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(Loans & Appraisals)

LOAN APPLICATIONS FOR SMALL LOANS (COMPOSITE LOAN SCHEME AND SHILPBARI SCHEME)

LOAN PROCEDURE

1.1. With the setting up of District Industries Centers (DICs) having association of RFC Officers

At organisation level to act as a Single Window particularly for small loans, separate procedures were laid down for receipt, processing and motion of small loans. These loans included industrial loan upto RS. 25,000/- and opposite loan/shilpbari loans upto RS. 50,000/- and used to be called as DIC loans. The separate procedure was laid down for processing of these applications to avail the services of Industrial Extension Officer as well as the Officer of RFC posted in DICs and General Manager, DIC.

1.2. However, these arrangements are not now in operation in most of the branches and also on account of availability of alternate finance from other liberal and more beneficial programmes of government like Prime Minister Rizgar Yojana and different schemes of Khadi Board etc. the role of RFC in considering small loans below RS. 50,000/- is gradually receding and therefore the small loan applications, if any, are now being processed and followed up at branch level as part of branch level cases.

1.3. Accordingly the procedure for registration, processing, sanction and documentation etc. of applications for industrial loans upto RS. 25,000/- and composite loans and shilpabari loans upto RS. 50,000/- would be on the lines similar to the procedure of branch level cases as defined in next Chapter LA-2.

(Loans & Appraisals)

LOAN APPRAISAL PROCEDURES AT BRANCH LEVEL

PART-I RECEIPT & REGISTRATION

FORM OF APPLICATION:

1.1. Applications for loan are to be accepted in the forms as prescribed. The under mentioned forms have been prescribed based on the amount of loan applied.

a). GENERAL APPLICATION FORMS :

1. Application forms for loan amount upto Rs.2.00 Lac
2. Application forms for loan amount above Rs.2.00 Las

b). FORMS FOR SCHEME:

3. Application form for Transport loan
4. Application form for working Capital Bridge Loan
5. Application form for DG Set loan
6. Application form for Seed Capital assistance.
7. Application form for loan under Equipment Re-finance Scheme. (Non-printed)
8. Application form for loan against subsidy. (Non-printed)

Notes:

1. In joint financing cases (if the applicant prefers to submit applications in Branch Office), applications in the forms prescribed by other institutions (RIICO, IFCI, ICICI etc.) can also be accepted.
2. In case the loan applications, which were closed earlier, are allowed to be re-opened after a lapse of more than 3 months from the time of its closure, then deposition of fresh loan application fee is to be insisted upon. However, if the loan applications are re-opened within a period of 3 months of its closure, no fresh loan application fee is required to be deposited by the concern.

3. In cases where loan applications have been rejected a fresh loan application file with requisite fee is required to be obtained invariably, but in closed cases, the earlier loan file can be re-opened.

APPLICATION FEE:

1.2

Every application should be accompanied with the requisite following scale :-	application fee according to the
Amount of loan applied for	Amount of application fee
A. On loan applications	
a). Up to Rs.25,000/-	Rs.25/-
b). Composite loan / Shilp Bari (between Rs.25,000/-to Rs.50,000)	Rs.50/-
c). Exceeding Rs.50,000/- but not exceeding Rs.2.00 lacs	Rs.200/-
d). Exceeding Rs.2.00 lacs but not exceeding Rs.5.00 lacs	Rs.400/-
e). Exceeding Rs.5.00 lacs	0.1% of amount applied for i.e. Rs.100/- for every lakh of loan applied or part thereof.
B. Seed capital application	Rs.50/-
C. For other application(e.g. assistance under ERS/IRBI underwriting D.P. Guarantee etc.	As per rates applicable on the loan applications i.e. as Shown in clause (A) above.

In case
the

concern has applied for loan with a provision of equity by way of public subscription, the application fee would be as under:-

- 0.1% of the loan amount as per the existing norms.
- 0-25% of the public issue amount.

Note:

- Except in category (a) and (b) above, application fee shall be charged 50% in case of technocrats, SC/ST entrepreneurs, physically disabled persons and women entrepreneurs (for loans upto Rs.5.00 lac) if they have approached for grant of loan under the special scheme meant for them.
- It is possible that in some cases RFC may engage services of outside persons/consultants for obtaining expert advice and report. In such cases any sum paid by the Corporation for such reports shall be borne by the Corporation itself.
- If amount applied for is enhanced subsequently additional application fee for enhanced amount (if payable as per schedule) should also be collected.

Refund of Application fee :

- 1.3. Except here under provided, application fee once deposited shall not be refundable:
 - Where applicant concerns is not an industrial concern under SFCs Act.
 - Where application attracts restrictive provisions of SFCs Act.
 - Where industry is not to be encouraged within the existing framework of

Corporation's financing.

However, in case where the applicant has been advised to approach the Corporation afresh for the alternative of new line of product, the application fee deposited with the earlier loan application may be adjusted against the subsequent application.

REGISTRATION OF APPLICATIONS

1.4. At Branch Level:

a). a) Application should be registered if it is in the prescribed form and is accompanied by the required application fee. To establish the identity of the proprietor/partner(s)/Director (s) his/their photograph (s) duly attested by a Gazetted Officer/BDO/Sarpanch of the area should be affixed on the application form itself. The signatures/thumb impression of the photograph holder and those of the attesting authority should be obtained in such a manner across a corner of the photograph that part of the signatures/attestation comes on the form to which the photograph is affixed. The officer receiving the application from the applicant should sign in similar fashion across the corner of the photograph. Whenever the applicant contacts the corporation or is contacted, his signatures/thumb impression should be obtained once again in the space beside the photograph and attested by an officer of the branch so that this is available for purpose of comparison.

b). All such applications should be entered in to the prescribed Register R-1, Separate Registers should be maintained for applications under transport loan and other schemes.

c). The date of registration of application should be the date of receipt of application fee. In case application fee is received by cheque, the date of realisation of cheque should be treated as the date of registration.

d). Every registered application should be assigned district file no. in the following manner (Code No. of Branches are given in Schedule 1(1):-

Code No. of Branch / Type of Form/Sr. No. of the File.

Illustration ;

Application for a loan of Rs. 1.5 lacs received in Udaipur Branch will bear the following registration No.UD/E (Sr.No. of the file).

ACKNOWLEDGMENT OF RECEIPT:

1.5. Every application to be processed in Branch should be acknowledged in the Performa enclosed (Form No. LOANS/P-4). In this acknowledgment the date of IPC meeting in which the case is to be considered should also be indicated. Thus, this letter shall not only serve as acknowledgment of application but shall also act as a notice of IPC Meeting. This letter shall be handed over to the representative of the concern on the same day when he submits the application.

PART - II PROCESSING OF LOAN APPLICATIONS

CATEGORIES OF PROCESSING

2.1. For purpose of processing applications received and registered in the Branch fall in the following two categories:-

i) Branch Level Processing Cases:

Applications for financial assistance to the extent of Rs.30.00 lakhs (or for enhanced amount, if so delegated) where detailed processing is to be done at Branch level.

ii) Head Office level processing Cases:

All other applications (where loan applied for is more than RS. 30 lacs in case of Branch/RO level processing cases and RS. 50.00 lacs in case of Western Zone level cases or the cases where by specific/general order the processing of the cases is to be carried out in HO) are to be processed in detail in the Head Office. In such cases only preliminary scrutiny is to be done in the Branch.

Preliminary scrutiny (Common to all applications)

2.2. Preliminary processing should start immediately on receipt of application. Prima-facie loan assistance would not be admissible if in a case following grounds exist:

- a). The unit being in banned list of industries, except those covered by schedules 1/6 (B) of LA(s).
- b). The activity/purpose of the loan is not eligible for financial assistance.
- c). The loan applied for is in contravention of the provision of SFCs Act (for example, the cost of the project exceeds RS. 12.00 crore, the main promoter being the Director of the Corporation, the loan applied for being more than the ceiling of RS. 5.00 crores.
- d). The following basic documents having not been enclosed with the application:
 - i) Documents in support of firm arrangement for land (letter of allotment, sale agreement or agreement to sale in case of freehold or agricultural land, if not converted, assurance from landlord for renting out the premises to the applicant).
 - ii) Copy of Partnership Deed/Memorandum and Articles of Association.
 - iii) Certificate of registration of industry/Letter of intent.

2.3. In such a situation, applicant is to be informed in writing about the specific deficiencies /reasons due to which it is not possible for RFC to consider the loan application. However, its clarified that if an entrepreneur purchases any sick/closed unit from the corporations and he wants further financial assistance for the same line of manufacture in which the sick/closed unit was engaged even if the item of manufacture is now covered under the banned items list, application from such units may be accepted and processed as per norms.

DETAILED PROCESSING OF BRANCH LEVEL CASES

2.4. If the application is prima-facie in order, detailed scrutiny should be taken up in accordance with the norms of appraisal and simultaneously letters for knowing credit worthiness of the applicant (Performa No. LOANS/P-5) should be issued to the concerned persons.

2.5. To expedite the processing and to enable the entrepreneurs to understand our requirement as well as to enable us to assess the capability of the entrepreneurs, all applications should be discussed in IPC (Internal Processing Committee) which should meet every week on a fixed day (suggested day, Tuesday) to which the main promoter(s) may also be invited. In this meeting Branch Manager and other Officers connected with appraisal should take part.

2.5 A. IPC of the loan cases above RS. 15.00 lacs upto Rs.30.00 lacs where sanctioning authority is DGM (R) shall be convened in the following manner:-

- a). The date of holding of IPC meetings should be linked with the date of visit of Manager(Br.) to RO and the date of visit of DGM(R) to BO. This should be arranged in a manner that IPC meetings are held either at RO or at BO (during the course of visit of DGM(R) to BO). The dates of IPC meeting at RO/BO should preferably be fixed in advance. The constitution of the IPC shall be as under:

i)	DGM(R)	Chairman
ii)	Manager/DM(Br.)	Member
iii)	Manager(R) or DM(R)/ DM/AM(Br.)	Member Secretary

NOTE: Manager(R) or DM(R) shall be Member Secretary if the IPC takes place at Regional Office and Dy. Manager or Asstt. Manager (Br.) shall be Member Secretary if IPC meeting is held at Branch Office.

The entrepreneurs concerned shall also be called for discussions.

- b). In isolated cases, situation may occur where loan application requires disposal to adhere to the prescribed time limits specified in the industrial policy. If there is likelihood of delay in convening of IPC meetings for considering the proposal and grant of In Principle Clearance due to no scheduled visit of DGM(R)/Branch Manager then in such eventuality the IPC meeting would be convened by the Branch Manager where the IPC would consist of:

i). Manager (Br.) /DM(Br.) of Local Branch	Chairman.
ii). DM/AM of local branch	1 Member Secretary

The entrepreneurs concerned would also be called in the IPC meeting.

If the IPC meeting is held under the chairmanship of the Branch Manager then in such eventuality the following action would be taken:

- i) The branch manager would forward the agenda note together with minutes of IPC to DGM(R) for his consideration and approval.
- ii) The DGM(R) would review the decision taken and would either confirm the action or may give such directions as he deems expedient regarding the project, which the appraising officer will need to comply with while finalising the detailed appraisal.
- iii) The DGM(R) may also require the promoter to attend the DLAC meeting while considering the proposal or in the next IPC meeting.

2.6A. All the cases received prior to the date of IPC meeting should be taken for consideration of the meeting of IPC so that no case remains unattended beyond a maximum period of 15 days. The notice of IPC meeting should be conveyed along with acknowledgment of receipt of application as explained at para 1.5 (However, if in case it was not possible to do so, intimation by phone/letter should be given to applicant.).

2.7A. Before taking the case in IPC, 'Requirement Sheet' (Form No. Loans/F-4) should be prepared. This would help in identifying the items/information required from the party as well as those, which RFC may have to collect on its own.

2.7. Key factors, which are vital for successful implementation of the project, may be determined and recorded in Requirement sheet. Only after satisfying / deciding about these key issues, detailed processing of the case may be taken up.

2.8. At IPC Meeting the following should be attempted:

- a). Background, experience and knowledge of the entrepreneur with regard to management of the project.
- b). Capability of the promoters to arrange their own contribution to finance the project cost.
- c). General discussions on the market and scope of the project with particular reference to working of similar units in the area.
- d). Information/documents required to process the case in detail.
- e). Further line of action and next date of discussion, if any.

2.9. Branch managers do have requisite expertise for processing the application. However, it is reiterated that following points should be kept in view during the course of processing of loan applications:

- a). The main promoter has requisite knowledge and expertise in running the unit.
- b). The main promoter has sufficient means to finance the project over and above the institutional support
- c). Dealings of promoters with the corporation (if assisted earlier) are satisfactory.
- d). The report of the assisted good borrowers of the Corporation or Bank or other persons(s) who is dependable in the opinion of the Branch Manager is satisfactory regarding the integrity, antecedents and credit worthiness of the promoters including any officer of the Industries Deptt. and the Corporation.
- e). The concern has firm arrangement for land (In case where the unit is proposed to be put up in rented premises the landlord has assured to let out the buildings for a long period and these buildings are sufficient for meeting the requirement of the industry).
- f). The plant supplier is of repute and has not been blacklisted by the Corporation.

g). Cost of the project compares reasonable with the earlier project financed by the Corporation particularly in the Branch Area.

h). Cost of input and output is reasonable looking to prevailing market rates.

i). There is sufficient scope for marketing the product.

j). Similar units financed by the Corporation are working satisfactorily and the default by these concerns are not substantial (looking to the assistance given to them).

2.10. In order to maintain proper record and to monitor the progress of pending application.

Appraisal Requirement Sheet (ARS) (Form No., LOANS/F-4) should be kept updated as

Under:

a). Immediately on receipt of loan applications, a Performa of ARS should be tagged on the top of the note-sheet file.

b). Scrutiny of the loan application should be taken up jointly by the Incharge of Technical and Loans Cell and information/documents required from the party or other Departments/Sections should be entered into under the relevant columns of ARS.

c). ARS should be filled in by the Officer (s) i.e. DM/AM connected with appraisal (and not by the Assistants responsible for maintenance of loan file).

d). While making entries in the ARS, the exact nature of the documents should be specified in clear terms.

e). Details recorded in the ARS should not be repeated on the note sheet. Note sheet papers should be used only for obtaining orders or for recording those observations, which are not possible to be recorded on ARS.

f). It should be ensured that ARS is completed before taking up of the case in IPC meeting.

g). While sending intimation to the entrepreneurs for submitting remaining information/documents, the sequence of the Heads (promoters, constitution, land, building etc.) as indicated in ARS should be followed in the letter as this would facilitate appraisal.

h). Whenever the documents/information are received the date of receipt should be recorded in the relevant column of ARS.

i). Similarly, the record of discussions and date of visit of the representative of the concern should also be entered under part-3 of the ARS.

2.11. Recording of routine notes on the note-sheet file should be avoided. Facts recorded in

Appraisal Sheet should not be repeated or duplicated on the note file.

SIMULTANEOUS APPRAISAL WITH BANK

2.12. With a view to secure simultaneous association of bankers in considering grant of

working capital limits to the loanee, following procedure should be followed :-

a). At the time of receipt of loan application, the name of the commercial Bank of the applicant's choice from which they intend to obtain working capital finance, should be obtained.

b). After tentative clearance of the project by PCC/IPC, as the case may be, a letter shall be issued to the entrepreneur advising him to contact the concerned Branch Manager of the Commercial Bank for obtaining working capital finance.(P-6).

c). A letter to the Branch Manager of the concerned Bank along with a copy of the scheme as submitted by the entrepreneur, a small note containing preliminary assessment of the project and recommendations of PCC/IPC, requesting him to consider the request of entrepreneur, shall be sent. An endorsement of such letter shall also be made to the regional office of the Bank. (P-7).

- d). By the time the assurance letter from the Branch Manager of the Bank regarding grant of working capital limit is received, a final appraisal note for grant of term loan should be ready to be placed before the competent authority for sanction/consideration.
- e). It should be ensured that no proposal is placed before the competent authority unless the assurance in individual case have been received from the Branch Manager of the concerned Bank regarding working capital finance.
- l). After receipt of assurance letter from the Bank the proposal shall be placed before the competent authority for sanction/consideration.
- g). After sanction of loan by the corporation, a letter along with a final appraisal note shall again be issued to the Branch Manager of the concerned Bank for working out the quantum of working capital finance required by the applicant for commencing production on the projected line. A copy of this letter will also be endorsed to the regional office of the Bank. (P-8)
- h). The assessment made by the bank in regard to the working capital finance to the unit, will not be disputed by the corporation.

PREPARATION OF PROPOSAL

2.13. After processing the application, the proposals should be prepared by the concerned Branch in the prescribed form as under:-

S. No.	Format		No.of Copies required
i.	Industrial loan upto 3.00 lac	LOANS/F-7	8
ii.	Industrial loan Exceeding RS. 3 lac	LOANS/F-8	8
iii.	Transport loan	LOANS/F-9	6

2.14. While processing transport loan applications it is to be ensured that comments on following major areas are specifically mentioned in the proposal:

- a). Name and designation of officers present in IPC.
- b). Experience of applicant, driving license etc. and also clarify whether the party would himself drive or employ a driver.
- c). Comments on the creditworthiness of applicant and his guarantors.
- d). Comments on security offered i.e. the value and marketability of the property of guarantors.
- e). Comments on scope i.e. general conditions of recovery in the area of operation and also details of tie-up arrangements made, if any.
- f). Comments on past dealings of party and sister concerns, if any.
- j). Financial means giving reference to bank accounts etc, if any.
- h). On the basis of Guarantor's register maintained in the Branch Office, it should be mentioned clearly that the guarantors proposed in the case have not given guarantee in any other case.
- i). Any other general or specific comments.
- j). Specific recommendations either for closure/rejection/sanction, with brief reasons.

2.15. The loan cases involving financial assistance of RS. 15.00 lacs will be processed in the

Branches without the involvement of the DGMs(R) as before. However in the case or loan proposal involving financial assistance of more than RS.15.00 lacs but upto Rs.30.00 lacs, the following modus-operandi shall be followed:-

- a). All these cases will be processed in the Branches to examine the credibility and the capability of the person behind the project and his capacity to invest funds, the viability of the project in the sense that based on reasonable forcible projections the project would turn out to be a profitable venture, technical feasibility of the project in the sense that the quotations submitted by the applicant are genuine; prices quoted are reasonable; the technical processes involved in the manufacture of the proposed product are established and

there is a person who is technically competent to implement the project properly, there is sufficient market scope for the proposed product etc. An appraisal note based on the above examination will be prepared in each case. The appraisal note so prepared will be submitted on file-to the DGM(R) concerned for his approval before submitting it to the District Level Advisory Committee for decision.

b). The cases approved on file by DGM(R) and those appraised in the Branches involving financial assistance of exceeding Rs. 15.00 lakh will be placed before the District Loan Advisory Committee as before and DGM(R) concerned will pass appropriate orders on the basis of the recommendations of this Committee. However, in case there is any difference of opinion with regard to the recommendations of the committee, DGM(R) will make a reference to the Head Office (General Manager Loans) with reasons of his not agreeing with the recommendations of the Committee. The Head Office will decide the matter within 15 days from the date of receipt of reference in the Head Office.

2.16. The Branch Manager should invariably point out (in general remarks) main point which in his view needs special attention of sanctioning authority (or where he has qualified the proposal, with reasons thereof).

2.17. If in a particular case the Branch Manager feels that priority in disposal be given, he should indicate the same with supporting reasons in the covering letter.

2.18. The office copy of the covering letter and one copy of proposal should be kept in Branch in separate note-sheet file and any communication received from Head Office/Regional Office/party and previously dealt with on this file (these papers should later be put in the concerned loan file when received back from Office).

