

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

**Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.**

Ref. No.RFC/LA-11(31)/1143

Dated : 18.12.2003

**CIRCULAR
LA No. 375**

Reg :Policy with regard to refund of processing charges.

The Corporation has been levying processing charges @ 1.00% of the sanctioned amount of loan from the loanee and the borrower is required to deposit processing charges @ 1.00% of the loan sanctioned amount before conveying sanction of loan. After deposition of processing charges by the borrower, the Sanction Letter is issued. As per present policy, although the processing charges are generally non-refundable but in case of full cancellation of sanctioned loan, part amount of processing charges can be refunded back.

The matter regarding refund of processing charges was reviewed by the Board of Directors' in its Meeting held on 03.12.2003 and the Board has decided that in no case processing charging should be refunded back. Accordingly, all concerned are advised to ensure that the processing charges are not refunded back in any case. However, in any genuine case, if it is felt that processing charges may be refunded, the matter may be referred to HO giving complete details and justifications for refund of

: 2 :

processing charges which would be considered on the merit of individual case to case basis.

The aforesaid provision shall be substituted in place of existing para No. 4.6 of Chapter LA-2 at Page No. 16 of P&G.

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

Sd/-
(J. P. Vimal)
Executive Director

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No.RFC/GBD/Gen/125/1386

Dated : 09.02.2004

CIRCULAR
(LA-383)

**Sub : Scheme for Financing Against land
cost in SEZ area developed by RIICO.**

The Corporation has recently introduced scheme for financing against assets vide P&G Circular No. 1007 dated : 22.05.2003. Under the Scheme, term loan to the extent of 50% of the MRV of mortgageable fixed assets i.e. land & building to the units, who fulfills the eligibility criteria of the scheme, can be financed for meeting out their industrial /commercial /service sector requirements.

In the present scenario, Corporation has to identify new business wherein financial assistance can be provided accelerating the growth of industrial sector. Recently, Govt. of India has declared Special Economic Zones (SEZ) where all sorts of tax benefits are granted to the upcoming industries in the areas earmarked for this purpose.

The Board of Directors in its Meeting held on 03.02.2004 approved the Scheme for financing against land cost in Special Economic Zone areas developed by RIICO in Jodhpur, Jaipur and other places. The Board also decided that cases sanctioned under the Scheme shall be reported to next higher authorities.

While financing under the Scheme for purchase of land cost the following clause in lease deed of RIICO may be incorporated :-

"In case of breach of any terms and condition of this lease by leasee and/or the construction activity is not started and/or project is not implemented as per norms prescribed by RIICO, the clauses made in above lease deed will not be operative against RFC and RFC will be entitled to sell the land and to get their dues realised and transfer the lease hold rights in favour of the purchaser".

Under the scheme delegation of powers of sanction upto the loan of Rs. 15.00 lacs have been delegated to the BMs. Beyond the limit of Rs. 15.00 lacs, the DGM (R) would be the sanctioning authority upto Rs. 50.00 lacs under this scheme.

The Branch Managers and DGM (R) are also directed to report to the next higher authorities after sanction of term loan under this Scheme alongwith copy of proposal and sanction letter.

A Scheme for financing against land cost in SEZ area developed by RIIC is enclosed herewith.

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

Sd/-
(J. P. Vimal)
Executive Director

**Scheme for Financing against Land cost in
SEZ developed by RIICO**

1- INTRODUCTION :

The Corporation has recently introduced Scheme for financing against assets vide P&G Circular No. 1007 dated : 22.05.2003. Under this Scheme term loan to the extent of 50% of the MRV of mortgageable fixed assets (Land & building) to the units who fulfills the eligibility criteria of the Scheme can be financed for meeting out their industrial /commercial /service sector requirements.

