

RFC/PG/970
RFC/LA/354

**RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)**

**HEAD OFFICE,
TILAK MARG,
JAIPUR.**

Ref. No.RFC/LA-12(65)/472

Dated : 02.7.2002

: PG CIRCULAR :

Sub:Fast Track Loan Scheme

Many a times, the promoters who are confident about the successful running of their project propose to furnish additional/collateral security for availing the term loan quickly on fixed assets which provide extra comfort level to the Corporation . Keeping this in view, it was felt that in all such cases the Corporation should also reciprocate and come forward to provide financial assistance on liberal terms without diluting the overall financing norms laid down by SIDBI/IDBI/Central/State Government/ RPCB etc. The Executive Committee, discharging the functions of the Board. In its meeting held on 15-06-2002 has approved a new Scheme in the name 'Fast Track Loan Scheme'. A copy of the Fast Track Loan Scheme is enclosed herewith which will form a part of PG as Schedule 1/16 B.

All concerned are advised to take a note of above.

**sd/
Executive Director**

RAJASTHAN FINANCIAL CORPORATION
(Loans Section)

Fast Track Loan Scheme

1. Introduction

The scheme envisages providing financial assistance on liberal terms to the entrepreneurs who are interested to furnish additional / collateral security for term loan for fixed assets, such entrepreneurs can avail financial assistance on liberal terms from the Corporation with regard to promoters' contribution and security margin without diluting overall financial norms / terms laid down by the SIDBI/ IDBI, Central / State Govt. RPCB etc. and also with simplified procedure of disbursement as compared to general category of borrowers. This would Not only facilitate early implementation of the project but would also encourage business of the Corporation.

2. Eligibility Criteria

The promoter/ Concern/ Company who furnishes collateral security for the term loan against fixed assets would be eligible to be covered under the scheme. However, as a part of specific decision/ guidelines of Corporation where collateral security requirement is must, such as units in rented premises, mining units, transport loan cases, working capital term loan under SWS, projects based on fast changing technology etc. shall remain outside the purview of this scheme.

The scheme would be applicable to the loan cases under general loan scheme and not applicable under Good Borrower Scheme/ UPGB and NAU Scheme.

1. Category of promoters

Such promoters may be categorized into 2 categories based on the quantum of collateral security proposed to be furnished for term loan against fixed assets as under :-

Quantum of collateral security	Category
(i) Where the value of collateral security against fixed assets is more than 80% of loan amount	"A"

OR

Where in the project, the component of land & building is more than 50% of the total investment towards fixed assets and collateral security is not less than 50% of the loan amount.

OR

Where in the Service Sector projects like Hotel, Commercial Complex, Hospital, Nursing Homes proposed to be located in major cities like Jaipur, Jodhpur, Udaipur, Ajmer and Bikaner the component of land and building is more than 75% of the total investment towards fixed assets of the project and collateral security is not less than 25% of the loan amount.

(ii) Where the value of collateral security against Fixed assets is more than 40% but upto 80%.

OR

Where in the project the component of land & building is more than 50% of the total investment towards fixed assets and collateral security is not less than 25% of the loan amount.

OR

Where in the service sector project like Hotel, Commercial Complex, Hospital, Nursing Home, Proposed to be located in major cities like Jaipur, Jodhpur, Udaipur, Ajmer and Bikaner the component of land and building is more than 75% of the total investment

towards fixed assets in the project and collateral security is not less than 10% of the loan amount.

Note : For the purpose of determining the value of collateral security, the value of primary security would not be considered.

2 Facilities

These eligible entrepreneurs/cases would be entitled to sanction/ avail laon on the liberal terms/ norms as detailed below :

A. Facilities/ Relaxation in terms of sanction :

		A	B
(i)	Mininum Promoters Contribution	30%*	33%*
(ii)	Security Margin		
	a) where usual security margin is 30%	25%	27.5%
	b) where usual security margin is 40%	35%	37.5%
	c) where usual security margin is 50%	40%	45%

(iii) DSCR may be accepted 1.5:1 1.6:1

*However it should not dilute D.E Ratio of 2:1 in small scale units and 1.5:1 in medium scale units.

iv) Other Relaxations

a) Credit reports from reputed persons/ Gazetted Officer would not be insisted upon if satisfactory report from Bank has been received.

b) Cases would be taken up for processing/ sanction without waiting of NOC/ consent from RPCB and the unit would be allowed to furnish the same as under :

i) NOC in red category cases would be furnished before first disbursement of loan (after documents and release of token money).

ii) Whereas in Orange category cases, the same may be furnished uptill disbursement of 25% of sanctioned loan or disbursement of 50% value of collateral security, which ever is less.

B. Facilities/ Relaxation in terms of disbursement of loan

(i)	Raising or promoters' contribution before disbursement	50%	75%
(ii)	Maximum inspection for verification and valuation of assets	2	3
(iii)	Advance disbursement	33%	25%

Note : The next advance disbursement would be subject to proper utilization of previous advance and would be over and above the admissible disbursement against valuation of assets of the project. Beyond 66% disbursement against sanctioned loan amount, eligible disbursement would be released after carrying out valuation only.

iv.) Payment/ Receipts for smaller amount in case of plant and machinery and MFA would not be insisted to the extent of 10% of the total cost of plant and machinery and MFA. For such payment only a statement showing the itemwise details of payments duly signed by the promoter and certified by CA would be furnished.

5. Other Modalities

- 1) while forwarding loan application under the scheme should be marked as "Under Fast Track Loan Scheme" on the top / front of loan application form.
- 2) The IPC (for branch level cases) and PCC (for HO level cases) would decide / approve the eligibility and coverage of the loan application under Fast Track Loan Scheme.
- 3) In such cases while conveying sanction on top of sanction letter Words "Fast Track Loan Scheme" shall be specified / mentioned.
- 4) Terms and conditions of sanction / disbursement would be accordingly modified.
- 5) Such loan cases would be closely monitored by Branch Manager himself besides Nodal/ Monitoring Officers appointed otherwise in the loan cases above Rs. 100 lacs and Rs. 50 lacs etc.

- 6) While considering assistance under this scheme it may be ensured that the financial parameters / norms of appraisal like Debt Equity Ratio repayment period, rate of interest etc. as laid down by the SIDBI/ IDBI and the guidelines issued by Central/ State Govt. / RPCB etc. from time to time and circulated through PG should not be diluted. The present minimum debt equity ratio is 2:1 in case of Small Scale unit and 1.5:1 in case of Medium Scale Units.
- 7) The rate of rebate interest on timely payment will be 1% for all cases.