

Government of Rajasthan
Industries (A) Department
NOTIFICATION

Jaipur, dated the 31st December, 1963.

No. F. 29 (28) Ind (A) 61—In exercise of the powers conferred by sub-section (1) of section 8 of the Rajasthan State Aid to Industries Act, 1961 (Act 25 of 1961), the State Government hereby makes the following rules regulating state aid to certain industries by granting loans, namely :—

The Rajasthan State Aid to Industries (Loans) Rules, 1963.

1. Short, Title, extent and Commencement :—

- (1) These rules may be called the Rajasthan State Aid to Industries (Loans) Rules, 1963.

- (2) They shall extend to the whole of the State of Rajasthan.
- (3) They shall come into force at once.

2. Application :—

These rules shall apply to the grant of loans by way of state aid to Cottage Industries and Small Scale Industries in the State, as defined in the Act.

3. Repeal and Savings :—

As from the commencement of these rules the Rajasthan State Aid to Small Scale and Cottage Industries Rules, 1959, shall stand repealed and superseded by these rules but not so as to affect their previous operation or any transactions finally made thereunder before the coming into force of these rules.

4. In these rules, unless the subject or context otherwise requires :—

- (i) "Act" means the Rajasthan State Aid to Industries Act, 1961.
- (ii) "Form" means a Form specified in the schedule to these rules.
- (iii) "Loan Committee" means the loan Committee constituted under rule 17, and
- (iv) Words and expressions not defined in these rules but in the Act shall have the meanings respectively assigned to them under the Act.

5. The purpose for which loans may be granted :—

Loans may be granted under these rules for the following purposes, namely :—

- (i) constructions of buildings, godowns, warehouses, wells, tanks and other works necessary for industrial operations;
- (ii) purchase of land for industrial purposes;
- (iii) purchase and erection of machinery, plant and appliances;
- (iv) purchase of raw materials;
- (v) utilisation as working capital; and
- (vi) for putting up extensions to the existing workshop and factory buildings.

6. Application for Loans :—

- (1) Applications for loans shall be made by the Industrial Cooperative Societies in Form 1A and by individuals or other registered bodies in Form 1B, which forms can be had from any of the officers mentioned below :—

- (i) Director of Industries, Rajasthan,
- (ii) Additional Director, Deputy Director, Asstt. Director of Industries,

- (iii) District Industries Officers,
 - (iv) Registrar, Co-operative Societies or Assistant Registrars, Co-operative Societies,
 - (v) Manager, Industrial Estates,
 - (vi) Managing Director, Rajasthan Financial Corporation, and
 - (vii) Project Officers, Rural Industrialisation Projects.
- (2) Application shall be made in writing to the District Industries Officer or the Deputy Director of Industries where there is no District Industries Officer and in the case of applications has Industrial Co-operative Societies, to the Assistant Registrar of Co-operative Societies concerned or project Officers who will forward the same with his report and recommendation to the authorities concerned to whom powers for sanctioning loans have been conferred under Rule 8 of these rules.
- (3) In the case of Industrialists whose factories are located in an Industrial Estate, such application shall be made to the Manager of the Industrial Estate concerned who shall forward the same with his report and recommendation to the authorities competent to sanction, loans under Rules 8 of these rules, through the District Industries Officer concerned.
- (4) An application for a loan out of the funds placed in accordance with these rules at the disposal of Rajasthan Financial Corporation may be made direct to the said Corporation.

7. Document to accompany applications :—

Every application for loans shall be accompanied by :—

- (i) a full description of the property together with the copies of sketches of the same which the applicant proposes to offer as security for the loan applied for,
- (ii) an affidavit in Form II to the effect that property is owned by the applicant or his surety and is not subject to any encumbrance or charge or any interest or claim by way of inheritance gift or otherwise, and
- (iii) an affidavit in Form III as to the capital invested or to be invested in the industry including the value of rented premises, if any but excluding the amounts spent on housing and amenities for workers shall not exceed ten lacs of rupees and in case it does prior intimation of the same shall be given to the Government.