In the Eligibility Criteria under the Financing Against Assets Scheme is that the Corporation can finance against marketable and mortgageable fixed assets of the existing industrial units situated in industrial area saturated & having potential but not on the land which are located in a developing industrial area. Under this Scheme there is a rider under this scheme that the Corporation can not provide financial assistance over the open land and the areas which are under developing stage. To cope with this rider this scheme is being framed and is popularly known as **"FINANCING AGAINST LAND IN SEZ DEVELOPED BY RIICO"**.

Under this scheme, the Corporation shall provide financial assistance to prospective entrepreneur for meeting their financial requirements for purchase of land in Special Economic Zone (SEZ) developed by RIICO provided that the land is mortgaged to the Corporation as first charge and should be free from all encumbrances.

2- Eligibility Criteria :

The term loan against land cost/ development charges in SEZ developed by RIICO.

3- Coverage :

Land situated in Special Economic Zone (SEZ) developed by RIICO presently located near Boranada Industrial Area, Jodhpur and Sitapura Industrial Area, Jaipur.

4- Security :

- A) The land shall be under the 1st charge of the Corporation by way of equitable mortgage.
- B) Personal guarantee of proprietors/ partners /directors etc. for securing repayment of land alongwith interest etc.

NOTE : The land so mortgaged to the Corporation should not be transferred by way of sale or by other mode of transfer during the currency of loan of the Corporation.

5- Security Ratio :

Under the scheme 50% loan against land cost shall be considered. For calculating the acceptable value of land, the cost of price of land /development charges charged by RIICO alongwith stamp duty charges shall be considered.

6- Amount of Assistance :

Loan from Rs. 2.00 lacs to Rs. 50.00 lacs can be considered under this Scheme.

7- Moratorium Period :

The moratorium period shall be 18 months from the date of first disbursement.

8- Repayment Period :

The loan shall be repayable in five years, including the moratorium period not exceeding eighteen months.

9- Margin :

50% of the land value.

10- Rate of Interest :

The Corporation shall charge prevailing rate of interest as applicable to SSI Sector at the time of first disbursement.

11- Rebate :

Rebate for timely payment @ 1.00% shall be provided to the borrower.

12- LIQUIDATED DAMAGES :

The liquidated damages shall be levied on the amount of default for the period of default as per the slab under General Term Loan Scheme.

13- MODE OF PAYMENT :

The borrower shall furnish 5 PDCs for payment of interest during the moratorium period and 14 PDCs of equated quarterly installments inclusive of interest and principal.

The first installment of interest shall fall due on the first day of quarter i.e. January, April, July & October. In case of any balance recoverable from /payable to borrower shall be adjusted in last EQI.

14- APPLICATION FEE :

- A) Application form fee @ Rs. 200/- shall be charged.
- B) Application fee @ 0.1% of the loan amount shall be payable.

15- PROCESSING CHARGES :

Processing charges @ 1.00% shall have to be deposited before convey of the sanction letter.

16- SANCTIONING AUTHORITY :

As per existing delegation of powers the BMs may sanction loan upto Rs. 15.00 lacs. Beyond the limit of Rs. 15.00 lacs, the DGM (R) would be the sanctioning authority upto Rs. 50.00 lacs under this Scheme.

The principle clearance shall be given within seven days from the date of receipt of the loan application and the term loan shall invariably be sanctioned within fifteen days. Further the cases sanctioned under this scheme shall be reported to next higher authority.

17- ASSURANCE LETTER :

The Corporation shall issue an Assurance Letter to RIICO for making payment of eligible amount against land cost /development charges directly to RIICO and thereafter RIICO shall deliver original lease deed of land to RFC for mortgage.

In the cases where financed is met by the Corporation for purchase of land only, an overriding clause need to be made by RIICO in the Lease Deed to the extent that :

"In case of breach of any terms and conditions of this lease by leasee and/or the construction activity is not started and/or project is not implemented as per norms prescribed by RIICO, the clauses made in above lease deed will not be operative against RFC and RFC will be entitled to sale the land and to get their dues realized and transfer the lease hold rights in favour of the purchaser".

