

RAJASTHAN FINANCIAL CORPORATION
(Credit Appraisal Section-1)

Udyog Bhawan
Tilak Marg
Jaipur-302005

Ref. RFC/LA-16(25)/ 27

Date: 07.04.2017
19

C I R C U L A R
(CAS-14)

Reg.: **Loan Policy for the F.Y. 2017-18**

The Loan Policy for the Financial Year 2017-18 was placed before the Board in its meeting held on 15.03.2017 which was approved by the Board and enclosed herewith.

All are advised that efforts should be made to procure quality business and also to attract Good Borrowers of Commercial Banks by improving the brand image of the Corporation by providing quick, qualitative and competitive services to the entrepreneurs.

All concerned are advised to take a note of above and act accordingly.


(**Anoop Khinchi**)
Managing Director

Encl. As above

Copy to :

1. Standard circulation at HO.
2. All Branches/SOs/FC

RAJASTHAN FINANCIAL CORPORATION

LOAN POLICY FOR F.Y.2017-18

1 PREAMBLE:

Rajasthan Financial Corporation was set up in 1955 under the State Financial Corporations Act, 1951 with the objective to extend financial assistance to Micro Small and Medium Enterprises in the State. It has been making significant contribution in the industrialization of the State.

The Indian Banking Industries has been passing through very competitive phase with increasing customer demand and reduced spreads. SIDBI was earlier providing refinance facility to the Corporation, but the facility has now been withdrawn as the Corporation has settled the account with SIDBI. Accordingly, the business module of the Corporation has been reduced significantly and now qualitative business and minimum NPA with prompt services to the customers is the need of hour.

The Corporation has framed time lines for processing of loan application for sanction and emphasis is given to provide prompt services to the prospective entrepreneurs. After having meetings with the representatives of different sectors, the Corporation has removed the bottle-necks of the prevailing loans schemes and modified them as per their need. The process is still under progress.

For attracting qualitative business, good borrowers are provided product as per their requirement at reduced rates of interest, so that standard portfolio of the Corporation may increase. Business Promotion camps are being organized at potential Branches of the Corporation and as per mandate of the Government for "Ease To Do Business" necessary actions are being taken by the Corporation also.

2 Objective of the Loan Policy

Broad objectives of the loan policy of the Corporation for F.Y.2017-18 are as under:

- A- To develop comprehensive credit strategy to fulfill the corporate mandate as per SFCs Act 1951 amended from time to time and to undertake industrial activities that are beneficial to the micro, small and medium enterprises.
- B- To ensure efficient credit lending with focus on income growth and quality to innovate and evolve competitive products based on market requirements.

- C- To accord priority to financing of micro, small and medium enterprises.
- D- To strengthen the Risk Management System so as to prevent fresh slippages into NPAs.
- E- To assess the requirements of customers and to update the policies within the provisions of SFCs Act.

3 Validity of the Loan Policy

- A- The Loan Policy is a principal document for appraisal & sanction of loans and is expected to serve as a guiding document for the Corporation.
- B- This loan policy shall remain in force till the next revision is carried-out.

4 Thrust business areas for F.Y.2017-18

The Corporation has emphasized on the development and financing to Small and Medium Enterprises and CRE Sector.

Rajasthan is endowed with plenty of physical resources, agro surplus and outstanding skills, which provides ample opportunity of manufacturing beneficiation and processing activities in the Small Scale Sector. This is the strength of the State. Particularly, Handicraft, Textile & Minerals have distinct identities and play a crucial role in the process of economic development by value addition, employment generation, equitable distribution of income, removal of regional disparities, as well as for export earning.

DMIC is passing through the state and many industrial towns/areas will be developed for processing and manufacturing industries. Rajasthan State has a great potential for Solar Energy also. Government of India has announced subsidy for upgradation in Textile Sector.

Some of the cities of the State have been developed as Educational, Tourism and Health care Centres. To cater to the need of increasing of human resources to the State, there is need for infrastructural development. Therefore, emphasis is also given for development of Commercial Real Estate projects on merits.

The Corporation would consider financial assistance for all eligible activities covered under SFCs Act. Following area would be accorded priority:-



A. Assistance to existing micro, small and medium enterprises units under Good Borrower Schemes. All standard a/cs covered in the definition of GB would be contacted and loan would be considered to meet their requirements.

B. Micro, small and medium manufacturing enterprises

The SME manufacturing sector in the country has shown signs of growth and keeping in view the same, the Corporation would attract selected business in the micro, small and medium manufacturing sector for enhanced flow of loans. Indicative list in this regard is given below:

- A. Auto components
- B. Textile
- C. Handicrafts
- D. Mineral based unit
- E. Readymade garment
- F. Food processing, agro based industries etc.
- G. Green Energy Project.

C. Service Enterprises

Share of service sector in the Indian economy is contributing significantly to employment generation and export earnings. Rajasthan is the favorite destination for the foreign/domestic tourists as it is endowed with the heritage/natural/historical properties. During the last few years, some of the cities of the state like Jaipur, Kota, Udaipur, Jodhpur have developed as renowned education, Tourism and health care centers.

