

RAJASTHAN FINANCIAL CORPORATION
(Credit Appraisal Section)

Udyog Bhawan
Tilak Marg
Jaipur-302 005

Ref. RFC/LA-13 (4)/1757

Dated : 25.02.2011

P&G CIRCULAR
(LA No. 567)

Reg. : Charging of Rate of interest under project loan
cases of Commercial / Residential complexes.

It has been observed that in some of the CRE cases sanctioned under Project Loan Scheme, the promoters have availed entire sanctioned loan against the land, while no or meager amount is drawn against building and the project is not fully implemented as approved. In few cases, even the account has also been squared-up.

Since there is a parallel scheme available to get finance for purchase of land where the rate of interest is higher in comparison to rate of interest applicable under Project Loan Scheme, by using the financing under Project Loan Scheme only or substantially for purchase of land, promoters may try to avail lower rate of interest.

It has been decided that in all cases where term loan is sanctioned under project loan scheme and the disbursement is availed only for purchase of land and less than 50% of the amount for construction of building is availed, the rate of interest prevalent under Builders Scheme for purchase of land shall be applicable.

Henceforth, the following condition be stipulated in all Project Loan sanctioned under CRE Sector for construction of Commercial/Residential complex in the loan proposal and also in loan agreement.

"The rate of interest prevalent under Builder's Scheme for purchase of land shall be applicable, if the

concern/company avails loan against land and less than 50% of loan for construction of building."

In previously sanctioned and disbursed cases, before closure of account in cases of above category, prior approval of Head Office would be required.

All concerned are advised to take a note of it and ensure compliance with immediate effect.

Sd/-
(UMESH KUMAR)
Chairman & Managing Director

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