

RFC

**Procedures
And
Guidelines**

Refinance & Disbursement

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Refinance & Disbursement

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[Refinance and Disbursement]

PREPARATION OF REFINANCE CLAIMS BY BRANCH OFFICE

PREPARATION OF REFINANCE CLAIMS

- [1] Branches are responsible for preparation of refinance claims in respect of loans disbursed at BO level. These applications are to be prepared in the prescribed format.
- [2] Refinance claims in respect of loans disbursed at HO level will continue to be prepared and processed at HO level.
- [3] Refinance claims are to be forwarded by the branches to the Finance Section in Head Office by 7th of every month.
- [4] The claim should be prepared carefully and each column of the claim should be filed in. In column No. 6 to 11, only sign of (✓) is required in applicable column.

Note:

- (A) Separate application to be submitted for each scheme as per following:-

- {1} Loans upto Rs. 0.50 lac.
- {2} Loans above Rs. 0.50 lac and upto Rs. 2.00 lac.
- {3} Loans above Rs. 2.00 lac and upto Rs. 25.00 lac.
- {4} Loans above Rs. 25.00 lac.
- {5} Loans under SRTOs.
- {6} Loans under MUN.
- {7} Loans under SEMFEX.
- {8} Loans under Single Window (SWS) .

- (B) In the application, the name of branch as well as branch code should be mentioned on the right side of the application.

- (C) The branches should not report the loan cases, which are not covered under any refinance scheme such as cases being sanctioned and disbursed under Good Borrower Scheme but the details in the same format should be sent to Head Office.

(Refinance & Disbursement)

PREPARATION OF REFINANCE CLAIM AND INTEREST INCENTIVE CLAIM UNDER TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)

The SIDBI/IDBI has introduced a Refinance Scheme for Textile Industries under Technology Upgradation Fund (RTUF) for SSI units and Non SSI units respectively. The detailed guidelines of the scheme are available at Schedule LA(S)1/14 E. The Scheme is in operation for a period of five years from 1st April, 1999 to March 31, 2004.

As per the scheme, the branch offices are responsible for preparation of refinance claims as well as the claims for getting interest reimbursement from IDBI / SIDBI under the scheme. Accordingly, Annexure 'E', 'F' & 'G' have been prescribed for SSI units and Annexure 'H', 'I' & 'J' (i) and (ii) have been prescribed for Non SSI units vide Circular No. F.14 (RTUF)/IDBI/281 dated 15.12.2000. The claims in the prescribed format(s) should reach Head Office as per the following schedule:-

S.No.	Description of the Return	Nature of Period	Date of receipt of the return at HO
1	Annexure 'E' & 'F'	Monthly	3 rd of every month
2	Annexure 'G'	Quarterly	3 rd of every quarter
3	Annexure 'H' & 'I'	Monthly	3 rd of every month
4	Annexure 'J' (i) & (ii)	Quarterly	15 th Dec., 15 th March, 15 th June & 15 th Sept.

Note:

1. The claims for interest subsidy would only be sent to Head Office in eligible cases i.e. pertaining to those entrepreneurs whose accounts were not NPAs/ not in default (principal or interest or both) in the quarter for which claim is sent.
2. The interest incentive reimbursed by SIDBI/IDBI shall be refunded to the unit instead of retaining the same with the Corporation provided there are no overdues in the account.

PROCEDURE FOR VALUATION OF ASSETS

I. VALUATION :

- 1.1 Loans sanctioned by the Corporation have to be secured by mortgage of land / building and / or hypothecation of plant and machinery. For this purpose concern is to execute legal documents in favour of Corporation. The assets offered in security are to be evaluated / assessed by the Corporation before disbursement of loan. Valuation means to determine realizable market value or cost of the assets, whichever is less.
- 1.2 Generally, Corporation advances loan against new assets to be created. However, loan against existing assets may be released after valuation and watching utilization of the same before subsequent disbursement. Also on request of the concern, Corporation may release the admissible amount of the loan to the Bank through which documents are sent by the machine supplier, but the subsequent disbursement is made only after valuation of assets (The valuers are also to obtain certificate from Chartered Engineer regarding condition, cost and residual life in case the machine is second hand/old).

II. VALUATION OF LAND:

- 2.1 While arriving at realizable market value of land, following key factors should be kept in mind :
 - i) Verification of site and its measurement
 - ii) Arriving at realizable value of the land.
- 2.2 **Verification of site and its measurement**
 - 2.2(a) Verification of the site may be done by obtaining the site plan duly approved by the competent authority. The site plan should have all the features such as north direction, bye-laws of site, necessary demarcation of the plots of the adjoining units and from the roads etc. After inspection of the site, it should be counter-checked from the title of the land. The party be intimated regarding this before proceeding to the site.
 - 2.2(b) In case of valuation of land converted from agricultural to the industrial purposes, a certified true copy of trace map showing area of the converted land, four boundaries of particular Khasra duly signed by Patwari and countersigned by Tehsildar be obtained.
 - 2.2(c) Measurement at site should be verified keeping in view the approved site plan / trace map. If any difference is found in verification of the site and the documents, the clarification must be sought from the plot allotting authority under intimation to the loanee concern.

2.3 Arriving at realizable value of land :

After verification of the site and the measurements, the valuer may assess the value of the land keeping in view the following :

- i) Location of the plot
- ii) Shape and size of plot
- iii) Amount spent on plot development
- iv) Present market value of the land, rates approved by the local authorities, etc.
- v) Receipts for payments made in respect of land.

Note : However, the above would not be applied to RIICO land where development charges paid/payable to RIICO/Government and the amount spent on development of land should be taken as value of land.

- 2.4 The valuation report of land shall be prepared as per proforma (RFC:Tech-3).

III. VALUATION OF BUILDINGS :

3.1 Verification of the construction as per Site Plan.

This may be done in the same manner as suggested above (para 2.2) in case of valuation of land. It is to be seen whether construction is as per bye-laws and the valuer should mark the construction and put initials on the site plan to be attached with the valuation report. If there is any infringement of the bye-laws the revised plan will need to be got approved from the competent authority for which the party shall be advised accordingly.

- 3.1(a) In case of valuation of building on land converted from agricultural to the industrial purposes, valuation officer should ensure that construction has been made on the converted land mortgaged to the Corporation.

- 3.1(b) Industrial units coming up on the converted land or on the land allotted under industrial area allotment rules 1959 and 1992 by any agency other than RIICO the guidelines as issued by the RIICO for their industrial plot shall be followed. As per RIICO guidelines for the plot size upto 40,000 sq. mtrs., approval of building plan / map will not be mandatory. The construction of the building shall be made after leaving set backs shown in the approved site plan of RIICO. In case there is any deviation, the same shall be got approved from RIICO. However, in case of projects of Hotels and Hospitals, approval of local/competent authority or RIICO shall be required to be taken as per the norms.

3.2.1 Methods of Valuation of Buildings :

Valuation of buildings may be carried out in either of the following ways :

- i) Detailed costings ; or
- ii) Plinth area basis.

3.3 Valuation by detailed costing method

Valuation on this basis involves the following important steps :

- a) Foundation & Plinth
- b) Super structure
- c) Roofing
- d) Joinery
- e) Plastering / pointing
- f) Flooring
- g) Water supply, sanitary & Electricity fittings
- h) Miscellaneous items.

3.3(a) Foundation & Plinth :

This includes the earth work, construction in lime stone masonry / lime brick masonry / cement stone masonry / cement brick masonry. There may be RCC footings, stone masonry pillars etc. Therefore to value the construction up to the plinth level, the valuation officer should keep the following technical data in mind :

- i) Quantity of earth work and masonry may be obtained by measurement. Depth of foundation and width of footings may be ascertained keeping in view the super structure, it is to be seen whether suitable foundation have been provided or not. If these are not visible, the party be asked to give the sections of the foundations and the quantity may be worked out assuming the same measurements as in the sectional elevations of the buildings.
- ii) Type of construction

Whether the construction is in lime stone masonry / lime brick masonry / cement brick masonry / cement brick masonry / RCC footings or stone masonry pillars etc.
- iii) Specifications of the materials used in the construction.

3.3(b) Super Structure :

Super structure includes the masonry work to be constructed upto the ceiling height of the shed or building etc. Therefore to value the construction over plinth at any height between the plinth and ceiling height, the following technical data should be kept in mind by the valuation officer :

- i) Width of the wall, length of wall above the plinth and height keeping in view the type of masonry and after measuring the above quantity of masonry may be worked out.
- ii) Lintels over openings keeping in view whether these are constructed of RCC/Stone etc.
- iii) Specifications of the material used therein and ratio used in construction.
- iv) Valuation officer should carefully judge the workmanship of the construction.

3.3(c) Roofing :

For the industrial sheds generally AC Sheet roofing or CGI sheet roofing is commonly used. The AC sheets or CGI Sheets are placed on angle iron trusses and purlins or tubular trusses and purlins.

Other buildings like office building, chowkidar room, guest house etc. may have roofing of stone slabs or RCC roofing may be placed on steel girders or RCC beams keeping in view the span available. Therefore, to value the roofing of the shed or other factory and non-factory buildings, the valuation officer should keep in mind the following technical key factors:

- i) Type of roofing
- ii) Thickness of roofing in case of stone slab / RCC roofing.
- iii) Quality of the material used keeping in view the structure whether the roofing consists of CGI/AC sheets, Tubular trusses/ angle iron purlins / tubular purlins/ stone slab roofing / RCC roofing / Steel girders / RCC beams etc.
- iv) Specifications of the material used such as thickness of angles / channels, girders, beams etc.
- v) Workmanship.

3.3(d) Joinery

Joinery includes the work of doors and windows, ventilators etc. For industrial sheds generally the rolling shutters and steel windows are commonly used. For non-factory building there may be wooden joinery. Therefore, the value the joinery work the valuation officer should keep in mind the following technical points.

- i) The quantity of the joinery may be worked out by way of measuring.
- ii) Quality of the material used whether shutters / windows / ventilators are of steel / wood.
- iii) Specification of the material used.
- iv) Workmanship of the joinery work.

3.3(e) Plastering / Pointing :

For estimation of the plastering / pointing work the following technical data should be kept in mind:

- i) Type of work
- ii) Quantity of work may be obtained by taking measurements.
- iii) Quality of the material used.
- iv) Specifications of the material used.
- v) Workmanship.

3.3(f) Flooring :

Flooring may be of cement concrete/ FS / Mosaic / ironite etc. The type of flooring may differ according to the product line and use of the buildings. To arrive at the cost of the flooring the valuation officer should keep in mind the following technical data :

- i) Type of flooring
- ii) Quantity of flooring may be obtained by taking measurements.
- iii) Quantity of material used according to the type of flooring.
- iv) Specifications of the material used.
- v) Workmanship.

3.3(g) After arriving at realizable value of the buildings, the cost of the water supply, sanitary fittings and electric fittings may be taken as under for the non-factory buildings only :

- | | | | |
|------|-------------------|---|--|
| i) | Water supply | - | 4% of the estimated cost of building |
| ii) | Sanitary fittings | - | 10% of the estimated cost of building |
| iii) | Electricity | - | % without conduit pipe 7% with conduit pipe of the estimated cost of building. |

In case of valuation of hotels/ sheds item-wise rate analysis should be carried out for the above items according to the utilization and that should be counter-checked from the bills of sanitation, WC fittings and electricity fittings (if any) available with the party.

3.3(h) Miscellaneous Assets :

Miscellaneous assets include items like painting of trusses / doors and windows, white washing etc.

3.4 General :

After study of all the above technical data regarding a particular building, the valuation officer should go through the current rates of the PWD, B&R Circle in which the buildings of the unit exist.

The above guidelines shall be applicable for partly constructed buildings for the detailed estimation purpose. When it is felt that there is a lot of difference in the valuation done by the above schedules / circular in comparison to investment done by the unit, the valuation officer should apply the knowledge of basic rates of the materials in the competitive market.

3.5 Valuation on Plinth Area Basis :

This is very simple method of valuation of the buildings which involves the following main key factors :

- i) Working out of the plinth area
- ii) Working out of the cost.

3.5(a) Working out of the plinth area :

Plinth area is the covered area or built up area of building including plinth offsets. Plinth area is calculated by taking the external dimension of the buildings at the plinth level including plinth off-sets. Court yard, open areas, balconies and cantilever projection without floor area are not includes in the plinth area.

3.5(b) Working out of the cost

This is prepared on the basis of plinth area of buildings, the rate being deduced, from the X-3 circular issued by CE, PWD, Rajasthan (Annexure I).

The rise in rates over the BSR/X-3 circular prevailing from time to time in concerned PWD circular may be allowed.