The Corporation would focus on the service sector projects as follows :

1. Hotels, resorts, restaurant, Guest houses, multiplexes etc. for promotion of tourism & hospitality industry in the state.
2. Health Care (diagnostic and pathological centers, hospitals etc.) Projects.

D. Commercial Real Estate Projects

5 Periodical Review :

Periodical review of projects financed by the Corporation is made through the Project Monitoring Committee where the progress of sanctioned and implemented cases is reviewed from time to time at field and HO level and effective measures are suggested/taken for timely implementation of the projects.



6 Targets for the Financial Year 2017-18 :

SME/CRE Sector (including YUPY) : 400 crores

Note-

1. CMD/MD may be authorized to make need based allocation of targets among the above sectors i.e. SME/ CRE etc.
2. Good Borrowers are expected to contribute 30% in the achieving of target for Financial Year 2017-18.
3. Board directed that sanction target should be linked with the recoveries. If need be, these targets can be reviewed any time during financial year.

7 LIMIT OF LOAN :

-	Private /Public Ltd. Co./ Co-operative Societies	Upto Rs. 2000 Lacs.
-	Others	Upto Rs. 800 Lacs.

Policy on Group Credit Exposure

The Corporation has also fixed the exposure limits for individual applicant and group as 15% and 40% of capital funds of the Corporation respectively.

8 CEILING ON THE COST OF PROJECT:

All projects satisfying the definition of micro, small and medium enterprises are eligible for loans irrespective of project cost. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 has shifted the focus from "industry" to "enterprises". The definitions adopted for manufacturing and service sector activities under MSMED Act are as under:

Enterprise Category	Manufacturing (original investment in P&M)	Service (original investment in equipment)
Micro	Upto Rs. 25.00 lakhs	Upto Rs. 10.00 lakhs
Small	Upto Rs. 500.00 lakhs	Upto Rs. 200.00 lakhs
Medium	Upto Rs. 1000.00 lakhs	Upto Rs. 500.00 lakhs

9 PROJECT APPRAISAL NORMS:

A- ELIGIBILITY:

- (i) Any industrial concern as defined under SFC's Act in respect of which the aggregate of the paid up share capital & free reserves is not exceeding Rs. 30 Crores is eligible for loans.
- (ii) CRE Projects.

B- PROMOTERS CONTRIBUTION:

The minimum Promoter's contribution ranges from 33% to 50% for various eligible activities & schemes.

C- DEBT EQUITY RATIO:

2:1 (Maximum)

D- DEBT SERVICE COVERAGE RATIO: Minimum 1.70:1

E- SECURITY MARGIN:

Generally, the Corporation keeps the security margin as per the details mentioned below. However, for some loan schemes specific security margin is kept as mentioned in the concerned circular.

- Normal	30%
- Furniture & Fixtures	50%
- Mould & Dyes	50%
- Existing & Old Assets	50%
- For other assets	as per Schedule 1/10 PG

10 DELEGATION OF SANCTIONING POWERS :

Delegation of powers for sanction of loan for Head Office Level:

A)

Sanctioning authority (irrespective of loan schemes)	Amount of loan (Rs. in lac)
Executive Committee	Full powers for loans upto <u>20.00</u> crores (including joint finance cases) appraised by RIICO & Other FIs.
Project Clearance & Consultative Committee (PC&CC):	
I) <u>Managing Director LEVEL:</u> Loan cases in all schemes.	1000.00**
II) <u>Executive Director Level:</u> Loan cases in all schemes.	500.00**
III) <u>General Manager(Op.) Level:</u> Loan cases in all schemes.	300.00

**** Prior permission from SIDBI is required for loan cases exceeding Rs.1000.00 lacs in case of company / Corporation / Co-operative Societies and Rs.400.00 lacs in other cases.**

B) Delegation of powers for sanction of loan at Field Office level : (Rs. In lacs)

Sanctioning authority (irrespective of loan schemes)	Amount of loan
District Level Loan Advisory Committee (DLAC) headed by concerned DGM (CAS)	Upto Rs.150.00 lac
District Level Loan Advisory Committee (DLAC) headed by Manager (Br.)	Upto Rs.100.00 lac
District Level Loan Advisory Committee (DLAC) headed by Dy.Manager (Br.)	Upto Rs.50.00 lac

Note:

1. The PC&CC is authorized to make need based relaxations in the terms and conditions in all sanctioned cases under various schemes of the Corporation.
2. Cost Over run upto 20% of the sanctioned amount of loan would be sanctioned (without changing the level of margin on security and promoter's contribution) by the respective sanctioning authority over & above the powers delegated for sanction of loan.
3. While sanctioning of loan at field level it should be ensured by the sanctioned authority that if the loan amount is more than the MRV of existing and proposed land & building, additional collateral security will invariably be obtained as per prevailing guidelines.
4. Loan cases of industrial units proposed to be set up on converted land in isolated areas, shall be considered as per PG Circular No. 1405 dated 19.12.2011 and 1409 dated 24.01.2012 with the prior approval from HO.
5. The other norms of the respective scheme (including ceiling on loan amount) shall remain unchanged.
6. Field Offices are not required to obtain prior permission from HO for SME sector cases upto Rs. 15.00 lacs under Scheme for Financing Against Assets. However, residential properties will not be considered for mortgaging under the Scheme for Finance Against Assets for SME



Sector. Other provisions of the scheme will be unchanged.