2.19. It is to be ensured that:

The case is processed within a period of one month from the date of receipt if Branch Manager is the sanctioning authority. (For cases not decided within this time limit, detailed reasons should be recorded in each case).

FURTHER ACTION IN REGARD TO HEAD OFFICE LEVEL CASES

2.20. After it has been satisfied that the application is prima-facie satisfactory (as per preliminary scrutiny described in Para 2.2), Branch Manager should proceed to examine whether following key documents/information are enclosed with the application (intimation about missing ones should be given to the party in the letter to be sent to the party while forwarding the case to the Head Office):-

a). In case of existing concerns (whether assisted by the Corporation or not) inspection report on the working of the concern, (F-5)

b). Copies of balance sheet and profit & loss account of the concern for the previous three years, duly signed by the promoter (if it is a running concern).

c). Income Tax and wealth tax assessment orders or copies of returns filed in respect of the main promoters of the concern for the last three years.

d). Copies of the balance sheet and profit & loss account of the sister concerns of the promoter/partners/directors of the applicant for the last three years.

e). Names of the bankers of the sister concerns (Reference letters may also be issued to the Bankers).

f). Report of the Branch regarding the dealings of the sister concerns if assisted by the Corporation.

g). A general note on the working of the similar type of units financed by the Corporation in the area of the Branch.

h). Affidavit on non judicial stamp paper of Rs.10/-with annexure "A" for avilment non-avilment of loan from any financial institution.

i). Reasons for not providing DG Set in the project cost (where the loan applied for is above Rs.5.00 lakhs).

j). Details of assets and liabilities of the individual promoters(s).

k). Undertaking regarding NOC from PF Authority in case of existing units.

l). NOC from Rajasthan State Board for Prevention & Control of water pollution.

2.21. Thereafter, Branch Manager should issue letters to Bank/other parties seeking credit reports (in Performa No. LOANS/F-5).

2.22. The loan application is to be forwarded to Head Office with intimation to the applicant also (Performa No. LOANS/P-9 so as to keep him posted with the current stage of processing of application. Effort should be made to forward the loan case to Head Office within 7 days and if the time taken is more, reasons for the same must be explained.

2.23. Both the loan files should be sent along with a forwarding letter. The office copy of forwarding letter should be kept by the Branch in a separate file. Subsequent communications either from Head Office or from the party should be kept in this file and the same be clubbed with the loan file when received back from the Head Office along with the sanction (disposal) letter.

It is enjoined upon all the Branch Managers to enclose the prescribed Data Sheet duly filled in with a letter LA (P9) while forwarding the loan application to the Head Office.

Note:-

a). Cases where detailed processing is to be done in Head Office, the Branches are required to take only limited action and thereafter forward the application to the Head Office with their comments etc.

b). It is enjoined upon the Branch Managers that even those loan applications (falling in the category of Head Office level processing cases) where Branch Manager feels that application deserve to be closed, should be forwarded to Head Office for final decision.

c). In any case it should be ensured that file is forwarded to Head Office within 7 days and in case of delay. Branch Manager should explain reasons for delay in forwarding the letter/file.

SEED CAPITAL APPLICATIONS

2.24. Where applicant wants seed capital assistance also, he should be advised to apply for the same simultaneously or as soon as possible after the loan application. Such applications are to be furnished in the prescribed form only.

2.25. For Branch level cases (where the loan amount is upto Rs.30.00 lacs) the Branch Manager should submit a detailed note on the justification for grant of seed capital assistance along with the loan proposal for putting up before in-house screening committee constituted at HO level. For Head Office level cases, the application should be forwarded to Head Office along with the term loan application so that both the requests of the concern can be examined simultaneously and sources of finance finalised accordingly.

SUBSIDY APPLICATIONS

2.26. Where subsidy (whether state or central) is admissible to the applicant, the applicant should be advised to apply simultaneously for subsidy also (subsidy application can be accepted along with the loan application)

2.27. While finalising the sources of finance (at the time of processing of the case) care should be taken that the amount of subsidy shown in sources of finance should be admissible as per the criteria laid down in subsidy guidelines. In loan proposal, therefore (In para relating to subsidy), the value of fixed assets deemed acceptable as per subsidy scheme should, be indicated while working out the admissible amount of subsidy.

PART – III : SANCTIONS

SANCTIONING AUTHORITY

3.1. The Branch Manager/DGM(R)/General Manager(ZO) have been empowered to decide the loan applications upto the following amount :-

Note:

i)

1. Branch Manager (of Manager/Dy.Manager rank)	Upto Rs. 15.00 Lac
2. Dy. General Manager (R)	Upto Rs.30.00 Lac
3. General Manager(WZ) (Zonal office)	Upto Rs.50.00 Lac

All the cases/proposals at Branch office/Regional/WZ office level would be sanctioned by the competent authority on recommendations of DLAC/LAC.

ii) ii) Cost over run upto 20% of the sanctioned amount of loan would be sanctioned (without changing the level of margin of security and promoters contribution) by the respective sanctioning authority over and above the powers delegated for sanction of loan.

iii) In addition to the powers of sanction mentioned above, the field/offices would be eligible to sanction loan under the Good Borrower Scheme to the extent of powers of sanction delegated to them under the General Schemes as mentioned above. These powers for sanction of loan Under the Good Borrower scheme would be in addition to the powers as mentioned above.

iv) The special schemes under which powers have not been delegated to field offices shall continue to be exercised at HO.

v) The loan for purchase of DG Set (upto 250 KVA) under DG Set Scheme shall be sanctioned by the concern authority within whose jurisdiction total outstanding falls after consideration of the said loan.

ADVISORY COMMITTEES

3.2. Before sanction of loan, the proposals would be put up before the following advisory Committees:-

3.2. For loans where sanctioning authority is Branch Incharge i.e. branch level case

i) Branch Manager	Chairman
ii) General Manager, DIC or his nominee	Member
iii) Regional Manager (RIICO)/or his nominee	Member
iv) Lead Bank Officer or his nominee	Member
v) Asstt. Manager/ Dy.Manager (Loans),RFC	Convenor

3.2B. For loans where sanctioning authority is Dy.General Manager i.e. Regional level cases.

i) Dy General Manager (Region)	Chairman
ii) General Manager, DIC	Member
iii) Regional Manager, RIICO/ Dy.Director (Infra)	Member
iv) Lead Bank Officer	Member
v) Br. Manager, RFC	Convenor

3.2C. For loans where sanctioning authority is General Manager (Z) i.e. Zonal Office level cases :

i) General Manager	Chairman
ii) DGM(R) in Zonal Area i.e.Pali, Jodhpur & Bikaner	Member
iii) Sr. Regional Manager/ Regional Manager, RIICO	Member
iv) Regional Manager/ Senior Officer of Local lead Bank	Member
v) An Officer of the rank of Manager to be nominated by GM (WZ). (CMD may authorise an officer from HO as an observer in this committee).	Member Secretary

The norms and parameters of appraisal as applicable at HO level cases would also be applicable for zonal level cases.

Note:

For branches other than at DIC Head quarter viz. Makrana, Bhiwadi, Abu Road, Balotara & Beawar Branches, the senior most Officer of Directorate of Industries and RIICO Head Quarter would be coopted as members of the Committee,

The quorum for the meeting of Advisory Committee would be 3 members.

Normally the meetings of Advisory Committee should be convened at Branch Head Quarter on fixed dates. However, in any case, the decision regarding the next date of meeting should be taken in the meeting itself.

Branch level cases:

3.3. The convenor of the Committee would place the case before the Branch Manager after recording the recommendation of the Committee on the loan file. The Branch Manager would consider the case in the light of the recommendation and pass orders for sanction of loan (or otherwise) on the note sheet file and would also initial the copy of the loan proposals. In case he differs with the recommendation of the Committee, the matter would be referred to the concerned Dy.General Manager(R) for final decision. The final decision, if contrary to the recommendation of the Advisory Committee would be brought to the notice of the Advisory Committee in its subsequent meeting.

Regional level cases:

3.4. The convenor of the Committee would place the case before the Dy.General Manager after recording the recommendation of the Committee on the loan file. After considering the recommendation of the Advisory Committee, the Dy.General Manager shall pass the orders (or otherwise) on the loan file maintained by the Branch itself. In case he differs with the recommendation of the Advisory Committee, the matter would be referred to the Executive Director for final decision. The final decision, if contrary to the recommendation of the Advisory Committee would be brought to the notice of the Advisory Committee in its next meeting.

3.4. Zonal Level Cases

The Member Secretary of the committee would place the cases before the GM after recording the recommendation of the committee on the loan file. After considering the recommendations of the Advisory Committee the GM shall pass orders on the loan file. In case GM differs with the recommendations of the Advisory Committee than the matter would be referred to ED for final decision. The final decision, if contradictory to the recommendations of the Advisory Committee would be brought to the notice of the Advisory Committee in the next meeting.

Note:

As far as possible, the order passed for sanction of the loan proposal or otherwise should be self contained and without any ambiguity.

Communication of sanction :

3.5. The Branch should convey sanction for both level cases i.e. Branch level cases and Regional level cases in prescribed format No. Loans/P-10 along with usual terms and conditions given in the schedule and list of documents/information required before execution of loan documents as given in schedule 1/3. It should be ensured that sanction to the party is conveyed within 3 days from the date of deposition of processing charges.

3.5. Sanctions for the Zonal Office in prescribed Performa along with usual terms and conditions would convey Zonal Office cases. It should be ensured that the sanction is conveyed to the party within 3 days from the date of deposition of processing charges. The loan proposal after sanction would be sent to HO for Ex-post facto assessment and comments on the quality of appraisal for further guidance.

3.6. After conveying of sanction, N-3 is to be prepared (Performa F-I) and sent to Head Office Computer Cell.

3.7. All the Branches will send a monthly return to the Head Office (General Manager Loans) in respect of all cases sanctioned by the Branch Manager and the DGM (R's) during the month under review in the format F-10 by 3rd of every month.

HEAD OFFICE LEVEL SANCTIONS

3.8. Decision on the application shall be conveyed to parties by the Head Office under intimation to Branches along with extra copies of proposal (along with the loan file, if documentation and disbursements are to be done at Branch level).

RECORD OF SANCTION

3.9. Final disposal of every application (whether it is a Branch level or a Head Office levels case) is to be invariably recorded in Branch Office in the Register of Application Disposed off (No.R-4).

3.10. In addition, record of all cases of sanction is to be maintained in the register of sanction (No.R-2).

3.11. Entry about final disposal should also be made in the Register of applications Received. (Column No. 12 & 13 of R-1).

3.12. While making entries in Register of Sanction (No.R-2) particular care should be taken on the following aspects :-

- a). The date of sanction of a loan is to be taken as mentioned in the Letter of sanction (and not the date of issue of letter of sanction).
- b). The name and address of the concern should be correctly and clearly indicated. Where the address of communication is different from that of the location of factory, both the addresses can be indicated.
- c). All the columns giving details of project, product, promoter's etc. should be filled in so as to facilitate compilation of Returns and Revision.
- d). After sanction of loan it should be checked up regularly whether subsidy applications have been received (in those cases where subsidy is admissible) and the date of sanction of subsidy be recorded. These registers should be reviewed regularly at the interval of one month and in those cases where subsidy applications have not been received after one month of date of sanction, party should be contacted.
- e). Similarly at the end of every year the figures of disbursement should be filled in regularly to know the present stage of project in implementation and to initiate action for cancellation of unavailed amount.
- f). At the end of every month the total of amount of loan sanctioned should be made.
- g). Separate registers for sanction at Branch level/Regional level/zonal level and those sanctioned at Head Office level should be maintained.

Note: Importance of Register of Sanction:

It is to be noted that the Register of Sanction is intended to serve the needs for full data compilation as also to help in: -

- i) Checking up if subsidy applications wherever applicable, have been sanctioned or not (Colmn.20 & 21).
- ii) Effective commitment at the end of every year can be determined
- iii) Amount of final disbursement and cancellation of unavailed amount can be monitored.

3.13. Since there are no given guidelines in the context, hence there is no common practice followed in all field offices. Some branch offices are particular in sending the copies of loan proposals & sanction letters but some are not. Considering that the Regional offices may play an important role in post sanction monitoring at least of the cases, where the sanctioning authority is DGM(R) - it has therefore, been decided that Branch offices shall send the following documents on regular basis to DGM(R) office in all loan cases, where the sanctioning authority is DGM(R).

- 1. Copy of minutes of DLAC Meeting
- 2. Copy of loan appraisal notes
- 3. Copy of sanction letter

The Regional offices shall maintain branch-wise record of all the loan cases sanctioned/rejected/closed and shall monitor them at their level as well.

Besides a list of sanctioned cases of the Branch office level shall also be forwarded on monthly basis to the DGM(R) offices for their review.

PART - IV POST – SANCTION

CONFIRMATION OF TERMS & CONDITIONS

4.1. Our sanction shall not give rise to any commitment on the part of the Corporation unless the concern has deposited processing charges preferably within one month from the date of issue of the letter of intention of sanction and agreed to the terms and conditions of the loan within 30 days from the date of issue of sanction

letter but in any case before execution of loan documents. Therefore, where documentation and disbursements are done at Branch level, the work relating to securing acceptance of terms and conditions of sanction is to be monitored by the Branch. No. Action for documentation should be taken unless the concern has confirmed the terms.

4.2. PROCESSING CHARGES

A fixed amount of Processing Charges (rate indicated subsequently) shall be collected from the loanee. Processing charges are intended to cover the following.

- a). Legal fee for drafting and Finalisation of loan documents and for completion of necessary legal formalities for execution of documents.

Note: Stamp duty and Registration charges for execution of documents shall continue to be borne by the loanee.

- b). Cost of conducting valuation of the assets mortgaged with the corporation (including valuation fee, TA/DA payable to valuation officer).
- c). Cost of regular inspection of the industrial units by the officers of the Corporation.

EXCLUSION:

4.3. However, the processing charges shall not cover the expenditure incurred by the Corporation on the following which, if incurred, should be debited to Loanee. Accounts.

- a). Insurance premium if so paid by the corporation on behalf of the loanee, to renew the Insurance policy in time.
- b). Charges incurred by the corporation on litigation with loanee.
- c). Charges incurred on taking over possession of the assets of the defaulting units.
- d). Amount spent on watch and ward of the assets taken into possession.
- e). Charges incurred on Sale/Auction of the assets taken into possession.

Amount of Processing Charges

4.4. This shall be indicated in the letter to be sent to the borrower before conveying sanction of loan and is to be calculated at the following rate :-

i) For loans upto Rs.25,000	Nil
ii) Loans exceeding Rs.25,000	1% of the assistance sanctioned in multiples of Rs.100 (i.e. Rs. 100 for every 10,000 or part there of).

Realisation:

4.5. 4.5 Processing charges should be collected from the borrowers before issue of sanction of loan by sending a letter showing intention of the corporation for sanction of the loan. The borrower would deposit the processing charges preferably within one month from the date of issue of the letter of intention of sanction. However" in case the borrower fails to deposit the same even after a lapse of three months time action for cancellation of loan is initiated.

Accounting Procedures:

- i) Processing charges when deposited by the concern should be treated as Revenue Income of the Corporation by crediting the same under a new Head "Processing charges recovered from loanee."
- ii) No advance deposit account of the loanee should be opened.
- iii) No valuation fee is to be collected. Actual charges incurred towards valuation, inspection etc. should be debited to respective Heads of Accounts.

(Illustration: Traveling expenses incurred on valuation/inspection will be charged to "Charges traveling"

iv) For other expenditure indicated at 4.3 incurred by the Corporation, the recoverable amount from loanee should be debited to the loan account of the concern as and when incurred.

Refund of Processing Charges:

The processing charges are generally not refundable. However in case of full cancellation of sanction a part amount of processing charges received can be refunded in the following manner:-

- i) 90% of processing charges received where the documents have not been executed.
- ii) 50% of processing charges received where the documents have been executed but disbursement has not been started.

Note: It is clarified that before refund of processing charges commitment charges at prescribed rate (if any) should be collected/adjusted out of the refund of processing charges if the sanction is cancelled after six months from the date of sanction letters.

4.7. In case the confirmation letter is not received within 30 days from the date of communication of sanction, a formal reminder (From No.LOANS/P-11) should be sent to the party and after that, if necessary, more reminders by registered post should be sent. If the party fails to respond even to these reminders the matter should be referred to sanctioning authority for cancellation of sanctioned loan. In cases where instead of confirming terms and conditions the party has requested for modifications/deletion/ amendments in any or some of the terms and conditions, the matter should be dealt with promptly and decision should be conveyed after obtaining orders of sanctioning authority.

4.7A. In case of transport loans, the Branch Manager may permit change in model of the vehicle, provided the changed manufacturers are of repute i.e. Tata or Ashok Leyland. For other cases, reference is to be made to the sanctioning authority. Also, if for genuine reasons, the Branch Manager is satisfied that the change of guarantor is necessary, he may permit such change in place of guarantor(s) approved at the time of sanction of the loan, after recording

on the file that he has satisfied himself regarding the means, properties and credit worthiness of the new guarantors).

4.8. After issue of sanction letter, the loan file should be sent to the 'Legal Cell' for execution of loan documents.

4.9. CANCELLATION OF SANCTION

Sanction of the loan can be cancelled fully or partly depending upon the facts of the case.

4.10. Cancellation in full

Sanction is to be cancelled fully in any of the following circumstances:-

- a). When the concern has not deposited processing charges or has not accepted terms and conditions even after issue of reminders.
- b). When the concern has not executed loan documents within the validity period (six months from the date of sanction letter or the extended period).
- c). When the concern has dropped the idea of availing of the loan sanction.
- d). d) When the corporation decides to withdraw the offer of sanction on account of non-fulfillment of any of the conditions of sanction or for any other reason.

4.11. Cancellation in part

Procedure for part cancellation has been outlined in guidelines on disbursements.

4.12. Procedure for cancellation in full

The sanctioning authority can cancel the sanction at its level after giving written notice to party wherever necessary. For cases within sanctioning powers of Head Office, reference should be made to Head Office (Loans Section).

4.13. Intimation of cancellation whether in full or part should invariably be sent to the concern (in form No. Loans/p-12) with copy to all those to whom the sanction was conveyed.

4.14. The cancellation should be recorded in the Register of Cancellation (No.R-3) with endorsement in the Register of sanction (Col. No. 27 & 28 of Register No. R-2).

4.15. After conveying of the cancellation C-I is to be prepared (Performa F-I 1) and is to be sent to the Computer cell at the Head Office.

PART V: Revival of Sanctions (Branch level sanctioned cases)

5. Full Revival

A. The BO will take action for revival of the full sanction on receipt of request from the concern.

B. GM (WZ)/DGM(R)/BM will be competent to revive the sanction which is in their jurisdiction as per the delegation of powers in cases where cancellation was made in full or part.

C. Revival of sanction will not be made after a period of six months from the date of cancellation of the sanction.

D. In cases, the decision for cancellation of the sanction was made on the recommendation of the Project Monitoring Committee (PMC) at BO, the case should be put up first before the Committee and thereafter the same may be considered by the sanctioning authority, keeping in view the recommendation for revival of the sanction made by the Committee.

E. No overrun on account of escalation in the project will be considered.

F. It will be ensured that the viability of the project is not adversely affected on account of the variation in the projections considered in the original project.

G. No relaxation in condition of the sanction will normally be considered. If required inspection of the technical officer of BO may make the project.

H. Intimation of revival of sanction should be conveyed to the concern with a copy to all those to whom the cancellation of sanction was conveyed.

I. Record of revival should be made in all the registers at the appropriate place where the entry of cancellation was made.

