

**RAJASTHAN FINANCIAL CORPORATION
(CREDIT APPRAISAL SECTION)**

**Udyog Bhawan
Tilak Marg
Jaipur-302 005**

Ref. RFC/LA-GBD/Gen/125/308

Dated : 20.05.2010

CIRCULAR

(LA No. 540)

**Reg. : Utilisation of loan amount and project viability under
Scheme for Financing Against Assets and SARAL Scheme
for SME Sector**

Attention is invited to P&G Circular No. 1215 dated 19.01.08, P&G Circular No. 1277 dated 10.08.09 and P&G Circular No. 1288 dated 27.10.09 on the subject cited above. The matter regarding utilisation of loan amount under Scheme for Financing against Assets and SARAL Scheme for SME sector was reviewed in the PC&CC meeting held on 30.4.10 and it was decided by the Committee that the Corporation has to be more vigilant in this regard and it should be ensured that the loan funds availed by borrowers under the above said schemes are utilized for the purpose for which they are approved at the time of sanction of loan. Further, project report shall be carefully scrutinized to examine viability of the project during appraisal of the case.

Accordingly, it has been decided that at the time of sanction of loan following condition shall be stipulated for loan cases considered under the Scheme for Financing Against Assets and the SARAL Scheme for SME Sector:

“The disbursement shall be made in three installments. First disbursement of 50% of loan amount shall be made after satisfying the terms and conditions of sanction letter. The second and third disbursement i.e. 25% each of the loan amount shall be made only after verification on site by the RFC Officers that the earlier disbursed loan has been rightly utilized on the approved activities of the project.

The revised guidelines shall be applicable in the loan cases to be sanctioned on or after the date of issue of this circular. Other provisions of the concerned schemes shall remain unchanged.

Accordingly, amendments may be made in both the loan schemes.

**(G.S. Sandhu)
Chairman & Managing Director**

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