7. Further loan cases may be sanctioned by the sanctioning committee under whose jurisdiction total accommodation fall i.e. outstanding against the existing loan plus proposed loan.
8. The above limits of sanction would also be applicable to Good Borrower Schemes in addition to the powers for sanction of loan under General Loan Schemes.

11 VALIDITY OF SANCTION:

To ensure speedy implementation of sanctioned projects, to control the effective commitment and to increase disbursement substantially, the validity of sanction has been kept for three months from the date of communication of sanctioned loan (except in flexi loan scheme for two months). Thereafter, the sanction will lapse automatically. However, this sanction may be considered for revalidation on merits by the competent authority. The validity in respective schemes shall be continued as per provision of said scheme.

12 STEPS FOR APPRAISAL:

A- EVALUATION OF PROMOTER (s) :

Assessment of the promoter (s) is very important which is undertaken on the basis of Qualification, experience, family background, social reputation, financial strength (net-worth), Income tax paid, past repayment behaviour with the Corporation/FIs/Banks, antecedents verification, KYC norms & CIBIL report etc.,

B- TECHNICAL APPRAISAL:

Technical appraisal is done on the basis of following factors:

- Suitability of location,
- Adequacy of land & building
- Capacity of P&M and reputation of the suppliers.
- Availability of raw material.
- Availability of technical know how,
- Availability of power,
- Scope & marketing,
- Past experience of the Corporation in the sector

C- FINANCIAL APPRAISAL:

Financial appraisal is done on the basis of following factors:



- Analysis of the working results of applicant concern & its sister concern.
- Projected Profitability statements,
- Projected Cash flow and Balance sheets,
- DSCR & other profitability ratio,

13 PRIOR CLEARANCE & AVERAGE TIME TAKEN FOR PROCESSING THE LOAN APPLICATION:

Timelines for processing of loan application has been fixed by the Corporation, which are as follows:-

A. BO Level Cases:

- i. After registering the loan application with mandatory documents, principle approval of loan application is to be given within two calendar week from the date of registration of application.
- ii. Formal sanction letter will be issued within next one week by BO.

B. HO Level Cases:

- i. Complete application with mandatory documents and required inspections are to be forwarded to HO within two weeks from the date of registration.
- ii. The documents required for appraisal would be forwarded within 10 days after forwarding the loan application to HO.
- iii. The case is to be processed and put up before PC&CC within a ten days at HO for decision.

Application for loans are normally disposed off within 60 days, however our endeavor is to see that loan application is disposed off preferably in 30 days. Pending loan applications are reviewed in PC&CC and delays are minimized.

14 RESTRICTIVE LIST OF THE CORPORATION & POLICY GUIDELINE FOR SELECTIVE INDUSTRIES

The corporation has been maintaining two lists of products mentioned as Schedule 1/6A and 1/6B namely Restrictive list and policy guidelines for Selective Industries respectively(enclosed herewith) for financing industries.

Both the lists are being reviewed by the corporation from time to time, keeping in view the prevailing market conditions, scope, experience of the corporation in the concerned sector and other factors e.g. Govt. policies, current economic scenario and industry risk etc. Suitable norms are prescribed to apply restriction on industry-wise sanction.

15 LOAN SCHEMES OF THE CORPORATION :

Based on the activities permitted under the SFCs Act, the Corporation has formulated various schemes for extending financial assistance. The various schemes being operated are given below:

1. GENERAL TERM LOAN SCHEME

Term loan upto Rs.20 crore for acquisition of land, building and plant & machinery for any eligible industrial activity defined under the SFCs Act for setting up a project in the manufacturing sector including mining, wind farm and individual wind turbine generator.

2. SCHEMES FOR SERVICE SECTOR

A. HOSPITALS AND NURSING HOME:

Loan to cover investment in land, building, electro-medical equipments, instruments, furniture, air- conditioners, small generators etc. for Hospital / Nursing Homes.

B. TOURISM SECTOR:

Loan for Hotel, Restaurants, Resorts, Amusement Park, Guest Houses, Drive-in-Cinemas, Multiplexes and Tourism related activities in Rajasthan for acquisition of Land, Building, Kitchen equipments, Office equipments, AC, Interior decoration, Furniture & Fixtures, Health Club, Swimming Pool, etc.

C. INFORMATION TECHNOLOGY :

Loan may be sanctioned to promote all type of projects/activities related to Information Technology. However, Educational/Training Institutes shall be outside the purview.

3. SPECIAL LOAN SCHEME FOR MARBLE PROCESSING UNITS HAVING IMPORT LICENCE.

The purpose of loan shall be for Importing Marble Blocks, for creation of fixed assets (or both), transportation, processing etc. In addition to existing borrowers, financial assistance shall also be considered to the



units who intend to switch over their loan a/c from other FI/Banks and are having Import License.