J. The rate of interest as applicable as on the date of revival of sanction will be charged.

(Loans & Appraisals)

LOANS APPRAISAL PROCEDURES AT HEAD OFFICE LEVEL

PART-I RECIEPT & REGISTRATION

REGISTRATION

"All loan applications will be registered by the Branches with a view provide services to the entrepreneur at their door-steps. This arrangement would facilitate maintenance of record, generation of information and monitoring of the projects and proper liaison with the promoters. The Branches are the focal points of interaction with the entrepreneurs and their comments on the project are required for appraisal. This procedure would help in speedy appraisal and disposal of loan application falling within the sanctioning power of HO. This is also expected to curtail delays in getting information from the branches and improve the quality of appraisal. The Branches would receive and register the loan applications and prepare the data sheet (in the prescribed format). The data sheet has been designed so as to cover all key aspects relating to the project. The duly completed data sheet together with the loan application and comments of the Branch would be forwarded to HO within 7 days of receipt of the application. However, if any entrepreneur finds it convenient to deposit the loan application at Head Office, HO will receive the same and a copy of the same would be immediately forwarded to the Branch. The branch would register the loan application and pre pare data sheet. The

application would then be forwarded to Head Office with all necessary papers and comments for decision in the earliest meeting of the PCC. No loan application of the entrepreneurs having over dues in the existing loan accounts or their sister concern/associate concern shall be forwarded to HO until the over dues are paid/cleared.

It is also reiterated that in ordinary course, the Branch should not accept in-complete files and while forwarding the files to HO, the Branch Manager should ensure that the requisite documents as per checklist are annexed thereto. However, in business promotion campaigns, if same in-complete files are accepted, the borrower should immediately be advised to complete the deficiencies and submit remaining documents within 15 days. In case entrepreneur does not furnish requisite information/documents in given time, the file may be forwarded to HO in any case not later than 21 days time so that action for closure of the file can be taken after giving one more opportunity to the entrepreneur.

1.1. Only that application which has been forwarded by the Branch Office should be registered in the Head Office. However application in any of the following circumstances can also be registered in the Head office.

- a). In cases involving joint financing i.e. where term loan has been desired from more than one institution.
- b). Cases where Managing Director or Executive Director is satisfied of the circumstances, which prevented registration at the Branch Level (or where Branch Manager has refused to accept the application).
- c). Re-registration of the application (in such cases the applications should be registered only if it is in the prescribed form and is accompanied with the required application fee).
- d). Loan application from Non-Resident Indians (NRI).

Entrepreneurs will have the option of submitting the loan application in which the financial assistance applied for is within the powers of HO, either at HO or BO as per their convenience. Where such loan application is accepted directly at H.O. one copy of the application would be sent to the concern BO. Immediately for preliminary examination/verification.

1.1 A. The guidelines mentioned at Sub Para 'a' of Para 1.4 of Chapter LA-2 of PG might also be followed while accepting loan application at HO.

1.2. The date of receipt of application in Head Office should be the date of registration of application, except in cases (a) (b) (c) & (d) above where the date of receipt of application fee should be taken as the date of registration.

1.3. All applications registered in HO should be assigned distinct registration number according to the amount of loan applied for and the constitution of the applicant concerned and records in prescribed register (R-I).

1.4. Separate register of application received (R-I) should also be maintained for following Categories of applications.

LA-1: Application under General Loan Scheme from Proprietorship, Partnership concern and Trust etc.

LA-2: Applications under General Loan Scheme from Private/Public Ltd. Companies & Cooperative Societies.

LA-3: Applications under Transport Scheme

LA-4: Applications under Soft Loan Scheme (Not in operation now)

LA-5: Applications under Hotel & Tourism related Schemes

LA-6: Applications under DG Set Loan Scheme

LA-7: Applications under Seed Capital Assistance Scheme

LA-8: Applications under Modernisation Scheme

LA-9: Applications for approval of Scheme in Self financing cases

Loan Section can assign different/more groups/Number as per convenience.

PART - II PROCESSING

CATEGORIES OF PROCESSING

2.1. Case registered in the Head Office will be of following two types :

- a). Branch Level Processing Cases' i.e.- cases where detailed processing has already been carried out at Branch Level and thereafter proposals have been forwarded to H.O. for sanction. (As per present scheme of delegation, Transport Loan Cases are to be processed in detail at Branch Level).
- b). Head Office Level Processing Cases, cases received in H.O. from Branches or directly where detailed processing is to be carried out in Head Office (i.e. cases of loan assistance of more than Rs.50.00 lacs in Jodhpur Western Zone and more than Rs.30.00 Lac in rest of the State).

ACTION REGARDING BRANCH LEVEL PROCESSING CASES

2.2. Detailed processing of such cases should have already been done in the Branch.

2.3. For transport and DG Set loan the concerned Dy.Manager/Asstt will put up application proposals. Managers to the sanctioning authority through the concerned Manager (Loans & DGM (Loans).

Notes: It is to be ensured that such applications are sanctioned or decided otherwise (or concerned Branch/applicant are advised of the deficiencies) within one month from the date of registration in Head Office.

PROCESSING OF HEAD OFFICE LEVEL CASES

2.4. Immediately after registration, Dy. will assign the loan cases to a particular Appraisal Group. General Manager (Loans) as per standing arrangement made in this behalf.

2.5. The concerned Appraisal Group will examine the case at the earliest and prepare a note on key factors(NKF)/PCC Key note (in the prescribed Performa)

2.6. NKF/PCC Key note shall be put up by the Appraisal Group before the project Clearance Committee (PCC) which would meet every Wednesday (unless otherwise decided) procedure for putting up the case before PCC has been described hereinafter in Para 2.7 to 2.11.

PROJECT CLEARANCE COMMITTEE (PCC)

2.7. This Committee shall consist of

- a). Chairman & Managing Director Chairman
- b). Executive Director
- c). All General Managers
- d). Dy. General Manager (Loans-I) Congener
- e). Dy. General Manager (Loans-II)
- f). Manager (I/C) of Entrepreneurs Guidance Cell

Note: Any other officer as may be considered necessary by the CMD may also be associated for deliberations in the PCC.

2.8. The Committee shall meet (unless otherwise notified) on every Monday at 2.30 p.m. in the Board Room. If any Wednesday happens to be a holiday, the meeting shall take place on the following working day.

2.9. Every individual loan case, except Modernisation/expansion over run and cases covered under the Equipment Refinance Scheme will be put up along with NKF (Note on Key Factors) to PCC within two weeks latest from the date of registration of application.

2.10. The PCC shall consider NKF to examine the following key issues:-

- a). Promoter's background, experience and financial standing.
- b). Priority and importance of the project.

- c). Scope of the industry.
- d). Overall technical feasibility of the project and the economic size of the project.
- e). Suitability of the location and selection of plant supplier.
- f). Earlier experience of the Corporation with similar projects.

2.11. Decision taken at the meeting shall be recorded in the loan file itself to ensure proper follow-up action.

DETAILED PROCESSING

2.12. After clearance by PCC and having determined key issues detailed processing of the case shall be taken up by Appraisal Group keeping in view the guidelines/norms of appraisal laid down by the Corporation.

2.13. A detailed letter would be sent to promoters intimating additional information/details/clarification, if any, needed for purpose of appraisal date for discussions with promoter will also be indicated.

CALLING OF ENTREPRENEURS/PARTIES TO HEAD OFFICE

With streamlining of procedures & considerable delegation/decentralization now introduced, it is expected that parties would not have to chase up their cases in the HO. Still at times such visits by the party would be necessary. For such occasions, following procedure should be adopted: -

- a). Decision to call a party would be taken not below the level of Manager, date and time and the name of the officers with whom the party is required to meet, should be clearly indicated in the letter of intimation (This letter should reach the party sufficiently in advance of the date fixed for the meeting.

It must be ensured that concerned officer is available for discussions with the party on the appointed date and time.

After discussions with the party, a brief note should be recorded on the concerned file.

- b). If the party visits on its own, mentioned should be made on the note sheet of the concerned file that the party (or its representative) had called. Also brief note on the discussions held should be recorded and kept on the file.

- c). If the discussions are inconclusive, or if the party has still to furnish certain documents/information, a list of such information/documents due from the party should be drawn. A copy of the list should be handed over to the party immediately after the meeting and the other copy should be kept in the concerned file.

2.14. All communications to party would be made on behalf of project Appraisal Group. Similarly, discussions with the party would also be on behalf of Appraisal Group (not on behalf of Technical or Loans officers separately). Normally not more than 2 such meetings should be necessary.

2.15. At this stage reference would also be made to Law Section about the examination of documents relating to title/constitution etc.

2.16. To have proper record and to monitor the progress of appraisal of the case "Requirement Sheet" (in prescribed format) would be maintained for every case. This must be kept up-to-date where the information/documents required from the concern should be noted down and when these are received the date of receipt should be indicated against them. Date of visit of representative of the concern should also be recorded on the sheet.

2.17. Recording of routine notes on note-sheet file should be avoided. Facts recorded in appraisal sheet should not be repeated or duplicated on note-sheet.

SIMULTANEOUS APPRAISAL WITH BANKS

2.1. With a view to secure simultaneous association of bankers in considering grant of working capital limits to the loans, following procedure should be followed :-

- a). At the time of receipt of loan application, the name of the Commercial Bank of the applicant's choice from which they intend to obtain working capital finance, will be obtained.

- b). After tentative clearance of the project by PCC as the case may be, a letter will be issued to the entrepreneur advising him to contact the concerned Branch Manager of the Commercial Bank for obtaining working capital finance (in prescribed format).
- c). A letter to the Branch Manager of (he concerned Bank along with a copy of the scheme as submitted by the entrepreneur a small note containing preliminary assessment of the project and the recommendations of PCC requesting him to consider the request of entrepreneur, will be sent. An endorsement of such letter shall also be made to the Regional Office of the Bank (in pre scribed format)
- d). By the time the assurance letter from the Branch Manager of the Bank regarding grant of working capital limit is received, a final appraisal note for grant of term loan should be ready to be placed before the competent authority for sanction/consideration.
- e). e) it should be ensured that no proposal is placed before competent authority unless the assurance in each individual case has been received from the Branch manager of the concerned Bank regarding working capital finance.
- f). After receipt of assurance letter from the Bank the proposal will be placed before the competent authority for sanction/consideration.
- g). After sanction of loan by the Corporation, a letter along with a final appraisal note shall again be issued to the Branch Manager of the concerned Bank for working capital finance required by the applicant for commencing production on the projected line. A copy of this letter will also be endorsed to the regional office of the Bank (in prescribed format).
- h). The Corporation shall, not dispute the assessment made by the bank in regard to the working capital finance to the unit.

Note: However, while appraising the loan case, entrepreneur should be asked whether he is interested to avail bridge loan facilities for working capital from the

Corporation and if so, application form should be provided to him. In case, he is not interested to avail bridge loan from the Corporation, a letter should be obtained from the party in this regard and the following procedure for simultaneous appraisal with banks should be initiated.

PREPARATION OF PROPOSAL

2.19. After processing of application is complete and the case is considered worth financing the proposal (in prescribed format) for industrial loans, for DG Set loans should be finalised by the Appraisal Group in consultation with the Dy.General Manager (Loans) / Manager (Loans) and thereafter, the same be put up before General Manager for approval and thereafter, the same be put up before PCC for consideration and recommendation. While placing the appraised case before the PCC for its consideration, a separate note showing the compliance of PCC decision should also be placed. After clearance/recommendation of case from PCC, the same is put up before the competent authority for sanction.

2.20. After the proposal has been approved from General Manager for placing the same before PCC, it should be got photocopied for having following no. Copies:-

- a). 15, where the sanctioning authority is General Manager/ED/CMD.
- b). 25, where the sanctioning authority is Executive Committee/ Board.

Note: - The following time frame has been prescribed for the disposal of loan application:

- i). In principal clearance of the applications within a week of receipt of the application
- ii). The loan application will be disposed-of/sanctioned within a period of 30 days from the date when the entrepreneur makes basic required information available.
- iii). In any case, the disposal of case should not exceed 60 days.

iv). The delayed cases shall be reported to the CMD on monthly basis giving reasons for delay.

With a view to ensure compliance of the above guidelines, following action would need to be taken:

- a). At the time of receipt of loan application, the officers concerned should ensure that basic information's/documents are available and the same should be discussed with the applicant.
- b). The deficiency letter conveying the requirement of the Corporation should be issued after due examination of the file in a manner that the entire requirements are conveyed in one go.

3.1 A. The powers of sanctioning loan by various authorities at HO are enhanced as under:

1. General Manager (Loans)	i). Upto Rs.50.00 Lac
2. Executive Director	ii). UptoRs. 100.00 Lac
3. chairman and managing director	i). upto Rs.200.00 Lac ii). DG set Loan Scheme-Full powers. iii). Equipment Refinance Scheme-Full powers. iv). Single Window Scheme Loan Upto Rs.200.00 Lac v). Cost over run upto 20% of the sanctioned loan by EC/board (without changing margin of security). Joint finance cases, appraised by RIICO/All India financial Institution/Nationalised Banks Full powers.
4. Executive Committee	i). Ful powers for loan above Rs. 200.00 Lac (Except joint finance cases)
5. Board	i). joint finance cases appraised by the corporation.

NOTE

1. The competent authority as per the recommendations of PCC would sanction the loan cases/proposals at HO level.

2. The sanctioning authority under whose jurisdiction total accommodation falls i.e. outstanding against existing loan proposed loan might sanction further loan cases.

3.1B. Sanctioning authority in respect of self-finance cases for sanction of sales tax incentive scheme

Cases beyond the limit of Rs.50.00 Lac HO Loans Section (eligible fixed capital investment) as under;

1. Competent authority for approval upto Rs. 1.00 Crore	Executive Director
2. Beyond Rs. 1.00 Crore	CMD

3.2. The concerned appraisal team would put up the proposals (a copy of which should be signed by the members of appraisal team) through DGM (Loans) for obtaining orders for sanction of loan before General Manager (Loans)/Executive Director/CMD, who would pass the orders for sanction on the note sheet file of the case.

3.3. Where the sanctioning authority is Executive Committee/Board, 25 Nos. copies of finalised proposal along with enclosure would be sent to the Secretarial Branch for circulation of agenda notes before Board/Executive committee. On the receipt of minutes of meeting, the Board/Executive Committee, abstract of minutes relating to a particular case would be filed in the loan file, which would deem to be order of the sanctioning authority.

COMMUNICATION OF SANCTION

3.4. The sanction of loan would be conveyed to the applicant in following forms :

- a). Industrial Loans (In prescribed format) (along with prescribed Schedule).
- b). Transport Loans(In prescribed format)
- c). DG Set loans (In prescribed format)

3.5. Copy of the sanction letter should be sent to each of the following:

- A. Where disbursement is to be made from H.O. :
 - i). Concerned Branch Manager (With one copies of loan proposals).
 - ii). General Manager - Looking after disbursement (with one copy of loan proposal).
 - iii). General Manager (Finance (with one copy of loan proposal).
 - iv). Deputy Manager (subsidy (with copy of proposal where the subsidy is to be sanctioned by SLC).
 - v). Dy. General Manager(R) with one copy of loan proposal
- B. Where disbursement is made by the Branch Office ;
 - i). concerned Branch Manager (with duplicate loan file)
 - ii). General Manager(Finance) (with one copy of loan proposal)
 - iii). Dy. Manager(Subsidy) (with copy of loan proposal and scheme where subsidy is to be sanctioned by SLC)

Notes

- i). In category 'B' cases, the duplicate loan file along with one copy of the proposal should be returned to the concerned Manager Branch and original file along with the note-sheet shall be retained in the loans section.

CASES CLOSED/REJECTED;

3.6. In cases where applications need to be closed on account of non-interest of the entrepreneurs in pursuing their cases or where the corporation does not favour grant of loan to the applicant, orders on decision to this effect should be obtained in the note-sheet of the loan file.

3.7. The decisions should be conveyed in the prescribed form (suggested model drafts are given), depending upon the reasons for closure/rejection with a copy to concerned branch Manager. The loan file should be retained in the Loans Section for a period of 3 months and there after sent to Record Room.

RECORD OF SANCTION;

3.8. The final disposal of every application shall invariably be recorded in Register of Applications disposed of (Register No.R-4)

3.9. Entry about final disposal should also be made in the Register of Applications received colomun No. 13 & 14 of Register No.R-IA & IB)

3.10. Record of all sanctions is to be maintained in Register of Sanctions (Register No. R-2 & 2A).

3.11. Separate Register for sanctions should also be maintained for the following types of sanctions :

a).	Corporations loan cases	Printed
b).	Transport loan cases	-do-
c).	DG Set loan cases	-do-
d).	Seed Capital	Non printed
e).	Loan against subsidy	-do-

3.12. While making entries in Register of Sanctions (No.R-2) particular care should be taken that the entries are made correctly and all the columns are filled in. In this connection guidelines indicated at Para 3.9 to 3.12 of Chapter LA-2 should be followed strictly.

PART - IV POST SANCTION

CONFIRMATION OF TERMS AND CONDITIONS:-

4.1. Processing charges should be collected from the borrowers before issue of sanction of loan by sending a letter showing intention of the Corporation for sanction of the loan. The processing charges would be deposited by the borrower preferably within one month from the date of issue of the letter of intention of sanction. However, in case the borrower fails to deposite the same, even after a lapse of three months time, action for cancellation of loan be initiated.

4.2. The rates of processing charges, its accounting procedure etc. has been explained at para 4.4 of chapter LA-2.

4.3. The loan file, soon after sanction of loan, is to be sent to Branch Office in case of Branch disbursement cases and in HO disbursement cases to the Law Section, where execution of loan documents shall take place and thereafter disbursement is to be made from Head Office.

4.4. For cases where disbursement is to be made from Head Office, the confirmation of terms and conditions is to be watched in the Law Section.

4.5. Processing charges, which are generally remitted by the applicant by Demand Draft/Cheque, when received from the concern should be sent to Accounts Section and a copy of intimation should be kept in loan file by Loan Section.

4.6. Along with Letter of Confirmation of terms and conditions, the applicants are also required to furnish schedule of implementation of the project to the disbursing authority in two copies. One copy should be retained in the loan file while the. other copy should be sent to Dy. General Manager (Finance) to enable him to plan resources for disbursement.

4.7. 4.7 In those cases, where instead of confirming terms and conditions the party has requested for modifications/deletion/amendment in the terms and conditions, the matter should be dealt with promptly and decision should be conveyed after obtaining the orders of sanctioning authority/managing Director where amendment/Modification/deletion is necessary.

4.8. 4.8 Where no confirmation is received within a period of 30 days, a formal reminder (in prescribed Performa) should be issued to the concern which should be followed by another registered reminder after 15 days. If confirmation of terms and conditions is not received despite the reminders, the case should be put up for cancellation of sanction.

BRANCH LEVEL DISBURSEMENT CASES:

4.9. EXTENSION IN TIME FOR DOCUMENTATION:

i). The loanees are required to execute the loan documents within a period of 6 months from the date of sanction, unless otherwise extended. Certain powers have been delegated to Branches/Regional Offices to extend time limit. Cases forwarded by Branches for extension in time limit beyond the delegated authority would be considered in loan sections.

ii). Such cases would be dealt with by the concerned Appraisal team (who was associated with appraisal of the case) on the loan file of the concern) which is available and maintained in Loans Section. Following are the authorities for extension of validity period of sanction irrespective of loan amount:

S.No.	Extention in the validity period of sanction(after expiry of six months)	Approving Authority
1	For extention of validity period for three months	Branch Manager
2	For extention beyond ihree months but upto six months	Gen. Manager(Loans)

3.	For extension beyond six months from the validity period	CMD

However, before considering the cases for extension or- while forwarding such cases to HO, the Branch Manager shall ensure that the processing charge has been deposited by the party. Also while forwarding such proposals to HO, the Branch Manager should indicate the valid/convincing reasons, effective steps taken by the promoters in implementation of the project, impact of time/cost over-run, if any. An intimation of the cases wherein extension is granted by the Branch Manager shall be sent to the HO, Loans Section for information and record.

iii). After obtaining orders from competent authority, written communication/or extension in time limit should be sent (in the prescribed Performa) to the party with copy to Branch concerned.

