

RFC/P&G/ 1461

RAJASTHAN FINANCIAL CORPORATION
(Credit Policy & Monitoring Division)

Ref.No.: RFC/LA-12(80)/287

Dated . 24.01.2014

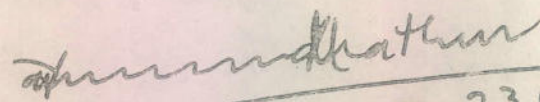
PG CIRCULAR
(LA No. 620)

Reg : Yuva Udyamita Protsahan Yojana.

As per the State Budget announcement for the financial year, 2013-14, RFC has launched the "Yuva Udyamita Protsahan Yojana" scheme to encourage young entrepreneurs to set up their industrial projects in the State. The scheme was approved in the Board Meeting held on 19.04.2013. Accordingly, the scheme was launched on 19.04.2013. Online applications were called from 1st May, 2013 to 10th June, 2013 and 13600 Business Plans were received, which were evaluated by Experts nominated by COSIDICI.

To process the selected DPRs further for appraisal, sanction, documentation & disbursement, a scheme incorporating modalities was prepared, which was approved in the Board Meeting held on 18.12.2013. However the scheme could not be circulated due to code of conduct. The approved scheme is enclosed as Annexure "A".

All concerned are therefore, advised to go through the scheme and take action accordingly.


23/1/14

(Yaduvendra Mathur)
Chairman & Managing Director

Encl.: As above.

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1. Standard circulation at HO.
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RAJASTHAN FINANCIAL CORPORATION

"YUVA UDYAMITA PROTSAHAN 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 easy terms and conditions, with no collateral security 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.

2. OBJECT:

The proposed 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/Graduation qualification (as on 10.06.2013) and should not be more than 35 years age (only those born on or after 01.04.1978).
- ii. The project cost should be between Rs.25.00 lacs to Rs.100.00 lacs.
- iii. If the applicant propose to constitute a partnership concern/company etc. then other promoters should be of age upto 35 years and having qualification as mentioned above. The share of main applicant should not be less than 51% in the unit.

4. ELIGIBLE AMOUNT:

The minimum and maximum loan under the scheme shall be Rs.22.50 lacs to Rs.90.00 lacs respectively.

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

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

6. **PROMOTER'S CONTRIBUTION:**

Minimum 10% promoter's contribution will be required. However if promoter intends or is ready to bring more promoter's contribution as per situation, will be encouraged. The promoter shall bring entire promoter's contribution before first disbursement of loan.

7. **SECURITY MARGIN:**

The security margin shall be kept 10% on land, building, Plant & Machinery, MFA and Furniture & Fixtures (in case of Hotel, Restaurant, Hospitals only) required for the project. Looking to the security margin as 10%, no debt equity ratio will be maintained during appraisal i.e. the maximum quantum of the loan will be 90% of cost of fixed assets proposed in the project.

8. **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. No collateral security shall be insisted.

9. **INTEREST RATE:**

Rate of interest:- @13.50%. However, if project is implemented within the time period allowed and quarterly installments of principal sum and interest are also repaid timely then 6% rebate will be allowed on quarterly basis. Effective rate of interest will then be @ 7.50% p.a. (i.e. $13.50\% - 6\% = 7.50\%$).

10. **REPAYMENT PERIOD:**

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

11. **SANCTIONING AUTHORITY:**

As per the prevailing delegation of powers of sanction i.e. DLAC headed by DGM(Operation).

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12. DISBURSEMENT:

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

13. CGTMSE (Credit Guarantee Fund Trust for Micro & Small Enterprises) Charges:

Applicable as per norms & will be borne by the applicant.

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

1. Applications(DPRs) had been received through a competition and after having interaction on DPR, selected DPRs would be processed further for financial assistance.
2. The cases will be appraised by the Internal Processing Committee headed by DGM(Operations). Loan sanctions will be issued also at the level of DGM(Operations).
3. The existing loan documentation would be suitably amended, if required to meet the guidelines of Credit Guarantee Fund Trust for Micro & Small Enterprises for obtaining guarantee cover.
4. The consent from Rajasthan Pollution Control Board & report from CIBIL shall be obtained as per norms of the Corporation.
5. All the norms/parameters of general term loan scheme except PC, security margin & interest rate, shall be applicable for appraisal.
6. The execution of documents shall be as per conditions of the sanction letter.
7. Change of management shall be discouraged, however if considered on merit, the eligibility criteria mentioned at point no.3 (eligibility criteria) shall be maintained in term of age, qualification and share.