8. Authorities competent to sanction loans :—

Loans shall be sanctioned by the authorities specified below :—

- (i) Loans to the extent of Rs. 2000/- in each case will be sanctioned by the Panchayat Samiti having jurisdiction or its standing committee to whom such powers may be delegated by the Panchayat Samiti. Loans exceeding Rs. 2000/- and to the extent of 15,000/- in each case may be sanctioned by a Committee consisting of :—
 - (a) the Collector of the District as Chairman,
 - (b) the Pramukh of Zila Parishad as member,
 - (c) the District Level Officers of the Industries Department as Member Secretary.
- (ii) loans of any amount exceeding Rs. 15,000/- but not exceeding Rs. 20,000/- in each case may be sanctioned by the Director of Industries, Rajasthan, Jaipur.
- (iii) loans for amounts exceeding Rs. 20,000/- but not exceeding Rs. 50,000/- may be sanctioned by the Loan Committee.
- (iv) loans exceeding the limit prescribed in clause (iii) above may also be examined by the aforesaid loan Committee and the Registrar Co-operative Societies as the case may be and necessary recommendation shall be made to the State Government.
- (v) loans to the extent specified in clause (iii) may also be sanctioned in accordance with these rules by the Rajasthan Financial Corporation for and on behalf of the State Government as its agent out of such percentage of the funds of the Block Loans as State Government may decide to place at the disposal of the said Corporation for disbursement under and in accordance with these rules.
- (vi) loans upto Rs. 50,000/- to Co-operative Societies shall be granted by the Registrar, Co-operative Societies or the Central Co-operative bank out of the funds placed by the State Government at the disposal of the Registrar, Co-operative Societies.
- (vii) for implementation of Rural Industrialisation Programme the State level Co-ordination Committee and the Project Committees may sanction loans not exceeding Rs. 1.00 lacs and Rs. 50,000/- respectively in each case.

9. Limitation to the power of sanctioning Loans :—

The power to sanction loans conferred on the authorities specified in rule 8 shall be subject to the following limitations, namely :—

- (i) not less than 50% of the total amount allocated for being advanced by way of loans under and in accordance with rules within a district shall be so advanced within the local limits of the Panchayat Samities in that District; and
- (ii) the maximum amount of loans sanctioned in any one case shall not, subject to the other provisions contained in the rules, ordinarily exceed :—
 - (a) in the case of an individual Rs. 25,000/-
 - (b) in the case of registered firm body or company Rs. 50,000/- and
 - (c) in the case of Industrial Co-operative Societies up to Rs. 50,000/- and
in exceptional cases by the Government up to Rs. 1 lacs in each case but in no case the amount of loan shall exceed the maximum credit limit of the Industrial Co-operative Societies concerned, and
 - (d) loans exceeding Rs. 50,000/- shall be sanctioned by the State Government.

10. Disposal of applications :—

- (1) The Officers authorised under Rule 6 to receive applications for loans shall, on receipt of the application get the same entered in the register maintained in form IV, complete all preliminary enquiries and forward the application with his recommendation to any of the following authorities as the case may be :—
 - (i) the Collector of the District concerned where the loan recommended does not exceed Rs. 15,000/-
 - (ii) the Director of Industries, Rajasthan in case the loan recommended exceeds Rs. 15,000/ ,
 - (iii) the Rajasthan Financial Corporation.
 - (iv) the Registrar, Co-operative Societies where the loan is to be granted to Industrial Co-operative Societies.
- (2) The Director of Industries, Rajasthan shall pass on the application to the Secretary, Loan Committee, constituted under Rule 17, all applications for loans for an amount exceeding Rs. 20,000/-

- (3) The Secretary of the said Loan Committee shall submit all such applications together with a consolidated statement to the Loan Committee at its next meeting.
- (4) The Collector or the Director of Industries, Rajasthan as the case may be may in his discretion pass on any such application to the Rajasthan Financial Corporation for advancing, in accordance with these rules, loans for and behalf of the State Government as its agent.
- (5) The Registrar, Co-operative Societies may sanction loans and arrange disbursement thereof direct or through the Central Co-operative Bank of his discretion.