3.6 General :

For the part construction the valuer may allow the steps of construction and value may be assessed on percentage basis as detailed below :

S. No.	Steps under construction	Rate as per X-3 circular as per scheme for completion for a particular item	Percentage variation
1.	Foundation & Plinth		15% to 20%
2.	Super Structure		20% to 25%
3	Roofing		25% to 30%
4	Joinery		10% to 15%
5	Plastering / Painting		5 % to 10%
6	Flooring		5 % to 10%
7	Miscellaneous Work		5 % to 10%

The percentage variation is due to change in specifications of the materials, quantity of work etc.

Note : It would be better if the latest BSR/X-3 circulars and the circulars for rise in rates allowed thereafter are obtained by the Branches from the concerning PWD circles and made available to valuers.

IV. PREPARATION OF VLUATION REPORTS

4.1 Keeping in view the above procedure, valuation should be carried out in the prescribed proforma (RFC:TECH-5).

4.2 Depreciation

In case of old buildings, after arriving at the assessed value, proper depreciation should be provided keeping in view the life span of the buildings constructed according to the features of the structure.

Note : While forwarding the valuation report, the valuation officer should enclose the verified copies of the approved site plan/building plan/trace map.

He should also point out the discrepancies found at site in the verification of the plot and the measurements of plot area and whether the constructions made are according to the approved plan or not.

V. VALUATION OF PLANT & MACHINERY

- 5.1 Before proceeding to site, the valuer should inform the party to keep ready all the documents required for the valuation like bills, payment receipts, freight charges and any other details regarding foundations, furnace, electrification etc.

Individual bill and payment receipts for expenditure incurred on erection and installation of plant & machinery, electrification and misc. items like tools, jigs etc. should not be taken and a statement of expenditure showing item-wise details should be accepted duly certified by a Chartered Accountant to the extent the provision is made in the scheme.

- 5.1(a) Undertaking should be obtained from the loanee on the back side of the bill of plant and machinery at the time of verification of machines in the following format.

“I / we undertake that all the goods / plant and machinery mentioned in this bill (Bill No. and date) submitted by me / us have reached the factory site (name and address) and I / We am / are satisfied with the workmanship, specification of goods/machinery. I/ We further undertake that this bill submitted by me / us to the Corporation for disbursement of loan for above assets is a genuine one and issued by manufacturer / authorized dealer”.

- 5.1(b) In DIC / composite loan or loans in rented premises, photographs of assets may be obtained duly notarized by Notary Public or attested by a Gazetted Officer. In this verification / attestation, it should be mentioned that assets shown in picture are found installed / available at the premises of the concern. No disbursement against machine for such loan should be made by retiring bank documents.

- 5.1(c) Additional evidence like CA certificate, photocopies of “C” forms, excise gate-pass, transport receipts etc. may also be obtained wherever possible.

- 5.2 For the valuation of the machines the following main key factors should be kept in mind :

- a) Verification of machine from the bills
- b) Cost comparison
- c) Charges paid on transportation, loading / unloading, transit insurance etc.
- d) Foundation of machine
- e) Commissioning of machine
- f) Electric installation
- g) Furnaces, Kilns etc.
- h) Miscellaneous works.

5.3 Verification of Machines :

- i) Type of machine including make & capacity
- ii) Specification of the machine.
- iii) Year of manufacture
- iv) New or second hand
- v) Conditions of machine
- vi) Indigenous or imported or self fabricated
- vii) Name(s) of the Supplier(s) of the machine
- viii) Mark of the supplier on the machine

These points are to be checked at site at the time of verification. Also it is to be verified whether these are comparable with bill raised by the supplier or not. If there is any difference, a reference should be made to the supplier for seeking necessary clarifications.

5.4 Cost comparison the machine with the similar type of machine supplied by the same supplier or others.

5.5 Assessed value should include the cost of loading, unloading, CST/RST, charges of octroi, packing, forwarding, excise, insurance, transportation etc.

5.6 Foundation of Machine

Foundations include following factors :

- i) Type of work
- ii) Quantity of RCC/ CC/ Stone masonry work may be worked out by taking measurements.
- iii) Specifications of the construction
- iv) Workmanship.

Keeping in view the above, cost of foundations may be worked out by using BSR of the concerned circle.

5.7 Commissioning of the Machine :

This should be taken according to receipt given by the supplier but that should be reasonable and justified one. If in case commissioning of the plant is undertaken by the prompters themselves, labour charges and supervision charges given to their engineer and labour should be assessable by taking the vouchers on receipts of payment made to their supervisory staff and labour.

5.8 Electric Installations :

Valuation of electrification work etc. which includes :

- i) Cabling
- ii) Wiring
- iii) Labour charges of installations.

Cost of above should be arrived at on the basis of actual utilization of various ingredients keeping in view the wastage.

5.9 Valuation of Furnaces, Kilns & Chimneys :

For the valuation of furnace the following be kept in mind by the valuer :

- i) Type of work
- ii) Quantity of work by taking measurements.
- iii) Specifications
- iv) Workmanship

5.10 Miscellaneous Work

While assessing the plant & machinery the valuer should carefully examine whether the machine is new or second hand. If it is old, then proper depreciation should be given and margin should be recommended for the disbursement purpose. If the machine is self-fabricated, the assessed value should be arrived at by keeping in view the cost break up for the same (party be advised to give the cost break up in advance). The valuer should have the competitive price lists of various machines and discount should be given if it is prevailing in the market.

- 5.11 The value of various types of motors and starters would be taken after discounting listed price of various types of motors and starters by the rates of discount indicated hereunder or the actual amount of discount allowed whichever is higher :

Single phase motor	-	25% discount
Three phase motor	-	30% “
Starters	-	25% “

Valuation report shall be prepared as per prescribed proforma (RFC:TECH-6).

5.12 Other Important Considerations

- a) In case the machine is self fabricated, the certificate for expected performance of the machine should be obtained.
- b) In case of the old machine the performance and remaining life of the machine alongwith margin proposed for disbursement should be recommended. Also certificate from Chartered Engineer regarding condition / cost of machine and residual life of machine be obtained.
- c) Original bills and payment receipts should be checked by the valuation officer and hypothecation seal of RFC alongwith undertaking stamp as per para 5.1(a) on back side should be put on original bills & receipts.
- d) While verifying the machines for which documents were retired by RFC it should be so mentioned.
- e) Valuer should see that bills of the plant & machinery supplier bear the CST / RST numbers.
- f) Original bills and payment receipts are to be seen, verified and properly checked before forwarding the valuation report.

VI. VALUATION OF FURNITURE & FIXTURE IN CASE OF HOTEL PROJECT

6.1 Verification of the Furniture :

Verification of the furniture should be done at the site from the bills submitted by the party. At the time of the verification the following technical data should be kept in mind :-

- (a) Type of furniture
- (b) Quantity of the items
- (c) Quantity of the materials used
- (d) Specifications
- (e) Workmanship

6.2 Arriving at Reliable Value

The valuation officer should keep in mind all the above points and that should be comparable with the cost and specifications in the bills raised by the supplier.

6.3 The party may also make the furniture by employing carpenters and labours at site. In such case the valuer should ask the bills of the material and accordingly cost should be worked out keeping in view the quantities utilized. The valuer should also consider the wastage. These assessments should also be given in the same proforma as prescribed for plant and machinery.

6.4 Reporting Acceptable Value

The valuation officer should calculate acceptable value and mention the same in report itself in accordance with the check list (RFC:Tech-8).

6.5 Recording in Assets Register

After disbursement the entry should be made in the Assets Register. This exercise shall be done within 15 days from the date of disbursement.

VII. RETIRING THE BANK DOCUMENTS

7.1 Utmost care/follow-up is necessary in cases where bank documents for machines are to be retired. Local banks are generally maintaining a list of approved transporters. Entrepreneurs be advised in advance to select a transporter out of the above list. In cases where transporter is not available the disbursing authority should exercise his judgement. Disbursement against documents through bank should be made keeping in view the points mentioned in check list (Tech-9).

7.2 Disbursing authority should ensure that verification of machines is carried out within a month of retiring the bank documents.

7.3 Entry should also be made in the valuation request register at the time of disbursal against bank intimations and the valuation be carried out within a period of one month.

ANNEXURE-I

ASSESSMENT OF FAIR RENT/VALUATION /APPRAISAL OF BUILDINGS

Standing Order No.X-3 1997 issued by the Chief Engineer, PWD, Govt. of Rajasthan

1. For determining the present day value of the buildings with a view to assess the Fair Rent of the residential/other ordinary buildings required to be hired by the Govt. Department and the standard rent of Govt. Buildings rented to Central Govt./State Govt./other offices and Private Parties, the following rules shall henceforth be observed. These rules are meant for use by the PWD, Rajasthan.
2. This order supersedes, the standing order No. 151,160, X3/1973, X-3/1977, X-3/1979, X-3/1981, X-3/1984, X-3/1987 and X-3/1990, X-3/1993, X-3/1995 issued earlier. The market value of building for the purpose of sale or purchase of the property shall be determined as per instructions contained in Standing Order No. 138.
3. This circular can also be adopted for valuation of properties except for purpose of sale & purchase of buildings by Govt. of Rajasthan for which Standing Order No. 138 shall continue to be applied.

Building portion-description	Plinth area rate in Rs.
a) Basement floor upto 2.5m height	1560/- per Sq.m
b) Ground Floor over basement	1750/- “
c) Ground Floor without basement	2070/- “
d) First Floor	1840/- “
e) Second Floor	1885/- “
f) Add for third & fourth floor	130/- “(for each floor)
g) mezzanine floor	460/- per Sqm.
h)Compound wall one metre high above ground level including ordinary gate	400/- over rent
i) CGI/AC sheet closed on 3 sides with pucca floor	1150/- per Sq.Mtr.
j) Pucca out Houses and garage with shutters	1435/- “
k) Platform	265/- “

4. For RCC framed multistoried structures, the following rates shall be applicable in place of rates at 3(a) to 3(f)

a) Basement floor upto (3 metre ceiling height)	3220/- per Sq.m
b) Ground Floor (3 mtr. Height) over basement	2415/- “
c) Ground Floor in buildings without basement (3 mtr. Height)	3390/- “
d) First Floor (3 Mtrs. Height)	2470/- “
e) Add extra for second and every subsequent floors (3 mtr. Height) over rate of Item No. 4(d)	115/- “

5. For other specifications the following percentage shall be added /reduced in item 3(a) to 3(j) and 4(a) to 4(e) stated above.

	Details of specifications	Item no. 3(a) to 3(j)	Item No. 4(a) to 4(e)
a)	Increase/decrease by every 30 cms. Height above or below	1.5%	1%
b)	Add for mosaic flooring with gray cement or that of unpolished rough dressed stone flooring in place of C.C floor	5%	3%
c)	Add for mosaic flooring with white cement flooring	7.5%	5%
d)	Add for fine polished stone floor/marble flooring	(As per difference in rates in prevailing BSR) (Actual area to be measured)	
e)	Add for high class finish with rich specifications & good conditions of maintenance	Upto 15% (Analysis to be Worked out)	Upto 10% (Analysis to be worked out)
f)	Add extra for first class selected grade teak wood frame with teak facing ply flush doors polished	10%	7%
g)	Add for wire gauge doors & windows and safety bars	3%	2%
h)	Less for poor finish	5% to 10%	5% to 10%
i)	Add for items e.g. hot & cold water systems, expensive fixtures & fittings, glazed tiles built in furniture, marble slabs and any other item or facilities not covered in the items specified above	(As per actual estimate)	
j)	Add also for lawns, hedges etc. maintained	Rs. 25/- per Sqm.	Rs. 25/- per Sqm.
k)	Eelectrical installation without ceiling fans (a) Add extra for conduit wiring (b) Cost of ceiling fans to be added extra as per number of fans	5% 2%	3.5% 1.5%
l)	Sanitary fittings (except item 3(h) and 3(k))	10%	7%
m)	Water supply (except item 3(h) and 3(k))	4%	3%
n)	External Cladding	(As per actual)	
o)	Fire fighting system	(As per actual)	

Note: for superior fittings such as bath tubs, water heaters etc ,as per actual

6. Roads : At current BSR

7. The above rates apply to the building having:

- i) A ceiling height of 3.20 m (wall bearing structures) and 3.00 m framed structure
- ii) Walls plastered on both sides or pointed externally
- iii) Ordinary cement floor
- iv) Wall and pillar masonry in lime or cement
- v) Second class teak wood of solid core/flush door and window shutters with ordinary iron fittings and with ordinary paint.
- vi) Ordinary electric wiring with light and ordinary power circuits and with moderate fittings.
- vii) Good and adequate sanitary fittings such as Indian or English type W.C with flushing cistern, wash basin, towel rail etc in each bath room as per norms fixed by PWD for type design including septic tank, soak pit and sewer line within campus.
- viii) Stone slab roofing/RCC slab roofing with beams or joists.

