may sanction loan upto Rs. 15.00 lacs. Beyond the limit of Rs. 15.00 lacs, the DGM (R) would be the sanctioning authority upto Rs. 50.00 lacs under this Scheme.

The principle clearance shall be given within seven days from the date of receipt of the loan application and the term loan shall invariably be sanctioned within fifteen days. Further the cases sanctioned under this scheme shall be reported to next higher authority.

**17- ASSURANCE LETTER :**

The Corporation shall issue an Assurance Letter to RIICO for making payment of eligible amount against land cost /development charges directly to RIICO and thereafter RIICO shall deliver original lease deed of land to RFC for mortgage.

In the cases where financed is met by the Corporation for purchase of land only, an overriding clause need to be made by RIICO in the Lease Deed to the extent that :

"In case of breach of any terms and conditions of this lease by leasee and/or the construction activity is not started and/or project is not implemented as per norms prescribed by RIICO, the clauses made in above lease deed will not be operative against RFC and RFC will be entitled to sale the land and to get their dues realized and transfer the lease hold rights in favour of the purchaser".

**18- UNDERTAKING :**

- A) The borrower shall furnish an undertaking that it will comply with all legal requirements to implement the unit i.e. necessary approvals from Competent Authorities, obtaining NOC from RPCB and other Departments etc. if required so.
- B) The borrower shall furnish an undertaking that the land will not be transferred by way of sale or by other mode of transfer during the currency of loan of the Corporation.
- C) The borrower shall furnish an undertaking that if the project is not started and/or project is not implemented as per norms prescribed by RIICO, the Corporation shall be free to recall the loan advanced to it with interest thereon.

**19- DISBURSEMENT :**

The disbursement shall be made in one installment directly to RIICO after payment by borrower of his 50% share to RIICO or in case payment more than 50% of the land cost has been made to RIICO, the admissible loan may be released to the RIICO /party.

The disbursement can be made within six months from the date of sanction. However, disbursement beyond six months can be considered by DGM (R) after charging up-front fee @ 0.1% of the amount to be disbursed.