4. SARAL SCHEME FOR SME SECTOR (EXISTING INDUSTRIAL RUNNING UNITS) :

Loan from Rs. 2 lacs to Rs. 10 crore is available to the existing industrial running units located at Industrial Area of Rajasthan, Hotels at District Headquarters, SAM of Jaisalmer, Nathdwara, Pushkar & Mount Abu and Hospitals located at District Headquarter of Rajasthan.

5. SINGLE WINDOW SCHEME:

A scheme for small borrowers to ensure adequate finance by providing single window facility for availing of Term Loan for fixed assets and Working Capital finance from one institution only. Project cost should not exceed Rs 200 lacs.

6. SCHEME FOR FINANCING AGAINST ASSETS :

Loan upto Rs.10.00 crores to industrial concerns of MSME Sector for meeting their industrial financial requirements provided the prime security is mortgaged to the Corporation under first charge is free from all encumbrances.

7. SCHEME FOR FINANCING CRE SECTOR :

A)	Objective for financial assistance:	
	i)	Exclusively for purchase of land and building from Government authorities for construction of commercial/residential complex multiplex, tourism related to activities, hospitals, nursing home, etc.
	ii)	For construction of commercial complex, showroom, sales outlet independent of hotel business.
	iii)	For construction of housing complex and residential houses/flats on commercial basis.
B)	Purpose of Loan:	
	a)	For purchase of land/building from Government authorities
	b)	For construction of commercial/residential complexes;
		i) For acquisition of land



	ii) For construction of building iii) For acquisition of required P&M iv) Furnishing of house/flats and furniture fixture for commercial complexes.		
C)	Eligible Borrower:		
	The eligible borrower(s) may have constitution as proprietorship/ partnership firm/company or a registered co-operative society/other eligible societies constituted to run the venture on a commercial line as a venture.		
D)	Location of Project:		
	Financial assistance shall be considered for the projects proposed in Municipal limit of District Headquarters and major towns of Rajasthan. However, if project location is out of Municipal limit, the case will be considered depending on its locational viability. All CRE cases would be appraised and sanctioned at HO only.		
E)	Loan Limit:		
	i)	Company and Co-operative society having networth not exceeding Rs 30.00 crore.	: Upto Rs. 20.00 crore
	ii)	Proprietorship/partnership /LLP	: Upto Rs. 8.00 crore
		Loan below Rs. 50.00 lac shall not be considered under Builder Scheme i.e. for purchase of land from Government authorities. The maximum credit exposure limit would not be exceeding 40% of the capital funds of Corporation to a single group as per guidelines of RBI.	
F)		Financial Parameters:	
	i)	Margin of Security (Minimum) :	
		a) The loan up to 50% of acceptable cost of land shall be considered under Builder scheme. b) For construction of residential/commercial complex. i) On land, building, P&M and equipment - 40% ii) On furniture and fixture - 60%	



	ii) Promoter's Contribution : Minimum 40% of the project cost residential complex. 50% of the project cost for commercial complex. If the loanee approaches for construction of commercial cum residential project, the minimum promoter's contribution shall be decided on the basis of ratio of commercial / residential portion proposed in the project.
	iii) Debt Equity Ratio : Not more than 2 : 1
G)	Disbursement :

The entire promoter's contribution is to be brought in and invested by the promoter in 3 phase i.e. 50%, 25% and 25% and the disbursement shall be made proportionate to the promoter's contribution.

All other parameters/norms for financing CRE project will be applicable as mentioned in Circular dated 15.04.2014.

Note: The Board directed that considering the recessionary trends in CRE Sector, a cautious approach should be adopted.

8. SCHEME FOR QUALIFIED PROFESSIONALS :

Assistance to qualified professionals in the field of management, accountancy, medicine, architecture, engineering, law etc. for setting up professional practice/consultancy ventures for the first time. The cost of the project should be need-based and not exceeding Rs.20.00 Lac.

9. TOP-UP LOAN SCHEME FOR EXISTING BORROWERS:

Top-up loan on easy terms and conditions and with simplified procedure, is available for existing financed and running units (excluding Good Borrowers and Real Estate cases) which are having standard account and repaid at least 4 quarterly installments regularly.

10. LOAN TO UNITS INTENDING TO SWITCHOVER THEIR LOAN ACCOUNTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS TO RFC:

Loan for repayment of outstanding loan of the other FIs/ Banks and for acquisition of further fixed assets for modernisation, diversification, expansion etc.



11. **SCHEME FOR FINANCING AGAINST LAND ALLOTTED BY RIICO FOR INDUSTRIAL UNITS, HOTELS & HOSPITALS:-**

Financial assistance against land cost allotted/auction by RIICO in industrial area to individual, partnership concern, LLP, Private Limited companies/co-operative society for industrial units, hotel & hospital are made available.