8. If there are any variations in the above specifications then percentage to be added or reduced should be worked out proportionately.

9. After valuation of the present day cost of the building as though, it is new, the depreciated cost should be calculated by the formula given below :-

$$D = P(1 - rd/100)^n$$

Where:-

D = Depreciated value

rd = the fixed percentage for depreciation

P = the cost at the present market rate

n = the number of years the building had been constructed

10. The following may be assumed as the life span of the various types of buildings

- (a) RCC framed buildings, building built of stone in lime masonry wall or brick in lime masonry, stone slab or RCC roof, cement concrete or stone flag flooring and teak wood joinery.

Life 80 to 100 years.

- (b) Building of slightly inferior specifications such as stones in mud or bricks in mud masonry, lime plastered walls, stone slab roofing or terraced roofing or stone flags with ordinary or lime terrace and 2nd class teak wood or other equivalent quality and timber joinery.

Life 60 to 80 years.

- (c) Building of semi-permanent nature such as built partly of brick in lime mortar and partly of brick in mud mortar, wooden joints or AC or CGI sheet roofing and country wood joinery.

Life 50 to 60 years.

- (d) Temporary building such as buildings in mud mortar and inferior specifications or structures with country tiles roofs and thatch etc.

Life 10 years or less.

- 11.i) If the age of the building is known or can be ascertained through local enquiry etc. the actual age of the building shall be taken subject to the maximum life span according to the type of construction.
- 11.ii) If the exact age of the building can not be ascertained but the approximate age can be found out, that age shall be adopted. If the age cannot be found out by any means, the same shall be assumed as 50 years.
- 11.iii) The Executive Engineers should exercise their judgment carefully to decide as to which category the building in question belongs and to estimate the actual life within the category.
12. The rate of depreciation be taken as :

100

Life span for each category

13. The cost of land should be worked out by a committee consisting of the rate obtained from or prescribed by the UIT/Municipality/any other authority having jurisdiction on the administration of land in that area. Land in excess of four times the built up area of the building should not be counted for determining the total cost of land and building unless the entire land is specifically required. “ In case UIT/Municipality is unable to give current land rates the same may be obtained from the land & Building Taxation Department or the Valuation Cell in the Income Tax Department.”
14. for buildings more than one storey, the distribution of cost of land shall be made as under:
- (a) The cost of built-up land area shall be distributed in proportion to the built up area on individual floors.
- (b) The cost of open land shall be distributed in proportion to the actual use of land by different tenants on individual floor.
- (c) The area under commercial use shall be given double weight age of the area under residential use.
15. Any taxes such as house tax, Land and building taxes etc. is to be borne by the owner.
16. This order shall come into force with effect from 1.4.97 and will effect the cases assessed in the past

TABLE OF DEPRECIATED COST OF BUILDING

rd = Rate of Depreciation
(a) Take rd= 1% for lime and cement masonry
(b) rd = 2% for mud mortar masonry
N – NUMBER OF YEARS
P - PRESENT DAY COST
D- DEPRECIATED COST

No. of Years	Value of C		No. of Years	Value of C	
	rd1%	rd2%		rd 1%	rd2%
1	2	3	4	5	6
1	0.9900	0.9800	51	0.5965	0.3558
2	0.9800	0.9603	52	0.5905	0.3486
3	0.9701	0.9410	53	0.5845	0.3417
4	0.9303	0.9221	54	0.5786	0.3348
5	0.9506	0.9036	55	0.5702	0.3281
6	0.9410	0.8855	56	0.5670	0.3215
7	0.9315	0.8678	57	0.5613	0.3151
8	0.9221	0.8502	58	0.5556	0.3087
9	0.9128	0.8333	59	0.5500	0.3026
10	0.9036	0.8166	60	0.5445	0.2965
11	0.8945	0.8002	61	0.5391	0.2905
12	0.8855	0.7841	62	0.5335	0.2847
13	0.8766	0.7674	63	0.5282	0.2790
14	0.8678	0.7520	64	0.5229	0.2734
15	0.8590	0.7379	65	0.5176	0.2670
16	0.8501	0.7231	66	0.5124	0.2625
17	0.8418	0.7086	67	0.5072	0.2572
18	0.8333	0.6944	68	0.5021	0.2522
19	0.8230	0.6805	69	0.4971	0.2471
20	0.8166	0.6668	70	0.4920	0.2421
21	0.8082	0.6534	71	0.4871	0.2372
22	0.8002	0.6403	72	0.4821	0.2325
23	0.7921	0.6275	73	0.4773	0.2278
24	0.7841	0.6149	74	0.4725	0.2232
25	0.7762	0.6026	75	0.4077	0.2188
26	0.7676	0.5905	76	0.4630	0.2144
27	0.7607	0.5786	77	0.4533	0.2101
28	0.7520	0.5670	78	0.4537	0.2059
29	0.7454	0.5556	79	0.4491	0.2018
30	0.7379	0.5445	80	0.4446	0.1977
31	0.7305	0.5335	81	0.4401	0.1936
32	0.7231	0.5229	82	0.4357	0.1899
33	0.7158	0.5124	83	0.4313	0.1863
34	0.7086	0.5021	84	0.4270	0.1823
35	0.7015	0.4920	85	0.4227	0.1786

36	0.6944	0.4821	86	0.4184	0.1761
37	0.6874	0.4725	87	0.4142	0.1716
38	0.6805	0.4630	88	0.4101	0.1681
39	0.6736	0.4537	89	0.4059	0.1647
40	0.6668	0.4446	90	0.4018	0.1614
41	0.6601	0.4357	91	0.3977	0.1582
42	0.6534	0.4270	92	0.3938	0.1550
43	0.6465	0.4184	93	0.3897	0.1519
44	0.6403	0.4101	94	0.3159	0.1489
45	0.6339	0.4108	95	0.3819	0.1459
46	0.6275	0.2938	96	0.3781	0.1430
47	0.6212	0.3859	97	0.3743	0.1401
48	0.6149	0.3781	98	0.3705	0.1373
49	0.6087	0.3705	99	0.3667	0.1345
50	0.6026	0.3631	100	0.3631	0.1318

VALUATION AND APPOINTMENT OF VALUER

Loan sanctioned by the Corporation is to be secured by mortgage of land/building and or hypothecation of plant & machinery. Therefore, assets offered in security are to be valued/assessed by the Corporation before disbursement of loan.

Generally, Corporation advances loan against new assets to be created. However, loan against existing assets may be released after valuation and watching utilization of the same before subsequent disbursement. Also on request of the concern, Corporation may release the admissible amount of the loan to the Bank through which documents are sent by the machine supplier, but the subsequent disbursement is to be made only after the valuation of assets. The valuers are also to obtain certificate from Chartered Engineer regarding condition, cost and residual life in case the machine is second hand/old/self/fabricated.

Procedure to be followed for valuation and for appointment of valuers has been prescribed in the following paragraphs:

Receipt of request for valuation :

- 1.1 Request for all the valuation is to be received by Branch Offices duly signed by the loanee concern (in proforma RFC:Tech-I) showing approximate value of the assets created.
- 1.2 Branch Manager will forward/mark the request to the competent valuation officer.
- 1.3 Soon after receipt of valuation request from the loanee concern, it may be immediately registered in the valuation request register and the Branch Manager/Valuation officer may furnish a check list of the documents/papers to the party to be submitted before or at the time of valuation. The party may be intimated for the suitable date for valuation of the assets.
- 1.4 Necessary entries would be regularly made in the valuation register (No. RFC:R-11) to be maintained in Branch Office.
- 1.5 Valuation register is to be kept with GM(F) at HO and with the Branch Manager at BO. The register would be monitored closely by GM(F) at HO and BM at Branch to ensure timely valuation.
- 1.6 If Technical officer is not available at the Branch Office due to any reason, then the Manager (Branch) would refer the matter to HO for necessary arrangements, so that valuation is not delayed.

Valuation and preparation of valuation reports :

- 2.1 Valuation is to be carried out in accordance with the guidelines of assets issued separately on the subject.
- 2.2 Each case of valuation/physical verification shall be carried out by only one officer preferably of technical discipline.
- 2.3 The valuation/physical verification shall be carried out within 5 days and the report shall be submitted within 7 days from the date of valuation request.
- 2.4 The valuation officer should mention the mode of travel, vehicle number, time etc. in the valuation reports.
- 2.5 Signature of two witnesses preferably belonging to neighbouring units (in no case employees of the loanee) should be obtained on the valuation report alongwith the address.
- 2.6 In case of bank intimation, valuation should be carried out within 30 days of disbursement.
- 2.7 Valuation report should be prepared in the proforma prescribed for the different types of assets :
 - A. Valuation report of land RFC:Tech-3
 - B. Valuation report of building RFC:Tech-5
 - C. Valuation report of Plant & Machinery/Furniture RFC:Tech-6
- 2.8 After preparation of valuation reports necessary entries should be made in request proforma and valuation request register.
- 2.9 Normally number of valuation should not exceed to 1, 3 and 4 times against land, building and plant & machinery respectively. However, disbursing authority may permit more valuations as per requirement.

Acceptable values :

- 3.1 On receipt of the valuation report Disbursement Section should arrive at the acceptable values as per approved scheme and according to the check list (RFC:Tech-8).
- 3.2 Acceptable value should be reported on back side of valuation reports.

Recording in Assets Register :

4.1 After disbursement the entry should be made in assets register within 15 days of disbursement.

Note: For Joint Finance Cases, Dy. Manager (Tech.)/ Manager(Tech.),HO will carry out the valuations.

**PROCEDURE FOR APPROVAL OF CHANGE IN SCHEME-
PROCEDURE TO BE FOLLOWED AND DELEGATION OF
AUTHORITY.**

Corporation releases the admissible amount of loan against the assets created by the unit. Creation of assets not in conformity with the approved scheme is generally discouraged and disbursement against them is made only after Corporation has approved these changes on being satisfied about their necessity and justifiability.

Approval of changes in scheme is to be considered as per following procedure/delegation of authority.:

PROCEDURAL ASPECTS

1.1 Application regarding change in supplier should be taken from the loanee concern in the proforma circulated vide Circular No. PG-920 dated 31.05.2001 alongwith the prescribed processing fee as mentioned in sub para 1.5.1. After receiving request alongwith fee, the same should be processed on valuation/disbursement file keeping in view the standard check list (RFC:TECH-11)

1.2 Change in Capacity/Make/Specification

Procedure as per 1.1 above is to be followed in this case also.

1.3 Change due to Excess/Saving in Building

Request for approval should be taken in proforma circulated vide Circular No. PG 920 dated 31.05.2001 and should be processed keeping in view the standard check list (RFC:TECH-13)

1.4 Change due to Excess/Saving in Plant & Machinery

Request for approval should be taken in proforma circulated vide Circular No. PG 920 dated 31.05.2001 and should be processed keeping in view the standard check list(RFC:TECH-15)

Note: For item no, 1.3 & 1.4 excess/saving statement should be entertained only when the concern has implemented at least 50% of the project and paid processing fee as mentioned in sub para 1.5.2.

1.5 Processing Fee :

1.5.1 For change in supplier(s)/specification of P&M & MFAs:

S.No.	Approving Authority	Processing Fee
1.	Branch Incharge	Rs. 200/-
2.	GM(F),HO/CMD	Rs. 1000/-

1.5.2 For Excess savings of building/P&M & MFAs

S.No.	Approving Authority	Processing Fee
1.	Branch Incharge	Rs. 200/-
2.	GM(F),HO/CMD	Rs. 1000/-

DELEGATION OF POWERS :

2.1 For according approval for change(s) in supplier(s)/make/capacity and Specifications of P&M including MFA :

Competent Authority	Limits of Approval	
	Sanctioned loan amount Above Rs. 30 lac and Upto Rs. 50 lacs	Sanctioned loan amount above Rs. 50 lac

	Total value of changes should not exceed the following percentage of the total value of P&M & MFA	
Branch (Incharge)	25%	20%
GM(F)HO	Above 25%	50%
CMD	-	Above 50%

Note :

- (a) The changes in supplier(s) of P&M do not require approval provided the cost of such P&M do not exceed 10% of the cost of plant & machinery considered in the approved project.
- (b) While approving changes in supplier(s)/specification of P&M, it should be ensured that changes do not affect the technical feasibility of the project adversely.
- (c) While approving the changes in supplier(s) guidelines in regard to new supplier may be kept in view.

