

RAJASTHAN FINANCIAL CORPORATION
(CREDIT APPRAISAL SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref.No. RFC/ LA-12(67)/ 1414

Dated : 08.12.2009

: PG CIRCULAR :
(LA No. 529)

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

Attention is invited to P&G circular No. 1279 dated 24.08.2009 on the subject cited above.

Suggestions have been received during Branch Managers' Meeting held on 31.08.09 to streamline the process of financing under the captioned scheme. The matter has been examined in detail. After review of the provisions of the scheme, the PC&CC in its meetings held on 09.09.09 and 16.11.2009 has decided to make following amendments in the Scheme:

1. Repayment of principal in yearly/half yearly instalments may be considered on case to case basis on the request of the borrowers. The interest may continued to be paid on quarterly basis as usual.
2. Depending upon the risk perception, minimum 25% collateral security of loan shall be taken in each case under the scheme in addition to mortgaging/hypothecation of prime security of the unit. Additional collateral security may invariably be obtained from institutions located outside city areas and in cases of Medical Education Institutions. However, based on merits of the case, relaxation in

collateral security may be considered by CMD on case-to- case basis.

3. In the case of institutions registered under Societies Act (Rajasthan Institutions Registration Act, 1958) loan under the scheme shall be considered upto the extent of Rs. 800.00 lacs only as per the SFCs Act.
4. While considering loan under the scheme a condition specifically be stipulated in the loan proposal regarding take over of management u/s 29 of SFCs Act in addition to the other powers available for recovery under SFCs Act as under :

“The borrower will submit an undertaking that Rajasthan Financial Corporation can take over possession or management or both of the concern/firm/company/society in exercise of powers conferred on the Rajasthan Financial Corporation u/s 29 of the State Financial Corporation Act, 1951 in case of default and breach of any condition of sanction letter and loan agreement to be executed in favour of Rajasthan Financial Corporation”.

An undertaking to this effect shall be also obtained as per the enclosed draft.
5. Documents of Title and constitution of the society/concern in respect of all the loan cases under Technical/professional Educational loan scheme shall be examined while considering loan under this scheme.
6. All precautions including various clearances from Govt. Departments /agencies e.g. AICTE, MCI etc. may be taken while considering loan under the scheme

Other provisions of the scheme shall remain unchanged.

Necessary amendments may be incorporated at appropriate places in the existing scheme.

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

(A. K. GARG)
Chairman & Managing Director

Encl. As above.

Copy to :

1. All BOs / SOs.
2. Standard Circulation at HO.
3. DGM(A&I), Eastern & Western Zone

(To be executed on Non-Judicial Stamp paper of Rs. 100/- purchased in the name of the Company for the purpose of Undertaking and duly attested by the Notary Public)

UNDERTAKING

I, _____ S/o Sh
_____, aged _____
years, resident of

_____, sole
Proprietor/Partner/Director/Authorized office bearer of
M/s. _____

do hereby state and undertake as follows :

1) That I/We have applied to the Rajasthan Financial Corporation (RFC) for a loan of Rs. _____ (Rupees _____ only) for establishment/development of our Technical/Professional Educational Institution at _____.

2) That the Rajasthan Financial Corporation has sanctioned a loan of Rs. _____ (Rupees

_____ only)
in favour of my/our Concern/Firm/Company/Society for the above said purpose.

3) That I/we have offered all the fixed assets of our Concern/Firm/Company/Society situated at _____ in security for the said loan.

4) That my/our Concern/Firm/Company/Society have agreed and given free consent to the Rajasthan Financial Corporation to take over possession or management or both of the Concern/Firm/Company/Society in exercise of powers conferred on the Rajasthan Financial Corporation u/s 29 of the State Financial Corporation Act, 1951 in case of default and breach of any condition of sanction

letter and loan agreement to be executed in favour of Rajasthan Financial Corporation.

For M/s. _____

(_____)

Proprietor/Partner/Director/Authorized office bearer

Place :

Dated :