12. **SCHEME FOR FINANCING SOLAR POWER PROJECTS:-**

Financial assistance provided for setting up a solar power project sanctioned under guidelines of MNRE/National Solar Mission(NSM) Rajasthan solar energy policy 2014. The loan will granted for purchase of land, for construction of building and for acquisition of plant & machinery.

13. **MODIFIED YUVA UDYAMITA PROTSAHAN YOJANA(YUPY)**

The scope of scheme has been widen to provide financial assistance up to Rs 500.00 lac to the entrepreneurs fulfilling eligibility criteria to meet out their requirement for creation of fixed assets i.e. land, building, plant & machinery and MFA.

14. **FINANCING IN RENTED PREMISES**

Financial assistance in the Rented premises also available for industrial promoters.

15. **SCHEMES FOR GOOD BORROWERS :**

Attractive loan schemes for existing Good Borrowers of the Corporation and Good Borrowers of other Financial Institutions on very liberal terms and conditions. The main schemes are as under:-

- A. **SHORT TERM LOAN :** Speedy sanction and disbursement for expansion, modernisation, replacement, diversification and purchase of balancing equipments.
- B. **UNIT PROMOTED BY GOOD BORROWER:** Financing for new unit promoted by the existing good borrower on attractive rate of interest.



- C. **WORKING CAPITAL TERM LOAN:** For providing working capital term loan to meet out the gap in their working capital requirement and the available bank limit.
- D. **WORKING CAPITAL TERM LOAN TO NON ASSISTED UNITS:** For providing working capital term loan to meet out the gap in their working capital requirement and the available bank limit.
- E. **SPECIAL WORKING CAPITAL TERM LOAN :** For acquisition of diamond blades and / or segments, Back-up roll, work-roll and bearings, replacement of card clothing, replacement of machinery part of textile unit and SS rolling mills etc.
- F. **GOLD CARD:** Speedy and easy sanction for acquisition of fixed assets and/ or meet out working capital requirement.
- G. **PLATINUM CARD:** Speedy and easy sanction for acquisition of fixed assets and/ or meet out working capital requirement.
- H. **FLEXI LOAN FOR EXISTING BORROWER:** A unique scheme for the good borrowers where Corporation shall provide financial assistance totally flexi in nature i.e. the loan sanctioned can be withdrawn and deposited within LDR to meet immediate requirement either for acquisition of fixed assets, working capital or for both without going into detail appraisal.

16. **CONSULTANCY SERVICES BY THE CORPORATION**

RFC assisted and non-assisted units have been facing problems regarding preparation of project reports, pre feasibility report required by different FIs/ Bank/ Government Agencies for obtaining term loans/ grants/ subsidies. Moreover, consultancy on various aspects is also needed. The promoters are not in a position to prepare such reports at their level and if an Institution like RFC takes up such matters and provide need based consultancy by charging some fees, entrepreneurs will be facilitated and their work would be done expeditiously. Consultancy services include the following:

- i) To prepare pre-feasibility reports and project reports along with vetting for different financial institutions including commercial banks.
- ii) To provide query based consultancy for different financial institutions.
- iii) To assess Scope and market of any project based on the condition of the area.
- iv) Valuation of industrial units as well as other assets of all categories irrespective of engineering branches, financed/ being financed by different financial institutions/ banks etc.
- v) Calculation of market realisation value of units financed by other FI/ Banks.



vi) Surveyor and loss assessor work etc.

RFC charges fee as per circular guidelines issued on this matter.

17. LOAN APPLICATION FEE:

Loan application is accepted with loan application fee is as follows:-

Loan application fee structure w.e.f. 15.06.2005.

S.No.	Amount of loan applied for	Application fee
A	i) From Rs. 2,00,001/- to Rs. 5.00 lacs	Rs. 400/-
	ii) Exceeding Rs. 5.00 lacs	0.1% (i.e. Rs. 100 for every lacs of loan applied or part thereof)
B	In case of projects received from Banks/FIs for appraisal, the application fee shall be charged @ 0.25% of the project cost	
C	In case of self financed cases for subsidy / any other purpose, the application fee shall be charged @ 0.25% of the project cost.	

Note:

1. The Loan application fee shall be charged 50% in the case of SC/ST entrepreneurs, physically disabled persons, and women entrepreneurs (for loans upto Rs. 5.0 lacs) if they have approached for grant of loan under the Special Scheme meant for them.
2. It is possible that in some cases RFC may engage services of outside persons/ consultants for obtaining expert advice and report. In such cases any sum paid by the Corporation for such reports if exceeds 0.1% of the amount applied/project cost, then that excess amount shall have to be borne by the party itself.
3. The service tax/ education cess shall be extra as applicable from time to time.

18. LOAN PROCESSING CHARGES:

Structure of processing charges to be deposited before convey of sanction.



I- Processing charges in loans sanctioned cases:

S. NO	Range of Loan amount sanctioned	% of Loan amount sanctioned
a)	Upto Rs. 5.00 lacs	Nil
b)	Above Rs. 5.00 lacs and upto Rs.100.00 lacs	0.50%
c)	Above Rs. 100.00 lacs and upto Rs.1000.00 lacs	0.50%
d)	Above Rs. 1000.00 lacs	0.50%

Note:- Service tax, as applicable, shall be charged separately.