- (d) Loan sanctioning authority will have powers to approve changes upto 100% within the limit of sanctioning power in all loan cases including loans upto Rs.30.00 lacs.
- (e) If approval of change is not within the powers of Branch Office the case will be referred to the competent authority. While forwarding such cases, details of all changes already made/approved at the branch office level should be given.

2.2 For approval of Excess/ Savings statements :

Competent Authority	Internal excess/ saving in cost of land/bldg. or P&M including MFA	Saving in cost of land bldg. to excess cost of P&M incl. MFA	Saving in cost of P&M incl. MFA to excess cost of land/bldg.
Branch (Incharge)	20%	15%	5%
GM(F)HO	Beyond above except joint finance cases		
CMD	Joint Finance cases		

Note :-

- (a) Loan sanctioning authority will have powers to approve internal excess/savings upto 100% within the limit of sanctioning power.
- (b) While approving the excess/savings, it should be ensured that changes do not affect the financial viability/technical feasibility of the project adversely.
- (c) Cases relating to branches which are beyond the maximum limits prescribed above, would be referred to GM(F), HO.
- 3.1 An appropriate decision shall be taken within 15 days from the date of receipt of the request from the loanee concern for excess/saving of land/building/P&M/MFA, change in supplier(s) specifications etc. of P&M and MFA.
- 3.2 In event of rejection of the request competent/disbursing authority would record clearly the reasons of rejection with full justification on the file.
- 3.3 The rejected/closed cases may be reopened on the request of the loanee concern for reconsideration.
- 3.4 In case no request for opening of the rejected/closed cases is received, 50% of the processing fee be charged earlier may be refunded to the loanee concern on the request.

(Refinance & Disbursement)

DISBURSEMENT OF LOAN FROM HEAD OFFICE

Disbursement of loan in all loan cases irrespective of loan amount except joint finance cases shall be made from branch offices. However, the disbursement in joint finance cases shall be made at H.O.. In case where the loanee concern has requested for execution of loan documents and disbursement of term loan from Head office, the same may be considered.

Action in Loans Section

- 1.1 The Loans Section will invariably forward to the Disbursement Section copy of the loan sanction letter of a unit along-with loan proposal.
- 1.2 The loan file shall be forwarded simultaneously to Law Section for execution of documents.

Action in Law Section

- 2.1.1 The Law Section after execution of loan documents shall record this fact on the loan file. On the day of execution of documents, Law Section will make disbursement of token clean advance of Rs.5000/- in case of loans above Rs. 2 lac and upto Rs. 25 lac and Rs.25000/- in case of sanctioned loan amount exceeding Rs. 25 lac after ensuring that :
 - (a) either the title of the land is mortgaged with the Corporation or collateral security is already offered by the loanee concern.
 - (b) Processing charges as payable as per norms /indicated in the sanction letter are already deposited by the loanee concern.
- 2.1.2 On the date of execution of loan documents and at the time of releasing a token clean advance (as mentioned above), the amount of loan sanctioned against land can also be released after ensuring proper payment receipts and proper title of the land etc.
- 2.1.3 Law Section shall forward the file to Disbursement Section for further necessary action.
- 2.2 If loan file is received back from Disbursement Section to get the documents modified in any particular manner in view of terms / conditions of sanction or for any other reason, the Law Section shall take action accordingly. Having modified the documents and after recording this fact on the loan file, the Law Section shall return the loan file to Disbursement Section.

Action in Disbursement Section

On receipt of copy of the loan sanction letter along-with loan proposal, the Disbursement Section shall open disbursement file in respect of loanee concern and make necessary entry in the Register.

Regarding Valuation

- 3.1 Action in regard to valuation of assets created by the loanee concern shall be taken as per guidelines on the subject.
- 3.2 Valuation reports prepared by the concerned officer(s) as per guidelines on the subject shall be sent through courier post directly to the DGM(F) at H.O. along-with the overdues position, if any, to be adjusted out of the disbursement.

Regarding disbursement

- 4.1 Action for disbursement shall be initiated after execution of loan documents and receipt of loan file from the Law Section. The loan file shall be retained by the Disbursement Section until final disbursement of the sanctioned loan is made.
- 4.2 If documents are required to be modified in any particular manner or any documents are to be executed additionally by whatsoever reason, the loan / disbursement file shall be sent to Law Section for necessary action.
- 4.3 It should be ensured that the conditions stipulated in loan sanction letter should be watched before disbursement of loan as detailed at Annexure 'A' to this Chapter.
- 4.4 Disbursement shall be made only on the basis of valuation of the assets created or Bank intimations received where documents of the machinery have been presented through any bank or against bank guarantee (if approved by the competent authority) or on the basis of guidelines laid down for the purpose in Chapter RD-8.
- 4.5 On receipt of the valuation report or Bank intimation, the Asstt. Manager (Tech.)/ Dy.Manager / Manager (Tech.) in the Disbursement Section shall scrutinise it in order to find out :
 - i) Whether all assets created are in conformity with the loan proposals with regard to specifications, price and the supplier and in case of any deviations, nature and extent of the same.
 - ii) Whether the promoter(s) have made request for approval of any change and action taken thereon.
 - iii) Whether it would be advisable to allow utilisation of a part of the provisions made in the project for contingencies to meet the additional cost on any item.
- 4.6 In case all assets created are in conformity with the project approved or additional cost in a few items can reasonably be met out of provision for contingencies, the acceptable value of each items included in a valuation report shall be arrived and filled in the appropriate column of the valuation report.
- 4.7 If the changes / deviations from the loan proposals have already been approved by the competent authority, in that case too the acceptable value as per approval accorded shall be entered into the appropriate column of the valuation report.
- 4.8.1 In case request from the promoter(s) has been received for approval of certain changes in the project or the valuation report received indicates changes made by the

promoter(s) without prior approval, the same shall be recorded on the file and examined about impact of these changes on the feasibility and viability of the project.

- 4.8.2 If required, the file can be forwarded to Loan Section specifically for the purpose for technical examination in order to ascertain as to whether even after these changes, the project would continue to be profitable, and / or in case of change of supplier, whether the changed supplier is of repute and the appraisal team is satisfied about the performance of the machinery supplied by him in past. After such examination, the decision of the competent authority should be obtained as to what extent the changes should be allowed.
- 4.9 On receiving back the file with decision on matters referred to in para 4.8.2 the acceptable value as per approval accorded, shall be entered into the appropriate column of valuation report and the file would be forwarded to Asstt. Manager / Dy.Manager (Disb.) for further necessary action.
- 4.10 The Dy. Manager / Manager (Disb.) shall examine the proposal to release money with reference to conditions stipulated in loan sanction as laid down in Annexure-A and in accordance with the disbursement procedure.

The scrutiny may reveal :

- (a) All the conditions have been complied with by the promoter, or
- (b) Some of the conditions are yet to be fulfilled.

- 4.11 In case of (a) of para 4.10 the Dy.Manager / Manager(Disb.) shall get the disbursement note (proforma Disb.-1) prepared, check it and submit the file to General Manager(F) for according approval for release of money as proposed in the disbursement note.
- 4.12 In case of (b) of para 4.10, if it seems reasonable to relax any condition for the time being or request has been received from the promoter(s) to grant relaxation in any of the conditions, the Dy.Manager / Manager(Disb.) shall submit the file with comments to General Manager(F) for seeking decision.
- 4.13 Relaxation of conditions stipulated in the sanctions shall be granted by the Managing Director. General Manager may allow disbursement in relaxation of disbursement procedure provided the promoters seem to be in position to comply with the procedures before release of next instalment.
- 4.14 Where relaxation in conditions of disbursement procedure has been granted, the disbursement note shall be prepared and approved as per relaxation granted by the competent authority.

4.15 Disbursement against Documents of Machinery :

Disbursement against bank intimations regarding documents of the machinery presented through any bank may be made keeping in view the margin specified in the loan sanction and the ratio between the value of assets included in the loan proposals and the amount of loan sanctioned. It is necessary to verify arrival of

machinery at the godown of the transport company before release of money. Money against documents presented through any bank by a local supplier should not be released. If valuation of assets against which money was released on presentation of documents through any bank is pending for more than one month, fresh bank intimations should not be entered. In DIC/Composite Loan cases or Loans in rented premises, no disbursement against machinery shall be made by retiring Bank documents.

4.16 Deferment of Overdues :

Loan against the assets created is disbursed in terms of loan sanction, provided there are no overdues against the loanee concern. Some times a loanee concern finds itself not in a position to clear the overdues before availing of disbursement because of delay in implementation of the project and / or delayed inflow of projected funds. During currency of loan disbursement the request from the loanee concern for deferment of overdues shall be examined in the Disbursement Section and the file shall be put up with comments to General Manager(F) for seeking decision. Overdues can be deferred for a specified period after obtaining approval of Managing Director. After deferment of overdues, loan amount against the assets created can be released in accordance with the disbursement procedure.

4.16.1 If the project has not been fully implemented and the unit has not gone into production by the time the instalments of principal repayment fall due and full implementation of the scheme appears likely within a reasonable period, the overdue instalments should invariably be deferred to a date deemed appropriate. If the unit has gone into part production and cash generation has started, deferment of principal instalments should be considered on merit only.

4.16.2 Similarly, in the above type of cases the amount of interest in excess of interest for six months for full amount of loan should also be deferred to a date deemed appropriate provided the project has not been fully implemented and its full implementation appears likely within a reasonable period.

4.17 Inspection :

4.17.1 During the currency of disbursement of loan, every unit should be inspected atleast once in a six months by Officers from Disbursement Section (HO)/ branch office. The inspection reports should deal with position of accounts, progress of project implementation, steps taken for completion of remaining works, areas of slow progress, reason for slow progress, appropriate time within which the project is likely to be completed etc. with suggestion, wherever possible.

4.17.2 A joint inspection shall be carried out after making disbursement to the extent of 75% of sanctioned loan by a team of two officers of which one should be from technical discipline.

4.18 Release Against Bank Guarantee :

Some time the loanee concerns approach the Corporation for release of money before creation of assets against Bank guarantee. Money against Bank guarantee can be released but on prior approval of the Managing Director. The Bank guarantee

should be obtained in the proforma given by the Law Section. Wherever money has been released against Bank guarantee, action should be taken one month prior to the date of expiry of the Bank guarantee in order to ensure that adequate security has been created otherwise the Bank guarantee should be got renewed. After seeking approval of the Managing Director to release money against Bank guarantee, the disbursement note will be prepared accordingly and submitted to the General Manager(F) for approval for release of money.

4.19 Assurance letter to the supplier :

Sometimes the loanee concerns approach the Corporation to address a letter to the supplier of the machinery assuring payment of a particular amount directly to the supplier by the Corporation on supply of the machinery. On receipt of such a request, the file would be put up to the General Manager (Finance) for seeking decision. If the loanee concern has complied with all the requisite conditions of the sanction for release of money against the machinery for which assurance letter has been desired and submitted payment receipts of the supplier in support of advance payment made, an assurance letter (Standard draft as per circular No. RFC/F8(1568)/123 dated 07.12.2000) may be issued in favour of the supplier.

4.20 Letter for opening letter of credit :

If a loanee concern approaches the Corporation to give a letter addressed to their bankers to open letter of credit assuring payment by the Corporation on supply of the machinery, on receipt of such a request the file should be put up to GM(F) for seeking decision. If the loanee concern has complied with all the conditions of sanction for release of money against the machinery for which letter of credit is being obtained, an unconditional commitment letter (RFC-Disb-4) may be issued to the Banker of the loanee concern. If important conditions are yet to be complied with but issue of a letter is considered desirable, a conditional letter (RFC:Disb-5) may be issued.

4.21 Letter for Obtaining Bridge Finance :

Sometimes the loanee concerns approach the Corporation for issue of commitment letters for obtaining bridge finance from commercial banks. If, for valid and genuine difficulties, there is likely to be a delay in execution of documents, or such circumstances exist which are not likely to permit early disbursement of funds from the Corporation and this is impending scheduled implementation of the project, the Corporation may agree to consider such requests. In such cases, on receipt of request from the loanee concern, the file shall be submitted to GM(F) for seeking decision. Commitment letters (Standard draft given in RFC:Disb-6) to Banks shall be issued after obtaining approval of the Managing Director.

4.22 The approved disbursement notes shall be forwarded to the Cash Section for preparation of the cheques. The desired cheques shall be made available to the Disbursement Section on the same day.

4.23 All cheques in respect of disbursement notes approved shall be handed over to the representative of the promoter(s) after taking proper receipt or forwarded by dak on the same day on which disbursement notes have been approved by General

Manager(F). Before delivery of the cheque(s) necessary entries shall be made in the disbursement register regarding release of money.

