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RFC/P&G/ 1456

RAJASTHAN FINANCIAL CORPORATION
(Credit Policy & Monitoring Division)

Ref. No. RFC/GBD-GEN./149/238

Dated : 06.12.2013

P&G CIRCULAR
(LA No. 617)

Reg : Flexi loan scheme for Good Borrowers.

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10.12.2013
Attention is invited to PG circular no. 1451 dated 11.10.2013 vide which the Flexi Loan Scheme for Good Borrowers was circulated.

References were received from DGM (operations) as well as field offices of the Corporation with regard to modification required in Flexi Loan Scheme for Good Borrowers. Accordingly, the scheme was reviewed by the PC&CC in the meeting held on 18.11.2013 and it was decided that DGM (operations) will submit draft scheme after consulting jointly.

The draft of scheme submitted by the DGM (Operations) was again placed before the PC&CC in the meeting held on 27.11.2013 and the same was approved with some recommendations.

After incorporating the recommendations, the scheme was approved, which is enclosed as Annexure 'A'.

This scheme is in super-session of the previous circular for Flexi Loan Scheme for Good Borrowers.

All concerned are therefore, advised to go through the scheme and garner maximum business under this scheme.


(Yaduvendra Mathur) 6/12/13
Chairman & Managing Director

Encl. As above.

Copy to:

1. Standard circulation at HO.
2. All Branches/SOs/A&I.

RAJASTHAN FINANCIAL CORPORATION

FLEXI LOAN SCHEME FOR GOOD BORROWERS**1. INTRODUCTION:**

RFC is providing financial assistance to its good borrowers on liberal terms. In the same series, a scheme namely Flexi Loan Scheme for Good Borrower was launched by the Corporation from 01-04-2011. Looking to the good response under the scheme, necessary amendments have been made in the scheme to attract good business reiterating the scheme. Under this scheme, Corporation shall provide financial assistance totally flexi in nature i.e. the loan sanctioned can be withdrawn and deposited within LDR any number of times. The Corporation may provide financial assistance to meet immediate requirement of funds either for acquisition of fixed assets, working capital or for both without going into detailed appraisal. This would facilitate the entrepreneurs to save the higher cost of funds which would otherwise to be borrowed from private financier. The brief features of the scheme are as under:-

2. OBJECT:

Providing financial assistance to the good borrowers of the corporation to meet out their immediate requirement either for working capital need or to acquire fixed assets or both as and when required.

3. ELIGIBILITY CRITERIA:

- i. The unit should have operating/dealing with the Corporation for at least 4 years. The loan cases which have been paid off in past as per the LDR (excluding prepayment) will be eligible for Flexi Loan provided their accounts were classified as standard assets in the preceding 3 years upto the date of clearance of account.

Note:

- a. The cases in which LDR has expired and prepayment has been made shall also be made eligible for their coverage under the scheme.
 - b. While calculating the loan admissibility in such cases the quantum of repayment made in the loan account may also be considered in addition to the regular installment paid by the unit.
- ii. The account of the unit should have been classified as standard assets in the last 3 financial years.
 - iii. Working results and financial performance of the unit should be satisfactory in the last 3 financial years.

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- iv. The borrower should not have availed any benefit by way of waiver of interest/penal interest or grant of reschedulement in the last 3 financial years and during current financial year.
- v. There should be no overdue in sister/associate/family concern of the unit and also no benefit of waiver of interest/penal interest should have been granted during last three years.

ELIGIBLE AMOUNT:

- i. The minimum and maximum loan under the scheme shall be Rs.10.00 lacs and Rs.250.00 lacs respectively.
- ii. The loan shall be restricted to 2 times of loan repaid by the unit in all loan accounts.

SECURITIES & SECURITY DEBT RATIO:

- i. The loan shall be secured by 1st charge on existing and proposed assets of unit.
- ii. Personal guarantee of promoter/partner/director of the unit/company.
- iii. Further charge on additional security, if taken earlier.

The overall security debt ratio shall be kept 1.5:1. For the purpose of calculation of security, MRV of land and building and MRV or book value of plant and machinery and MFA which ever is less shall be considered. The outstanding in existing loan account(s) and proposed loan shall form part of total debt for calculation of security debt ratio. The loan shall however be restricted to MRV of Land & Building.

6. APPLICATION FEE:

The application fee shall be as per existing norms.

7. INTEREST RATE:

Interest shall be charged as per prevailing rate of interest under the Scheme **OR** the prevailing rate of interest being charged in existing loan accounts **OR** the interest rate applicable in the loan accounts, which were squared up within last 3 months of submission of loan application, whichever is higher.

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8. LIQUIDATED DAMAGES:

No default in interest & principal shall be allowed, however, in case of default, following action shall be initiated :

- a) Action u/s 138(b) of NI Act.
- b) The Corporation shall charge liquidated damages @ 2% p.a. on the amount in default for the period of default from day one.

9. OPTION FOR CALL BACK:

In case the loanee party makes default in making payment of interest on time, the Corporation shall have right to call back the disbursed loan.

10. PROCESSING CHARGES:

Processing charges @ 0.25% shall be charged.

11. MARGIN AND PROMOTER'S CONTRIBUTION:

No additional margin and promoter's contribution will be required to be brought in.

12. REPAYMENT PERIOD:

- i) The repayment period shall be 5 years from the first disbursement of loan. Flexi loan shall be repaid after expiry of 2 years in 13 equally quarterly installments reckoned from first disbursement of loan.
- ii) The unit may pre-pay without attracting prepayment premium.
- iii) The concern shall make the payment of interest on 1st day of each quarter i.e. March, June, September and December separately.
- iv) The concern/company to furnish thirteen blank PDC for repayment of loan.

13. SANCTIONING AUTHORITY:

As per delegation of powers.

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14. MODALITIES FOR DISBURSEMENT:

- (i) The first disbursement of sanctioned amount should be availed within two months from the date of communication of sanction.
- (ii) The loanee can approach the concerned Branch Office of the Corporation for drawing any amount within the overall Flexi Limit in multiple of Rs.50000/- within Flexi Limit sanctioned to it by making normal request in writing to the BM within two years from the date of first disbursement of loan.
- (iii) The loanee party can however, draw the amount maximum four times a month.
- (iv) The loanee has to submit CA certificate regarding utilization of loan (either for meeting out working capital or creation of fixed assets) disbursed earlier in the scheme. After ensuring the proper utilization submitted by loanee in form of CA Certificate further disbursement may be made.
- (v) If the borrower pays any amount of loan, another cheque to recoup the repayment made be issued immediately on the request of borrower. No recoupment would be allowed after 2 years from the first disbursement of loan.