18- UNDERTAKING :

- A) The borrower shall furnish an undertaking that it will comply with all legal requirements to implement the unit i.e. necessary approvals from Competent Authorities, obtaining NOC from RPCB and other Departments etc. if required so.
- B) The borrower shall furnish an undertaking that the land will not be transferred by way of sale or by other mode of transfer during the currency of loan of the Corporation.
- C) The borrower shall furnish an undertaking that if the project is not started and/or project is not implemented as per norms prescribed by RIICO, the Corporation shall be free to recall the loan advanced to it with interest thereon.

19- DISBURSEMENT :

The disbursement shall be made in one installment directly to RIICO after payment by borrower of his 50% share to RIICO or in case payment more than 50% of the land cost has been made to RIICO, the admissible loan may be released to the RIICO /party.

The disbursement can be made within six months from the date of sanction. However, disbursement beyond six months can be considered by DGM (R) after charging up-front fee @ 0.1% of the amount to be disbursed.

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No.RFC/LA-12(48)1454

Dated : 13.02.2004

CIRCULAR
(LA No.384)

**Reg : Working Capital Assistance to show rooms/
shops/ departmental stores.**

The Board of Directors in its Meeting held on 03.02.2004 adopted the scheme to provide Working Capital Assistance to show rooms/ shops/ Departmental Stores.

Different type of showrooms /shops/ departmental stores dealing with various type of products are running in the major cities of the State and are having good market scope. Thus there is every likelihood of getting good business for meeting out the working capital requirements of showrooms /shops/ departmental stores. Under the Scheme the Corporation initially proposes to provide working capital assistance **within the municipal limits of Regional Headquarters of the Corporation.**

The Scheme for providing Working Capital Assistance to show rooms /shops/ Departmental Stores is enclosed herewith.

All concerned are advised to take note of above and maximise business under the Scheme.

Sd/-
(Sanjay Dixit)
Chairman & Managing Director

ANNEXURE A

**Working Capital Assistance to show rooms/
shops/ departmental stores**

1- INTRODUCTION :

Financing of working capital term loan to show rooms /shops/ departmental stores which are engaged in trading activities may be considered. The eligibility criteria and other salient features of the Scheme are as under.

2- Eligibility Criteria :

The Working Capital Term Loan by the Corporation to the existing / new show rooms /shops/ departmental stores which are engaged in trading activities may be considered subject to the limitation that they should be located within Municipal limits of Regional head quarters of the Corporation.

3- Security :

- A) In case of showrooms /shops/ departmental stores engaged in any type of trading activities having own premises in the name of promoters, the WCTL may be considered in such cases provided the promoter mortgage the prime security on which showrooms /shops are running and their value should not be less than one & half times of the term loan amount.
- B) In case showrooms /shops/ departmental stores are set up in rented premises in such cases WCTL may be considered provided the promoter offer the collateral security equal to two times of term loan amount.
- C) Personal guarantee of proprietor /partners/ directors etc. for securing repayment of loan alongwith interest etc.
- D) First charge by way of hypothecation of all current assets.

NOTE : The Corporation shall have exclusive charge over the fixed assets as well as current assets including debtors. In no case the charge will be shared with other banks /FIs.

4- Promoter's Contribution :

The minimum PC should be 40%.

5- Amount of Assistance :

Loan from Rs. 2.00 lacs to Rs. 100 lacs can be considered under this Scheme.

6- Computation of WCTL :

The WCTL shall be calculated @ 25% of the projected turn over and the term loan shall be 60% of the same.

The projected turn over shall be calculated as under :-

A) Existing Units : The projected level of turn over can be assumed considering trend of turn over in the preceding three years. However, in no case projected turn over can be assumed 25% higher over the actual turn over of last year.

B) New Units : The projected turnover may be calculated after having due justification and considering the existing level of turn over in similar show rooms /shops/ departmental stores of similar size.

7- Moratorium Period :

The moratorium period shall not exceed six months from the date of first disbursement.

8- Repayment Period :

The loan shall be repayable in four years, including the moratorium period not exceeding six months.