11. Security for loans :—

- (1) Loans up to Rs. 1,000/- may be advanced on personal bonds furnished in Form provided in the case of Poultry farm loan will be given against a surety or tangible securities of equal amount.
- (2) Loans exceeding Rs. 1,000/- but not exceeding Rs. 5,000/- may be advanced on the security of one or two sureties furnished in Form VI provided one case of Poultry farm loan will be given against tangible security at equal amount.
- (3) Loans in excess of Rs. 5,000/- in each case may be advanced against any one or more of the securities mentioned below :—
 - (i) 75% of the market value of any of the securities mentioned in section 20 of the Indian Trust's Act, 1882 (Central Act 2 of 1882),
 - (ii) 75% of the market value of new machinery, plant and buildings,
 - (iii) 50% of the market value of the old machinery, plant buildings and lands and
 - (iv) 75% of the value of the plant, machinery and buildings to be purchased or constructed with money advanced under these rules.
- (4) In the case of an Industrial Co-operative Society, no security shall be needed for the advance of loan not exceeding the maximum credit of the Society, and if the amount of the loan recommended to be advanced exceeds such credit limit, the excess amount will be advanced on the security of 75% of the market value of new machinery, plant, buildings or of 50% of the market value of the old machinery, plant, buildings and lands of such society.

- (5) Notwithstanding any thing contained in this rule, where a new industry is being set up by a qualified engineer either individually or jointly or in collaboration with the Rajasthan Industrial & Mineral Development Corporation or any other Corporation established by any law or any Company incorporated under the Companies Act, 1956 in which the State Government owns not less than 51% of the paid up share capital loans to the extent of 100% in value of one or more of the securities mentioned in the foregoing sub-rules may be advanced.

Explanation :

For the purposes of this rule, the expression "Qualified Engineer" means a person who holds a degree or diploma in any branch of Engineering, awarded by a university established by law or by a Government Polytechnic or any institution recognised by the State Government.

12. Valuation Certificates of securities :—

- (1) For the purpose of Rule 11, certificates verifying the solvency of the sureties may be accepted from :—
- (i) the Tehsildars in Form VII in respect of personal bond, or the value of lands and buildings of the sureties.
 - (ii) the District Industries Officer or the Deputy Director of Industries or the Director, Small Industries Service Institute in Form VIII (SISI) in respect of the value of the plant and machinery.
- (2) In the case of Industrial Co-operative Societies, the Assistant Registrar, Co-operative Societies while forwarding the application to the District Industries Officer, who will enclose therewith in Form IX.
- (i) a certificate mentioning the maximum credit limit fixed for the Society.
 - (ii) a certificate to the effect that individual members of the Societies have not taken any loan separately.
 - (iii) a copy of the latest balance sheet and profit and loss account of the Society, and
 - (iv) a memorandum of his own views regarding the working of the Society.
- (3) The Officers mentioned in sub-rules(1) and (2) above will give a certificate in Form X, showing that the property offered as security is unencumbered.

- (4) The State Government may at any time revalue the securities and in case any security taken has, in its opinion, become inadequate or insufficient, it may require the borrower to furnish additional security.

13. Insurance of Mortgage properties :—

- (1) The applicant shall except where the amount of loan does not exceed Rs. 5,000/- within the period of three months from the date of the receipt of the loan amount get all the properties mortgaged by him or it to the State Government insured against loss or damage by fire, riot, civil commotion and the like with an Insurance Company approved by the State Government and shall assign the policy to the State Government and deposit the same with the authority sanctioning the loan.
- (2) In the event any default in insuring the property as required by sub-rule (1), the authority competent to sanction the loan shall get the mortgaged property so insured at the expenses of the borrower to be recovered along with the next instalment of the loan.

14. Sanction of the loan to be communicated to Audit :—

All sanctions of loans granted under and in accordance with these rules shall be communicated in Form XI to Audit by :—

- (i) the secretary, Loan Committee where loans are granted by the Loan Committee;
- (ii) the Director of Industries or any Officer authorised by him in this behalf where loans are sanctioned by the Director of Industries, Rajasthan;
- (iii) the District Industries Officer or Deputy Director of Industries where loans are sanctioned by the Committee under Sub-rule (1) of Rule 8;
- (iv) the Secretary, Rajasthan Financial Corporation, where loans are sanctioned by the said Corporation for and on behalf of the State Government as its agent under these rules;
- (v) the Registrar, Co-operative Societies, Rajasthan, where loans are granted to Industrial Co-operative Societies, and
- (vi) the Project Officers concerned where loans are granted by the Project Committees and by the Member-Secretary of the State Level Co-ordination Committee where loans are granted by this Committee.