HEAD OFFICE LEVEL DISBURSEMENT CASES:

4.9 A. As soon as loan is sanctioned, the original loan file goes to Law Section. Therefore, monitoring of these sanctions including extension of time limit for execution of loan documents, would be initiated by the Dy.General Manager (Law).

4.10. While examining such request/cases care should be taken to see that:-

- a). There is no over-run in the project cost and if over-run is expected then, the applicants are agreeable to manage the additional funds out of their own sources.
- b). The concern has confirmed the terms and conditions and deposited the processing charges.
- c). The project is likely to be implemented during the period for which extension has been sought.

CANCELLATION

Full Cancellation:

4.11. Action for cancellation of loan in full will be taken in Loans Section, where the loan as been sanctioned by Head Office. The sanction can be cancelled fully in following cases:-

- a). Where the party has not deposited the processing charges in three months from the date of sanction of loan.
- b). Where the party has not confirmed the terms and conditions inspite of reminders.
- c). Where loan documents have not been executed within the validity extended period.
- d). Where the cancellation of sanction becomes necessary on account of non-fulfilment of terms and conditions of the sanction or for any other specific reasons.

4.12. For loan cases, for which disbursing authority is Branch, recommendations for cancellations of sanction should come from the Branch Manager. For Head Office level disbursement cases, action for cancellation is to be initiated on the recommendation of Project Monitoring Committee {PMC} {As described in Guidelines No. D-9}.

4.13. Action for cancellation shall be initiated on original loan file in case of Head Office level disbursement cases.

4.14. Orders for cancellation of sanction should be obtained from sanctioning authority

4.15. Intimation of cancellation of sanction should be conveyed to the concern (in prescribed Performa) with a copy to all those to whom the sanction was conveyed.

4.16. Record of cancellation should be made in the Register of Sanctions Cancelled (R-3) with endorsement in Register of Sanctions.

Part Cancellation:

4.17. Request for part cancellation would be dealt with in the Disbursement Section. However, on receipt of information from this Section, a record of cancellation should be made in the Register of Sanction Cancelled with endorsement in Register of Sanctions.

4.18. Communication of cancellation will be sent to those to whom sanction was conveyed and a copy of this letter should be kept on loan file when received from Disbursement Section.

5. Revival of sanction

Action for revival of loan cancelled may be taken depending upon merits and status of implementation pace of the case. There may be 2 types of such cases. First revival of the full amount of sanctioned loan and secondly, revival of the part amount of the loan sanctioned.

1. Head Office Level Cases

i). Full revival of sanction

a). The sanction can be restored in full by the sanctioning authority except in cases where the sanctioning authority is Executive Committee/Board. Cancellation in such type of cases may be revived by the CMD.

b). Action for revival of sanction in full may be taken in Loan section where

the loan was sanctioned by K.O. The sanction can be revived within a

period of 6 months from the date of cancellation.

c). Profitability of the project may be reconsidered taking into consideration the prevailing market rates and cost of various inputs. If required a report from the BO may be called regarding the stage of implementation of the project.

d). Cases where the disbursement is to be made from H.O. recommendation

of the PMC on request of the party for revival of the cancellation

should be put up along with the case to revive the sanction.

e). No relaxation in the conditions of the original sanction should normally be considered.

f). Overrun if any, on account of escalation will not be considered by RFC for grant of loan and will be borne by the promoter(s).

g). Intimation of revival of sanction should be conveyed to the concern with a copy of all those to whom the cancellation of sanction was conveyed.

h). Record of revival of the sanction should be made in all the registered and necessary intimation should also be conveyed to the computer in the prescribed Performa

i). The rate of interest prevailing as on date of revival will be applicable to

such type of cases.

ii). Part revival of sanction

Request for part revival of the sanction will be dealt with in the disbursement section in respect of H.O. level disbursement cases. On receipt of decision taken by the Disbursement Section in such type of cases, a record of the revival will be made in the register of sanction and cancellation.

(As per O&M 497 dated 7.12.98, further financial assistance-under this, scheme is not to be considered till further orders)

PROJECT APPRAISAL: NORMS

"Project Appraisal" is basically an art. Though the basic constituents of appraisal are fairly well known a good appraisal officer can not only identify weakness in a project but can also play an important and constructive role by suggesting ways and means to improve the viability of project. Although the extent of indepthness of appraisal depends very much on the size of the project as well as the extent of our assistance (so far as RFC is concerned), the basic parameters of appraisal remain more or less the same. Appraisal Officers are well aware of the techniques of appraisal. The idea here is to highlight the key parameters of appraisal and consolidate important instructions having direct bearing on Project Appraisal.

PART-I: PRIMA FACIE ELIGIBILITY

1.1. To see that our time is not wasted unnecessarily on a case which ultimately may not be cleared, the Appraisal Officer is first required to segregate those cases which are prima-facie not eligible for financial assistance. The Appraisal Officer should first satisfy himself:-

- Whether the applicant is an industrial concern as defined under section 2(c) of the SFCs Act.
- Whether the application in any way attracts restrictive provisions of SFCs Act
- Whether industry is not to be encouraged within the frame work of Corporation's financing.
- Whether the project is eligible for refinance.
- Promoters is not black listed as per details given in schedule.

WHAT IS AN INDUSTRIAL CONCERN:

1.2. Section 2(c) of SFCs Act, 1951 (As amended by SFCs (Amendment) Act, 2000) which define industrial concern' is reproduced below :-

"Industrial concern" means any concern engaged or to be engaged in" :-

- i). the manufacture, preservation or processing of goods;
- ii). mining or development of mines;
- iii). the hotel industry;
- iv). the transport of passengers or goods by road or by water (or by air or by rope way or by lift);
- v). the generation or distribution of electricity or any other form of power;
- vi). the maintenance, repair, testing or servicing of machinery of any description or vehicles or vessels or motor boats or trailers or tractors; public call office (Telephone facility of STD/PCO/Local calls) FAX machine;
- vii). assembling, repairing or packing any article with the aid of machinery or power;
- viii). the setting up or development of an industrial area or industrial estate;
- ix). fishing or providing shore facilities for fishing or maintenance thereof;
- x). providing weigh bridge facilities;
- xi). providing engineering, technical, financial, management, marketing or other services or facilities for industry;
- xii). providing medical, health or other allied services;
- xiii). providing software or hardware services relating to information technology, telecommunications or electronics including satellite linkage and audio or visual cable communication;
- xiv). Setting up or development of tourism related facilities including amusement parks, onvention centres, restaurants, travel and transport (including those at airports), tourist service agencies and guidance and counseling services to the tourists;

- xv). Construction;
- xvi). Development, maintenance and construction of roads;
- xvii). Providing commercial complex facilities and community centres including conference halls;
- xviii). Floriculture;
- xix). Tissue culture, fish culture, poultry fanning, breeding and hatcheries;
- xx). Service industry, such as altering, ornamenting, polishing finishing, oiling washing, cleaning or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal;
- xxi). Research and development of any concept technology, design, process or product whether in relation to any of the matters aforesaid, including any activities approved by the Small Industries Bank; or
- xxii). Such other activity as may be approved by the Small Industries Bank;.

Explanation :

- i). The expression "processing of goods" includes any art or process for producing, preparing or making an article by subjecting any material to a manual, mechanical chemical, electrical or any other like operation:
- ii). If any doubt arises as to whether a concern is an industrial concern or not, the same shall be referred to the (Small Industries Bank) for its decision and the decision of the Small Industries Bank Thereon shall be final.

1-3. The SIDBI has approved following activities as industrial activities in terms of Section 2(c)(xxii) of SCFs Act:-

- i). financing of construction of commercial complexes, show rooms and sales outlets independent of hotel business.
- ii). financing of cost of establishment of departmental stores, shopping malls and tourist homes.

The items/activities displayed or kept for sale in showrooms, sales outlets, departmental stores, shopping malls will not be permitted for financing unless they are industrial equipment.

iii). Setting up of vocational training centers for imparting technical knowledge to the entrepreneurs for setting up and running the units efficiently and produce quality goods. Setting up of technical institutions such as schools, colleges etc. remain outside the purview of definition of industrial concern and hence are not permitted for financing by SFCs.

iv). Financing of vehicles is permitted only when the vehicles form part of the original cost of an industrial concern. The acquisition of vehicles by industrial concerns after the scheme has been implemented or by professionals like doctors, lawyers, engineers, architects for their personal use for discharging their services would continue to remain outside the purview of definition of industrial concern.

1.4. Business which SFCs may transact (Section 25).

As per Section 25(1) of SFCs Act, 1951 (as amended vide SFCs (Amendment) Act, 2000)

Following kinds of business can be carried out by SFC:

- a). Guaranteeing, on such terms and conditions as may be agreed upon,
 - i). loans raised by industrial concerns which are repayable within a period not exceeding twenty years, and are floated in the public market;
 - ii). loans raised by industrial concerns from scheduled banks or State Cooperative Banks or other financial institutions;
- b). guaranteeing, on such terms and conditions as may be agreed upon, deferred payments due from any industrial concern in connection with its purchase of capital goods within India;

- c). underwriting of the issue of stock, shares, bonds or debentures by industrial concerns;
- d). transferring for consideration any instruments relating to loans and advances granted by it to industrial concerns;
- e). acting as agent of the Central Government or the State Government or the Development Bank or the Small Industries Bank or the IFCI Limited formed and registered under the Companies Act, 1956, or any other financial institution notified in this behalf by the Central Government in respect of any matter connected with, or arising out of, the grant of loans or advances to an industrial concern, or subscription to debentures of an industrial concern or relating to the business of the Development Bank, Small Industries Bank, IFCI Limited or financial institution;
- f). subscribing to, or purchasing of, the stock, shares, bonds or debentures of an industrial concern or any other concern;
- g). retaining as part of its assets any stock, shares, bonds or debentures which it may acquire by subscription or in fulfillment of its underwriting liabilities and disposing of the stock, shares, bonds or debentures so acquired;
- h). granting loans or advances to, or subscribing to debentures of, an industrial concern, repayable within a period not exceeding twenty years from the date on which they are granted or subscribed to, as the case may be:

Provided that the Financial Corporation may, with the prior approval of the Small Industries Bank, exceed the said limit of twenty years up to a further period of ten Years;

Provided further that nothing contained in this clause shall be deemed to preclude the Financial Corporation from granting loans or advances to, or subscribing to debentures of, and industrial concern to which may be attached an option to convert such debentures or loans into stock or shares of the industrial concern;

Provided also that the Financial Corporation may , in the exercise of such option, convert the amounts outstanding on such debentures or loans into stock or shares of the industrial concern if such concern increases its subscribed capital by the issue of further stock or shares in accordance with the subject to, the provisions of s.81 of the Companies Act, 1956.

Explanation: In this clause, the expression "the amounts outstanding on such debentures or loans" shall mean the principal, interest and other charges payable on such debentures or loans as at the time when the amounts are sought to be converted into stock or shares;

- i). accepting or discounting promissory notes and bills of exchange made, drawn, accepted or endorsed by industrial concerns or by any person selling capital goods manufactured by one industrial concern to another industrial concern;
- j). undertaking research and surveys for evaluating or dealing with marketing or investments or undertaking and carrying on techno-economic studies or other activities in connection with the development of any industry;
- k). providing technical and administrative assistance to any industrial concern or any person for the promotion, management or expansion of any industry;
- l). planning and assisting in the promotion and development of industries;
- m). providing consultancy and merchant banking services;
- n). acting as the trustee for the holders of debentures or other securities;
- o). leasing, sub-leasing or giving on hire or hire-purchase of industrial plant, equipment, machinery or any other asset;
- p). factoring;
- q). providing export related credit and services;
- r). undertaking money market related activities;
- s). setting up of mutual funds and undertaking asset management activity;

- t). promoting, forming or conducting or assisting in the promotion, formation, or conduct of companies, subsidiaries, societies, trusts or such other associations of persons as it may deem fit;
- u). opening or confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn there under:
- v). doing such other business as the Small Industries Bank may authorise, and or generally the doing of such acts and things as may be incidental to or consequential upon, the exercise of its powers or the discharge of its duties under this Act.

RESTRICTIVE PROVISIONS OF SFCs ACT.

1.5. SFCs Act lays down following restrictions with regard to grant of financial assistance:-

- i). Assistance (existing outstanding and proposed) under following arrangements should not exceed Rs.500 lacs in the case of companies and Rs.200 lacs in case of other concerns. This is however subject to the approval of IDBI/SIDBI from time to time.
 - a). Loans advances; (25 (1) (h)
 - b). Deferred payment guarantee; (25 (1) (b))
 - c). Seed Capital Assistance;
 - d). Under-writing arrangements; (25 (1) (c))
 - e). Loans guaranteed (25 (1) (q))
- ii). Grant of loans or advance on security of shares of RFC. ((28(1) (c))
- iii). Grant any form of assistance to any industrial concern in respect of which the aggregate of the paid-up share capital and free reserves exceeds ten crores of rupees or such higher amount not exceeding thirty crores of rupees as the State Government on the recommendation of SIDBI may by notification official gazette, specify. (28(1) (
 - d))
- iv). To enter into any kind of business with any industrial concern of which any of the directors of the Financial Corporation is a proprietor, partner, director, manager, agent, employee or guarantor, or in which one or more directors of the Financial Corporation together hold substantial interest: (Sec.28(2))

Explanation : "Substantial interest" in relation to an industrial concern means the beneficial interest held by one or more of the directors of the Financial Corporation or by any relative (as defined in clause (41) of section 2 of the Companies Act, 1956) of such director whether single or taken together, in the shares of the industrial concern the aggregate amount paid-up on which either exceeds five lakhs of rupees or five per cent, of the paid-up share capital of the industrial concern, whichever is less.

RFC POLICY REGARDING INDUSTRIES TO BE DISCOURAGED:

1.6. From time to time Corporation has been taking policy decisions regarding financial

assistance to specified industries either with a view to encourage them or to discourage

their growth keeping in view the growth of such industries already in existence.

such Industries can be classified in following two categories:-

- i). Industries banned for registration by industries Department/ DCSSI as specified in schedule LAS 1/5 A and 1/5 B.
- ii). Industries specified by the Corporation in schedule LAS 1/6A. Industries specified by RFC:

1.7. RFC at its own has been conducting its own studies on some selected industries, and keeping in view their performance and dealings has been laying down its policy regarding grant of further financial assistance to such units. Schedule 1/6 A & B contains the list and policy of RFC in these selected industries.

The policy, procedures and guidelines narrated for each of the industries should be followed strictly.

INDUSTRIES NOT ELIGIBLE FOR REFINANCE:

1.8. Although eligibility of refinance is not an essential condition for grant of loan, RFC can still afford to finance projects without refinance. Therefore, if any project is prima-facie not found eligible for refinance, financial assistance for such a project should not be considered unless otherwise decided by the Corporation.

1.9. Therefore, before proceeding for detailed appraisal of a project it should be thoroughly examined whether the project or the concern is eligible for assistance prima facie keeping in view the provisions explained above. In case of doubt the Branch Manager/Deputy General Manager (Region) can make a reference in Head Office to Dy.General Manager(Loans)/ GM(Loans) who would seek necessary advice from appropriate authority and convey the financial advice. In Head Office also the officers concerned with appraisal should consult the Dy.General Manager (Loans)/GM (Loans) in case of any doubt.

PART- II DETAILED APPRAISAL

2.1. Once it has been decided that prima facie the project is eligible for consideration of financial assistance from RFC, detailed appraisal should be taken up. The procedures to be observed in appraising the case are discussed in the following paras:-

While different authorities may adopt different terminology and sequences for formulating appraisal criteria; the following constitute the main aspects to be looked into in any case to complete the appraisal:-

1. Management & Organisational set-up
2. Technical feasibility
3. Cost of Project
4. Sources of Finance
5. Market & scope
6. Cost of Production & profitability
7. Social Economic Viability

The methodology to be followed/adopted in and importance of each of above aspects are therefore outlined below:-

MAN AGEMENT & ORGANISATIONAL SET UP:

2.2. Man makes a project and he operates it. The success of a project, therefore, depends largely on the man behind it. A bad project cannot be made good but a good project can be badly managed. Therefore, while processing the project one should lay considerable stress on the cotrqweneurial and managerial aspects of the project.

Usually following methods are employed in assessment of managerial attributes:-

1. Personal interview/discussions with promoters
2. Record of their past performance
3. Confidential report on the past dealings
4. Organisational set up.

Personal Interview:

2.3. Personal interview/discussion with the promoter gives adequate material to assess the resourcefulness, the managerial capability, integrity and above all the extent of interest of the promoter in the project. His outlook, his attitude towards risk taking, his temperament-initiative- drive and adaptability, his knowledge and experience and his personality also would throw light on his successfully implementing the project. The form of IPC/PCC should, therefore, be extensively used in assessing this aspect. The promoters should be associated during detailed discussions on the project also.

2.4. Past Performance :

i). In the case of promoters already engaged in trade and industry, the record of their past performance as indicated in their financial statements of accounts provide a reasonable guide. With this end in view, it has been prescribed to collect the following documents from entrepreneurs:-

1. Balance-Sheet and profit & loss Account of the concern in which promoters are interested as proprietor/partner/ directors (for atleast 3 years).
2. Balance-sheet and Profit & Loss Account of applicant concern, if already in existence.
3. Income tax assessment orders (or copies of return filed) of the promoters and persons who propose to contribute to the capital.
4. "Details of networth of the promoters in the prescribed format.
5. Affidavit on the financial assistance obtained by the promoters) from other financial institutions.
6. Details of immovable properties acquired by the promoter(s) along with copies of legally admissible documents of the title on the basis of which ownership has been claimed.

ii). The analysis of Balance-sheet(s) of sister concern should be made in prescribed Form While examining the balance-sheet the trend in turn-over, profits, cash accruals, formation of capital and reserves, withdrawal of funds loans and advances should be looked into with care, depending upon the interest of the promoters in the concern. The promoters are deemed to be responsible for sickness of existing unit should not have any involvement directly or indirectly in supporting/ assisting other unit promoted by the same promoter, except in special circumstance.

iii). In the case of an existing concern whether assisted earlier or not, its past performance for atleast 3 years should be examined in detail (in prescribed form. This analysis would not only explain the trend and prospect of a particular project but would also reveal how the project is being managed and what has been the extent of interest of the promoters in it.

iv). The intention behind asking for the copies of income tax assessment orders is basically to examine the means of the promoters to bring in the required contribution. In order to assess the resource position of the promoters particulars of Income Tax assessed of main promoters should be examined and details should be tabulated in the following form:

1. Name of the promoters
2. Assessment year
3. Income tax assessed/returned
4. Tax paid

Many a times it happens that the Income tax assessment order does not reveal sufficient funds. In such a situation if the appraisal officer has any doubt on the capability of promoters to manage the required contribution, stipulation of suitable stringent condition for disbursement of our assistance subject to availability of contribution of promoters can be considered.

2.5(i) Confidential report on the past dealings of the promoters from the bankers are widely used and has been found to be helpful. It is worth-while to mention here that the banks while reporting on the means of the promoters use code words like fair, good, large etc. These words imply monitory ceilings also. It has been gathered that bankers by these code words refer to the following ceiling:-

Code	Mpans (in RS.)
Very small	1,000 to 5,000
Small	5,000 to 10,000
Small to Moderate	10,000 to 25,000
Moderate	25,000 to 50,000
Moderate to Fair	50,000 to 1, 00,000

Fair	1, 00,000 to 2, 00,000
Fairly Good	2, 00,000 to 3, 00,000
Fairly Good to Good	3, 00,000 to 5, 00,000
Good	5, 00,000 to 10, 00,000
Very Good	10, 00,000 to 20, 00,000
Large	Above RS, 20, 00, 000

For an entrepreneur who proposes to take up a project for the first time, bankers report may not be forthcoming, in such cases report from good borrowers of the Corporation, or concern/persons considered respectable (excluding the Officers of the Industries department & the Corporation) in the opinion of the appraisal Officer can be relied upon.