II-Processing charges in Good Borrower Schemes:

S. NO	Name of the Scheme	% of Loan amount sanctioned
1	Card Schemes (Gold Card & Platinum)	Nil
2	Other Good Borrowers Scheme	
a)	Upto Rs. 10.00 lacs	Nil
b)	Above Rs. 10.00 lacs and upto Rs.1000.00 lacs	0.25%
c)	Above Rs. 1000.00 lacs	0.50%

Note:- Service tax, as applicable, shall be charged separately.



19. INTEREST RATE STRUCTURE :

The Corporation charges interest depending upon quantum of loan, and type of loan scheme etc. The interest rate prevailing at the time of documentation of loan agreement shall be applicable. A glance at the prevailing chart of interest structure shows the rate of interest applicable to different type in loan cases. Interest rates are subject to change from time to time.

INTEREST RATE STRUCTURE EFFECTIVE FROM 02.01.2017

APPLICABLE TO MSME /NON MSME SECTOR IRRESPECTIVE OF COST OF PROJECT

S. No.	NAME OF THE SCHEME	RATE OF INTEREST
1.	Loans upto Rs.20.00 crore to MSME under Normal Project Loan Scheme of the Corporation.	11.00%
2.	Projects for construction of Commercial/Residential Complexes.	14.50%
3.	Finance Against Assets Scheme (FAAS)	14.50%
4.	Short Term Loan, Working Capital Term Loan, Special purpose Working capital Term Loan, Gold Card, Platinum Card & UPGB under Good Borrower's Scheme	10.75%
5.	Flexi Loan Scheme under Good Borrowers	12.00%
6.	Saral Scheme	12.00%
7.	Loan for purchase of Industrial land from RIICO.	12.00%
8.	Scheme for Financing for Builders/ Commercial/Residential Complexes/ Multiplexes, Hotels, Hospitals etc. for purchase of land & building.	17.00%

It is further decided that no separate rate of interest may be kept for loans upto Rs.50000/-. No changes have been made in the interest rate for other schemes.



NOTES :-

1.	In case of loans upto Rs. 5.00 lacs to SC/ST entrepreneurs the rate of interest shall be 2% less than the rate of interest applicable to other entrepreneurs in terms of PG circular No. 535 dated 7 th Aug., 1993.
2.	In case of loans upto Rs. 5.00 lacs, to disabled persons, a firm in which disabled person is partner having majority (not less than 51%) share, the rate of interest shall be 2% less than the rate of interest applicable to other entrepreneurs in terms of PG Circular No. 612 dated 13.06.1995.
3	In case of loans upto Rs. 5.00 lacs, the rate of interest shall be 1% less under Scheme for Women Entrepreneurs in terms of P&G circular No. 1353 dated 10.11.2010.
4.	Liquidated damages in case of default shall be charged on amount in default for the period of default at rates applicable prescribed by Corporation from time to time. No interest would be charged on the liquidated damages. However, the mode of appropriation of receipts shall remain uncharged.
5.	In all cases Post Dated Cheques/ECS for equated quarterly / monthly installments are to be obtained as per norms. ECS/post dated cheques shall be taken for EQI/EMI based on documented rate of interest. It should be clearly stipulated that EQI/ EMI has been calculated on documented rate of interest. In case cheque is not realized, the BO shall ask the borrower for enhanced amount of EQI/ EMI by including applicable rate of liquidated damages.
6.	Credit Rating System for differential rate of interest is in abeyance.
7.	Reset Clause: In all loan cases to be sanctioned, the documented rate of interest shall be reset every year after completion of one year from the date of execution of loan documents during currency of loan and the Corporation shall charge rate of interest prevailing at the time of reset of interest or existing rate of interest, whichever is higher.

20. Credit Appraisal & Rating Tool (CART):

For obtaining quality business, based on SIDBI's model and internal procedures of financing, RFC has proposed to introduce a Credit Risk Assessment Model (Credit Rating System) as part of comprehensive Credit Risk Management System and pricing of interest rate based on rating. However, the credit rating system has been kept in abeyance presently.

Note: Board has directed that credit rating system can be customized as per need of the Corporation. Credit Committee should be formed for this purpose and the rating should also be done by the committee.

21. The MD is authorized to make need based changes/relaxation in the terms & condition of the all schemes.
22. Some loan schemes available in the PG & not withdrawn but the same is not mentioned in the policy which shall also remain in force.



Schedule 1/6A

RESTRICTIVE LIST OF RFC

S.NO.	PRODUCT
1.	Textile Process houses (Synthetic) except at Bhilwara.
2.	Waste Spinning.
3.	Ara Machine.
4.	MICR & Computer Stationery
5.	Lement.
6.	Aluminum Utensils.
7.	Welding Electrodes.
8.	Plastic Reprocessing.
9.	Solvent Extraction Units.
10.	Mini Cement Plants & Clinker Grinding Units.
11.	Granite Units (Kerosene based).
12.	All type of project based on ODS (Ozone Depleting Substances).
13.	Projects of traditional and Mini Offset Printing Press.
14.	Niwar Manufacturing Unit.
15.	Pesticides Formulation.
16.	Non Power Operated Acid Slurry/Detergent.
17.	Paraffin Wax & Chlorinated Paraffin Wax.
18.	Tractor Compressor.
19.	Recovery of Zinc from Zinc Ash units.
20.	Metallic Yarn.
21.	The plant & equipments including VCR, Deck, CTV & Recording Deck.
22.	Drilling Bits.