5.0 Project implementation & Monitoring :

5.1 Monitoring of project implementation will be the responsibility of the Project Monitoring Cell. Whenever it becomes evident in respect of a unit that project implementation is being unduly delayed at any stage the matter will be taken up with promoter(s) to accelerate the pace of implementation.

5.2 All cases under implementation will be put up by Manager (PMC) before the Monitoring Committee (chaired by Executive Director) consisting of General Manager(Finance), Dy. General Manager (Loans), Dy. General Manager (Law), Dy. General Manager (Finance) and Dy. Manager / Manager (Disb.). The slow progress may be in regard to execution of documents, or in availing first disbursement after documentation, or in subsequent implementation of the project. The Committee will meet atleast once every month and its functions would be as follows :-

- i) If the loanee concern has not executed the documents within reasonable time, the committee will review the action taken by the Law Section in this regard and suggest measures for ensuring early documentation. The suggestion will be made keeping in view the possibilities of execution of documents and implementation of the project within the project cost envisaged.
- ii) It will review the factors responsible for delay in availment of first disbursement even after documentation and suggest action in order to ensure implementation of the project as per schedule.
- iii) In case where progress of implementation after availing of part disbursements of loan is not satisfactory, it would suggest further line of action.
- iv) If the loanee concern has fully implemented the project but has not drawn the full amount of loan sanctioned, the Committee will recommend cancellation of the unavailed part of the loan.

5.3 In respect of matters referred to in para 5.2, the Disbursement Section will take action as per recommendations of the Committee in the following manner :

- i) If the Committee has recommended extension in the period for execution of the loan documents, a copy of the extracts of the recommendation will be forwarded to Law Section for further necessary action.
- ii) If the recommendation is for cancellation of the unavailed part of the loan, necessary order for cancellation of this part will be issued by endorsing copies of the order to Loans, Finance & F&R Sections for further necessary action at their end.
- iii) In regard to other matters, as per specific recommendations of the Committee.

- 5.4 The PMC will put up every month brief notes to the Managing Director on delayed cases. Also detailed review notes will be prepared (covering area of slow progress and action taken to ensure expeditious implementation of such projects) to be put up to the Board every quarter.

6.1 Closure of the Files

When loan has been fully disbursed as per sanction in force, a note to this effect shall be recorded on the loan / disbursement file and the loan file be returned to the Loans Section for making necessary entries in the Register of Sanctions (No. RFC:R-2) and thereafter sent to the Records Section. Disbursement file may be sent to concerned branch office.

ANNEXURE 'A'

SPECIAL TERMS & CONDITIONS AND MODE OF COMPLIANCE

1.Special condition generally stipulated	Concern to appoint suitable qualified technical / financial professional or persons having adequate experience before execution of documents or Ist disbursement of loan or before disbursement of last 20% of loan.
Stage at which Compliance should be watched	At the time of execution of loan documents or before release of Ist disbursement of loan or before disbursement of last 20% of loan amount as the case may be, if no specific time limit has been stipulated, before release of disbursement exceeding 75% of the loan amount.
Mode of compliance by the lonaee	By furnishing attested copies of certificates regarding qualifications, bio-data and the acceptance / confirmation letter about appointment.
Competent authority to be satisfied about compliance	Loan disbursing authority.
2.Special condition generally stipulated	Concern to submit performance guarantee of the plant supplier for a specific period.
Stage at which compliance should be watched	Before release of loan against plant in question.
Mode of compliance by the lonaee	By furnishing copy of agreement or undertaking from the plant supplier undertaking responsibility for rated output and quality production for the specific period.
Competent authority to be satisfied about compliance	Loan disbursing authority.
3. Special condition generally stipulated	Disbursement of% of sanctioned loan shall be made after watching satisfactory performance of the plant for months.
Stage at which Compliance should be watched	Before release of withheld amount of loan against the machinery in question.
Mode of compliance by the lonaee	i. By furnishing details of production for the specified period. If no period has been specified, production of three months should be watched. Production figures and quality of product should be verified by Technical Officer of the concerned Branch. Production should be as per rated capacity of the plant. ii. If performance of the similar plant having same specification and supplied by the same supplier has already been ensured in other cases, then by quoting such case with details.
Competent authority to be satisfied about compliance	Loan disbursing authority.
4.Special conditional generally stipulated	Concern to submit license/ permit from the appropriate authority.

Stage at which Compliance should be watched	Before release of first disbursement or before disbursement of% of sanctioned loan as stipulated in sanction letter.
Mode of compliance by the lonaee	By furnishing copy of license / permit.
Competent authority to be satisfied about compliance	Loan disbursing authority.
5.Special conditional generally stipulated	Concern to submit agreement for marketing / supply of technical know-how before execution of documents / disbursement.
Stage at which Compliance should be watched	At the time of execution of loan documents or before release of first disbursement, as the case may be.
Mode of compliance by the lonaee	By furnishing copy of agreement.
Competent authority to be satisfied about compliance	Loan disbursing authority.
6.Special conditional generally stipulated	The company to submit an undertaking that its registered office shall be shifted from to Rajasthan and shall apply for such transfer to Company Law Board in due course of time.
Stage at which Compliance should be watched	At the time of execution of documents.
Mode of compliance by the lonaee	By furnishing undertaking to the effect.
Competent authority to be satisfied about compliance	Loan disbursing authority. <u>Note</u> : Gentle persuasion should continue, however, disbursement at any stage should not be withheld on account of non shifting of office.
7.Special conditional generally stipulated	The company to amend its Memorandum and Articles of Association to increase its authorized capital suitably.
Stage at which Compliance should be watched	At the time of execution of loan documents.
Mode of compliance by the lonaee	i) By furnishing proof of filing papers with registrar of companies / company law board. ii) By furnishing copy of amended memorandum & article of association.
Competent authority to be satisfied about compliance	Loan disbursing authority.
8.Special conditional generally stipulated	Company to amend Memorandum & Articles of Association to include proposed activity in the object clause before execution of documents.
Stage at which Compliance should be watched	At the time of execution of loan documents.
Mode of compliance by the lonaee	By furnishing copy of amended Memorandum of Association.
Competent authority to be satisfied about compliance	Loan disbursing authority.
9.Special conditional generally stipulated	The concern to submit NOC from Rajasthan State Board for Prevention & Control of Water and Air Pollution.

Stage at which Compliance should be watched	At the time of execution of loan documents.
Mode of compliance by the lonaee	By furnishing copy of NOC at the time of execution and by furnishing consent to operate (as required by RPCB) before release of last 10% sanctioned loan amount.
Competent authority to be satisfied about compliance	Loan disbursing authority. <u>Note</u> : Persuasion should continue for submission of Consent to operate (as required by RPCB) after releasing 75% of sanctioned loan amount.
10.Special conditional generally stipulated	The company to submit DGTD registration / SIA acknowledgement before execution of loan documents.
Stage at which Compliance should be watched	At the time of execution of loan documents.
Mode of compliance by the lonaee	By furnishing copy of registration certificate / SIA Acknowledgement.
Competent authority to be satisfied about compliance	Loan disbursing authority.
11.Special conditional generally stipulated	The company to have its capital subscribed and paid up to the extent of Rs. Before first disbursement.
Stage at which Compliance should be watched	Before release of first disbursement.
Mode of compliance by the lonaee	By furnishing certificate to this effect from a Chartered Accountant.
Competent authority to be satisfied about compliance	Loan disbursing authority.
12.Special conditional generally stipulated	The promoters (particular ones) of the company to keep the share certificates in the company with blank transfer deed in the custody of the Corporation till currency of loan.
Stage at which Compliance should be watched	Before release of first disbursement.
Mode of compliance by the lonaee	By depositing shares and blank transfer deed with the Corporation.
Competent authority to be satisfied about compliance	Loan disbursing authority.
13.Special conditional generally stipulated	Loan against second hand boiler shall be released after the Corporation is satisfied regarding its performance, cost and residual life and the concern has obtained necessary approval from Chief Inspector of Factories and Biolers for its use.
Stage at which Compliance should be watched	Before loan against second hand boiler is released.
Mode of compliance by the lonaee	By furnishing copy of certificate from Chief Inspector of Factories & Biolers and by submitting Chartered Engineer certificate regarding performance, cost and residual life and valuation by a technical officer of the Corporation.

Competent authority to be satisfied about compliance	Loan disbursing authority.
14.Special conditional generally stipulated	The company shall broad base its Board of Directors by induction of professionals / persons having technical / financial background.
Stage at which Compliance should be watched	At the time of execution of loan documents, if no specific time has been stipulated, before release of disbursement exceeding 75% of the loan amount.
Mode of compliance by the lonaee	By furnishing : i) Copy of resolution of the company inducting person approved by the loan disbursing authority on the board; and ii) Proof of filing necessary papers with the concerned Registrar of Companies.
Competent authority to be satisfied about compliance	Loan disbursing authority.
15.Special conditional generally stipulated	The concern to submit approved building plan from concerned authority before disbursement.
Stage at which Compliance should be watched	At the time of disbursement against building.
Mode of compliance by the lonaee	By furnishing approved building plan from concerned authority.
Competent authority to be satisfied about compliance	Loan disbursing authority.
16.Special conditional generally stipulated	The concern shall submit import license for capital goods worth Rs. Lac before disbursement of loan.
Stage at which Compliance should be watched	At the time of disbursement against capital goods imported.
Mode of compliance by the lonaee	By furnishing import license.
Competent authority to be satisfied about compliance	Loan disbursing authority.
17.Special conditional generally stipulated	The concern shall submit an assurance letter from its banker for providing working capital limits before disbursement of loan.
Stage at which Compliance should be watched	75% of the sanctioned loan may be disbursed after procuring a letter from the banker of the concern to the effect that the request of the party is under consideration. Balance 25% of loan shall be released only after sanction of required working capital limits by the banker.
Mode of compliance by the lonaee	By furnishing sanction of required working capital limits by the banker.
Competent authority to be satisfied about compliance	Loan disbursing authority.

(Refinance & Disbursement)

DISBURSEMENT OF LOAN FROM BRANCHES

GENERAL

- 1.1 Disbursement of loan in all loan cases irrespective of loan amount, except joint finance cases, shall be made from Branch Offices. (The officers and staff looking after the work of disbursement hereinafter be referred to as “Disbursement Cell”).
- 1.2 The Dy.Manager looking after the work of disbursement shall have authority to release money as per these guidelines in case where amount of loan sanctioned is upto Rs. 20 lac. Approval of Branch Manager for release of money shall be necessary only in cases where amount of loan sanctioned exceeds Rs. 20 lac. The ‘Branch Incharge’ Dy.Manager can, however, take decision in all cases of loan.

Action in Law Cell

(The officer and the staff looking after the work of execution of loan documents, would herein after be referred as “Law Cell”).

- 2.1.1 The Law Cell after execution of loan documents shall record this fact on the loan file. On the day of execution of documents, Law Cell will make disbursement of token clean advance of Rs. 5000/- in case of loans above Rs. 2 lac and upto Rs. 25 lac and Rs. 25,000/- in case of sanctioned loan amount exceeding Rs. 25 lac after ensuring that:
 - (a) either the title of the land is mortgaged with the Corporation or collateral security is already offered by the loanee concern.
 - (b) Processing charges as payable as per norms / indicated in the sanction letter are already deposited by the loanee concern.
- 2.1.2 On the date of execution of loan documents and at the time of releasing a token clean advance (as mentioned above), the amount of loan sanctioned against land can also be released after ensuring proper payment receipts and proper title of the land etc.
- 2.1.3 Law Cell shall forward the file to Disbursement Cell for further necessary action.
- 2.2 If loan file is received back from Disbursement Cell to get the documents modified in any particular manner in view of terms/conditions of sanction or for any other reason, the Law Cell shall take action accordingly. Having modified the documents and after recording this fact on the loan file, the Law Cell shall return the loan file to Disbursement Cell.
- 2.3 If the Project Monitoring Committee recommends grant of extension in the period for execution of the documents, the Law Section shall take action on the applications of the concerned promoter(s) as per these recommendations. After execution of the documents the loan file shall be forwarded to Disbursement Cell for further necessary action.

Action in Disbursement Cell

- 3.1 The Disbursement Cell shall attend to following two types of function in regard to each loan sanctioned viz (a) disbursement of loan and (b) project implementation and monitoring. Therefore, soon after receipt of loan file from Law Cell, one disbursement file in respect of every loanee concern should be opened and necessary entries should be made in the concerned Register.