9- Rate of Interest :

The Corporation shall charge prevailing rate of interest as applicable to SSI Sector at the time of first disbursement.

10- Rebate :

Rebate for timely payment @ 1.00% shall be provided to the borrowers.

11- Service Charges :

The borrower shall pay Service Charges yearly @ 1.00% p.a. payable quarterly on the outstanding amount for working capital term loan. The first payment shall fall due simultaneously with the interest installment.

12- LIQUIDATED DAMAGES :

The liquidated damages shall be levied on the amount in default for the period of default as per the slab under General Term Loan Scheme.

13- MODE OF PAYMENT :

The borrower shall furnish 15 PDCs for payment of principal installments to be fall due quarterly for the repayment period. Payment of interest alongwith service charges shall be paid separately on quarterly due dates.

The first installment of interest shall fall due on the first day of quarter i.e. January, April, July & October.

14- APPLICATION FEE :

A) Application form fee @ Rs. 200/- shall be charged.

B) Application fee @ 0.1% of the loan amount shall be payable.

15- PROCESSING CHARGES :

Processing charges @ 1.00% shall have to be deposited before convey of the sanction letter.

16- SANCTIONING AUTHORITY :

As per existing delegation of powers.

17- DISBURSEMENT :

The disbursement shall be made in two equal installments as under :-

A) The first installment equal to 50% of the term loan sanctioned shall be released after obtaining the following documents :-

- Certificate from practising chartered Accountant for raising promoter's contribution in the format.
- Statement of net current assets duly signed by the promoter (s).
- Insurance of fixed assets (excluding land) equal to amount of acceptable value of fixed assets as well as stock (in case of fire prone products).

- 15 PDCs for repayment of principle installments.
 - No Overdue Certificate in case of any existing account of the promoter with Corporation, if any.
- B) The second installment shall be released after obtaining following documents :-
- A team consisting two officers (one from Technical side and another from Finance side) shall visit the site of the borrower for their visual satisfaction that the stock shown in the net current statement is in order and to have a broad idea about stock.
 - Latest statement of net current assets duly signed by the promoter (s).
 - CA Certificate for utilization of earlier disbursed amount.
 - No Overdue Certificate in case of any existing account of the promoter with Corporation, if any.
 - Form No. 8 & 13 for creation of charge in favour of RFC over the fixed assets and /or current assets of the Unit (required in case of company).

18- OTHER TERMS & CONDITIONS :

- A) The unit shall submit stock statement on quarterly basis to the Corporation till the entire working capital loan component alongwith interest and other charges is repaid.
- B) The unit shall submit power of attorney authorising the Corporation to obtain bank statement from the designated bank to see and to verify the operation in the current account being maintained and also to obtain dues payment from the bank in case working capital is sanctioned by the Bank.
- C) The unit shall submit an affidavit that it will obtain NOC from the Corporation before availing any financial assistance from any Bank /FIs.
- D) The borrower shall furnish an undertaking that the Corporation may create lien on current account being

maintained by the concern with its Bankers as and when desired.

- E) That all the business transaction shall be routed through the designated Bank.
- F) That the Corporation shall have a right of physical verification of the stock and call for any information including books of accounts as may be required from time to time.
- G) That no investment out of working capital term loan may be made in any subsidiary / associate concern.
- H) That the stock shall be kept insured continuously by the borrower at his / her own cost till the currency of loan.

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No. RFC/LA-15(6)/1465

Dated : 16.02.2004

P&G CIRCULAR
(LA No.385)

Sub : Addition in selective list 1/6 (B).

A study on the performance and repayment of assisted units in the sector of cotton weaving units (power loom units) was conducted and as per the recommendations made in the Study Report the following decision was taken :-

"That the above units are to be out in Selective list and financial assistance to experienced entrepreneurs with sound financial background should be considered with adequate Collateral Security".