15. Disbursement of Loans :—

After a loan is duly sanctioned, the authority sanctioning the loan shall send copies of the sanction to the District Industries Officer or the Deputy

Director of Industries and disburse the loan after the borrower executes the necessary documents and the mortgage deed in Form XII or Form XV, registered where necessary. The Authority sanctioning the loan may at his discretion, advance the loan in instalments according to the actual requirements of the borrower for the purpose for which the loan has been sanctioned. The authority disbursing the loan shall maintain loan ledger in Form XIII.

16. Loans through Rajasthan Financial Corporation or Registrar Co-operative Societies :—

- (1) Applications forwarded to the Rajasthan Financial Corporation/Registrar, Co-operative Societies, Rajasthan, under Rule 10 as well as applications received direct by the said Corporation/Registrar Co-operative Societies under Sub-Rule (4) of Rule 6, shall be scrutinised and loans shall be granted according to these rules by the said Corporation/Registrar, Co-operative Societies, Rajasthan as the case may be, who may also constitute a sub-Committee for the purpose of granting loans. The Secretary, Loan Committee may be taken as a member of such sub-committee.
- (2) The Rajasthan Financial Corporation or the Central Cooperative Bank, as the case may be, shall be paid remuneration of the following rates for acting as agents for disbursing loan to small scale industries.
 - (a) 2% on the amount and loan sanctioned (gross) subject to maximum of Rs. 50,000/- in any one year to cover their administrative charges, and
 - (b) 1/2% on the amount of loans outstanding at the beginning of each year subject to maximum of Rs. 50,000/- in any one year.

17. Loan Committees :—

- (1) The State Government shall, for the grant of loans referred to in clause (iii) of Rule 8, appoint a Committee consisting of the following :—

(i) Minister for Industries.	President.
(ii) Deputy Minister for Industries,	Vice Prssident.
(iii) Two non Officials to be nominated by the State Government.	Members.
(iv) Finance Secretary to the State Government or his nominee.	Member.

(v) Secretary/Deputy Secretary, Industries.	Member.
(vi) Director of Industries.	Member.
(vii) Registrar, Co-operative Societies or his nominee.	Member.
(viii) Dy. Development Commissioner.	Member.
(ix) Director, Small Industries (SISI) Service Institute.	Member.
(x) Joint Director of Industries,	Member.

18. Allocation of funds for the Loans :—

- (1) In the beginning of each financial year, the State Government shall allocate separately to the Loan Committee, the Rajasthan Financial Corporation, and the Registrar, Co-operative Societies or the Central Co-operative Bank fund for the grant of loans under and in accordance with these rules for and on behalf of the State Government.
- (2) The Loan Committee shall further sub-allocate suitable amount from out of these fund placed at its disposal for disbursement by way of loans under these rules by Director of Industries and the Collector of Districts.

19. Period of Loans :—

- (1) Subject to the provisions of sub-rule (2), every loan together with interest thereon shall be re-payable in seven annual equal instalments, the first instalment falling due after two years from the date of disbursement of the last instalment of the loan.
- (2) Notwithstanding anything contained in sub-rule (1) or rule 21 where a borrower fails to pay the first or any other instalment of the loan on the date on which it falls due, the State Government may upon the request of the borrower.
 - (i) either grant a yearly or half yearly extension not exceeding two years to the date of payment of any instalment in exceptional circumstances and upon the recommendation of the authority which sanctioned the loan, subject to the condition that the total period of loan shall, in no case exceed ten years from the date of its disbursement or from the date of the payment of the last instalment, or
 - (ii) Treat the balance of the entire amount of outstanding loan plus penal interest as under Rule 21 as a fresh loan in hard and excep-

tional cases subject to the condition that the loanees have utilised the amount of loan but failed to make repayment of loan instalment/instalments and are willing to pay the fresh loan on the following conditions :—