3.2 Action for Disbursement of Loan

Action for disbursement shall be initiated after execution of documents by Law Cell. The loan file shall be retained by the Disbursement Cell until final disbursement of the sanctioned loan is made.

- 3.3 Valuation of the assets shall be undertaken as per circular guidelines on the subject and the valuation officer shall send the valuation report directly to the Disbursement Cell. The valuation reports (in respect of assets created) shall be placed in the loan disbursement file of the loanee concern.
- 3.4 If documents are required to be modified in any particular manner or any documents are to be executed additionally by whatsoever reason, the loan/disbursement file shall be sent to Law Cell for necessary action.
- 3.5 Disbursement shall be made only on the basis of valuation of the assets created or Bank intimations received where documents of the machinery have been presented through any Bank, or against Bank guarantee (if approved by the competent authority) and on the basis of guidelines laid down in this regard in Chapter RD-8.
- 3.6 While submitted valuation report, the concerned officer shall scrutinise it in order to find out
- ii) Whether all assets created are in conformity with the loan proposals with regard to specification, price and the supplier and in case of any deviations, nature and extent of the same.
 - iii) Whether the promoter(s) have made request for approval of any change and action taken thereon.
 - iv) Whether it would be advisable to allow utilisation of a part of the provision made in the project for contingencies to meet the additional cost on any item.
- 3.7 In case all assets created are in conformity with the project approved, the acceptable value of each item included in the valuation report shall be arrived and filled in the appropriate column of the valuation report. The Branch Manager (Manager or Dy.Manager as the case may be) may permit to meet the over run out of provision for contingencies in the loan proposal.
- 3.8 Disbursement against the changed assets (in regard to specifications, supplier etc.) can be made only after obtaining approval of the competent authority indicated in the circular guidelines on the subject.
- 3.9 Compliance of conditions stipulated in loan sanction letter shall be ensured in accordance with procedure laid down in Annexure-A of RD-6 before release of money. No relaxation is to be granted in the conditions stipulated in the sanction letter. However, the Branch Manager may allow disbursement in relaxation of disbursement procedure provided the promoter seem to be in a position to comply with the procedure before release of the next disbursement.

3.10 Disbursement against Documents of Machinery:

Disbursement against Bank intimations regarding documents of the machinery presented through any Bank may be made keeping in view the margin specified in the loan sanction and the ratio between the value of assets included in the loan proposals and the amount of loan sanctioned. It is necessary to verify arrival of machinery at the godown of the transport company before release of money. Money against documents presented through any Bank by a local supplier should not be released. If valuation of assets against which money was released on presentation of documents through any Bank is pending for more than one month, fresh bank intimations should not be entertained. In DIC/Composite loan cases or Loans in rented premises, no disbursement against machinery shall be made by retiring Bank documents.

3.11 Disbursement when Overdues Against the Unit:

Disbursement against assets created may be considered only when there are no overdues against the unit or the promoters clear the overdues simultaneously with disbursement of loan or the overdues have been deferred or postponed by the competent authority indicated in the circular guidelines on the subject.

3.12 Inspection:

3.12.1 During the currency of disbursement of loan for an amount exceeding Rs. 50,000 the loanee unit should be inspected at least once in six months by Branch Manager/Dy.Manager (Tech)/Loans/Disbursement. The Branch Manager should chalk out the programme of inspections for each month in advance.

3.12.2 The inspection reports should deal with position of accounts, progress of project implementation, steps taken for completion of remaining work, areas of slow progress, reasons for slow progress, approximate time within which the project is likely to be completed etc., with suggestions wherever possible.

3.12.3 A joint inspection shall be carried out after making disbursement to the extent of 75% of sanctioned loan by a team of two officers of which one should be from technical discipline.

3.13 Release Against Bank Guarantee:

Sometimes the loanee concerns may approach the Branch for release of money before creation of assets against Bank guarantee. Money against Bank guarantee can be released after obtaining prior approval of the CMD. If request in this connection is received from any loanee concern, the same should be forwarded with comments to General Manager (Finance) in Head Office for further necessary action. Money against Bank guarantee should be released only after receipt of sanction from Head Office. Wherever money has been released against Bank guarantee, action should be taken one month prior to the date of expiry of Bank guarantee in order to ensure that adequate security has been created or to get the Bank guarantee renewed. The Branch Manager may permit renewal of the Bank Guarantee upto two months.

3.14 Preparation of Disbursement Note:

Disbursement note (Proforma No. Disb.-1) may be prepared following the above guidelines. The Asstt. Manager/Dy.Manager(Disb.) should check the amount proposed in the note carefully and on being satisfied may obtain approval of Branch Manager for release of the proposed amount if the amount of loan sanctioned exceeds Rs. 20.00 lac and he himself is not the Branch-head. In other cases the Dy.Manager(Disb.) himself should approve release of the proposed amount.

- 3.15 All cheques in respect of disbursement note approved shall be prepared and handed over to the representative of the promoters after taking proper receipts or forwarded by dak on the same day on which disbursement note has been approved. Before delivery of the cheque, necessary entries shall be made in the disbursement register regarding release of money.

3.16 Assurance Letter to the Supplier:

Sometimes the loanee concerns may approach the Branch to address a letter to the supplier of machinery assuring payment of a particular amount directly to the supplier by the Branch on supply of the machinery. If the loanee concern has complied with all the requisite conditions of the sanction for release of money against the machinery for which assurance letter has been desired and submitted payment receipts of the supplier in support of advance payment made, an assurance letter (Standard draft as per circular No. RFC/F.8(1568)/123 dated 07.12.2000) may be issued in favour of the supplier.

3.17 Letter for Opening Letter of Credit:

If any loanee concern approaches the Branch to address a letter to its Bankers to open letter of credit assuring payment by the branch when the documents are presented, the Branch Manager may agree to issue of such a letter. If the loanee concern has complied with all the conditions of sanction for release of money against the machinery for which letter of credit is being opened, an unconditional commitment letter (RFC-Disb-4) may be issued to the Banker of the loanee concern. If important condition are yet to be complied with but issue of a letter is considered desirable, a conditional letter (RFC-Disb-5) may be issued.

3.18 Letter for Obtaining Bridge Finance:

Sometimes the loanee concerns may approach the Branch office for issue of commitment letter for obtaining bridge finance from commercial banks. If, for valid and genuine difficulties, there is likely to be a delay in execution of documents, or such circumstances exist which are not likely to permit early disbursement of funds from the Branch and this is impeding scheduled implementation of the project, the Corporation may agree to consider such requests. Such commitment letters (Standard draft given in RFC-Disb-6) can be issued after obtaining prior approval of the Managing Director. Hence, if request in this connection is received from any loanee concern, the same should be forwarded with comments to the General Manager (F) in Head Office for further necessary action. The desired commitment letter should be issued by the Branch Manager only after receipt of approval from Head Office.

4.1 Project implementation & Monitoring:

Whenever it becomes evident in respect of a unit that project implementation is being unduly delayed at any stage the matter will be taken up with promoter(s) to accelerate the pace of implementation.

All cases under implementation will be reviewed as per guidelines by the Project Monitoring Committee, meeting of which shall be held atleast once every month.

5.1 Closure of Files:

When the loan has been fully disbursed as per sanction in force, note to this effect should be recorded by Dy.Manager(Disb.) on the loan file and the file be returned to Loan Cell for making necessary entries in the register maintained by the Cell and onward transmission of the file to records. The disbursement files of loan should be forwarded to Records section through Follow-up & Recovery Cell.

Note: Regarding norms for disbursement of loan and compliance of conditions etc. chapter No. RD-8 and Annexure “A” to RD-6 of Procedure & Guidelines shall be followed.

NORMS FOR DISBUSMENT OF LOAN

1.0 equity contribution:

- 1.1 before disbursement of any part of sanctioned loan ,it must be ensured that the capital contribution is raised by the promoters as per condition of sanction letter.
- 1.2 if no condition in this regard is stipulated in the sanction letter , promoter's contribution should be in proportion to the ratio of their contribution and the loan sanctioned. It may be strictly ensured that the ratio between the promoters' contribution and the loan amount sanctioned is adhered to till last instalment of the disbursement is released.
- 1.3 where there is a condition of raising 100% promoters' contribution before first disbursement (after taken disb.) in the sanction letter and promoters are not in position to bring in more than 80% of their contribution , in such cases. DGM(R) may consider such relaxation in first disbursement in branch level cases under his jurisdiction provided there is collateral security lying with the corporation and he is satisfied about soundness and means of finance of promoters and promoters in position of to raise all contribution before second disbursement . in such cases of relaxation , eligible disbursement amount shall be reduced in proportion to the ratio of contribution raised and total contribution to be raised . information on such relaxation shall be sent by DGM(r) to DGM(f) at h.o. level disbursement cases , such relaxation may be granted by general manager (f) and shall be reported to managing director .

2.0 disbursement against land:

- 2.1 disbursement against the cost of land may be on the basis of receipts submitted by the loanee concern for purchase of land / conversion charges paid to state government / RIICO . however in case of land on lease deed, receipt for payment in respect thereof need not be insisted upon and copy of lease deed shall be accepted for the purpose of making disbursement against the value of land.

3.0 disbursement against building:

- 3.1 disbursement against building may be made only after carrying out the aluation of building constructed at site as per approved scheme. Valuation of building for more than three occasions may be discouraged . in case , construction of any special type of building is got done from any supplier , supporting bills and payment receipts thereof shall be obtained.

4.0 disbursement against plant & machinery and MFA:

- 4.1 Disbursement against P& M and MFA may be made on the basis of valuation of assets created at site or bank intimation received where documents of the machinery have been presented through any bank or against bank guarantee (if approved by the competent authority), or against letter issued to banker for opening letter of credit as per guidelines on the subject.
- 4.2 In certain cases the plant and machinery is readily available in the market and as such no advance is required to be paid by the loanee concern. In such cases, an assurance letter may be given as per guidelines on the subject.
- 4.3 The bills and payment receipts ensuring full payment to the supplier shall be obtained. goods receipt of transporter (gr/lr/rr), octroi receipts and other documents whatsoever necessary, may also be obtained. payment to unpaid supplier may be made out of the eligible amount of disbursement if requested by the loanee concern.
- 4.4 The bills and payment receipts for petty items valued upto Rs.250/- for each item subject to a maximum of 5% of the cost of plant and machinery need not be insisted upon before making disbursement against such items. The entrepreneur should only be required to submit a statement portioning the details of the individual petty item so acquired in the prescribed format. in the case of companies and co-operative societies, such statements should be certified by a chartered accountant.
- 4.5 Individual bills and payment receipts for expenditure incurred on erection and installation of plant & machinery, electrification and miscellaneous items like tools, jigs etc. should not be taken and a statement of expenditure showing item wise details should be accepted duly certified by a c.a. to the extent the provision is made in the scheme. it should be specifically mentioned in the CA certificate that no payment is outstanding against these items and in case of liabilities shown for these items then the details of such creditors should be mentioned therein. CA. certificate should also state that no payment has been made in excess of rs. 10000/- in cash against single invoice of any item(s), if there are any such payments, the same should be mentioned therein. and such amount shall be deducted while making disbursement. payment against outstanding liabilities shown in CA certificate shall be made directly to suppliers as per request of the concern while releasing the disbursement.
- 5.1 No disbursement of term loan against payments made above rs.10000/- in cash against single invoice, except payments to govts, statutory bodies, financial institutions, vidyut vitran nigam ltd.(formerly –as RSEB), local bodies and semi- govt institutions, shall be made.

- 5.2 Disbursement of loan exceeding 50% shall be allowed or second disbursement be made only after the company has submitted to the corporation a copy of return u/s 125 of the companies act 1956 in form no. 8 along with the copy of receipt of filing fee deposited with register of companies concerned. The last 10% of the loan may be allowed to the company only after the company has submitted a certificate true copy/ photo copy of the certificate of registration of charges to the corporation. The copy of form no 8 and charge registration so received would be sent to law section/ cell to be kept in safe custody.

6.1 procedure to meet over –run on any item from out of contingency provided for in the scheme:

when over run on any asset is fully satisfied on the basis of valuation by the authorised officer, this should be met from out of balance amount of contingency provided for in the scheme without any percentage limit. So long as the contingency provided for in the scheme is not fully exhausted, the over run on any item should not remain unconsidered for the purpose of loan disbursement.

- 7.1 the balance 25% of loan amount shall be released provided the project either has no over run or firm arrangements have been made by the loanee concern to meet the over run and the disbursing authority is satisfied about the project implementation.