In view of above, it has been decided to include this item under Selective List Schedule 1/6(B) at Serial No. 07 on Page No. 03 under "Item of Textile" issued vide P&G Circular No. 1032 dated : 18.12.2003 as follows :-

7- Cotton Weaving Units (Power Loom Units) :
Application for setting up cotton weaving units (Power Loom Units) may be accepted /processed for financial assistance to experienced entrepreneurs with sound financial background with adequate collateral security".

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

Sd/-
(J. P. Vimal)
Executive Director

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No. RFC/LA-15(6)/4

Dated : 31.03.2004
01.04.2004

: P&G CIRCULAR :
(LA No.386)

Sub : Addition in selective list 1/6 (B)- Rubber Products.

A study on the performance and repayment of units assisted in the sector of manufacturing of rubber products was conducted by Technical Cell and report was placed in the PC&CC in its Meeting held on 10.03.2004. The Committee decided that the product may be included in Selective List of LA-PG and cautious approach is required to be adopted in financing Rubber Goods manufacturing units. Only experienced entrepreneurs with sound background and willing to provide adequate collateral security should be financed. The Committee also decided that vigorous efforts are required to be made for recovery from chronic and willful defaulters in this sector.

In view of above, it has been decided to include this item in Selective List Schedule 1/6(B) under Separate head named "Rubber Products" before "others" issued vide P&G Circular No. 1032 dated : 18.12.2003 as follows :-

"Rubber Products :

Applications for setting up units for manufacturing of rubber products may be accepted /processed for financial assistance to only experienced entrepreneurs with sound background and willing to provide adequate collateral security. Cautious approach is required to be adopted in financing such units.

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

Sd/-
(V. K. Gupta)
Dy. General Manager (Loans)

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No. RFC/LA-15(6)/92

Dated : 15.04.2004

P&G CIRCULAR
(LA No.387)

**Reg : Refinance Scheme for Textile Industry under
Technology Upgradation Fund (RTUF) for SSI
and Non SSI Sector.**

The Refinance Scheme for Technology Upgradation Fund for SSI and non SSI sector was circulated vide P& Circular No. 826 Dated 21.7.96 and P& Circular No. 862 dt. 25.04.2000 respectively and the above scheme was made operative for a period of 5 years from April 1999 to March, 31, 2004.

The Government of India, Ministry of Textile, Mumbai has now extended this Scheme upto 31.3.07 vide their circular No. 4 (2003-2004) dt. 21.11.03. Therefore, the above said scheme would now be operative for a period of further 3 years i.e. upto 31st March, 2007.

The necessary addition for extension in period at S. No. 3 of Schedule 1/14 E may be made at Page No. 217 of PG.

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

Sd/-
(V. K. Gupta)
Dy. General Manager (L)

Encl. As above.

rfc

**RAJASTHAN FINANCIAL CORPORATION
HO: UDYOG BHAWAN, TILAK MARG,
C-SCHEME, JAIPUR-302 005**

Ref. No. RFC/F.LA-13(6)/61

Dated : 10 April, 006

**PG CIRCULAR
(LA No. 437)**

Reg: Clear approach to the land in cases where land is converted for non-agricultural purposes under Rules of the Rajasthan Land Revenue Act, 1956.

There have been some instances where loan has been granted to the units set up on converted land under the Rules of the Rajasthan Land Revenue Act, 1956 without ensuring the clear and proper approach from the main road to the industrial unit, which may hamper the interest of the Corporation while enforcing rights of recovery U/s 29 of SFCs Act.

In this regard we have already issued guidelines for the cases where land is converted under **Rule 2-B** of the Rajasthan Land Revenue (Conversion of Agricultural into Non-Agricultural Land) Rules, 1961 and Rajasthan Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes in Rural Areas) Rules, 1992 as printed at para 5.2A (iv) 1 at page 287 & para 5.2B (b)(i) at page 288 in Chapter LD-1 of Procedure & Guidelines, which is reproduced as under :-

"The Branch Manager or his authorized officer be deputed to in respect the site to ascertain the correct situation of agricultural land so converted and also he may see that the portion of agricultural land should be such area of total holding on which uninterrupted entry is possible i.e. the entry to the land so converted should be nearer to the main road

from where the entry is free from any obstacle or objection and if the situation is not in accordance with required manner then the borrower may be advised to get the land converted which is nearer to the main road and entry to such land is uninterrupted. More specifically, the land should not be converted in the middle of the total holding to avoid any dispute by the borrower himself, in case any recovery action is taken by the Corporation."