2.5(ii). In case the promoters have some association with any of the concerns assisted by the Corporation, the performance of this concern and its dealings with the Corporation should be looked into invariably. It has been decided that no further financial assistance should be sanctioned to existing financed units who have been granted reschedulement during preceding one year. However, if further financial assistance is considered before expiry of one year from the date of reschedulement then borrower should be advised to clear the entire overdues on the basis of original schedule of repayment.

Similarly financial assistance to new units which are sister concerns of existing defaulter units should be considered only when the entire overdues against the existing sister concerns are first cleared fully.

2.5(iii). Financial assistance will not be considered to the persons who have tried to cheat the corporation by submitting loan application in false name and or by submitting forged documents, etc. A list containing particulars of such persons is available in schedule 1/7 (B).

Organisational set up:

2.6 In the context of present day management it is not only the competence of the promoters but also the quality and set up of the organisation which plays an important role in successful operation of the project. This aspect assumes great significance in the case of larger projects. It should be examined whether the promoters have necessary technical background and experience in the line; if not, arrangements made for recruitment of technical personnel having experience in the line should be inquired into. In case where success of it would so require the corporation would insist on appointment of suitable technical persons before disbursements of our loan.

Similarly, it should also be ascertained as to who will be the Chief Executive of the concern to look-after the day-to-day affairs. In case of companies, possibilities of broad basing the Board of Directors by including experts in relevant line should also be examined and if necessary suitable condition should be stipulated.

TECHNICAL ASPECTS:

2.7. The technical aspects of a project involve :-

- i). Suitability of location & Pollution Control.
- ii). Adequacy of land and building.
- iii). Capacity and usefulness of plant & machinery.
- iv). Feasibility of the technical process.
- v). Arrangement for technical know-how
- vi). Availability of raw materials and other utilities.
- vii). Availability of power.
- viii). The product.
- ix). The capacity.

The Location :

2.8(a). The location of a project should be suitable in relation to the sources and adequate availability of the raw materials, water, power, transport and communication facilities, skilled labour and also in relation to the markets to be served by the project.

In case of projects to be set up in rented premises inspection of the building should invariably be carried out to ensure availability, suitability and adequacy of the buildings proposed to be taken on rent. Discussion with the owner of the buildings should also be held at the time of visit.

Similarly in the case of units being set up at places other than developed industrial areas, the site of the land should also be inspected with a view to examine its suitability with regard to availability of infrastructure and local constraints (drainage, water level, surface level etc). The appraisal officer of Branch level before finalising the proposal or sending the case to Head Office should record his view in this regard in the proposal/forwarding note.

No financial assistance would be considered to the industries which are setup on the land allotted by panchyat under Rule 271 and 267 of the Rajasthan Panchyat (General) Rules, 1961. However, financial assistance to the industries which are set up on the land allotted by UIT/JDA/Municipality/SDOs/Distt. Collectors or by panchyats under Rule 266 of Rajasthan Panchayat (General) Rules, 1961 may be considered only, if specific permission to establish industry is granted by the authority concerned relaxing the conditions stipulated in the allotment letter/lease deed regarding use of land for residential purpose.

2.8(b). POLLUTION CONTROL

Though industrial development significantly contributes to the economic growth but at the same time we should not overlook an important fact that this progress brings along with environmental problem. Water and air pollution resulting from the discharge of effluents is, therefore required to be prevented, for not disturbing the ecological balance of the State and for keeping the public at large living in the vicinity of such industries unaffected by the likely hazards of pollution. Therefore, at the time of appraisal it is imperative to go in depth of the likely pollution by the industrial units to be set up and the measures which are proposed to be taken up for preventing the pollution. Rajasthan Board for Prevention & Control of Pollution (RPCB) is the agency responsible for checking pollution in the State of Rajasthan and has already evolved certain procedure for obtaining approval for site from environmental considerations and has also suggested certain pollution control measures for polluting industries.

Apart from this RFC with the consultation of Industries Department and Rajasthan Board for Prevention and Control of Pollution (RBPC) has evolved following guidelines which are to be followed strictly while considering financial assistance from the angle of pollution control:

- i). The application/ cases relating to the product covered under Red Category (given in schedule LAS 1/6 (c)) of RPCB should be examined/ processed only if the promoters/ company obtains consent to establish from the RPCB and it should be valid for next one year time or at least for the period of implementation of the project/ up till the date of commencement of commercial production envisaged in the project.
- ii). The application/ cases having projects/ activities covered under both Red and Orange category then the proposal for orange category should be considered for finance with the condition that the company shall not undertake any activity covered under Red Category unless it has consent to establish from RPCB for such product as mentioned above in (i).
- iii). Loan application for the activity covered under "Orange" category (Given in schedule LAS 1/6 (d)) may be processed as usual with the condition that the company shall obtain consent to establish before execution of loan documents and also with an undertaking to be obtained that the concern/ company shall get it renewed/ revalidated time to time and keep it valid during the currency of loan.
- iv). In the cases falling under "Other category" , condition of furnishing an undertaking stating that the NOC/ consent to establish will be obtained under the law has to be stipulated.
- v). However, RPCB has exempted for obtaining NOC/ Consent to Establish/ Consent to Operate in certain tiny and small scale industries. A list is given in Schedule LAS 1/6(E) provided these industries fulfill the following norms:
 - a). That the number of workers in the " Industry" shall not exceed 20.

- b). All the aforesaid industries, shall not use fuel mentioned in column I in their manufacturing process or in the subsidiary process in excess of the quantity mentioned in column 2.
- c). The aforesaid industries shall not use or store hazardous chemicals given under the Hazardous Waste (Management & Handling) Rules, 1989 and Manufacture, Storage and Import of Hazardous Chemicals, Rules, 1989.
- d). The industries shall conform to the land use classification made by the competent authority.

Land & Buildings:

2.9. The availability of land has to be examined keeping in view reasonable requirement of holding with allowance for probable future expansion and also the site development

requirements. Soil test and the load bearing capacity have also to be ascertained in the case of industries.

The factory buildings should be appropriate for the layout plan for machinery and godowns for the stocks to be maintained. Amenities for the labour necessary under Factories Act should also be provided for. Reasonable requirement for administrative and office building should also be considered. The PWD scheduled rates provide a basis for adopting reasonable estimate for the cost of buildings.

Where assistance is required for acquisition of land/shed as referred to in para 1.10 (iv) above, following guidelines should also be observed:

- a). Proposals emanating from existing units which are already occupying shed in an industrial estate on rental or hire purchase basis and decide to purchase it on outright basis and from existing unit proposing to shift its activities to another industrial estate to avail of better facilities extended by such estates the units should be eligible as an industrial concern and project should be viable. The unit desirous of availing such assistance should earlier have been financed by the Corporation except in respect of self-finance cases.
- b). In case a new entrepreneur proposes to set up an industrial unit and seek assistance for acquisition of land and/or shed alone then composite proposal for project financing, including the cost of land/ or shed payable to RIICO or any other agency providing such industrial sheds should be examined. The project should other wise be eligible for financial assistance from the Corporation and should satisfy the other usual norms. The complete details of project proposals at the initial stage of assessment of their technical soundness, financial and economic viability total cost-means of financing, resources to be provided by the entrepreneurs towards plant and machinery and other components of project cost etc. should be examined.
- c). In considering proposals for outright purchase of land/or shed, the following should be considered.
 - i). Such cases irrespective of the amount of assistance would be covered under normal refinance scheme.
 - ii). In case the land or shed proposed to be acquired on outright basis has been financed by a credit institution and refinanced by IDBI/ SIDBI, a condition should be stipulated that the concerned borrower will utilise the sale proceeds for repayment of the loan refinance.
 - iii). In case of new entrepreneurs proposing to acquire land and /or shed for industrial activity, the complete project envisaged for location in the proposed shed in its entirety should be examined.
 - iv). The execution of sale deed/conveyance of the title to the property to the beneficiary entrepreneur should be with held until the project for which the land/shed was sought to be acquired is implemented.
 - v). The facility for providing assistance for outright purchase of land and /or shed alone would be confined to those located in industrial estates.

As per Industries Department Notification dt. 31.10.2001, general type of industrial units can be set up on National/State Highways leaving a distance of 100 Mtrs. from the centre point of the Highway. The boundary wall of the units can be constructed at a distance of 75 meters. The remaining 25 meters can not be utilised for industrial buildings and same can be used for plantation and other services. Permission to set up industries in highways will be accorded in accordance with above decision.

The Industries Department vide its notification dt. 23.6.1999 had stipulated norms for highly polluting industries proposed to be set in State / National Highways. The highly polluting industrial units can be set in own/ Govt. land on highways by leaving 300 meters from the centre point of the highway.

In industrial areas already developed by RIICO such norms will not be applicable. RIICO will however, develop industrial areas in future as per above guidelines only.

Plant & Machinery

2.10. The basis for the selection of machines with due regard for the prices and quality, their capacity and availability of spare parts and the delivery times have all to be considered before a decision is taken to finance the project. Detailed specifications have to be studied and the reputation, experience and records of the suppliers have to be verified. If similar plants supplied by the suppliers to other concerns are working well successful operation of the plant is reasonably ensured. The plant lay out should be helpful in efficient working and suitable for likely additions to machines. Guarantee for efficient working of the plant should be available for some reasonable period.

2.11. Acquisition of second hand machinery should be discouraged, and in any case proposals involving acquisition of second hand machinery whose cost/ capacity exceeds 25% of the total cost/ capacity of machinery proposed should not normally be entertained. However, in case old machineries are considered for finance the same margin would be retained as in the cases of new machines. A minimum of 40% margin would, however, be retained while considering assistance against old machines for the industries referred to in Schedule 1/10 of the Chapter LA of the PG in item 2 (iii). In those cases whose proposals for second hand machines are considered it should be satisfied that:

- a). The minimum life of the second hand machine should not be less than 1.5 times the period of repayment fixed by the Corporation at the time of sanctioning loans. In this regard the concern has to obtain a certificate from an independent and qualified technical person.
- b). The second hand machinery is in good condition and is capable of manufacturing the quality products smoothly.
- c). Its price is substantially lower than the price of new machinery of similar specifications.
- d). The cost likely to be incurred on its servicing and renovations is not too exorbitant and compares favourable with that of similar new machinery.
- e). The viability of the project is not disturbed adversely on account of extra cost of inputs, if any, because of consideration of old machines.
- f). The disbursement in all cases where old machineries are financed would be made only after proper valuation.
- g). The loanee to whom financial assistance on 2nd hand machinery is considered with the 25% margin should furnish collateral security in the nature of immovable property for the value equal to 50% of the loan amount sanctioned against old plant & machinery. However, collateral security should not be insisted upon in case the loan against 2nd hand machinery is considered on a margin of 50%.
- h). The guidelines issued by the IDBI/ SIDBI in this regard shall be followed at the time of considering the loan for second hand machines."

Note :

- i). Prior clearance of Head Office is necessary for proposals involving second hand machinery even if the loan to be sanctioned is within the jurisdiction of Branch/Region.
- ii). The relaxation with regard to collateral security and margin of security would not be applicable in case of second hand machinery to be imported by the borrower under any special scheme.

Manufacturing Process:

2.12. In order to examine the suitability of the selected process a study has to be made of the alternative production processes and their relative efficiency.

It has to be ensured that the technology adopted is modern. An obsolete technique will not only affect the profitability of the project but may render the entire investment ineffective. It is also advisable to find out whether units making use of the process are working well.

Technical Know-how

2.13. When the promoters of the enterprise and themselves not well qualified in the line, some arrangements for technical know-how become necessary, specially where the process involved is sophisticated. The agreement for securing the necessary expertise should provide for the production of goods of specified quality and also for penalty in case of failure.

Miscellaneous Fixed Assets:

2.14. In examining the requirements of other assets, special attention has to be given to the facilities for disposal of the effluents besides the equipment required for power and water distribution, workshop, laboratory, fire fighting etc.

Implementation Schedule:

2.15. Precise project scheduling is a must to make realistic assessment of the project cost. The preliminary and pre-operative expenses depend on the time taken in implementing the project. The schedules should be prepared keeping in view the delivery schedule of key machinery, time to be taken in construction, release of power and water connection, expected time in completion of formalities in raising loans etc. Help of Bar Chart can be taken in preparing the schedule.

Raw Materials:

2.16. The quality and the quantity of the raw materials required for the particular project, source of their availability, seasonal variations, dependency on imports, the market prices and foreign exchange requirements have to be examined to ensure that the production would not suffer and the factory would be able to work smoothly as planned. Where imported raw materials are involved, it has to be reasonably ensured that licence would be available.

Power:

2.17. "Provision of DG set in the scheme should be made in case where power requirement is reasonably more say above 25 HP or loan requirement is more than Rs.5.00 lakh. However, if promoter/entrepreneur requests for non inclusion of DG set in the scheme looking to the regular supply or adequate availability of power then same may not be insisted upon to be provided in the scheme. However, an undertaking may be obtained from the party that in case of non availability of adequate power, they will purchase DG set from their own sources and recovery of the Corporation dues would not be with held on account of that."

Products:

2.18. Proper arrangements for ensuring the right quality and size of the products are not less important than to satisfy that the projected output volume and value can reasonably be taken as achievable. Facilities for quality control and testing standards also, therefore, assume importance in some cases. In case of units going for more than the size/specification of product the rate of product mix should also be determined.

2.18(a). The State Level Committee for standardisation and Quality System has listed out 133 items/ projects for mandatory certification from Bureau of Indian Standards (BIS) as per Schedule 1/6 F. For such projects/ products a condition of furnishing an undertaking as under before execution of loan documents may be stipulated in sanction letter.

"That the concern/ company shall obtain necessary certification from Bureau of Indian Standards (BIS) for the product as per Govt. Notification/ Guidelines."

Capacity:

2.19. In working out capacity of the project, the installed capacity and licensed capacity should be clearly distinguished. While installed capacity of the unit is determined by finding out rated capacity of critical machine(S) central to the operation of the concern, the licensed capacity is a statutory ceiling for actual production. Therefore, the licensed capacity of the unit can be higher or sometime marginally lower to the installed capacity. The installed capacity should generally be expressed in physical terms for one shift working

in full year or season (in case of seasonal industry). In case of plants on continuous process, the installed capacity should be worked out to on three shifts working.

As determination of the cost of project, sources of finance and profitability depends largely on installed capacity, projections of the capacity calculations should be reasonable. It should also be assessed as to what can be capacity utilisation of the project for the purpose of working out projection of future profitability. The knowledge of capacity utilisation of similar plants operating in the area would be of significant help in this regards. The capacity utilisation should be expressed in physical terms as a percentage of installed capacity and should be gradually increased in the first three years of operations so as to provide for reasonable discounts for the loss in production on account of teething troubles, initial marketing, management and operational difficulties.

COST OF PROJECT

2.20. The aim in assessing the cost of project is to ascertain the reasonableness of the cost estimates and to see that no item which had to be included in the project as a result of technical appraisal and economic assessment has been left out and item which is not required has been included. The comparison of the cost estimates with the cost of similar project financed in the recent past and the reasons for marked variations would enable for arriving at the final figures. For the sake of convenience the total cost of project is generally broken down into following sub-heads:

a). Fixed Assets :

1. Land and site development
2. Building and other civil work
3. Plant & Machinery
4. Technical know how
5. Miscellaneous fixed assets
6. Furniture & Fixtures
7. Preliminary & Preoperative expenses
8. Contingencies

b). Working Capital Margin :

Total Cost of project (a+b)

Land:

i). The cost of land includes:-

a). Purchase prices (in case of freehold land)

b). Cost of agricultural land (if purchased for consideration) and the conversion charges paid to Government for its conversion for industrial use, provided the lease granted in favour of the applicant is atleast for twice the period of repayment of loan.

c). Development charges paid/payable to RIICO or others in case of lease-hold land).

d). Cost of stamp duty, registration charges etc. incurred at the time of acquiring the land.

e). Cost of development of land such as leveling, construction of roads, drains culverts etc.

ii). While the reasonable requirement of land is a technical aspect, in determining the cost of land, it should be kept in view that the cost of land is not unreasonably high in relation to the total cost of the project.

iii). The cost of agriculture land and development/ conversion charges should be reasonable and in any case shall not exceed the development charges charged by RIICO for allotment of land in the nearest industrial area.

iv (a). In case the land is situated in the RIICO Ind. area, the actual cost may be considered.

b). In other cases, the cost of land for the purpose of financing should not be more than 30% of the investment on building and plant & machinery. However, in case the cost of land is higher than 30% and land has been purchased according to the requirement of the project, a higher cost may also be considered by the IPC/Sanctioning authority specifying reasons/justifications.

Note: In case the land is the Khatedari land of the applicant or is owned by him then in that case the value of the land will not be considered for financial assistance by the Corporation.

Building:

i). The cost of construction of civil work would include the reasonable estimate of following construction :-

a). Factory shed

b). Storage and godowns space

c). Drawing yards

d). Auxiliary buildings such as laboratory, lavatory

e). Administrative buildings

f). Civil tank for water supply or process

g). Compound wall, fencing etc.

ii). Many entrepreneurs are generally not able to resist the temptation of buildings in excess of their essential requirement or likely requirement in near future. But a new concern can hardly afford to make unreasonably high investment on buildings as it is not always productive and affects the viability of the project. Therefore, the Appraisal Officer should always attempt to bring home the message of cost consciousness to the entrepreneur. This exercise should be more in case of nonfactory buildings such as administrative block etc. Although residential colony for the housing of the staff and labour is not to be considered as part of project cost for the purpose of financing, but staff quarters, say not exceeding 10 percent of the project cost, may be considered, irrespective of whether the projects are located in backward or non-back ward areas

iii). Assessment of cost of construction should be based generally on plinth area as per prevailing cost of constructure as given in Schedule 1/7

iv). In building plans the portion against which loan is to be considered should be specifically mentioned and signed by the concerned Appraising Officer.

2.23. Plant & Machinery :

i). The plant and machinery can be imported or indigenous. In case of imported machinery the CIF value of the plant as per the quotations/import licence granted to the applicant should be taken into consideration. Similarly in the case of indigenous machinery the cost of plant as quoted by the plant supplier, including the excise duty, should be indicated separately. In addition to above, the following costs are also to be included under the head plant and machinery.

a). Custom duty and clearance charges (in case of imported machinery)

b). Taxes and duty

c). Freight and transportation

d). Electricals (such as wire, cable, panel board etc.)

e). Erection and installation charges

f). Tools, jigs, fixtures and dies.

ii). Plant and Machinery having substantial values are supported by quotation from

established/reputed supplier. The corporation will not insist for quotation from more than one supplier. The price so quoted shall be considered to determine the project cost. However, in case of doubts about the quoted price, a shadow file on "technical intelligence" be opened for detailed examination in such cases and to take corrective measures separately."

iii). Due care should be taken that the plant suppliers are genuine and reputed and the

cost of plant is reasonable In this connection, the plant suppliers who have already been black listed by the Corporation should not be considered for financing their machines. A list of plant suppliers blacklisted is given in Schedule 1/7A.

iv). In this head the cost of DG set should be provided for where-ever it has been considered necessary to supplement the power availability.

v). Certain items, though these may form part of plant & machinery, are not to be

considered for purpose of determining the investment on plant and machinery for deciding whether the industry is in small scale sector or not (as per schedule). These exclusions should be indicated separately at the end of the list of machinery forming part of proposal of the scheme.

vi). The cost of machines to be considered for appraisal should be finalised on case to case basis keeping in view the goodwill of the manufacturers, specifications of the machines and also the trend of the market.

vii). Although the basis of the cost in such cases shall be the quotations prepared by the manufacturers and submitted by the promoter, yet if a substantial difference in the cost of the same machines from the same manufacturers is observed in certain cases, then the matter should be immediately referred to the GM(P) for further action against the manufacturer.

j viii). Whereas the above practice would be followed in respect of plants & machineries

supplied by reputed manufacturers for the new manufacturers, the standard condition of watching satisfactory performance, atleast for a period of 3 months before release of payment should be stipulated.

ix). The system of fixing the standard rates for machines supplied by different suppliers is dispensed with. The price as per quotation will be considered in appraisal. However, the quality of machine and its suitability will continue to be examined/analyzed.

x). Provision of 10% contingencies to meet-out expenses of unforeseen items and price escalation, if any, shall be made in the scheme.

