

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref. No.RFC/LA-12(67)/781

Dated : 24.08.2009

P&G CIRCULAR
(LA No. 516)

Re: Financial assistance to concerns involved in conducting courses in designing, technical, management, medical, hospitality etc. to provide trained man power to industrial / service sector

In the preceding years, Govt. of Rajasthan has initiated effective steps for qualitative and quantitative improvement in technical and professional education in the state. The state is now being recognized as an educational hub in North India and some of the cities viz. Jaipur, Kota, Udaipur, Jodhpur, Bikaner and Ajmer have emerged as renowned centres for technical and professional education. Last 3-4 years have witnessed the emergence of a number of technical and professional educational institutions in the state and many of them are in the offing. As many as 10 new universities with latest courses in the field of medical, technical, management, law etc. have already come into existence.

Engineers, MBA and R&D professionals passing out from these institutions would ultimately be contributing to the growth of industrial activity/ service sector. As on today Rajasthan is reputed to be the highest producer of Chartered Accountants in the country.

The PC &CC in the meeting held on 31.07.2009 has decided to introduce a new loan scheme for grant of "Financial assistance to concerns involved in conducting courses in designing, technical, management, medical, hospitality etc. to provide the trained man power to industrial / service sector".

This will aim at providing required services or facilities for industry. Financial assistance under the scheme shall be considered to concerns involved conducting courses in designing, technical, management, medical, hospitality etc. to provide trained man power or facilities to industrial / service sector. Schools and other non professional educational institutions should be kept out of the purview of the loan scheme.

Only viable projects promoted by reputed persons with sound financial background and experience and catering to the manpower requirements of industries and trade may be considered after detailed appraisal.

The Loan scheme is enclosed herewith and marked as Annexure "A".

All loan applications under the scheme shall be processed and sanctioned at HO only.

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,

Annexure- 'A'

Re: Financial assistance to concerns involved in conducting courses in designing, technical, management, medical, hospitality etc. to provide trained man power to industrial / service sector

A- Introduction:

In the preceding years, Govt. of Rajasthan has initiated effective steps for qualitative and quantitative improvement in technical and professional education in the state. The state is now being recognized as an education hub in north India and some of the cities viz. Jaipur, Kota, Udaipur, Jodhpur, Bikaner and Ajmer have emerged as renowned centres for technical and professional education. Last 3-4 years have witnessed the emergence of a number of technical and professional educations institutions in the state and many of them are in the offing. As many as 10 new universities with latest courses in the field of medical, technical, management, law etc. have already come into existence. Apart from this scores of colleges with engineering, management, law and medical related courses have come into being all over the state.

Engineers, MBAs and R&D professionals passing from these institutions would ultimately be contributing to the growth of industrial activity/ service sector and trade and commerce.

Financial assistance under the scheme shall be considered to concerns involved conducting courses in designing, technical, management, medical, hospitality etc. to provide trained man power or facilities to industrial / service sector. Schools and other non professional institutions shall not be considered for financing.

B- Eligible Borrowers:

Proprietorship concerns, partnership firms, registered co-operative societies & registered trusts and companies having clear mortgageable land titles in the name of applicant having viable projects located at suitable sites in the

state promoted by reputed persons with sound financial background.

C- Purpose of Loan:

Assistance may be granted to the eligible borrowers for:

- a) Purchase of land
- b) Construction of building
- c) Acquisition of required P&M, Furniture & Fixture, lab equipments, air conditioners and other Misc. Fixed Assets

D- Financial parameters:

- i) Promoters Contribution : Minimum 40% of Proposed Project Cost
- ii) Debt Equity ratio : Not more than 2:1
- iii) Margin of security On land and building : 30%
- iv) P&M, F&F and MFA : 50%

Other norms/ parameters of appraisal shall be applicable as contained in PG and amended from time to time.

E- Security:

The loan shall be secured by following:

- i) Mortgage/ hypothecation of land , building, P&M, Furniture & Fixture, lab equipments, air conditioners and other Misc. Fixed Assets
- ii) Personal Guarantee of all the promoters/ trustees/ office bearers
- iii) Need based collateral security
- iv) Any other type of security, if required by sanctioning authority

F- Amount of Loan:

Upto Rs.1000.00 lacs. In suitable cases the limit can be relaxed.

G- Repayment period:

The loan shall be repayable in a period not exceeding 7 years including moratorium period not exceeding 24 months from the date of first disbursement without considering the implementation period.

H- Rate of Interest:

Presently, the documented rate of interest under the scheme shall be @14.50% p.a. payable in quarterly installments. Rate of interest shall be reset as per prevailing norms.

I- Other terms & conditions :

- i) The concern shall furnish the required permissions from Govt./ AICTE / concerned university/ board etc for conducting the courses/ running the institution
- ii) Building map to be approved by the competent authority
- iii) The concern to open an Escrow account to route all its receipts through this account to ensure the payments of Corporation dues on priority from this account
- iv) Need based collateral Security to be taken.
- v) Permission/ approval/ NOC to be obtained from the competent authority as per conditions of allotment letter/ lease deed to mortgage the titles in favour of the Corporation and for exercise the powers action under provisions of SFCs Act and loan agreement.

J- Sanctioning Authority :

As per the prevailing delegation of powers of sanction. Initially, all loan applications under the scheme shall be processed and sanctioned at HO as per the existing delegation of powers till further orders.