Schedule 1/6 B
POLICY GUIDELINES FOR SELECTED INDUSTRIES

S.No.	Product	Policy
FOOD AND FOOD PRODUCTS		
1	Ice Factory	Application should not be accepted for setting up ice factory for less than 10 TPD.
2	Cold Storage	Applications for setting up cold storage of above 2000 MT capacity may be accepted and processed if sufficient scope is found in the area.
3	Dairy Sector	Projects fulfilling the norms of Milk and Milk Products Order, 1992 regarding installed capacity of proposed Dairy unit for handling Milk and Milk Products only be considered for finance. (Extract of relevant guidelines are given below). Registration: 1. On and from the date of commencement of this order no person shall manufacture or carry on business in milk or any milk product nor create any manufacturing facility for the business, unless such person has made an application in the form specified in the first schedule alongwith the prescribed fee to the registering authority for obtaining the registration certificate. 2. The provisions contained in sub-paragraph (I) shall apply to such person who handles or is equipped to handle or who has in the establishment or unit under his ownership or control (or where he has more than one such establishment, all the establishment put together > installed capacity for handling milk in excess of ten thousand litres per day, or milk product containing milk solids in excess of five hundred tonnes per annum. 3. Promoters contribution would not be less than 40% of the project cost.

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		4. Collateral security of immovable property having MRV not less than term loan would be furnished. The relaxation in collateral security (not below 50% of the loan amount) be considered by the CMD. Relaxation in the norms of collateral security, if any requested be referred to HO only if the BM/DGM (sanctioning authority as the case may be) is satisfied about viability of the project and security of loan giving full justification for further consideration of the PC&CC and CMD.
4	Distilleries	i). No New distilleries may be permitted in Alwar & Jaipur districts ii). All distilleries will be asked to ensure recycling of treated effluents. iii). No commitment by RIICO or any other agencies may be made by way of land or loan on any distilleries/Breweries without prior approval of the committee of Secretaries and the Govt.
TEXTILES		
1	Textile Printing	Loan applications may be accepted only if these are supported by NOC from Water Pollution Control Board
2	Spinning of Yarn	a) Financial assistance can be considered on a very selective basis for new spinning units basically rotors. Such proposals should satisfy the usual norms of viability and should be based on Debt Equity Ratio of 1.5:1. Adequate availability of waste cotton for such units has also to be ensured. b) Expansion proposals from existing cotton spinning units may be considered for enabling them to reach upto 25000 spindles and achieve better viability in their operations provided the proposals satisfy Debt Equity Ratio norms of 1.5:1. c) Financial Assistance to new units for spinning of shoddy yarn/Woolen yarn based on worsted system can be considered.
3	Zero Zero Felt	Applications may be accepted subject to NOC from the Pollution Control Board.
4	Readymade Garments	A cautious approach be adopted for scrutiny of the promoter in financing the readymade

		garment industry in the state. The capability and bonafides of the applicant should be carefully examined during the course of appraisal of the project. In case the unit is set up in rented premises, collateral security as per norms prescribed should be insisted upon and no relaxation should be allowed.
5	Process Houses	Financial assistance for textile process houses (Synthetic) at Bhilwara only shall be considered on the stringent financing norms like higher promoter's ratio of 1:1 preferably.
PRINTING PAPER & WOOD PRODUCTS		
1	Paper Board	Small plants desirous of setting up paper board units of 3-4 MT capacity per day may be considered provided they are nearby to the raw material market, parties are financially sound and that local market is available for absorption of finished product.
2	Printing Press	i) Application for setting up new and improved technology of printing press like DTP system, off-set printing etc. may only be entertained at all district head quarters. ii) Only latest technology Printing Machine should be considered on selective basis to the experienced promoters having sound financial means with following terms:- (a) Security Margin : 50% (b) Promoter's Contribution:50% (c) Collateral Security : Equal to loan amount All the loans in this sector shall be sanctioned at HO till the recovery position improves substantially.
3	Colour Lab	Applications from such units should be considered on merits.
4	Photostat Machine	Photostat machines may be considered for financing provided collateral security equivalent to the loan amount is obtained by promoters. However each of such cases would be referred to the concerned DGM who will accord his permission for financing in the area where sufficient scope is found.