It has been observed that according to the provisions of law no permission is being granted for conversion of land falling within the boundary limits of any National Highway, State Highway or any other road maintained by the Central or State Govt. or any local authority, as specified in any Act or Rules and now the agricultural land situated on the boundary line of the road is being converted after leaving a certain distance from the middle of the road according to the provisions of the Law in force, therefore, in such cases the party may be advised to surrender a strip of his agricultural land to the State Govt. to declare the same as public way in the revenue record which will be used for the way to their industrial unit from the main road and the Corporation may obtain certified copy of the revenue record alongwith the map of the land showing the position of public way so that uninterrupted entry to the industrial unit may be ensured..

According to this effect a new para 5.2C has been incorporated in Chapter LD-1 after existing para 5.2B (d) at page 289, which is as follows :-

While accepting the equitable mortgage on deposition of title deeds for the industrial land situated on the boundary line of the road and converted under the various rules of the Rajasthan Land Revenue Act, 1956 the branch should ensure as under :-

The Branch Manager or his authorized officer be deputed to inspect the site to ascertain the correct situation of agricultural land so converted and also he may see that the portion of agricultural land should be such area of total holding on which uninterrupted entry is possible i.e. the entry to the land so

converted should be nearer to the main road from where the entry is free from any obstacle or objection and if the situation is not in accordance with required manner then the borrower may be advised to surrender a strip of his agricultural land to the State Govt. to declare the same as public way in the revenue record which will be used for the way to their industrial unit from the main road and obtain certified copy of the revenue record alongwith the site map of the land showing the position of public way so that uninterrupted entry to the industrial unit may be ensured.

Therefore, all the officers are advised to examine the matter carefully at the time of appraisal of the case that the industrial unit situated on the land converted under the various Rules of the Rajasthan Land Revenue Act, 1956 is having clear and undisputed approach from the main road.

All concerned are advised to strictly adhere the aforesaid guidelines with immediate effect.

Sd/-

(Anand Kumar)
Executive Director

**RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)**

Ref. No.RFC/F/LA-16(1)/191

Dated : 08.05.2006

**Re : Powers of sanction in loan cases of industrial units set up/
proposed to be set up on converted land in isolated areas.**

The location of an industrial unit is a vital issue to be considered at the time of appraisal of an industrial project for financing. The position has been reviewed regarding loan cases of industrial units set up on converted land in isolated areas and it has been felt that a cautious approach is required to be adopted for financing in future in this category. In this regard it has been decided that henceforth, all loan applications (irrespective of applied loan amount) of such units shall be placed before the Executive Committee for its consideration for the purpose of sanction.

Accordingly, now onwards loan applications of industrial units set up/ proposed to be set up on converted land in isolated areas (irrespective of applied loan amount) received / to be received at field offices shall be forwarded to Head Office for further processing. However, this change will not be applicable to the loan cases under Good Borrower Schemes which will continue to be sanctioned by respective sanctioning authorities as per the delegated powers of PG circular no. 1054 Dated : 27.05.2004.

The above changes may be incorporated in LA-2, at Serial No. 3.1 of Page No. 11 of P&G with regard to delegation of powers of field level and in LA-3, at Serial No. 3.1 (A), of page No. 24 of P&G with regard to delegation of powers at HO level.