2.24. Technical know how:

In case of projects involving considerable sophistication where the promoter himself does not have necessary knowhow the same are required to be made. The cost of technical know how includes:-

a). Lumpsum fee payable to collaborator

b). Expenses on lodging, boarding and transportation of technicians visiting the site.

c). Expenses on training of technical person either at factory site or at work of collaborator.

d). Taxes/fee payable on technical know-how.

Note: Some technical know-how arrangements also provide for royalty as a percentage of production/sales. The royalty being a part of cost of production should not be included in capital cost under above head.

While considering the loan on technical know-how a cautious approach should be adopted.

2.25. Miscellaneous Fixed Assets:

i). These are those assets which though do not form part of main production equipment but are nevertheless necessary for the unit to operate. Broadly following items are included in miscellaneous fixed assets:-

- a). Office furniture/equipments
- b). Fire fighting equipments
- c). Laboratory equipments
- d). Facilities for disposal of effluents
- e). Vehicles
- f). DG set and Transformer
- g). Workshop equipments.

It may be indicated again that some of these equipments such as Laboratory equipments, vehicles, fire fighting equipments etc. are considered for financial assistance but others (furniture, fixture etc.) are not.

ii). Financial assistance for acquisition of trucks or similar vehicles (not taxi car, jeeps etc.) to existing small scale units engaged in manufacturing activities for their captive use can be considered, provided.

a). The nature of raw-material and end-products should be bulky in nature so that the transport vehicle can be used for captive purpose.

b). The transport vehicle should be engaged in transportation of raw-material and end-products of the concern to the extent of at least 60% of its operating hours.

c). There should not be any possibility of utilising vehicle, for any other purpose.

d). As a result of acquisition of transport vehicle, the profitability of the concern

should improve. For this purpose, cost of hiring transport vehicle vis-à-vis cost of operating own vehicle and increase in the overall profitability and efficiency of the concern should be carefully examined.

e). The proposal should fulfill the usual norms for extending financial assistance.

f). Financial assistance for this purpose can be extended to non-assisted units, also provided the Corporation is allowed to have first charge on all other fixed assets of the concern. However, total value of the fixed assets of that concern should not be less than the cost of vehicles.

iii). In this head the cost of DG Set should be provided for wherever it has been considered necessary to supplement the power availability.

Preliminary & Preoperative Expenses

2.26. This is an important and distinct component in the cost of project and should be assessed thoroughly. It has been observed that overrun in the project cost to a great extent takes place on account of conservative estimates under this head. This head covers expenditure on following items which have to be incurred before the unit goes into production:-

- a). Expenses on formation of concern
- b). Expenses towards preparation of project reports and application fee etc. to financial Institution.
- c). Capital issue expenses
- d). Legal expenses towards execution of documents for raising loans (including processing charges payable to RFC)
- e). Rent, rates, taxes, travelling and other promotional exp.
- d). Printing, stationery, salaries, wages, postage, communication and other miscellaneous administrative expenses
- g). Interest payable to financial institution during construction period.
- h). Start up expenses
- i). Security deposits

The estimation of expenses under this head has direct linkage with the implementation

schedule. Before arriving at estimate, the implementation schedule should be gone through carefully. Interest payable during construction period constitutes a major component. Therefore, this amount should be calculated carefully. For estimation quantum of loan for half the period stipulated for implementation of the project can be taken.

Contingencies

2.27 In the present inflationary times where prices are showing generally upward trend and also where technical advances are fast taking place (which sometimes necessitates change in specification of machine etc. by the time these are acquired) and also for meeting other investment not accounted for at the time of making project estimates, the practice of financial institutions is to provide a certain percentage of cost of project towards contingencies so that the entrepreneurs are not required to go for formalities of additional loan where fee variation is marginal. The general practice is to provide the contingency @ 10% of the project cost. However, this percentage can be reduced if implementation of the project has already reached an advance stage, by the time estimates are finalised or where the prices of plant and machinery are firm without any escalation clause.

2.28 Working Capital Margin:

i). The Working Capital should be clearly distinguished from Working Capital Margin. The term Working Capital is used to represent total of current assets, whereas the difference between current assets and current liabilities is described as working capital margin. The need for working capital has to be assessed having regard to inventory requirement of an industry according to the volume of business, seasonal variations, supply positions, processing period, credit terms of purchase and sale in the market etc. These estimates should be made in the prescribed form.

ii). The guidelines issued from RBI from time to time in this regard as well as the practice being followed by commercial banks and general trade practices followed by Industries specific may be kept in view.

In larger projects the capacity utilisation is shown increasing gradually, therefore, the working capital margin requirement would be different in initial years depending upon the level of production. For the purpose of working out the total cost of project and sources of finance, the working capital margin is to be provided for in the project cost on the basis of requirement at the break even level of production or the second year of operation whichever is higher.

Cost Comparison:

2.29. With the wide coverage of the Corporation in grant of financial assistance to a number of units all over Rajasthan important data, particularly with regard to cost of project, are generally available with the Corporation itself. Comparison of the cost of the project of the unit under consideration with similar units financed in recent past would not only help the appraisal officer in making the self assessment of the project cost estimation but would also help, to a great extent in arriving at the reasonable estimate of cost of project by alteration and modification in the estimate made by the promoters. Therefore, in all the cases where the figures of cost of project of similar units financed by the Corporation in recent past are available, cost comparison should be made invariably and reasons of variation should be explained.

IV - SOURCES OF FINANCE

2.30. The next important aspect in project appraisal is to decide the sources of finance to be raised

to finance the project cost as arrived at above. Broadly speaking there are only two sources to

finance the project i.e.

a). Loans/Debts (such as secured term loans, deferred payments etc.)

b). Capital and other accruals called equity (which includes promoters contribution, subsidy, capital and reserves and internal accruals, interest free unsecured loans etc.), Interest free unsecured loan.

It is the DEBT EQUITY RATIO which fixes the other limits of sources within above categories particularly with regard to raising of loans.

Debt Equity Ratio:

2.31. This ratio indicates the relationship between the borrowing of long term nature and capital

raised by way of equity. For the purpose of calculation of this ratio "Equity" includes ordinary share capital, reserves, irredeemable preference shares, redeem-able preference shares with a maturity not less than 12 years seed capital assistance and Central/State Subsidy. Accumulated losses (including miscellaneous expenditure not written off) if any, shall however be deducted from Equity. The unsecured loans from friends and relatives can also be treated as equity provided;

- a). these loans are taken as unsecured loan
- b). these loans do not bear any interest
- c). these loans are not repayable during the currency of loan. Seed capital, if any, is also part of equity. "Debt" includes long term loans (secured or unsecured) deferred payment for acquisition of fixed assets and also redeemable preference shares with less than 12 years maturity. The norms prescribed by IDBI/ SIDBI for acceptable debt equity ratio for different type of projects areas under:-

Category	Debt Equity Ratio
1. Medium scale Industry	2.1
2. SSI UNITS	2.1
3. Co-operative estates and small estates in the private sector where the total capital investment does not exceed RS. 10 lacs	2.5:1
4. Other cases including those sponsored by corporate bodies like state Infrastructure Development Corporation.	1.5:1

Note:

- i). It is clarified that in respect of loans under Composite Loan Scheme. Rehabilitation Scheme, Modernisation Assistance Scheme, etc. where liberal approach is to be adopted in financing by having no or marginal promoters contribution, the debt equity norms can be relaxed suitably on the merits of individual case.
- ii). Relaxation in DER can also be extended to the loan cases upto RS- 10.00 lac where loan has been sanctioned after 1.4.93 on DER of 3:1.

Capital:

2.32. The first obvious source of financing the project is capital contributed by the persons promoting the project. Generally the promoters contribution and capital may be same but it is not always true, particularly in case of companies going for public issue, as in such case the promoters contribution is supplemented by public issue and contribution (either directly or on account of underwriting obligations) by financial institutions. In order to ensure sustained and continued stake and interest by the promoters in the project, IDBI has fixed certain norms regarding minimum contribution by promoters for various projects. Therefore, it should be ensured that the promoters bring in their own contribution to the following extent.

2.32 A The Corporation may consider loan to those concerns where the capital has been shown by way of public subscription within the norms prescribed in the SFCs Act that the paid-up capital and free reserves should not exceed RS. 10.00 crores and project cost should not exceed RS. 12.00 crores. Further, the promoters shall bring in 100%of their contribution and public issue proposed in the means of finance fully subscribed before seeking higher contribution has been fixed, CMD has been authorised to consider those cases on the margin on which the entrepreneurs may approach the SEBI for public issue.

PROMOTERS CONTRIBUTION

The minimum promoters contrition in all cases except special schemes as mentioned below will be 33%.

Special Schemes:

- a). Composite loan scheme Nil
- b). Quality Control Scheme Nil

c). SEMFEX(irrespective of location) 10

Note:

i). It may be indicated here again that the above percentage are only minimal. Where the promoters are in a position to bring in more contribution or where it is felt that the contribution of a promoter should be more in a particular case for reasons to be specified, higher contribution can be insisted upon.

ii). It should also be clearly understood that this contribution should be in the form of fresh contribution. Accumulated reserves or appreciation in value of assets should not be treated as a part of this contribution though it is part of equity.

Underwriting:

2.33. As per provisions of Section 25(1-C) the Corporation can also underwrite shares, stocks, bonds or debentures issued by the industrial concerns. While examining request for underwriting also the norms of appraisal etc. are same, as primarily it is the feasibility of the project, which will decide whether the Corporation should at all enter into underwriting arrangement. However, considering circumstances of such requests we should generally be selective and only in exceptional circumstances, such requests are to be considered. The guarantee commission should be calculated @ 2.5% of the face value of shares for which underwriting has been done. The application form and application fee etc. would be same as for term loan.

Seed Capital:

2.34. Seed Capital assistance is available to eligible entrepreneurs who propose to put up an industrial project for the first time. Assistance under this is considered for filling the gap between minimum equity/promoters contribution required to finance the project and the capability of the entrepreneur to raise the funds from his own sources. The guidelines for determining the seed capital assistance (either out of special capital under Section 4A of SFCs Act or under the Refinance Scheme of IDBI) should be gone through carefully. Highlights of these schemes are given in Schedule 1/8. The seed capital should be finalised together with loan proposal and put up before the sanctioning authority simultaneously.

2.34 (a) National Equity Fund Scheme

"Equity type assistance to entrepreneurs for setting up new projects in tiny/small scale sector, for undertaking expansion modernisation, technology upgradation and diversification by existing tiny, SSI and service enterprises and for rehabilitation of viable sick units in the SSI sector which fulfill the specified eligibility criteria, irrespective of location may be considered under the NEF Scheme. The maximum amount @ 25% of project cost or Rs. 10.00 lacs per project, whichever is lower, can be considered under the scheme to meet the gap in equity as per prescribed debt equity norms, after taking into account promoters contribution.

The project cost (including margin money for working capital) should not exceed RS. 50.00

lacs in the case of new projects, in the case, of existing units and service enterprises, the

total outlay including the proposed outlay on expansion/modernisation/ technology/ upgradation/ diversification.

2.35. Subsidy:

"Although the subsidy is source of finance of the project but inclusion of subsidy in sources of finance would be at the option of the entrepreneurs. In general subsidy would not be included in the sources of finance and in such an event subsidy as and when sanctioned/dispensed should be adjusted in the loan towards "Not Due Principal" However, in case any entrepreneur is willing to include subsidy in sources of finance, the same may be considered as per norms after obtaining the request from the entrepreneur in writing with an undertaking that any gap on account of non availability of subsidy shall be arranged by the promoters out of their own sources.

In accordance with the decision of State Level Committee for Capital Investment Subsidy the Corporation has decided to take up the appraisal of cases for grant of subsidy having eligible fixed investment beyond Rs. 25.00 lac in respect of self financed cases. Broad

Parameters for appraisal of such cases are given in schedule 1/15. The guidelines are applicable for appraisal in respect of self-financed cases. To sanction of Sales Tax Incentive Scheme.

Internal Accruals:

2.36. In running concerns internal accruals also appear as a source of finance for the project. There are no norms in accepting this source but the Appraisal Officer should examine thoroughly that cash surplus is in fact available? As shown in the financial statement. The study of current ratio would reveal whether these generations could be utilised towards implementation of the project. If the ratio is less than 1:1 it can be assumed that the surplus transferred to General Reserves has been used for working capital and thus will not be available for deployment in capital assets of expansion scheme without affecting operations of the unit. However if the ratio is more than 1:1, a reasonable amount out of the existing surplus and also out of the expected cash generations during the period of implementation of the expansion project can be taken as source.

Secured Term Loans:

2.37. For all practical purposes term loans now occupy the most important place in project financing. These loans can be classified in two categories i.e. secured and unsecured. Secured loans (which also include loans from RFC) are those which are granted by having a charge over the fixed assets of the industrial concern. To decide the extent of secured loans the following aspects have to be looked into carefully :-

- a). The value of acceptable security
- b). Margin to be retained on security
- c). The requirement of concern

A). Assets acceptably in security:

i). Term loans are secured by-a first charge or a pari-passu charge in case of joint financing on the fixed assets of the concern. These assets are in the form of:

- 1). Land
- 2). Building and other civil construction
- 3). Plant and equipments
- 4). Other miscellaneous assets considered as tangible assets

ii). It is clarified that the following assets are not to be treated as tangible assets for the purposes of working out the acceptable security :-

- 1). Preoperative & preliminary expenses (even if capitalised)
- 2). Technical know-how fee.
- 3). **Furniture & fixture:-** Unless these items are considered for financing under the special scheme of finance.

4). **Vehicles:-** Unless these items are considered for financing under the special scheme of finance.

iii). Only value of those assets is to be considered as security which are in the name of concern and are to be mortgaged with the Corporation. Similarly, for the purpose of working out the admissibility of loan the value/cost of the assets which has been taken as reasonable cost at the time of finalising the project cost should only be considered (for example the value of land and building over and above the reasonable requirement of the project is not to be taken as acceptable value of security for the purpose). Some times the concern also offers collateral security in addition to the assets of industrial units. The value of such assets and reasons for accepting the collateral security should also be indicated separately.

"Physical verification of the property offered for collateral security shall invariably be carried out and while making inspection, the aspect of marketability of the property must be thoroughly examined. The concerned official would put his remarks separately over the marketability of the property in his inspection report."

iv). Following guidelines are to be following insistence of collateral security/ personal guarantee.

A: Cases where collateral security is to be insisted upon.

1. Where the technology is fast changing.

1A). Units in rented premises.

Proposal for sanctioning of loans in case of units to be set up in rented accommodation shall now be considered only by the respective sanctioning authority to be within their delegated powers for sanction of loan with the condition that collateral security equal to the loan amount shall be obtained if the required loan amount is upto Rs.7.50 lacs and 150% in case the loan is above RS. 7.50 lacs.

However, while considering such cases, sanctioning authority has to convince himself that such proposal for setting up a unit in rented accommodation would be cost saving and in the conformity of usual norms of approval. Justification for grant of loan for setting up a unit in rented premises should also be mentioned/ recorded in the loan proposal/ file.

2. Transport and tanker loan.

3. Loans for Mining Equipment.

4. Loans under Single Window Scheme (to the extent of 150% of the Working Capital Loan).

5. Term Loan having component of seed capital assistance under different soft loan schemes including NEF and MUN but excluding Semfex as well as existing units with good repayment behaviour equal to at least 25% (50% in NEF cases) of loan amount. (Proposal for relaxation in this condition of collateral security in NEF cases if any should be referred to HO. (Loans Section) by giving full justification for such relaxation, but in any case relaxation in the condition of collateral security below 25% of term loan for fixed assets would not be entertained.)

Relaxation's:

1. Collateral security should be insisted upon equal to the loan amount. However, relaxation upto 50% can be allowed by ED on the merits of the case (Relaxation) above 50% shall be allowed by CMD).

2. For loans to Women Entrepreneurs Collateral security may not be insisted upon.

3. For transport loans under the SEMFEX Schemes, suitable relaxation can be considered for the borrowers who have an assured marketing arrangement with IOC, HP, BP etc.

B. Cases where 3rd party personal guarantee of persons having immovable property equivalent to the value of loan in the State of Rajasthan is to be insisted upon:

1. Composite loans in towns where the unit is located in rented premises.

2. For loans upto RS 2.00 lac (other than composite loans) where the unit is located in rented premises.
 3. Loans to Women Entrepreneurs where the units is to be set up in rented premises and where collateral security has not been insisted upon.
 4. Transport loans and tanker loans.
 5. Cam where collateral security was to be taken but condition has been relaxed.
- C. Cases where (he guarantee of the promoters is lo be obtained.

1. Loans lo Companies.
2. Loans against subsidy.
3. Bridge loans.

Note:

i). It is clarified that there is no bar on the age of the person giving guarantee. It is however, to be ensured that the person giving such a guarantee is reputed and owns and possesses immovable property in his own name at least to the extent of the amount for which he is offering the guarantee. A certified true copy of the title deeds of the properties along with an affidavit stating that the properties arc free from all encumbrances and will not be disposed of alienated during the currency of the guarantee should invariably be taken from the guarantor. The physical inspection of the properties related to the guarantee should also be done by Branch/HO officials before accepting the personal guarantee

B). margin of security

After calculation of the value of assets, the admissibility of loan should be worked out on the basis of margin of security to be retained. The margin being retained by the Corporation on various types of loans are given as schedule No. I/IO.

The general margin of security is @ 30%. However, liberal margin is, there for, certain class of entrepreneurs under the specific scheme. For certain industries a higher margin is to be retained particularly over those assets whose life is relatively lesser or which arc of movable nature. Therefore, while calculating the admissibility of amount of loan due care should be taken in such cases and different margin as prescribed is to be retained on different assets.

While calculating the admissibility of amount of loan due care should therefore be taken. In suitable cases the Chairman & Managing Director is authorised to allow/recommend to reduce or increase the margin depending upon the merits of the particular case. Therefore, if any case needs specific recommendation on account of background of the promoters or the type of industry' for lower margin can be recommended specifying the reason there of. In joint financing cases also liberal margin can be recommended as in the appraisal by all India Financial Institution emphasis is on debt equity and promoters contribution rather than on the margin of security.

C). Assessing the Requirement:

i). While the value of assets acceptable as security and initial margin to be kept there on decides the maximum amount of loan admissible but it is not always necessary that the amount so admissible should be recommended for grant of loan. The amount of loan can be reduced if:

- a). the overall Debt equity ratio does not justify grant of loan to the extent admissible;
- b). the viability of means with the promoters, or (the funds already available with the concern justifies lesser loan.
- ii). In cases of joint financing, the total amount of term loan to be shared by the various institutions would also be decided, keeping in view the maximum limit of finance which can be sanctioned as term loan by RFC.