8.0 Release of payment against proforma invoice(s) of reputed plant suppliers:

- 8.1 There are some plant & machinery suppliers of national repute who supply P&M to units only after getting 100% payment against the bills raised. some time loanee concern faces difficulty in arranging 100% payments against the bills raised. in such cases, in order to ensure rapid implementation of the project, eligible loan against P&M to be supplied by any of twenty two suppliers as listed in circular no. RFC/pg-699 dated 7.1.1997 can be made on the basis of proforma invoice (s) by ensuring that:

- i) adequate / required construction of building has been made so as to house plant & machinery and for their safety.
- ii) the entire promoters contribution (as per project report) including interest free/ interest bearing unsecured loans etc. have been brought in and invested properly in the project.
- iii) the plant and machinery against which advance payment is to be made against proforma invoice(s) as per the approved project report.
- iv) The crossed demand draft for the eligible loan amount (calculated as usual on the basis of effective loan ratio) against the proforma invoice (s) raised by such supplier shall be delivered through one officer of the corporation , who will deliver it to the supplier after ensuring that:

- (a) Balance payment (invoice value minus payment already made by the party minus d/d amount being made by the corporation) is simultaneously made by the loanee concern (if not made earlier) . proper receipt of full and final payment against proforma invoice shall be taken by the officer from the supplier.
- (b) The visiting officer shall also collect copies of delivery challan / gr/ rr/ invoice(s) etc.
- v) the visiting officer shall ensure that plant and machinery are dispatched through transport company / railway soon after making payment to the supplier . proper transit insurance may also be ensured.

8.2 Disbursing authority will ensure verification of machinery at factory site of the loanee concern within 30 days from the date of delivery of dd or before subsequent disbursement whichever is earlier positively.

8.3 Traveling expenses of the visiting officer to supplier shall be born by the loanee concern, not by the corporation.

9.0 disbursement of sanctioned loan amount in advance instalments:

9.1 75% of the sanctioned loan amount may be released in three advance instalments in the following eligible cases:

- a) all company cases;
- b) other than company cases where party has offered minimum 50% collateral security of the sanctioned loan amount.

9.2 Procedure for advance disbursement:

9.2.1 Release of first advance instalment :

9.2.1.1 First instalment of 25% advance disbursement of the sanctioned loan amount , including / adjusting token clean advance (released on the day of execution of loan documents) may be made in the above mentioned eligible cases on the basis of CA 's certificate (DD-7) without verification / valuation of the assets by the corporation provided:

- (a) The unit has raised its entire paid up share capital and unsecured loans as envisaged in the approved scheme and raising of its entire funds is corroborated from the CA certificate submitted by the party in the prescribed proforma (dd7) circulated vide circular no. RFC/pg-886 dated 06.12.2000 . It may . however , be ensured that the amount raised has been invested property and there is no substantial balance in the form of cash or bank balance.
- (b) The requisite terms and conditions stipulated in the sanction letter are fulfilled.
- (c) The loanee party confirms by submitting an undertaking that investment on land , building and plant & machinery has been made in accordance with the title of land, approved building plan and approved suppliers of plant & machinery and the party will utilize the advance funds being received from the corporation for the construction of building and purchase / advance of plant & machinery and erection/ installation as per approved scheme.

- (d) In case loanee party makes a request to the corporation that advance money as indicated above may be released to the supplier on behalf of the party , then party as well as supplier would submit an undertaking that the money being released by the corporation on behalf of the loanee party would be properly utilized as per the provisions of the approved project.
- 9.2.1.2 In case of rejection of request of the party regarding release of advance , convincing reasons/ grounds on the file be recorded and accordingly the party may be well informed with copy to gm(f) at h.o.
- 9.2.1.3 25% advance so released would be got regularized by the respective party within 2 months from the date of release of advance by getting the fixed assets verified by the corporation.
- 9.2.1.4 Advances releasing authority would review such cases fortnight . in the event of non-utilization / non regularization of the advance released to the party within two months , inspection of the unit is required to be carried out and necessary steps be immediately initiated for the recovery of amount released . simultaneously , information to gm(f) describing full details be furnished.

9.2.2 Release of subsequent advance instalments:

- 9.2.2.1 Maximum three advance disbursement instalments including the first advance disbursement instalment can be released by the respective competent authority . the quantum of each advance disbursement instalment is restricted to 25% of the sanctioned loan amount, however while releasing subsequent advance disbursement in eligible cases , proper utilization of advance disbursement made earlier be ensured and undertaking(s) as mentioned at 9.2.1.1(c)/(d) be obtained .

9.2.2.2 Stages of verification / valuation:

Verification:-

First instalment of 25% advance disbursement of the sanctioned loan amount would be released on the basis of CA certificate without verification / valuation of assets. Before release of second instalment of 25% advance disbursement in the eligible cases, visual satisfaction cum verification of the assets would require to be carried out by one officer of any discipline and proper utilization of the first instalment of 25% advance money released by the corporation be ensured.

Valuation:-

Before release of third instalment of 25% advance disbursement in eligible cases (beyond 50% but not more than 75% of the sanctioned loan amount.), first valuation of the assets created by the unit would be carried out by the technical officer . it means that before release of disbursement beyond 50% of the sanctioned loan amount , carrying out valuation of the assets would be necessary so as to ensure proper utilization of the loan released by the corporation.

After carrying out the valuation by technical officer and ensuring proper utilization of advance money disbursed , third instalment of 25% of the sanctioned loan amount would be released as an advance disbursement.

9.2.2.3 Monitoring of utilization of advance disbursement:

Advance releasing authority would review such cases fortnight so as to ascertain the proper utilization / regularization of the advance released to the unit within 2 months. The disbursing authority may carry out monthly inspection of the unit to watch the fast implementation of the project. In case party fails to utilize the funds of the corporation properly, instant and suitable action would be taken by the competent authority immediately.

9.2.2.4 Extension of time period for utilization:

If the disbursing authority feels that there are genuine ground / reasons for extension of time limit of two months for utilization of advance disbursed amount, an extension of one month more can be granted after obtaining request in writing from the party. In case further extension beyond this limit is required, the proposal with full justification shall be sent to gm(f) by the branch manager for approval.

9.2.3 Release of loan beyond 75%:

The remaining 25% sanctioned loan amount would be released only after carrying out valuation of the assets as per the existing procedure in maximum two instalments. Last valuation cum joint inspection shall be made by technical officer and one other officer of any discipline.

9.3 The total number of verification / valuation as per the above procedure is restricted to five only.

10.0 Release of advance / adhoc disbursement maximum upto 50% of the sanctioned amount against plant and machinery at h.o. under the expansion projects of marble units:

- 10.1 Advance /adhoc disbursement maximum upto 50% of the sanctioned loan amount against the plant and machinery under the expansion project of existing marbles units may be released **only in h.o. level disbursement cases** provided:
- (a) the loanee concern has raised its entire own contribution as envisaged in approved scheme and CA certificate showing clearly the same and also investment / expenditure made against fixed assets as per approved scheme so as ensure proper utilization, has been submitted.
 - (b) Proper undertaking has been obtained in the manner as enumerated In para 9.2.1.1(c)/(d)
 - (c) The security of fixed assets (land and building at present market rate and P&M at depreciated book value) and collateral security should not be less than 150% of the existing outstanding loan and advance / adhoc disbursement being released.

- (d) All requisite terms and conditions stipulated in sanction letter have been complied with.
- 10.2 Advance /adhoc disbursement may got regularized within a period of 60 days in the manner as in usual disbursement against assets created , otherwise amount would be recalled back.
- 10.3 No further disbursement would be made till proper utilization of an advance / adhoc disbursement is ensured.
- 10.4 Loan amount under expansion scheme may not be disbursed in more than three instalments including advance.
- 11.0 Disbursement in tourism based projects:
- 11.1 Disbursement can be made in four instalments each equal to 25% of loan amount sanctioned, provided:
 - a) The amount of loan already disbursed and to be disbursed is secured adequately by retaining stipulated margins against the security of existing assets and assets acquired out of loan.
 - b) The earlier advance of 25% (if any) has been utilized fully and properly i.e. assets acquired out of advance have been verified / valued and C.A. certificate to this effect furnished.
- 11.2 For the purpose of assessment of the value of existing assets , following procedure shall be followed:

(a) land:

Value of land can be considered on the basis of prevailing market price in the particular area based on the recent transaction, if any , taken place in the area or certificate from the registrar / Dy. Registrar , registration and stamps where the minimum sale price for the purpose of registration is laid down .

(b) Building and plant and machinery:

If the construction / acquisition is out of the project approved for the purpose of finance by the corporation, value assessed by technical officer can be considered as basis . existing building and plant and machinery can be valued by technical officer or independent registered valuer.

12.0 Disbursement procedure for single window scheme:

12.1 The loan consists of two parts :

- i) against fixed assets
- ii) against working capital

12.2 Fixed assets:

The disbursement on fixed assets Is to be made after fulfillment of conditions stipulated in loan and furnishing of information with regard to creation of assets. Action for disbursement of loan is to be taken after loan documents have been executed by the loanee.

Disbursement is to be done as per norms and procedure for other loans , in proportion to assets created after inspection / valuation as well as on the basis of CA certificate . the procedures followed for direct payment to machinery supplier , retiring of bank documents etc. followed in other schemes is to be followed in this scheme also.

12.3 Working capital component :

- 12.3.1 The disbursing authority shall verify the installation of machines and after satisfying himself that the fixed assets envisaged in the project have been acquired , entire loan against fixed assets has been disbursed and the unit is ready for commercial production , may release WCTL on fulfillment of other conditions and norms.
- 12.3.2 Where the project has been fully implemented and ready for commencement of production but disbursement of term loan against fixed assets could not be fully availed of due to various reasons including non submission of bills and receipts of plant & machinery etc. WCTL may be released on fulfillment of other conditions and norms but only after ascertaining that installed capacity of the plant is same or more and after inspection of investment on factory site .
- 12.3.3 Where project has been partly implemented i.e. fixed assets have been partly acquired including part of plant and machinery but project is ready for commencement of production , after reassessing the viability of the project and the requirement of working capital , the reduced working capital may be released on fulfillment of other conditions and norms .the term loan requirement should also be reassessed and revised simultaneously .

12.3.4 Norms for release of working capital component :

- i) The Sanctioned working capital loan will be disbursed in instalments not exceeding three.
- ii) The subsequent instalments would be disbursed only after verifying the utilization of the amount of earlier instalments released against working capital loan.
- iii) Subsequent disbursement shall be made only after carrying out valuation and production of bills and receipts relating to raw material .
- iv) The validity of working capital shall be one year from the date of release of first instalment of working capital loan.
- v) The instalments shall be disbursed only to build up the inventory of raw material , work in process and finished goods.
- vi) The advance instalments may be kept as 40% ,40% and 20% (if disbursed in three instalments), the same is to be disbursed after verifying the utilization of the earlier instalment .
- vii) The information in the standard formats at annexure “C” and “H” as per circular guidelines must be taken before payment against working capital component . the same should be duly verified by disbursing officer.
- viii) The disbursement against current assets shall be released to the designated bank only who is under obligation to provide us operations in working capital account .

13.0 Regarding loans upto Rs.25000:

13.1 In most of these cases , financial assistance is provided on liberal terms. It has been observed that if usual procedure of disbursement of loan is followed in such cases(i.e. disbursement after creating of assets) , the promoter may face difficulty as without availability of sufficient funds he cannot create assets. Following guidelines are therefore prescribed:

(a) **Release of part amount of loan in advance:**

In such cases, release of part amount of loan in advance for creation of assets can be considered provided there is no risk of non-utilization of the amount advanced for creation of assets as envisaged in the scheme. This can be ensured by :

- i) securing equitable mortgage of land in favour of the corporation in cases where land is owned by the promoter.
- ii) Verifying permanent residence of the promoter. If promoter owns a residential house, it should be considered as enough security . in other cases if permanent residence has been verified and enquiry from neighbors confirms sincerity of the promoter ,advance release of a part amount of loan can be considered.
- iii) Enquiry from landlord if unit is proposed to be established in a rented building .
- iv) If the promoter has earlier established another unit with assistance from the corporation (and dealings have been satisfactory) he can be trusted for release in advance.

(b) **Precaution to be taken for units in urban areas:**

special care should be taken to verify antecedents and sincerity of promoters who intend to establish units in urban areas or rented premises. In such cases apart from measures detailed in sub para (a) above a guarantee for utilization of the amount to be released in advance for assets as envisaged in the scheme by a person owing sufficient property should be secured before release of the part amount of loan. The guarantor should preferably be owner of the house in which unit is proposed to be establishment or owner of one of the neighboring units or owner of the building the promoter has been residing in. in no case the part amount of loan should be released in advance of creation of assets to promoters who propose to establish units in urban areas until guarantee as above has been secured.