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

Sd/-

CHAIRMAN & MANAGING DIRECTOR

RFC/P&G/1152/
RFC/LA-442 /

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref. No.RFC/LA-13(11)416

Dated : 19.06.2006

P&G CIRCULAR

**Reg : Revision in Rebate for timely payment &
effective interest rate structure of the
Corporation.**

The detailed guidelines for charging different rate of interest for SSI & MSI / Non SSI Sector and in TUF cases were circulated vide P&G circular No. 1057 Dated : 27.05.2004 and P&G Circular No. 1077 Dated : 24.09.2004, respectively. Guidelines for charging similar rate of interest for SSI & MSI was issued vide P&G Circular No. 1114 Dated : 27.06.2005, P&G Circular No. 1116 Dated : 05.07.2005 was issued for enhancement in rebate for timely payment & revision of effective interest rate structure of the Corporation.

Latest guidelines for revision in rebate for timely payment and effective rate of interest structure of the Corporation was issued vide P&G Circular No. 1148 Dated : 08.05.2006.

Looking to the present market scenario with regard to increase in interest rate by the banks in the real estate

sector including construction of commercial & residential Complexes, the PC&CC in its Meeting held on 15.06.2006 reviewed and has decided to revise the rebate for timely payment and effective rate of interest in the loan cases sanctioned on or after 15.06.2006 in the following two schemes of the Corporation :-

	Scheme	Existing	Proposed	Effective rate of interest (proposed)
A)	Scheme for Financing for Builders/ Commercial /Residential /Complexes/ Multiplexes, Hotels, (tourism related activities), Hospitals for purchase of land & building.	1.75%	1.50%	11.25%
B)	Scheme for construction of Commercial & Residential Complexes.	2.00%	1.75%	11.00%

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

Sd/-
(K. S. Rathore)
Chairman & Managing Director

RFC/P&G/1153/
RFC/LA-443 /

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref. No.RFC/LA-13(11)417

Dated : 19.06.2006

P&G CIRCULAR

Reg : Charging of Service Tax.

The Central Government has levied Service Tax on certain type of fee being collected from the borrowers /prospective borrowers. This type of service on which the Service Tax has been levied includes Loan Application Fee, Processing Charges, Fee for Consultancy Services, etc. These Fees are known as **Chargeable Fee** for the purpose of Service Tax.

On the amount of Loan Application Fee, Processing Charges, Consultancy Services, etc. the Service Tax was levied @ 10% upto 19.04.2006 which has now been revised to 12% and 2% Education Cess is also being levied on the amount of Service Tax.

Till now, the Corporation was bearing this amount of Service Tax but now it has been decided to charge this Service Tax and Education Cess from the borrower as under :-

- A) Service Tax @ 12% plus Education Cess @ 2% (on the amount of Service Tax) is to be charged on the above referred Chargeable Fee.
- B) Loan application Fee, Processing Charges, Fee for Consultancy Services would be collated alongwith the amount of Service Tax as per rate mentioned at "A" above, from today onwards.
- C) In the loan cases where the Loan Application Fee has been received but Processing Charges have not been deposited by the borrower (s), (in sanctioned cases), Service Tax is to be collected along with Education Cess from today onwards.
- D) In case of refund of Loan Application Fee, Processing charges, (as per policy of the Corporation), the collected amount of Service Tax alongwith Education Cess shall not be refunded back.
- E) It is clarified that in the cases where the loan Application Fee, Processing Charges, Fee for Consultancy Charges has already been received, no Service Tax and Education Cess is to be collected.

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

Sd/-
(K. S. Rathore)
Chairman & Managing Director

: 1 :

RFC/P&G/1151
RFC/LA-444 /

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref. No.RFC/GBD/Gen/(125)/460

Dated : 27.06.2006

P&G CIRCULAR

**Reg : Scheme for Financing against land cost
in SEZ area developed by RIICO.**

The detailed guidelines for financing against land cost in SEZ area developed by RIICO was issued vide P&G Circular No. 1043 dated : 09.02.2004.

