

RAJASTHAN FINANCIAL CORPORATION
(Credit Policy & Business Development Division)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref.No.: RFC/LA-12(80)/49

Dated : 20.07.2015

CIRCULAR
(LA No. 640)
(CPBD-11)

Reg: **Yuva Udyamita Protsahan Yojana (YUPY).**

The State Government announced in State Budget for the financial year, 2013-14 that RFC would launch a Scheme in the name and style of "**Yuva Udyamita Protsahan Yojana**" for providing term loan for projects with cost ranging between Rs.25.00 lacs to Rs.100.00 lacs at lower rate of interest on liberal terms and conditions, with a view to promoting entrepreneurship amongst the youth, who have innovative ideas but are not in a position to establish their own venture because of lack of financial resources.

Looking to the progress under YUPY, due to non arrangement of land by the selected applicants and to honor the mandate of government to provide financial assistance to 1000 applicants under the scheme, some modifications were proposed in the scheme, which have been approved by the State Government and accordingly financial assistance upto Rs500.00 lacs may be made available to the entrepreneurs fulfilling the eligibility criteria as per modifications approved by the State Government in the scheme. The modified YUPY is as per Annexure "A" and following modalities/modus operandi have been approved by the Board for smooth implementation of the YUPY:-

- (A) Complete loan applications from eligible entrepreneurs i.e. fulfilling modified eligibility criteria of the scheme may be accepted in phased manner i.e. in first phase, 2 months time may be given to applicants. Subsequent phases for inviting applications be started after approval from Sub-Committee. The accepted applications will be screened by the following committee:-

1	Executive Director, RFC	Chairman.
2	ED (F), RFC	Member
3	Nominee of MD, RIICO	Member
4	Nominee of Commissioner of Industries	Member
5	GM(D), RFC	Member
6	GM(Op.), RFC	Member Secretary
7	Concerned DGM(Op.)	Member

Note : The MD, RFC/above Committee may invite any expert if required looking to the nature of the project.

Mw

(B) Selected applications may be processed, appraised and sanctioned as per norms.

(C) Disbursement to the sanctioned projects will be made as per norms of the Corporation.

All concerned are advised to take a note of above and act accordingly to fetch the maximum business under the Scheme.

Hw

(Maneesh Chauhan)
Managing Director

Encl.: As above.

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RAJASTHAN FINANCIAL CORPORATION

"MODIFIED YUVA UDYAMITA PROPSAHAN YOJANA"

1. INTRODUCTION:

Rajasthan Financial Corporation was constituted in the year 1955, under the SFCs Act, 1951 with the prime objective to extend financial assistance to industrial concern in the State. Since then RFC has come a long way, adapting and attuning its activities to the changing industrial needs and market demands.

The State Government announced in State Budget for the financial year, 2013-14 that RFC would launch a Scheme in the name and style of "*Yuva Udyamita Protsahan Yojana*" for providing term loan for projects with costs ranging between Rs.25.00 lacs to Rs.100.00 lacs at lower rate of interest on liberal terms and conditions, with a view to promote entrepreneurship amongst the youth, who have innovative ideas but not in a position to establish their own venture because of lack of financial resources.

Looking to the progress under YUPY, due to non arrangement of land by the selected applicants and to honor the mandate of government to provide financial assistance to 1000 applicants under the scheme, it has been decided to widen the scope of the scheme to provide financial assistance to Rs.500.00 lacs to the entrepreneurs fulfilling eligibility criteria.

2. OBJECT:

The modified scheme has been framed with the objective to also incubate the youth in the realization of their innovative but feasible ideas/concepts and to support the same right upto the production stage & providing financial assistance to the eligible *first generation entrepreneurs* for setting up their projects to meet out their requirement for creation of fixed assets i.e. Land, Building, Plant & Machinery and MFA.

3. ELIGIBILITY CRITERIA:

- i. The applicant should have possess ITI/Diploma/Graduate and should not be more than 45 years age.
- ii The applicant should have firm arrangement of land in the industrial areas for MSME project and for Hotel & Hospitals in municipal limit of District Headquarters.
- iii If the constitution of the unit is a partnership concern/company etc. then all promoters should be of age upto 45 years and having qualification as mentioned above.

4. **ELIGIBLE AMOUNT:**

The maximum loan under the scheme shall be Rs.500.00 lacs.

5. **APPLICATION FEE & PROCESSING CHARGES:**

No application fee & processing charges shall be charged under this scheme.

6. **FINANCIAL PARAMETERS:**

Minimum promoter contribution and security of margin in the project would be 30%. Maximum Debt Equity ratio would be of 2:1. All norms of General Loan Scheme would be applicable.

7. **SECURITIES:**

- i. The loan shall be secured by 1st charge on fixed assets i.e. by way of equitable mortgage of land and building and hypothecation of plant & machinery and MFA of the unit.
- ii. Personal guarantee of promoter/partners/directors of the concern/firm/company.
- iii. Collateral security equivalent to the gap between the loan amount and value of land and building will be taken.

8. **INTEREST RATE:**

Rate of interest:- @13.50%. Subvention from the State Government @ 6% (maximum upto Rs.5.40 lacs) in interest amount on timely repayment of installment (principal and interest) will be restricted to loan amount upto Rs.90.00 lacs only. Therefore, rate of interest would be applicable @ 13.5% - 6% = 7.5% p.a. in case of timely payment of loan upto Rs.90.00 lacs. In the loans above Rs.90.00 lacs, rate of interest upto Rs.90.00 lacs will be as above and for the loan amount exceeding Rs.90.00 lacs, the prevailing rate of interest shall be charged, as applicable in general term loan.

9. **REPAYMENT PERIOD:**

Repayment period of term loan shall be upto 7 years including moratorium period of 12 months from the date of first disbursement.

10. **SANCTIONING AUTHORITY:**

As per the prevailing delegation of powers of sanction.

11. **DISBURSEMENT:**

After execution of loan documents, the disbursement of loan will be made after creation and verification of the fixed assets.

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12. CGTMSE Charges:

Applicable as per norms and will be borne by the applicants (for the cases covered under CGTMSE)

13. Modalities for appraisal, sanction, documentation & disbursement.

1. Complete loan applications with firm arrangement of land from eligible entrepreneurs under the scheme may be accepted in phase manner i.e. in first phase, 2 months time may be given to applicants. Subsequent phases for inviting applications be started after approval of sub-committee. The accepted applications may be screened by a Committee of officers of CI, RFC, RIICO and others at HO level.
2. Selected applications may be processed, appraised and sanctioned as per norms of the Corporation.
3. The execution of the documents shall be as per conditions of the sanction letter.
4. Disbursement to the sanction projects will be made as per norms of the Corporation.
5. Change of management shall be discouraged. However, if considered on merit, the eligibility criteria mentioned at point no.3 (ELIGIBILITY CRITERIA) of the scheme shall be maintained in terms of age, qualification and share.