- (a) That the borrower shall have to executed a fresh agreement in form XVII as soon as sanction of re-scheduling of loan is issued by Government.
- (b) that the amount of the fresh loan shall be repayable in seven annual equated instalments, the first instalment falling due upon the expiry of one year from the date of the fresh agreement, and the total period for the repayment of loan shall, in no case, exceed eight years from the date of the said fresh agreement.
- (c) that the fresh loan shall carry interest under rule 20 and where the borrower further fails to repay any instalment of the fresh loan on the due date as aforesaid he shall further be liable to pay penal interest under rule 21, unless the Government waives the whole or part of the penal interest in case of hardship.
- (d) that a fresh security shall be furnished by the borrower for the fresh loan in Form XVIII where the amount treated as fresh loan does not exceed Rs. 1,000/- in form XIX where this amount exceeds Rs. 1,000/- (but does not exceed Rs. 5,000/- to be secured by one or two sureties at the discretion of the State Government and in form XX where the amount exceeds Rs. 5,000/- and the provisions of rules 11, 12, 13, 14 and 15 of the said rules shall as far as may be apply to these securities.
- (e) that the borrower shall forfeit the benefit conferred upon him under clause (ii) or this sub-rule, if he makes any default on the due date, in the repayment of any instalment of the fresh loan and where he makes such default, the whole amount remaining due shall become recoverable at once under rule 21 as if the agreement executed, as aforesaid, has ceased to have effect;
- (f) that the borrower shall bear the expenses of the execution and registration of and the stamp duties payable on the agreement and security deeds to be executed under this clause;

(g) that upon the execution of the agreement and security deeds specified under this clause, the documents executed under rules 11 (1), 11 (2) and 15 and in Forms V, VI and XII shall cease to have effect.

(h) that subject as aforesaid, all the provisions of these rules shall apply as if the amount repayable under the agreement executed under this clause were a fresh loan granted under these rules.

(3) In case of loans advanced from the funds allotted by the Government of India for the loan together with interest thereon shall be repayable in 15 annual equated instalments, the first instalment falling due on the first anniversary date of drawal or in such period and instalments as may be decided by the Government of India

(4) Nothing contained in sub-rules (1) and (2) shall prevent the borrower to repay the loan or any part of it on the earlier dates or in larger instalments than specified thereunder.

(5) The amount of the instalments of the loans repayable under sub-rules (1) (2) along with the interest accrued due thereon, to be recovered annually, shall be fixed in whole rupees except in the case of last instalment when the balance shall be recovered.

19. A- Authorities and persons to grant extention under Rule 19. :—

The power to grant extension shall be excersised by the Authorities in the following manner :—

S. No.	Power of granting Extention	By whom
1.	Power allow extentions upto the period 1st eighteen months in the date of repayment of instalments.	1. By the Director, Industries in respect of instalments upto Rs. 2500/-
2.	Power to allow extention for the next Six months for repayment of subsequent instalments.	2. By Administrative Department in respect of instalment exceeding Rs. 2500/- with the concurrence of FD.

20. Rates of Interest Payable :—

- (1) The rate of simple interest payable in respect of a loan granted under these rules shall be 10% subject to rebate of 2% for timely repayment per annum for individuals and Industrial Undertakings and 9½% per annum in the case of Industrial Co-operative Societies, provided that interest at market rate shall be payable in respect of loans exceeding Rs. 50,000/- if granted under these rules to individuals and Industrial Undertakings.
- (2) The interest at the rates specified in sub-rule (1) shall be charged on the balance of the loan outstanding on the last day of each year.
- (3) For the extended period beyond 12 months interest shall be charged at the rate of 8% more than the rate at which loan is granted.
- (4) In case of loans advanced from the funds allotted by the Government of India for the rate of interest shall be charged @ 2½% per annum from the individual entrepreneurs or at such rate of interest as may be decided by the Government of India from time to time.

21. Recovery of loans in default of instalments :—

Where the State Government does not accommodate the borrower under sub-rule (2) of rule 19 and if any instalment or part there of the amount of the loan along with the interest accrued due thereon, remains unpaid after the due date, such moneys with costs, if any, or if so directed the Director of Industries, Rajasthan for reasons or continuing default, the entire balance of the loan with costs, if any, and the amount of interest till then accrued due thereon, shall be recovered with simple interest at the rate of 12% per annum from the date of such default till the date of actual repayment under the provision of Rajasthan Public Demand Recovery, Act 1952; provided that if the Government is satisfied that recovery of interest at the enhanced rate will cause undue hardship, it may waive the recovery of the whole or a fraction of the interest at the enhanced rate.