(c) **Maximum limit for release in advance :**

After taking measures as detailed in sub paras (a)& (b) above ,a sum equal to 25 % of the sanctioned amount of loan subject to maximum of rs. 5000 may be advanced to the promoter for creation of the assets. After satisfactory utilization of this amount(to be ensured by valuation of the assets created) a further advance of equal amount may be made to the promoter. This procedure may be followed till all assets as envisaged in the scheme are created . however, the amount of the last instalment of

advance may be determined keeping in view the total amount of loan sanctioned for creation of all assets .

(d) Release of amount earmarked for working capital:

The part amount of loan earmarked for working capital may be released in one instalment after creation of all assets and when the unit is ready to go into production.

(e) disbursement on the basis of valuation by IEOs:

Disbursement upto 75% of the sanctioned amount of loan may be made on the basis of valuation done by the industries extension officer. The balance amount of loan should be released only after valuation by a corporation officer of all assets , including the assets valuation of which was done by industries extension officer.

- 13.2 In small cases which are covered under composite loan scheme / shilpbari scheme where the promoter are not in a position to open current account with the banks, the cheque may be issued in the personal names by , mentioning the proprietor m/s so and so. To be more specific ,if the promoter of m/s x co. is shri gopal singh , the cheque can be issued in the name of “sh. Gopal singh, proprietor m/s x & co.”

PROJECT IMPLEMENTATION & MONITORING

1.1 Success of a project to a large extent, depends on its timely implementation. A project is implemented in different stages. Completion of each stage within the scheduled period deserves constant watch and due attention. Project implementation period commences with the sanction of loan and continues upto creation of all assets as contemplated in the project and commencement of commercial production. The different stages of implementation calling for special attention by the officers of the Branch are :-

- (a) Execution of loan documents within reasonable period say three months.
- (b) Creation of some of the assets included in the project and availing of first instalment of disbursement within reasonable time say three months from execution of documents.
- (c) Gradual creation of remaining assets as per schedule of implementation and availing of full amount of loan sanctioned.
- (d) Going into commercial production - upto the end of moratorium period.

2.0 How to keep watch on timely implementation

2.1 As emphasized in circular guidelines detailing disbursement procedure, a project implementation monitoring file for each case of loan sanctioned should be opened soon after receipt of the copy of loan sanction letter. A copy of approved schedule of implementation of the project should be placed on first page on this file. All stages of implementation of the project have to be completed as per this schedule. As and when a stage is completed, a note of this effect should be recorded against that stage.

2.2 The manager (PMC) along with Dy. Manager / Manager(Disb.) should review every month project implementation files of all projects under implementation. (Mondays could be fixed for such reviews. ¼th of the total cases could be taken up by turn on every Monday of the month). At branch office, this action shall be taken by disbursement cell.

2.3 The Manager (PMC) should maintain and keep in his custody the MIS file.

The findings of review suggested in para 2.1 should be kept in MIS file. The MIS file should have the following information :-

- i) A copy of RFC/Br-3 for the last month (Documentation/Disbursement review of sanctioned loan cases).
 - ii) List of units who have not executed documents within 3 months of sanction of loan with reasons.
 - iii) List of units not progressing as per schedule of implementation, with reasons.
 - iv) List of units not going into commercial production upto the end of moratorium period with reasons.
 - v) List of units going into production in the last month.
 - vi) Number of projects under implementation.
 - vii) Total amount disbursed during the year upto the end of the last month.
- 3.1 In loan cases where sanctioned amount is above Rs. 100 lac, the monitoring officer (appointed by CMD) shall keep a close watch on implementation, send his report to PMC and monitor the case for three years as per circular guidelines in this regard.

Action warranted in regard to cases of slow progress in implementation

- 4.1 The slow progressing units and areas of slow progress are to be identified by means of review suggested in para 2.1. Units not completing different stages of the project within time indicated in para 1.1 may be considered slow progressing units. The officer of Branch/HO should feel concerned about all slow progressing units and should make all possible efforts to ensure timely and full implementation of all projects. In this connection, action should be taken as detailed in following paras.

Immediate action by Manager (PMC)

4.2 The Manager(PMC) should address letters to promoters of the slow progressing units with stress on specific area of delay advising them to :

- i) Intimate the steps taken so far to execute documents or to acquire assets, as the case may be, as execution / creation thereof is already delayed,
- ii) Implement the project as per schedule,
- iii) Intimate reasons responsible for this delay; and
- iv) Intimate as to how they propose to make up this loss of time.

Project monitoring committee and its functions

4.3.1 Each branch will have a Project Monitoring Committee consisting of members as follows :

i) Branches of category 'A' & 'B'	Branch Manager, Dy. Manager (Loans/Tech.) and Dy. Manager(Disb.)
ii) Branches of category 'C'	Branch-In-Charge (Manager/ Dy. Manager), Asstt. Manager / Dy. Manager (Tech.) and Asstt. Manager /Dy. Manager (Fin.)
iii) Branches of category 'D'	Branch-In-Charge, Dy. Manager and Asstt. Manager (Finance)

4.3.2 At branch level PMC Meetings would be chaired by Branch-In-Charge/Manger and PMC Meetings at HO would be held under chairmanship of Executive Director.

4.4 The Committee will meet once every month and its functions will be as follows :

- a) The Committee will consider all cases of delayed implementation together with replies received from the promoters in response to letters addressed by Law Cell and/or Manager (PMC). If the loanee concern has not executed documents within reasonable time as indicated in para 1.1, the committee will review the replies received from the promoters and suggest measures for ensuring early documentation. However, if the loanee concern has not executed documents within the validity period of six

months from the date of issue of sanction letter, the sanction will automatically lapse and treated as cancelled.

- b) The Committee will review the factors responsible for delay in availing of first disbursement or in implementation subsequent stages of the project and suggest action to ensure timely implementation of the project. If the factors responsible for delay are inability of promoters to arrange finance from their own sources, inability of promoters to comply with certain conditions of sanction of loan or procedural formalities of disbursement , delay in decision on certain matters pending with departments of the Government or officers of the corporation, over run on certain assets included in the project , the committee should suggest action as follows :-
 - i) For delay in decision on matters pending with District Level Authorities or officers of the Corporation, letters should be addressed to the concerned officers. Wherever necessary a programme of personal meetings with concerned officers should be chalked out. The matter should be brought to notice of Collector (Industries), General Manager (DIC) and District Industrial Advisory Committee with a view to securing necessary assistance. If a letter from the Managing Director to the officer with whom matter is pending or who can be helpful in solving the problem is desired, request in this regard may be sent to General Manager(Fin.) in Head Office.
 - ii) In cases of over run the Committee should suggest the means of financing. If promoters are unable to invest funds over and above the promoters contribution determined at the time of sanction of loan, the Committee may suggest to meet the cost of over run from savings on other assets or by sanction of additional loan. Recommendation in this regard may be sent to the competent authority and promoters be advised to act accordingly.

iii) In case of inability of promoters to comply with certain conditions of sanction of loan, the committee may recommend relaxation provided it does not go against the interest of the corporation.

- (c) If the committee decides to have personal meeting with promoters to emphasized the need for timely implementation of the project or to obtain information and with District Level Authorities to expedite decision on pending matters, it will fix the responsibility of different officers in the branch to take up this work. The cases of bigger projects should be dealt by branch manager himself.
- (d) If the loanee concern has fully implemented the project and has drawn full amount of admissible loan but still there remains some balance or the unit gone into production without creating some of the assets or the promoters do not wish to acquire them and the unit can be run successfully even without creation of such assets, the Committee in such cases will recommend cancellation of the unavailed part of loan.
- (e) There may be some cases where promoters are not taking sufficient interest in implementation of the project after execution of documents. In such cases where single instalment of loan has not been released, the Committee should recommend cancellation of loan. Cases wherein a few instalment of loan (including token disbursement if any) have been released, the Committee should recommend in addition to recommendation for cancellation of loan, steps necessary for safeguarding the interest of the Corporation and immediate recovery of amount advanced as loan.

4.5 Delegation of powers for cancellation

For speedy action, the powers are hereby delegated for approval of cancellation of loan on the basis of the recommendation by the PROJECT MONITORING COMMITTEE as under :-

4.5.1. Nature of case	Where loan documents have not been executed by the promoters within a period of 6 months from the date of issue of the sanction letter.
Authority to approve cancellation	i) The sanction would be automatically lapsed and treated as cancelled. However, extension may be granted by the competent authority as per guidelines laid down in LD-1. ii) The revival of the sanction may be made in accordance with the guidelines as noted in chapter LA-2.
4.5.2 Nature of case	Where promoters are not taking sufficient interest in implementation of the project after execution of documents despite advice.
Authority to approve cancellation	Sanctioning authority OR Managing Director <u>Remarks:</u> Loan cases sanctioned by Board / Executive Committee/ Managing Director/CMD/ Executive Director / General Manager(Loans) shall be referred to DGM(Loans) in HO together with extract copy of recommendation by PMC for necessary action.
4.5.3 Nature of case	Where the project has been fully implemented but full amount of loan could not be availed of due to savings.
Authority to approve cancellation	a) GM(F) in cases where disbursement is being made from Head Office. b) Branch Manager in cases where disbursement is being made from the branch.
4.5.4 Nature of case	Where most of the assets envisaged in the project have been created and the unit has gone into production but some assets of insignificant value have not been created and the promoters do not wish to acquire them or no response has been received from them after giving 15 days notice.
Authority to approve cancellation	a) GM(F) in cases where disbursement is being made from Head Office. b) Branch Manager in cases where disbursement is being made from the branch.
4.5.5 Nature of case	Where the project has been partly implemented with reduced capacity and the unit has gone into production but the promoters do not intend to create rest of the assets and the unit can be run profitably without creation of such assets.
Authority to approve cancellation	a) GM(F) in cases where disbursement is being made from Head Office. b) Branch Manager in cases where disbursement is being made from the branch.

4.5.6 Nature of case	Where the project has been partly implemented and disbursement has been made against the assets so created but the promoters are not taking interest in implementing rest of the project (abandoned projects).
Authority to approve cancellation	Sanctioning authority OR Managing Director <u>Remarks:</u> Loan cases sanctioned by Board / Executive Committee/ Managing Director / CMD / Executive Director/General Manager(Loans) should be referred to DGM (Loans) in HO together with extract copy of recommendation by PMC for necessary action.

5.0 Cancellation of unavailed loan amount and refixation of instalment :

- 5.1 As soon as the unavailed loan amount is cancelled keeping in view the guidelines on the subject, the concerned branch / Disbursement Section in HO shall make entry in the Effective Commitment Register.
- 5.2 In case unavailed loan amount is cancelled in the manner as mentioned at para 4.5.3 to 4.5.5, the refixation of principal instalments on the basis of availed loan amount shall be made immediately irrespective of cancelled amount of loan.
- 5.3 On refixation of principal instalments, no modification deed is required to be executed but request / consent of the loanee concern shall invariably be obtained.
- 5.4 The branch office shall intimate about refixed amount of principal instalments in the prescribed format to the loanee concern. In case of HO level disbursement cases, the Disbursement Section in HO shall intimate the same to loanee concern with a copy to branch office.
- 5.5 The branch office shall take necessary action for feeding revised instalments of principal amount to the computer.
- 5.6 Refixation of principal instalments in view of the above guidelines shall be made by the disbursing authority. In joint finance cases, refixation shall be allowed by CMD.

6.0 Revival of Cancellations :

- 6.1 The Project Monitoring Committee will review all such cases, in which the promoters are keenly interested to get the full/ part cancelled loan revived and to

implement the project fully and expeditiously or to acquire more assets. The Committee on satisfaction may recommend for revival of cancelled loan keeping in view the feasibility and viability of the project.

6.2 Revival of Full Cancellation :

On recommendation of the Committee, full revival of sanction shall be made in accordance with guidelines laid down in chapter LA-2.

6.3 Revival of Part Cancellation :

On recommendation of the Committee, action for revival of part cancellation will be taken.

6.3.1 Powers to revive partly cancelled loans before the first instalment of principal become due:

S. No.	Particulars	Competent authority
a)	Joint Finance Cases	CMD
b)	Loan case sanctioned by Executive Committee/ Board	ED
c)	Loan cases sanctioned by CMD/ others	Disbursing authority

6.3.2 Normally, part cancellation in case where the first instalment of principal sum has become already due should not be considered for revival. However, if the disbursing authority feels it proper in the interest of the project and the corporation, such cases may be referred to HO (PMC Cell) along with full justification with extracts of the recommendation of PMC. In all such cases, the competent authority for revival of part cancellation would be CMD.