As per the Scheme, to safeguard the interest of the Corporation, a clause was required to be incorporated in the lease deed by RIICO to the extent that :-

"In case of breach of any terms & conditions of this lease, by lessee and /or the construction activity is not started and /or project is not implemented, as per norms prescribed by RIICO, the clause (s) made in above lease deed will not be operative against RFC and RFC will be entitled to sale the land and to get their dues realized and transfer the Lease hold rights, in favour of the purchaser."

: 2 :

RIICO is not agreeable for incorporating the above clause in the Lease Deed under the SEZ area.

Looking to these circumstances, it has been decided that no assistance under this scheme shall be considered.

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

Sd/-
(K. S. Rathore)
Chairman & Managing Director

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No.RFC/LA-13(4)/847

Dated : 327.09.03

CIRCULAR
(LA-370

Sub : Refund of Loan Application

The matter regarding refund of loan application fee was reviewed by the Board of Directors its meeting held on 19.9.03 and after consideration, the Board has adopted the following policy regarding refund of application fees with immediate effect.

1.All loan applications may be accepted alongwith required loan application fees. However, 25% of application fee may be retained by the Corporation and balance 75% of application fee may be refunded in the following circumstances:

i)Where applicant concern is not an industrial concern under SFCs Act

ii) Where application attracts restrictive provisions of SFCs Act

iii. Where industry is not to be encouraged within the existing frame work of the corporation's financing

iv. Where case is not cleared by PCC/IPC meeting during the course of discussions in such meetings.

2) In following circumstances the application fees once deposited shall not be refunded

i)In case where the applicant has been advised to approach the Corporation afresh for alternative new line of product, the application fees deposited with the earlier loan application may be adjusted against the subsequent application.

ii) Where case is cleared in principle by PCC/IPC meeting on certain conditions and thereafter if the applicant approaches for refund of applicable fees on account of seeking modification in the terms and conditions.

The above said guidelines shall be applicable prospectively and required amount of loan application fee may be refunded alongwith the rejection letter to be issued to the applicant.

The above guidelines to be substituted in PG at para 1.3 of Chapter LA-2.

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

Sd/-
(J. P. Vimal)
Executive Director

RFC/P&G/1021

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Ref. No.RFC/LA-12(6)/1361

Dated : 30.09.03

CIRCULAR
(LA-373

Sub : Financing of Filter Press and auxiliary items for Marble Gangsaw Unit and Delegation of Powers thereof

In order to curb the environmental hazard in marble sawing units on account of marble slurry, the Corporation has been operating a scheme for financing of Pollution Control Equipments including Filter Press for Marble Gang saw units as circulated vide PG circular no. 922 dated 12.6.01. The Board of Directors in its meeting held on 19.9.03 while reviewing the existing scheme has made some amendments and approved the following new scheme

1. Financial assistance for acquiring Filter Press and auxiliary items for marble gang saw units may be considered at nil security margin subject to the overall debt equity ratio of 2:1 and security debt ratio of 1.5:1 to following categories of the entrepreneurs:

A) Existing financed units fulfilling eligibility criteria of good borrowers/potential good borrowers scheme of the Corporation.

B) In case the unit is not financed by the Corporation but the fixed assets are free from all encumbrances and the unit is ready to mortgage existing as well as proposed assets to the Corporation to secure the proposed loan adequately.

2. Financial assistance for acquiring Filters press and auxiliary items for other existing financed marble gang saw units not covered under 1(a) above may be considered keeping 30% security margin subject to overall Debt Equity Ratio of 2:1 and Security Debt Ratio of 1.5:1

In case the adequate security is not available then the loan component against proposed Filter Press and auxiliary items shall be reduced proportionately or the party shall be required to furnish some additional collateral security to meet the gap in the security.

The Board has also delegated the powers of sanctioning term loan for Filter press and auxiliary items for marble gang saw units to the concern Branch Manager irrespective of quantum of loan amount and outstanding loan to the existing loan account(s) till 31st March, 04 so as to avoid inconvenience and to provide better services to the entrepreneurs at field level.

This supersedes the earlier PG circular No. 922 dated 12.6.01 issued in this regard.

(J. P. Vimal)
Executive Director