22. Recovery of loan utilised for purpose for which it was not granted :—

- (1) It shall be over all responsibility of the District Industries Officer/Deputy Directors of Industries/Assistant Registrar, Co-operative Societies concerned to see that all loan disbursed under these rules are expended for the purpose for which they were granted within a period of six months or within such further period not exceeding six months as may be extended by the authority by whom the loan was sanctioned. The district Industries Officers, Asstt. Registrar, Co-operative Societies, Deputy

Directors of Industries concerned shall see that the necessary certificate in Form XIV of having utilised the loan within the time prescribed in this Rule is obtained from the loanee and forwarded to the Authority sanctioning the loan.

- (2) If it is found that a loan is not being applied to the purpose for which it was granted, the Director of Industries, Rajasthan on his own motion, or on the recommendation of the Managing Director, Rajasthan Financial Corporation, the Registrar, Co-operative Societies, Rajasthan the District Industries Officer or the Deputy Directors of Industries concerned, shall take action for the recovery of the entire loan or the balance thereof and all moneys outstanding against the borrower by way of interest and otherwise together with simple interest at the rate of 12% per annum from the date of order of recovery under this sub-rule till the date of actual repayment.

23. Inspection and audit :—

- (1) The borrower shall permit the Director of Industries, Rajasthan or the Deputy Director of Industries or the Managing Director, Rajasthan Financial Corporation, or the Collector of District or District Industries Officer or the Assistant Registrar of Co-operative Societies concerned or the Accountant General, Rajasthan or any person authorised in this behalf by the State Government, at all reasonable times to inspect the premises, account books, machinery plants, appliances, furniture stocks, stores and all other belongings and things concerned with the Industrial Undertakings in respect of which the loan has been granted to grant all reasonable facilities for such inspection or audit as and when conducted by the Accountant General, Rajasthan, or any officer authorised by him in this behalf.
- (2) The borrower shall submit to the authority sanctioning loans by the 15th day of January and 15th day of July, every year, half yearly reports regarding the working of the Industries containing detailed accounts showing how the loan amount has been utilised and generally stating how production and employment have been affected by the grant of loan.

24. Property acquired out of the loan to be properly maintained :—

- (1) A building godown or warehouse, constructed or purchased or any machinery, plants appliances or furniture purchased out of the loan granted under these rules shall be maintained in good and efficient repair to the satisfaction of the authority sanctioning the loan.

- (2) The authority sanctioning the loan may on its own motion, or on the recommendation of the Deputy Director of Industries or the District Industries Officer of the district concerned, make order that any such building godown, warehouse, machinery, plant, appliances or furniture as are referred to in sub-rule (1) shall be repaired, reconstructed, or renewed at the cost of borrower and if borrower fails to carry out such order, the loan or any balance thereof and all money outstanding against the borrower on account of such loans and interest due thereon shall become repayable at once under the Rajasthan Public Demand Recovery Act, 1952.

25. Application of the general financial account rules :—

The rules contained in Articles 357 to 361 of General Financial and Accounts Rules as in force in the State of Rajasthan and relating to the conditions of repayment of loans, calculations of interest, default in payments thereof and enforcement of enhanced rates of interest on over due instalments shall apply to all loans advanced under these rules in so far as they are not inconsistent with these rules.

26. Interpretation of these Rules :—

If any difficulty arise in the application or interpretation of any of these rules, it shall be decided by the State Government whose decision thereon shall be final.

By order of the Governor,

sd/-

(A.K. Roy)

Secretary to the Government.

SCHEDULE

The Rajasthan State aid to Industries (Loans) Rules, 1962.

(Form 1 A)

(See Rule 6)

Form of application for Loans for Working Capital by Industrial Co-operative Societies (in filling up this, please give full information in respect of each item. If the space in the body of application is found to be inadequate separate sheets may be attached to the application as appendix.).

1. Name and address of the Society with Tehsil and District.