

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref No. RFC/LA-12(73)/59

Dated : 15.04.2008

: P&G Circular :
(LA No. 482)

Reg: Scheme for financial assistance to the assisted units affected by natural calamities/disaster.

The Corporation has always associated itself with the SME sector and other units of the State for establishing the new units as well as expansion and modernization of existing assisted units. Some times these units have to confront with natural calamities/devastation viz. flood, earthquake, storm/cyclone etc. because of which the smooth functioning of the units gets affected and the damage caused due to these reasons hampers the production. At times such calamities raise question mark on the existence of the units and loan funds of the Corporation advanced to these units are also at stake.

In the light of directions received from the Department of Disaster Management and Relief, Govt. of Rajasthan, Jaipur the matter has been examined and placed before PC&CC in its meeting held on 11.03.2008. The recommendation of PC&CC was placed before the Board in its meeting held on 27.03.2008 wherein the scheme as enclosed as Annexure "A" has been approved by the Board of Directors.

As per the scheme financial assistance will be provided to the existing RFC assisted units in running condition affected by natural calamities/disaster i.e. flood, earthquake, storm/cyclone who are regular in repayment of loan and the unit should remain viable even after availment of proposed loan and capable to serve the debt.

50% loan on estimated requirement for repair of existing fixed assets i.e. Building, Plant & Machinery & MFA and

for purchase of new Plant & Machinery and MFA against totally damaged equipments shall be provided.

Financial assistance under the scheme is proposed from Rs. 2.00 lacs to 100.00 lacs against the collateral security of existing and proposed loan amount minus existing MRV of Land and Building of the unit and collateral security.

Proposed rate of interest is 1% less than the net effective prevailing interest rate as on date of first disbursement of loan (including token disbursement).

All concerned are advised to make a note of above and ensure compliance of the same.

Sd/-
(PAWAN ARORA)
Executive Director

Encl : As above

Copy to :

1. Standard Circulation at H.O.
2. All Branches/Sub-offices.
3. DGM (A&I) Eastern & Western Zones.

Rajasthan Financial Corporation
(Loans Section)

**REG: SCHEME FOR FINANCIAL ASSISTANCE TO THE ASSISTED UNITS
AFFECTED BY NATURAL CALAMITIES / DISASTER.**

The Corporation has always associated itself with the SME sector and other units of the State for establishing the new units as well as expansion and modernization of assistig units. Some times these units have to confront with natural calamities/ devastation viz. flood, earthquake, strom/ cyclone etc. because of which the smooth functioning of the units gets affected and the damage caused due to these reasons hampers the production. At times such calamities raise question-mark on the existence of the units and loan funds of the corporation advanced to these units are also at stake.

In view of above, the loan scheme for rehabilitation/ revival of calamities/ disaster effected units is proposed and the salient features of the scheme are as under:

1. Eligibility criteria:

The existing RFC assisted units in running condition affected by natural calamities/ disaster i.e. flood, earthquake, storm / cyclone fulfilling the following:

- a) The devastation / losses caused by the above said disaster/ calamities be notified/ specified by the competent authority for the area in which the unit is existing. (a certificate in this regard is required to be obtained from the competent authority).
- b) The account of the unit should be in operation and the unit should have been regular in repayment of dues of the Corporation.
- c)The unit should remain viable even after availment of proposed loan and capable to serve the debt.

2. Modus Operandi:

- a)After receipt of loan application under the scheme alongwith the detailed project report for revival, the team comprising of the Branch Manager, Technical officer of the branch and one officer from finance discipline shall visit the unit and assess the loss caused to it.
- b) The team shall also estimate the requirement of funds to re-start the unit under various heads and ensure that the maximum installed capacity does not exceeds the installed capacity on which the unit was working prior to devastation.

c) MRV of collateral security as well as prime security shall be ascertained.

3. Admissibility of loan:

i) 50% loan on estimated requirement for repair of existing fixed assets i.e. building, P&M and MFA and for purchase of new P&M and MFA against totally damaged equipments.

(Note: Loan against building, P&M and MFA for expansion purpose shall not be considered under this scheme.)

ii) Debt Equity Ratio shall not exceed to 2:1

iii) The promoters shall arrange the remaining funds from their own funds in the form of capital / IFUL as per prescribed norms.

4. Amount of financial assistance

From Rs. 2.00 lac upto Rs. 100.00 lac

5. Security:

The proposed further loan shall be secured by the following:

i) Further charge by way of equitable mortgage on the existing land and building of the unit and first charge on the future investment to be incurred against civil construction.

ii) Hypothecation on all existing and future P&M and MFA.

iii) Collateral security of mortgagable and marketable immovable assets of value not less than the amount worked out calculated as under:

Total of existing and proposed loan amount minus existing MRV of land and building of the unit and collateral security (MRV to be ascertained as per prevailing norms.)

iv) Personal guarantee of the promoter(s) for repayment of the loan and interest thereon.

6. Repayment period and mode of payment:

The proposed loan shall be payable in 5 years including moratorium period of 6 months. PDCs shall be taken for principle instalment of loan.

7. Rate of Interest :

i) The Corporation shall charge interest rate 1% less than the net effective prevailing interest rate as on date of first disbursement of loan (including token disbursement)

ii). Liquidated damages:

The liquidated damages shall be charged on the amount of default for the period of default as per the prescribed slabs as applicable from time to time.

8. Application fee and processing charges:

Application fee @ 1000/- (alongwith service tax and education cess as applied) per application instead of 0.1% on the amount of loan applied shall be deposited at the time of filing of loan application. Without the application fee, the loan application shall not be accepted. Processing charges shall be charged as per prevailing norms.

9.Sanctioning authority:

As per the existing delegation of powers for sanction under general term loan scheme.

10. Pre-documentation conditions:

In addition to the usual terms and conditions , the following special conditions are to be stipulated:

- a) The concern/ co. shall deposit the amount of insurance claim/ relief/ grant received from Govt. & other agencies against the assets damaged by the natural calamities and shall submit an undertaking to this effect.
- b) Sales realization of damaged assets shall be credited into the loan account (if these assets have not been taken by the insurance company as salvage).