

RAJASTHAN FINANCIAL CORPORATION
(GOOD BORROWER DIVISION)

UDYOG BHAWAN,
TILAK MARG,
JAIPUR.

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CIRCULAR

Reg: Relaxations in norms related to Good Borrower Schemes

PS
 Suggestions related to various schemes being operated by the Good Borrower Division were received during Good Borrowers' Week organized from 17th to 21st August, 2009. Accordingly, to make GB schemes more attractive and also to obtain substantial business under SME sector from our existing borrowers a note was placed before PC&CC in its meeting held on 28.8.09 for modifications/relaxations which have been considered and approved by the Committee and the same are as under:

9 SEP 2009

A) Coverage of FAAS/SARAL scheme cases of SME Sector for further loan under Good Borrower Schemes

It has been decided to cover FAAS/SARAL scheme cases of SME, Tourism (except CRE, Residential/Commercial complex, Multiplex, Cinema Hall), Hospital & Nursing Home for loan under Good Borrower schemes subject to the following conditions:

1. The unit should fulfill the eligibility criteria of the concerned GB scheme of the Corporation.
2. For working out the loan admissibility, the amount repaid under FAAS/Saral schemes shall also be considered in addition to loan repaid in other schemes.
3. Only the cases related to SME sector, tourism sector/hospital/nursing home (CRE sector, multiplex, cinema hall cases are not covered) shall be considered for financing under GB Schemes. The cases of FAAS in which the loan was considered against commercial/residential properties for use in industrial units shall also be covered under Good Borrower Scheme provided that the entire security including assets of said unit (primary security) is mortgaged with the Corporation.

4. The existing loan account under FAAS/SARAL scheme shall continue as per original schedule of repayment. No prepayment shall be accepted. However, in exceptional circumstances CMD may allow to pre-pay loan under FAAS/SARAL scheme after availment of loan under GB scheme on the condition that pre payment charges equal to the difference in rate of interest under FAAS/Saral scheme and GB scheme (under which loan has been sanctioned), shall be charged on the outstanding amount for the remaining period of repayment.
5. While considering further loan under GB schemes, the security required for existing outstanding loan sanctioned under FAA/Saral/any other scheme shall be reduced as per norms of the scheme from total MRV. The balance MRV shall be taken into consideration for working out further loan under GB schemes.
6. The total exposure of the Corporation shall not exceed the value of land and building.
7. There shall be no dilution in the original security mortgaged with the Corporation under FAAS/SARAL.
8. The branch should satisfy about the utilization of earlier loan sanctioned under FAAS/SARAL.

B) Rate of interest in Platinum and Gold Card Loan Schemes

Keeping in view the fact that the Corporation is considering fresh loans under SME sector on cheaper rate whereas the rate of interest under GB scheme is quite high and banks are also financing such cases at a lower rate of interest therefore, it has been decided to reduce the effective rate of interest (after rebate) under GCL and PCL to 13% and 12.75% respectively revising the rebate from 0.50% & 0.75% to 1.50% & 1.75% under GCL & PCL respectively.

The revised interest rates shall be applicable to loan cases sanctioned on or after 28.8.09 and the loan cases sanctioned earlier but the execution of the loan documents (including token disbursement) of the same is to be done on or after 28.08.2009.

C) Platinum Card Loan scheme:

As per requests received from Good Borrowers, it has been decided that where there is an outstanding balance in Gold Card Loan account and the party wants additional loan under Platinum Card Loan scheme then the Corporation shall not insist for roll over of the outstanding balance of Gold Card to Platinum Card loan. Fresh admissible platinum card loan shall be sanctioned separately, i.e. both gold card loan as well as platinum card loan may be allowed to continue simultaneously. However, in such cases if party is already enjoying floating limit under gold card loan scheme then floating limit under Platinum Card shall not be considered and as such the entire admissible loan under platinum card shall be sanctioned as fixed limit.

The necessary modifications may be incorporated in the P&G in respective schedules of Good Borrower schemes.


(ATUL KUMAR GARG)
Chairman & Managing Director

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