Note: As per SFCs Act Section 25(2). Clause 15(b). the Corporation, can consider the loan on the project oriented basis/debt equity basis if the project is one of its kind in the State

Deferred Payment :

2.38. Deferred payment, as the term indicates is the payment deferred for acquisition of assets. These payments include :-

- a). Installment payable to RICO against land on lease or shed on hire purchase.
- b). Amount payable to NSIC etc. for machine acquired on hire purchase.
- c). Technical know-how fee if payable to collaborators in installments.
- d). Amount payable to RFC against assets of an industrial concern acquired under Section 29 of SFCs Act, and sold to the concern.

Deferred Payment Guarantee:

2.39. As per provisions of Section 25(i) (b) of SFCs Act the Corporation can also guarantee deferred payment for machinery purchased in India by industrial concerns. The request for guarantee can be considered along with term loan or in isolation. Only deferred that in finalization of a source of finance, the amount of deferred guarantee would appear as source corporation will have to be included in the cost of production. The form of application and the application fee would be on the lines of application for term loans. However, the following points need special attention while processing such requests :-

- a). Guarantee for deferred payment is available only for machinery purchased in India (not in case of import of machinery)
- b). usual margin of security should be retained for working out guarantee admissible on the lines term loan.
- c). Period of guarantee should not generally exceed 5 years.
- d). Guarantee commission should be calculated @ 15% per annum on the amount outstanding at the beginning of each year and should be recovered advance.

UNSECURED LOANS

2.40. After exhausting all the above sources, some times there remains an unfilled gap without which the project cost cannot be financed. This gap is generally met by raising unsecured loans from friends and relatives by the promoters While deciding this source, it should be seen that-

- a). The unsecured loans are not unreasonably high and disproportionate to the capital. There are restrictive provisions regarding borrowings in the Companies Act which include unsecured loans. Public or private Limited Companies cannot raise.

Unsecured loans whether interest free/interest bearing exceeding 25% of the paid up capital and free reserves. However, an exception has been for private limited companies vide which such borrowings may be made exceeding 25% of the paid up capital and free reserves from the shareholders and directors. Where unsecured loans beyond the prescribed ceiling limits are required to be raised a condition therefore requiring prior permission of RBI as envisaged under the companies Act, 1956 should be insisted upon.

b). these loans should be allowed to be repaid during the currency of the loan of the corporation without prior consent of the corporation.

c). The rate of interest on such loan should not exceed the rate of interest on term loans.

d). The parties are in a position to manage these loans. Generally, undertaking from those persons who are prepared to extend unsecured loans is taken at the time of execution of the documents as an evidence of availability of such loans.

MARKET AND SCOPE

2.41 under this head the following aspects are to be examined:-

- a).** Actual consumption
- b).** Supply situation
- c).** Potentially supply in the market
- d).** Sales forecast
- e).** Marketing plan
- f).** Distribution arrangements

2.42. Market analysis, which is the most vital element, is generally neglected. The earnings of the unit depend upon the volume of sales. It is, therefore, necessary to determine how much output the market is likely to absorb at a given price. Market analysis is, therefore, necessary to study scope of the proposed project. Data available in market are generally old and, therefore, information available should be up-dated from Industries and Business Association and from regular feed back from F&R Section and MDD cell of the Corporation.

2.43. In order to have a fair idea of demand and supply position, the number of units already working in the field, their capacity and capacity utilisation etc. have to be considered. In case the Corporation has already financed such units, their working results and dealing with us should invariably be ascertained to assess; the justification for creation of additional capacity.

When demand and scope are established, the arrangements for marketing the products should be none through. At times the concern enters into selling arrangements. the commission payable to selling agents and the terms etc. should be gone through carefully as very often selling agents are sister concerns of the borrowing units and commission provided for is rather high.

COST OF PRODUCTION & PROFITABILITY

2.44. This includes :-

- a). Estimates of cost of production.
- b). Preparation of statement of cost of production, profitability and cash-flow
- c). Fixing the repayment period.

COST OF PRODUCTION

2.45. While estimating the cost of production, every constituent of cost to be taken care of and provision made for on the basis of prevailing market rates. with deeper inquiry for those items constituting major part in the cost of production of a product. The study of profit and Loss account of similar concerns would be good help in estimating the cost. Similarly, in assessing the selling prices, fluctuations and trend in market and element of competition should be watched.

STATEMENT OF COST OF PRODUCTION AND PROFITABILITY

2.46. The Performa in which this statement is to be prepared is given in prescribed form. This statement is to be prepared in case where loan amount recommended is more than RS. 40.00 lacs. In these statements projection should be made for the cost of production and profitability for a period of 10 years but, in any case, not less than the period of repayment of term loans. While preparing the estimates the assumptions underlined the preparation should invariably be specified. Generally a gradual increase of 5 to 10% in the case of wages and salaries, repairs and maintenance and other administrative overhead is to be provided for. The assumption that any increase in the cost of raw material would be off-set by increasing sale price is accepted the element of interest should be worked out by estimating the amount on which the interest will be payable in the year. The present rates structure of interest being charged by the corporation on different categories of loans is given in Schedule 1/11. Tax liability should be worked out keeping in view the present rates and considering incentives/concessions available to the entrepreneur under the provisions of Income Tax Act Similarly, after estimating the cost of production and profitability cash flow statement in the prescribed should also be prepared for the period of loan. In a nutshell, the whole exercise is to determine as how far the estimation of future profitability could be recorded as realistic in the prevailing condition.

2.47. Repayment period - DSCR

a). As term loan are to be repaid out of the cash generations and internal accruals of the project, the repayment period of the term loans should be so fixed that adequate cash accruals would be there in any year with sufficient cushion. For this purpose Debt Service Coverage Ratio (DSCR) which indicates the relationship between cash generated by the unit and term loan (including interest) payable is worked out.

The formula for calculating DSCR is:-

DSCR=Cash Generation

Debt

Where cash generation means :

Net Profit after tax

+ Interest on term loan

+ Depreciation

Development rebate

+ Initial depreciation

Debt means:

Interest on term loan

+ principle installment of all the term loans

that falls due in the year

b). Generally, DSCR of 1.7:1 is accepted as reasonable ratio. This would not only ensure early repayment of term loan liabilities but would also provide adequate cushion to the entrepreneurs for meeting unforeseen contingencies.

c). If on initial preparation of cash-flow and profitability statements, the DSCR is not within the above limits the statements should be revised by increasing or reducing of period of repayment of term loans

SOCIAL ECONOMIC VIABILITY

2.48. It is not sufficient to examine a project only from the point of view of technical financial and commercial viability. A project should stand the test from the point of economic social priorities. In this context the contribution which the project would make to a particular sector of the economy by way of import substitution, export promotion, employment generation or development of backward areas etc. has to be studied. Economic justification can be obtained by assessing how best the scarce resources viz. the capital and the foreign exchange can be put to the best use. The Internal Rate of Return and the exchange rate of the project are also applied in this connection where the assistance sought is substantial.

PARI – III : SPECIAL SCHEME

3.1. The first Section deals with all types of industries which are not considered eligible for financial assistance while second section deals with the procedures to be adopted in appraising the loan proposals which are eligible for financial assistance. Having regard to the guidelines contained in these special schemes the procedure outlined in second chapter is not to be strictly adhered to and certain relaxation has to be allowed to the extent indicated.

3.2. The important highlights, salient features and special points which are to be kept in view while considering applications under these schemes, are given in the following schedules:-

Schedule No.

1/12-A-I	Composite loans
1/12-A-II	Shilp Bari (non. Operative)
1/12-B	Soft loan scheme (non operative)
1/12-C	Technocreat loans scheme
1/12-D	Transport loans scheme
1/12-DD	Loan for transport facilities to educational institute
1/12-E	Hotel Loans
1/12-E-1	Financial assistance to Dhabas
1/12-E-2	Financial assistance to paving guest scheme
1/12-F	SC/ST Entrepreneurs
1/12-FF	Margin Money/soft loan scheme for SC entrepreneurs
1/12-G	Ex-servicemen (SEMFEX)
1/12-H	Physically disabled person
1/12-I	DG Set Loans Scheme
1/12-J	Modernisation Schemes (non. Operative)
1/12-JJ	Refinance for Technology Development & Modernisation scheme.
1/12-K	Equipment Refinance Scheme
1/12-L	Financing of Tankers
1/12-M	Single Window Scheme
1/12-M-1	Bridge loan Scheme of Working Capital
1/12-N	Hospital & Nursing Home
1/12-O	Women Entrepreneurs Scheme
1/12-P	Saving, linked financing of industries scheme (Non operative)
1/12-Q	Bridge Loan(Non operative)
1/12-R	Financial Assistance to Mining units.
1/12-S	Scheme for financial Assistance to power loom units (nun operative)
1/12-S-1	Scheme for rehabilitation of Ex-convicts (Non operative)
1/12-T	Marketing support to cottage and village industries with the assistance for purchase of Mob. Sales van
1/12-U	Loan for marketing of SSI products.
1/12-V	Assistance for development, maintenance and construction of Roads.
1/12-W	Scheme for assistance to encourage indigenous/import substitution
	Substitution.
1/12-X	Scheme for financial assistance for qualified professionals.
1/12-Y	Assistance for acquisition of Computers for SSI units in SSI Sector (Non operative)
1/12-Y-I	Rehabilitation scheme for deployment of the NTC workers.
1/12-Z	Financial assistance for acquisition of ISO 9000
1/13	Promotion Scheme of IDBI-Scheme for refinance assistance for quality Control facilities.
1/14	Promotional Scheme of IFCI/ Govt.

1/14-A	Interest Subsidy self-development and self-employment (non operative)
1/14-B	Interest Subsidy for Quality Control Measures (Non operative)
1/14-C	Interest Subsidy to Women Entrepreneurs (non operative)
1/14-D	Interest subsidy for encouraging the adoption of indigenous technology, (non operative)
1/14 E	Technology up-gradation fund (RTUF)
1/15	Self Financing Scheme (appraisal)
1/16-A	Loan for Information technology/Scheme.
1/16-B	Loan for commercial complex, showroom and sale outlets scheme.
1/16-C	Loan for E-Commerce.
1/16-D	Switch over loan scheme.
1/16-E	Scheme for Regd. Tours and Travel Agent for private bus/ taxi stand.
1/16-F	Assets financing scheme.
1/16G	Fast Track Loan scheme
1/18A	National Equity fund scheme.

(Loan & Approvals)

Good Borrower Division

1. INTRODUCTION

The Corporation has introduced different loan schemes for its existing good borrowers having proven track records with regards to repayment and satisfactory financial performance. The assistance can be considered to meet out the immediate financial requirement of the unit for its working capital over and above the available working capital facility from bank and/or acquire further fixed assets for expansion, modernisation, diversification and to purchase balancing equipment, quality control equipment etc.

The basic and underlined object of these schemes is to provide financial assistance to the existing good borrowers of the corporation at liberal terms and without going into detail appraisal and also relying on the assessment of requirement given by the party.

In this context, the Corporation has thought that we should not only cover our good borrowers but also cover the good borrowers of other financial institution and banks, accordingly separate schemes have been introduced for non assisted units of the Corporation.

2. ELIGIBILITY CRITERIA

2.1. ELIGIBILITY CR1TF.RU-GOOD BORROW KR SCHEME

Though the eligibility criteria for each scheme is separately given in the schedule of respective scheme. However, the basic eligibility criteria to become good borrowers are as under-

- i). The unit should be an existing one and assisted by the corporation irrespective of whether the account of the unit is in operation or the account is squared up in past:-
 - ii). The unit should be in production during the last 3 preceding years on date to date basis and working results of at least 2 years out of 3 years. should reveal positive cash generation including the positive cash generation in immediate preceding year.
 - iii). The unit should have repaid at least 30% of term loan disbursed.
 - iv). The unit's account is classified as standard assets during last 3 full preceding years.
 - v). The unit has not availed of any concession/relief by way of reschedulement, except refixation based on actual loan disbursed, during last 3 years.
 - vi). If any unit/entrepreneur or its sister or family associate concern have availed benefit of rebate relief by way of waiver of penal interest/Interest in the last 3 financial years, the same is required to be refunded deposited back while considering financial assistance to such units/entrepreneurs under Good Borrower Scheme.
 - vii). There should be no overdues in the loan account of sister associate concern, if any, financed by the Corporation.

Note: The eligibility criteria in respect of schemes for grant of WCTL for acquiring set of diamond blade and segments by marble gang saw units, back up rolls, rollers and bearings by SS rolling mill and carding cloth by carpet woollen yarn manufacturing units are as under:-

- a). The unit may be an existing one and assisted by the Corporation irrespective of whether the account of the unit is in operation or the account has been squared up in the past.

- b)** The unit has been in production during the last two full preceding years and working results of the immediate preceding year has been revealing positive cash generation.
- c)** The unit's loan account is categorised as standard account during the last two full preceding years.

2.2. ELIGIBILITY CRITERIA-POTENTIAL COOD BORROWER SCHEME

(PGBS):

- i).** The unit should be an existing one and assisted by the corporation irrespective of whether the account of the unit is in operation or the account stands squared up.
- ii).** The unit should be in production during the last 3 full preceding years (two years in respect of WCTL scheme for Special purposes) on date to date basis and working result of at least 2 years (one year in respect of WCTL scheme for special purposes) out of 3(2 years in WCTL for special purposes) years should reveal positive cash generations including the positive cash generations in immediate preceding year.
- iii).** The unit should have repaid at least 30% of loan disbursed in aggregate (For STL and WCTL Scheme only) and should not have any overdue.
- iv).** The unit's account(s) has been repaid within LPK /extended LDR OR if any account is still in operation there should be no overdues in the account.
- v).** In case the unit has availed any concession/relief by way of waiver of interest penal interest in last 3 years, the same would be deposited back .
- vi).** There should not be any overdue in the loan account of sister/associate concern if any financed by the Corporation.
- vii).** There should not have been any reschedulement in the account in the preceding 2 years from the date of application under PGBS.

2.3. ELIGIBILITY CRITERIA-GOLD CARD SCHEME

- i).** The unit should have been operating/dealing with the corporation for at least 4 years. (The loan cases which have been paid off in past as per the LDR(excluding prepayment) will be eligible for gold card loan provided their accounts were classified as standard assets in the last 3 years from the date of clearance of account and they have not availed term loan from Bank. In case they have availed term loan from bank (excluding working capital loan) then at first instance they shall have to avail loan from the Corporation under any other scheme and operate the loan account at least for one year with satisfactory dealings.
- ii).** The existing debt equity ratio should not be more than 1.5:1 as per balance sheet of the last financial year.
- iii).** The account of the unit should have been classified as standard assets in the last 3 financial years.
- iv).** Working results and financial performance of the unit should be satisfactory in the last 3 financial years.

- v). The borrower should not have availed any benefit by way of waiver of interest/penal interest or grant of reschedulement in the last 3 financial years and during current financial year.
- vi). There should be no overdue in sister/associate/family concern of the unit and also no benefit of waiver of penal interest should have been granted during last three years.
- vii). The working result of the concerns should justify repayment of existing and proposed loan.

Note:

The Silver Card holders can be sanctioned fresh Gold Card loan by accepting prepayment without premium from Silver Card holders in case their repayment behavior is satisfactory for a minimum period of one year and if the concern fulfils the eligibility criteria of Gold Card Loan Scheme”,

2.4. ELIGIBILITY CRITERIA-SILVER CARD LOAN SCHEME:

- i). The unit should have been operating/dealing with the corporation for atleast 4 years and 50% of loan disbursed should have been repaid.
- ii). The existing debt equity ratio should not be more than 1.5:1 as per balance sheet of the last financial year.
- iii). The account of the unit should have been classified as standard /sub standard assets in the last 3 financial years and as on date of application account is classified in standard category with no overdues.
- iv). The borrower should not have availed any benefit by way of waiver of interest/penal interest in the last 3 financial years and during current financial year. If any benefit availed in last 3 years the same will be re-deposited back.
- v). The unit should have earned cash profit atleast in one years out of last 2 preceding years.
- vi). There should be no overdue in the loan account of the company as well as Sister/associate/family concern of the unit.
- vii). The overall track record should have been satisfactory by and large.

2.5. ELIGIBILITY CRITERIA-SCHEME FOR WCTL TO NON ASSISTED

UNITS:

- i). The unit should have proven track record with regard to repayment with the financial institution/bank in past if assisted by them and there should not be any adverse reporting against the unit from FIs/bank.
- ii). The unit should be in production during the last 3 preceding years on date to date basis and working results of atleast 2 years out of 2 years, should reveal positive cash generations including the positive cash generation in immediate preceding year.
- iii). The unit's account is classified as standard assets during last 3 full preceding years from the date of clearance of final amount with the FIs/bank if assisted by them.

iv). the unit has not availed of any concession relief by way of rebate, waiver of penal interest with bank/FIs.

2.6. ELIGIBILITY CRITERIA - UNITS PROMOTED BY THE GOOD BORROWER- (UPGB SCHEME)

i). The unit should be an existing one and assisted by the corporation or bank or other financial institution irrespective of whether the account of the unit is in operation or the account is squared up in the past

or

New units which are promoted by the proprietor or partners-directors having majority stake in an existing assisted units of the Corporation which is covered within the definition of good borrowers of the Corporation.

Note:- The promoters of the existing unit treated as good borrower should have at least 51% equity stake in the existing as well as the proposed project. For the purpose of quantifying the stake, the share holding of the spouse and children would be considered.

ii). The unit should be in production during the last 3 preceding years on date to date basis and working results of at least 2 years out of 3

Years should reveal positive cash generations including the positive cash generations in immediate preceding year.

iii). The unit should have repaid at least 30% of loan disbursed.

iv). The unit's account is classified as standard assets during last 3 full preceding years.

v). The unit has not availed of any concession relief by way of reschedulement, except refixation based on actual loan disbursed, during last 3 years.

vi). There should be no overdues in the loan account of sister associate concern, if any Financed by the Corporation.

vii). If any unit entrepreneur or its sister or family associate concern have availed benefit of rebate-relief by way of waiver of penal interest /interest in the last 3 financial years, the same is required to be refunded to deposited back while considering financial assistance to such units. entrepreneurs under Good Borrower Scheme.

2.7. ELIGIBILITY CRITERIA- PLATINUM CARD LOAN SCHEME

i). Existing gold card holders with proven track record of repayment of two years under Gold Card Scheme.

or

Existing Gold Card holder with proven track record of repayment of one year under Gold Card Scheme and two years in other Good Borrower's Schemes.

ii). The existing debt equity ratio is not more than 1.5:1 as per balance sheet of the last financial year.

OR

On considering the proposed Platinum card limit, the debt equity ratio would not exceed 2:1.

iii). Working results and financial performance of the unit should be satisfactory in the last 4 financial years and ii should have revealed positive cash generation at least for 2 years in the last 3 years.

iv). There should be no overdue in sister/associate/family concern of the unit and also no benefit of waiver of penal interest should have been granted during last three years.

v). The working result of the concerns should justify repayment of existing and proposed loan.

3. RECEIPT OF APPLICATION

3.1. The loan application under each scheme of good borrowers are to be accepted at the branch in the prescribed form of application along with application fee. However, where party wants to submit its application at HO directly, the same can also be accepted at HO. The HO after accepting the file shall immediately issue letter to the BO for seeking detail report and further information/documents.

3.2. The application should be accompanied with application fee @ .1% of amount applied in all the loan cases under GB Scheme.

3.3. Application fee can be received in cash or by Cheque/DD.

4. REGISTRATION OF APPLICATION

4.1. Every application should be registered in the register of application received (R-I) and bear separate distinct number. Every application should be registered under the head of the scheme in which it has applied.

4.2. The date of registration of application should be the date of receipt of application. In case application fee is received by cheque, the date of realisation of cheque should be treated the date of registration.

5. processing

5.1. As soon as the application is received and registered, the scrutiny of the same should be taken at once in accordance with the norms prescribed under different schemes given in schedule LAS (I7).

5.2. On receipt of application, the appraising officer shall issue letter to the party seeking required documents/information for further processing the case if the documents have not been received.

