

RFC/P&G/1249

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

**Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.**

Ref. No.RFC/LA-12(4)/1593

Dated : 11.12.2008

**P&G CIRCULAR
(LA No. 498)**

REG: SCHEME FOR FINANCING GUEST HOUSES

Rajasthan has been endowed with the natural and heritage properties which attract the tourists into the state from all parts of the country and from abroad as well. The State is a hot tourist destination and the Corporation has also a lot of business potential in this sector.

The Board of Directors in its meeting held on 08.12.2008 has approved a loan scheme for the tourism sector in the name of "Scheme for financing Guest Houses" to provide cheaper accommodation to the prospective tourists, professionals and other visitors and to make their stay more comfortable at places which have potential for such visitors.

Financial assistance under this scheme shall be considered to the prospective borrowers under specified constitution as per norms which have land /space at some prime location with neat and tidy surroundings at places which have potential for tourists, professionals and other visitors in the State.

Financial Assistance under the scheme shall be available for construction of new guest house, addition/ alteration /renovation/ expansion of the existing building to make it suitable for guest house accommodation and for acquisition of plant & equipments etc. Loan applications under the scheme shall be processed as per prevailing norms as a viable project.

The loan granted by the Corporation shall be secured by equitable mortgage of the land, building and plant & equipments of guest house. The title documents of the property should be marketable and mortgageable and should be in the name of the applicant concern.

The maximum loan admissible under this scheme shall be 60% of the MRV of the existing land and building (to be calculated as per prevailing norms of the Corporation).

Term loan ranging from Rs. 10.00 lacs to Rs. 100.00 lacs shall be considered under the scheme, depending upon security margin/security of loan.

Rate of interest and timely payment rebate shall be as applicable from time to time for Tourism and Hospital projects.

The Scheme for financing Guest Houses is enclosed herewith and marked as Annexure "A".

All concerned are advised to give wide publicity of the scheme and Branch Managers shall attempt to fetch maximum business under the scheme.

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

Sd/-
(A.K.Garg)
Chairman & Managing Director

Encl : As Above.

Copy to :

- 1- Standard Circulation at HO,
- 2- All Branches /Sub-Offices,
- 3- DGM (A&I) Eastern & Western Zone,

RAJASTHAN FINANCIAL CORPORATION

(Loans Section)

REG: SCHEME FOR FINANCING GUEST HOUSES

Rajasthan has been endowed with the natural and heritage properties which attract the tourists into the state from all parts of the country and from abroad as well. The State is a hot tourist destination and the Corporation has also a lot of business potential in this sector. For financing in the tourism sector the Corporation has already existing scheme for financing Hotels, scheme for financing Dhabas and scheme for Paying Guest Accommodation.

It is proposed to launch another scheme for tourism sector in the name of Scheme for financing of Guest House to provide cheaper accommodation to the prospective tourists, professionals and other visitors and to make their stay more comfortable at places which have potential for such visitors.

A. Eligibility

Financial assistance under this scheme shall be considered to the prospective borrowers under specified constitution which fulfills the following:

- a) have land /space at some prime location with neat and tidy surroundings at places which have potential for tourists, professionals and other visitors in the State in order to construct rooms and other facilities which may made available to tourists, professionals and other visitors.
- b) should be a technically feasible and economically viable project so that adequate cash surplus is generated for servicing the loan.

B. Purpose

Financial Assistance shall be considered under the scheme for the following purposes:

- a) For construction of new guest house, addition/ alteration

/renovation/ expansion of the existing building to make it suitable for guest house accommodation;

- b) For acquisition of plant & equipments, electrification, air conditioning and other amenities essential for the guest house accommodation.
- c) To equip the kitchen with the modern appliances so as to provide necessary facilities like cooking range, fridge, water filter, water cooler etc.

C. Security

The loan granted by the Corporation shall be secured by equitable mortgage of the land, building and plant & equipments of guest house. The title documents of the property should be marketable and mortgageable and should be in the name of the applicant concern.

The maximum loan admissible under this scheme shall be 60% of the MRV of the existing land and building (to be calculated as per prevailing norms of the Corporation).

D. Financial parameters:

i) Margin of Security:

For land ,new building & P&M and MFA	30%
For old building	50%
For furniture & fixtures	50%

ii). Debt equity ratio 2:1

iii). Promoter's contribution 40%

E. Amount of loan

Term loan ranging from Rs. 10.00 lacs to Rs. 100.00 lacs shall be considered under the scheme, depending upon security margin/security of loan mentioned above.

F. Rate of Interest

Rate of interest and timely payment rebate shall be as applicable from time to time for Tourism and Hospital projects.

G. Repayment period

The loan shall be repayable in 6 years including 12 moratorium period in Equated Quarterly Instalments through PDCs.

H. Undertaking

The concern/ company shall submit an undertaking stating that they shall obtain all necessary approvals /permissions /licensees, required for the concerned project and shall renew /keep them valid during the currency of loan of the Corporation.

I. Sanctioning Authority

The loan under the scheme shall be sanctioned by various sanctioning authorities as per the prevailing delegation of powers for sanction of loan.