CHEMICALS AND PHARMACEUTICALS		
1	Pharmaceutical Units	i). Restrictive financing considering 40% security margin and on the condition that the unit is not being set up in rented premises. ii). Prior clearance from Directorate of Medical & Health (Drug Control Organisation) is required.
MINES & MINERALS PRODUCT		
1	Refractories	Application may be accepted for financial assistance to the specialized type of sophisticated refractory units manufacturing high alumina bricks, silica bricks with high conduction carbon refractories. Zircon & ceramic fibre products. However, further financing will be considered on selective basis and that too confirming ISI specifications, sound entrepreneurship and investible capabilities.
2	Marble Cutting	The minimum promoter's contribution shall be 33% of the project cost and debt equity ratio should not exceed to 2:1. Own marble mines would not be a condition for establishing a marble processing unit but possessing of a mine of adequate marble reserves of good quality would be considered to be a positive aspect for the project.
3	Granite Units(Water based)	(a) The minimum promoter's contribution shall be 33% of the project cost and debt equity ratio should not exceed to 2:1. Own Granite mines would not be a condition for establishing a granite processing unit but possessing of a mine of adequate granite reserves of good quality would be considered to be a positive aspect for the project. (b) Collateral Security: equivalent to loan amount against plant and machinery shall be obtained.

4	Hydrated Lime and Quick Lime	i). Loan for hydrated lime unit may be considered normally within 50/60 Kms. radius where sufficient raw material deposits of requisite grade are available. ii). No application is to be accepted in Udaipur Region.
5	Mineral Grinding	Financing of Mineral Grinding units including Marble Powder and Chips are allowed in Alwar District to experience promoters with the condition that the concern to furnish collateral security of not less than 50% of loan amount in addition to primary security of the unit.
6	Mining project for granite blocks	The promoter should have own mines, the minimum promoter's contribution shall not be less than 50% of the project cost. The loan shall be secured by way of collateral security equivalent to 150% of loan amount. The cases shall be processed at HO only.
METAL PRODUCT:		
1	Auto Leaf Springs	In view of substantial number of units already financed by the Corporation, no application for Auto leaf spring units may be accepted. Application from such units who are having satisfactory marketing tie-up or who have been granted ancillary status by leading vehicle manufacturing units may continue to be accepted. Before registering such application prior reference to be made to HO.
2	SS Rolling Mill	The minimum promoter's contribution (PC) shall not be less than 50% of the project cost. In case promoter is not in a position to bring the required contribution, then the collateral security equal to the value of double the amount of short fall in the promoters contribution shall be insisted upon. However, in no case the PC shall be less than 40% of the project cost .For relaxation in the above norms, if any, in a particular case, the same would be forwarded by the concerned branch to the HO for consideration forwarding the full details of the case giving reasons and justification in

		support of their recommendations for the relaxation required in a particular case. For existing units: The case would be examined/ appraised subject to the norms followed under Normal Term loan scheme.
3	Industrial fasteners	The loan application may be considered for financing outside residential area and not in rented premises.
4	Grinding Media	Applications only from the units which propose to go in for product mix particularly with forged automobile and engg. Components along with grinding media may be considered.
5	Special Alloy Steel Castings	Units may be considered on merit, applications are to be processed at HO level only. Minimum promoter's contribution shall be 40% of the project cost.
OTHERS		
1	Transformer Units	No new application for manufacturing & repair of Transformer is to be registered for Jaipur & Dausa Districts.
2	Guar Gum	A. The corporation will adopt a cautious approach for financing the guar gum projects. B. In case of split unit : <u>For new units:</u> Minimum Promoter's contribution shall be kept at 40% and minimum 50% collateral security will be required. For relaxation in the above norms, if any in a particular case, the same would be forwarded by the concerned branch to HO for consideration forwarding the full details of the case giving reasons and justification in support of their recommendations for the relaxation required in a particular case. <u>For Existing units</u> The case would be examined & appraised subject to the norms followed under Normal Term Loan Scheme.

		C. In case of powder manufacturing units: In case of powder manufacturing units, the decision should be taken at HO level as per the existing guidelines.
3	Brick kilns	No new application for setting up brick kilns having moving chimneys will be entertained. Applications for brick kilns having pollution control systems and fixed chimneys along with NOC consent from RPCB only will be accepted.
4	Plastic Processing Units	i). The unit promoted by experienced persons in the line with sound financial base shall be considered only in the potential areas like Jaipur, Udaipur, Jodhpur, Kota and Alwar Districts. ii). The projects having cost estimate of Rs. 50.00 lac and above based on latest technology plastic processing machines with higher standard of automations and performance shall be considered. iii). However, proposal of expansion, modernisation of existing units shall be considered irrespective of project cost, on their merits.
5	Dall and Oil Mill project	i). The promoters contribution shall not be less than 50% of the project cost. ii). Collateral security equivalent to term loan amount for fixed assets and 150% of the WCTL, if any, considered shall be furnished.

Note :

The above Policies are framed from time to time and are subject to review and change at any time by the Corporation at it's sole discretion without any notice. The above guidelines will be applicable on new units and would not be applicable in general on cases of existing units going for expansion unless it is specifically provided in the guidelines itself as to its applicability on expansion cases as well. These guidelines would not be applicable on the good borrowers and to the units promoted by existing borrowers depending upon the satisfactory payment behavior with the Corporation.