5.3. If necessary, the appraising team may call the entrepreneur to discuss the matter which requires clarification/additional information for further processing of the case.

5.4. After receipt of required documents/information, the case may be appraised in detail in respect of branch level cases and in other cases where the sanctioning authority is HO, the loan file along with data sheet duly filled by the BM should be sent to HO for further examination and appraisal. However, it should be ensured that in all cases falling within the jurisdiction of HO. the application is processed and sent to HO within 7 days even if the required documents/information are pending from the party.

5.5. It should be ensured that every application is decided within 15 days from the date of registration but not later than the 30 days in any case.

Note: In some of the schemes like gold card, silver card Platinum card and Tatkal scheme, the sanctioning authority is HO irrespective of loan amount as such there applications should be forwarded immediately to HO enclosing the data sheet.

6. SANCTION

6.1. All loan cases after preliminary processing will be put up before the Loan Advisory Committee(for field level cases only).

6.2. At HO after receipt of application, from the branch, Key note shall be placed before PCC for preliminary clearance in respect of scheme of WCTL to non-assisted unit and term loan under UWGB loan schemes. In rest of the schemes, the case is not required to be placed before PCC for preliminary clearance. The appraisal team will start appraising the case immediately after receipt of application from BO and put up proposal before PCC meeting for its recommendation.

6.3. Loan application under Platinum card, gold card, silver card and Tatkal scheme are processed immediately and put up for necessary decision before the Committee constituted by the CMD.

6.4. The file should thereafter be put up before sanctioning authority with the recommendations of PCC (Sub - committee constituted by the CMD in respect of Platinum card/gold card/silver card/Tatkal scheme cases).

7. SANCTIONING AUTHORITY

Powers for sanction of loans rest with the following authorities:-

Branch Manager	Above RS. 2.00 lac and unto Rs. 15.00 lac
Dy. Gen. Manager(R)	Above Rs. 15.00 lac and upto RS. 30.00 lac
GM(WZJ	Above RS. 30.00 lac and upto RS. 50.00 lac
GM(L)(Other than WZ cases)	Above RS. 30.00 lac and upto RS. 50.00 lac
ED	Above RS. 50.001ac and upto RS. 100.00 lac
CMD	Above RS. 100.00 lac

Note: The above powers for sanction of loan under the Good Borrower Scheme would be in addition to (he powers delegated under general term loan scheme.

Except ions:-

a) Powers for sanction of loan under Platinum card. Gold card scheme. Silver

card scheme and Tatkal Scheme vest with CMD irrespective of loan amount.

b) Power for sanction of loan under SPWCTL i.e. scheme for replacement of blade and segments by marble gangsaw unit, backup rolls and bearings by SS rolling mill and carding cloth by carpet woollen yarn manufacturing units would vest exclusively with the field offices as per their delegated powers.

c) Loan under replenishment scheme can be considered at Branch level exclusively.

d) WCTL to NAU shall be sanctioned at HO only within the existing delegated power of authority.

e) Powers for sanction of loan under UPGB Scheme shall be on the lines applicable under general term loan scheme.

8. COMMUNICATION OF SANCTION

The procedure of communication of sanction shall be same as prescribed under LA-2 & 3.

Note:

- i). It should be ensured that sanction is conveyed to the party within 3 days from the date of receipt of processing charges.
- ii). Since in Platinum card, gold card, and silver card scheme processing charges are payable at the time of disbursement, the sanction letter should be issued immediately without insisting for deposition of the processing charges.

9. POST SANCTION

9.1. Documentation: - The action of documentation should start immediately after receipt of processing charges and acceptance of terms and conditions of sanction letter in writing from the concern/unit. However, in respect of cases under Platinum card, Gold card & Silver card where processing charges are required to be deposited at the time of disbursement, action for documentation should be initiated immediately after verifying of compliance of the terms and conditions of the sanctions.

9.2. In respect of HO level sanction cases, the documents are executed at HO unless otherwise desired by the party. In case party submit it, request for documentation at Branch office, the same can be permitted by GM(L) and file forwarded to BO to take necessary action for execution of loan documents otherwise the file should be sent to legal section at HO to take action for documentation.

9.3. Extension in time limit for execution of loan documents:-

The guidelines for extension in time for execution of loan documents shall be the same as applicable under general term loan scheme.

10. DISBURSEMENT

In respect of loan sanctioned at BO/Regional Office, the disbursement shall be made by BO after ensuring that the concern/unit has submitted required documents/information and raised required promoters' contribution and fulfilled all terms and conditions of sanction letter. The detail guidelines for disbursement in respect of each scheme have been given specifically in the scheme itself which should be followed strictly.

In the matter of follow up and delegation of powers, the GM/DGM/incharge of GBD Cell will enjoy the same powers delegated to DGM(F)/GM(F).

11. CANCELLATION OF SANCTION

The procedure for cancellation of part/full sanctioned loan shall be the same as prescribed for general term loan scheme in chapter LA-2 & 3.

12. RECOVERY AND FOLLOW UP

For recovery of principal and interest, the Corporation is accepting PDCs in all the GB Schemes except in Gold card loan scheme, therefore, the cheques already obtained at the time of disbursement must be lodged by the concern branch on due dates for realising of interest and principal. The BM is supposed to monitor these cases closely and ensure that no unit commit defaults and if any default is committed on account of dishonourment of PDC or otherwise it should be immediately required to be reported to HO and undertake

action u/s 138(b) of NI Act on return of cheques without referring it to HO. The action u/s 30/29 of SEC Act should be arc being initiated as per guidelines in the general term loan scheme.

These cases are also to monitored separately by the GBD Cell at HO by having details of these units from all BOs on monthly basis. The information should be analysed and put up for taking appropriate decision in such of cases units committed default. In genuine cases, action for reschedulement etc. can also considered on exceptional basis on the merit of individual case.

In the matter of follow up and delegation of powers, the (GM/DGM/Inchargc of GBD Cell will enjoy the same powers delegated to DGM (FR)/GM (D).

13. OTHERS:

Applicability of the rate of interest, rebate, provision of liquidated damages, terms of repayment of loan etc. are specified in the respective schemes.

14. SCHEMES OF GOOD BORROWERS DIVISION:

The details of various schemes for good borrowers are given at schedule is LA (17) as per details given below:-

NAME OF SCHEMES	SCHEDULE NUMBER
1. SHORT TERM LOAN SCHEME	LAS{ 17)A
2. WORKING CAPITAL TERM LOAN SCHEME	LAS(17)B
3. UNIT PROMOTED BY GOOD BORROWERS SCHEME	LAS(17)C
4. SPECIAL PURPOSE WORKING CAPITAL TERM LOAN SCHEME	LAS(17)D
5. SCHEME FOR POTENTIALGOOD BORROWER	LAS(17)E
6. GOLD CARD SCHEME	LAS(17)F
7. SILVER CARD SCHEME	LAS(17)G
8. TATKAL SCHEME	LAS(17)H
9. WCTL TO NAL	I.AS(17)I
10. PLATINUM CARD	LASIPU

RFC

**Procedures
and
Guidelines**

Schedules

LA(S)

Abbreviation of Districts**SCHEDULE 1/1****Abbreviation of Districts****S.No. BRANCHES CODES**

1.	ABUROAD	AR
2.	AJMER	AJ
3.	ALWAR	AL
4.	BARAN	BRN
5.	BHIWADI	BD
6.	BANSWARA	BW
7.	BEAWAR	BR
8.	BALOTRA	BA
9.	BMARATPUR	BP
10.	BHILWARA - CITY	BH-I
11.	BHILWARA-RURAL	BH-II
12.	BIKANER	BK
13.	BUNDI	BU
14.	CHITTORGARH	CH
15.	CHURU	CU
16.	DAUSA	DS
17.	DHOLPUR	DH
18.	DUNGARPUR	DP
19.	HANUMANGARH	HG
20.	JAIPUR -I	JP-I
21.	JAIPUR-II	JP-II
22.	JAIPUR-VKIA – III	JP-III
23.	JAIPUR-TRANSPORT	JP-IV (since closed)
24.	JAISALMER	JSL
25.	JALORE	JL
26.	JHALWAR	JH
27.	JHUNJMUNU	JJ
28.	JODHPUR - CITY	JD-I

29.	JODHPUR- RURAL	JD-II
30.	KARAULI	KL
31.	KISHANGARH	KSG
32.	KOTA	KT
33.	MAKRANA	MR
34.	NAGAU	NG
35.	PALI	PL
36.	PHALODI	PH(since closed)
37.	RAJSAMAND	RS
38.	SAWAI-MADHOPUR	SM
39.	SIKAR	SK
40.	SIROHI	SR
41.	SRIGANGANAGAR	SG
42.	TONK	TN
43.	UDAIPUR	UD

Note:- The word DIC should be added after the code of branch in case of registration in DIC (for example the case registered in DIC of Ajmer should have the code of AJ/DIC { }

SCHEDULE 1/2

USUAL TERMS AND CONDITIONS FOR GRANT OF LOAN

1. INTEREST

a). Effective Rate

The loan shall carry interest at normal/concessional rate mentioned in Special Conditions. The interest shall be payable in quarterly instalments on first day of January, April, July & October every year beginning after three months from the date of first disbursement. However, without prejudice to the right of the Corporation to recall entire outstanding loan after expiry of stipulated repayment period, the amount outstanding shall carry normal rate of interest prevailing at that time/or the documented rate of interest which ever is higher.

b). Liquidated damages/ Penal Interest:

i). In case of default the Corporation will charge the liquidated damages on following rates above the concessional normal rate of interest (without any rebate) on the amount in default for the period of default.

	Loans upto Rs.2 lacs	Loans above Rs. 2.00 lacs but not exceeding Rs. 10.00 lacs	loans above Rs. 10.00 lacs
(a) If the dues are cleared in the same quarter in which the amount is fallen due (provided there are no earlier overdues)	Nil	2% p.a. + interest tax	3% pa. + interest tax
(b) Other cases	Nil	3% p.a. + interest tax	5% p.a. + interest tax

ii). The borrower hereby agree and authorise the Corporation to charge interest at such higher rate as may be reviewed and revised by the Corporation from time to time consequent upon change in the rate of interest by IDBI/SIDBI on refinance against the aforesaid loan.

iii). The borrower hereby also agree to pay the interest tax and also other levies as may be made applicable by the Govt. from time to time during the currency of aforesaid loan.

2. SECURITY

i). The loan will be secured by an equitable mortgage of land/buildings and/or hypothecation of plant and machinery to cover by way of first charge on all existing and future assets (excluding raw material, stock in trade and finished and unfinished goods) of the concern/company. The concern / Company shall execute and register in favour of the Corporation a Mortgage Deed in the form prescribed by the Corporation where equitable mortgage is not possible.

ii). The Corporation shall also have its first charge on the book debts, outstanding moneys, receivable claims, bills, contracts, marketable securities, investments rights and assets as also on the uncalled capital and goodwill of the concern/company, but the concern/company shall be at liberty to obtain working capital loan from any bank

against the security of the liquid assets and in that case the charge of the Corporation shall rank subsequent to the charge of the bank providing Working Capital loan to concern/company.

- iii). A negative charge on the stock of machinery stores, machinery spares shall be kept by the Corporation.
- iv). The concern/company shall not create any further encumbrances on its assets mortgage to the Corporation without prior permission of the Corporation in writing.
- v). In the event of fall in the value of the assets mortgaged, hypothecated or assigned to the Corporation and the value of such assets not providing the stipulated margin during the currency of the loan, the concern/company shall be required to furnish such additional security as may be considered reasonable by the Corporation.
- vi). The lease of land/premises shall be assigned in favour of the Corporation.
- vii). The concern/company shall put plate and also write on the machines the words. "Hypothecated to the Rajasthan Financial Corporation".
- viii). The assets offered insecurity shall be evaluated by the Corporation.
- ix). The title of the concern to the properties offered insecurity shall be examined by the Corporation and loan will be disbursed if the title is found to be clear and marketable.

3. INSURANCE

Insurance in case of fire prone industries {as may be specified by the Corporation from time to time}the entire assets to be mortgaged to the Corporation shall be insured for their full value as may be determined by the Corporation at its discretion during the currency of the loan against fire, cyclone, natural calamities or such other risks as may be regarded appropriate by the Corporation with approved Insurance Companies including LIC in the joint names of the Corporation and the concern/company and should contain the usual mortgage clause. As regards the existing insurance policies they should be assigned over in favour of the Corporation. All such policies will have to be deposited with the Corporation.

4. GUARANTEE

- i). Such Directors of the company as may be required by the Corporation shall give personal guarantees in their individual and several capacities for repayment of the term loans with interest and other charges due thereon The guarantors shall undertake not to charge any fee or commission directly or indirectly from the company for giving such guarantees to the Corporation.

5. APPROVAL OF PLANS

The plan of buildings to be constructed shall be got approved by the authority concerned where ever such a permission is necessary.

6. NEGATIVE COVENANTS

- i). Proprietor/Partners shall not draw any amount towards remuneration, interest on capital or on any account in any year till any sum due to the Corporation by way of instalment or interest fallen due in that year remains unpaid.
- ii). The concern company shall not undertake any trading activity during the currency of the loan without prior written permission of the Corporation.
- iii). The concern/company shall not undertake any new scheme other than the one submitted to the Corporation in connection with the loan sanctioned and approved by the Corporation, nor shall it undertake the expansion of the present capacity of the factory and plant involving additional expenditure, without obtaining the prior approval of the Corporation in writing.
- iv). The present constitution of the concern/company shall not be changed during the currency of the loan in any way without the prior consent of the Corporation in writing, which the Corporation shall have the right to refuse, or impose such conditions as it may consider essential.
- v). The concern company shall not make any modification/ alteration/ change/ addition/ deletion of any of the clauses of Deed of Partnership {in the case of Firms Memorandum and Articles of Association {in the case of Company) without prior written consent of the Corporation and a clause to the effect to be incorporation in the partnership deed.
- vi). The Chief Executive of the limited company shall not be changed without the prior permission of the Corporation.
- vii). The concern/company shall not let out or give on lease or license whole or any portion of land and/or building to any one without the prior written permission of the Corporation during the currency of the loan.
- viii). The concern/company shall not lend funds to any one nor invest the same in purchase of shares of any other concern during the currency of the loan without prior written permission of the Corporation.
- ix). During the currency of the term loan, the company will not declare dividend at more than 6% per annum without the written permission of the Corporation provided, however, that no dividend shall be declared without the prior written consent of the Corporation so long as any instalment of principal moneys or interest due payable to the Corporation remain unpaid. {Applicable in the case of Limited Companies}.

7. UNDERTAKINGS

- i). The concern to give undertaking that any shortfall in the resources for the completion of the scheme {including over-run} shall be met by the concern from its own sources.
- ii). The company shall give an undertaking not to allow transfer or dispose of shareholding in the company without the prior approval of the Corporation in writing.
- iii). The promoters shall give an undertaking to arrange for the amount of central state subsidy till such time it is made available to the project. The gap in subsidy, if any to be borne by the promoters out of their own sources.
- iv). Any dealings between the sister concern of the concern shall be purely on commercial basis and at the prevailing market price.
- v). The concern to form a suitable recruitment policy in such a way so as to give due representation to the persons belonging to SC and ST in their organisation in all cadres and advise the Corporation every half yearly {January - June/July-December) the number of vacancies created/sanctioned in all cadres and the number of SC/ST members recruited.

vi). The company to give an undertaking that its Registered Office will not be shifted out of Rajasthan during currency of the loan of the Corporation, without written prior permission of the Corporation (applicable in the case of company only).

vii). The Concern to give an undertaking to plant minimum two trees for each lakh of rupees term loan in the campus of their unit. In case it is located in rental premises or where no land is available, the concern has to plant trees in any other suitable place.

viii). The Concern to give an undertaking that it shall get their Annual Accounts audited by Chartered Accountants And also that it shall submit their Audited Accounts to the Corporation, every year at the end of their accounting year (applicable where the sanction of financial assistance exceed Rs. 10. lacs).

RIGHTS OF THE CORPORATION

i). The Corporation shall have the right to cancel the unavailed amount of sanction, if the loan is not availed of fully within a period of 18 months from the date of sanction. In case Corporation decides to disburse the loan after expiry of such period the Corporation will have the right to modify terms & conditions particularly rate of interest.

ii). The Corporation shall have the right to display its sign board at some conspicuous place in the factory to the effect that entire land, buildings and all machinery. Spares and accessories are mortgaged to the Corporation by way of security for the repayment of the loan.

iii). The Corporation and SIDBI shall have the right to call for records, ask for periodical returns and inspect the unit.

iv). The Corporation shall have the right to appoint a director on the company's Board of Directors such Director being non-rotating and not liable to hold any qualification shares. The nominee will have a right to attend also the meetings of the committee, if any, constituted by the Board. {Applicable in the case of companies only}.

v). In case of any dispute among the partners, the Managing Director of the Corporation or his nominee will be the sole arbitrator and his decision will be binding on them. {Applicable in the case of partnership firms}.

vi). Any other terms and conditions as may be decided by the Managing Director after personal discussion with the representative of the concern/company.

vii). The concern/company shall submit consent letter before execution of loan documents to the effect that they have no objection to our furnishing to SIDBI, all such information as SIDBI may require from time to time and also for inspection of the units by SIDBI during the currency of loan of the corporation.

PART I: DOCUMENTS REQUIRED BEFORE EXECUTION OF LOAN DOCUMENTS

SCHEDULE 1/3

PART I: DOCUMENTS REQUIRED BEFORE EXECUTION OF LOAN DOCUMENTS

1. Original title documents of the property when immovable property is to be mortgaged.
2. Undertaking on non judicial stamp paper worth Rs.10/- in the prescribed form duly attested by Notary Public for unsecured loans.
- 3(a). A complete list of existing building showing the type of structure, measurement, cost etc.
- b). A complete list of the plant and machinery showing the number, make, specification and cost of each machine acquired upto date. The imported, indigenous and locally fabricated machines should be listed separately. The year of construction and date of completion in case of existing building should be mentioned. In case of machinery, date of purchase, the name of supplier and whether the machinery is new or old should be invariably be mentioned.

A copy of the plan of buildings approved by the Industries Department/RIICO/Local Authority.

Upto date report in case of land other than land on lease from RIICO/State Govt. /regarding inspection of the records maintained in the concern Sub-Registrar's Office relating to charge of the assets offered in security (will be required at the time of execution of documents).

- 6(a). A resolution of the Board of Directors of the company for obtaining loan and for execution of the loan documents in favour of the Corporation in the form enclosed to be supplied duly certified by the Chairman of the meeting in which the resolution is passed (in case of limited companies.)
- (b). Copies of resolution in terms of Section 293 (1) (a) and 239 (1)(d) of the Companies Act, 1956 duly certified by the Chairman of General Meeting in which the said resolution was passed along with certificate of present borrowing from a Chartered Accountant/Chief Executive of the company (in case of Public limited company, and a private limited company which is a subsidiary of a public limited company.)
7. Permission/ or exemption under provisions of the Urban land (Ceiling and Regulation) Act, 1976, where ever this Act applies (if necessary).
8. Details of bridge loan if any, taken from any Bank against the security of assets offered to the Corporation.
9. Certificate under Section 230 A of the Income Tax Act.1961 where mortgage deed is to be registered for loans exceeding Rs.50,000.
10. Special Power of Attorney on non-judicial stamp paper worth Rs.30/- in case of Partnership concern if some of die partners are unable to attend for execution of documents.

PART II/ PROCEDURE FOR DISBURSEMENT OF LOAN

Disbursement is made only after fulfillment of conditions stipulated in the loan sanction letter and furnishing of information with regard to creation of assets. Action for disbursement of loan is taken after loan documents have been executed by the loanee concern. Other conditions which are watched at the time of disbursement are as follows:-

1. Disbursement against the security of existing assets or collateral security:

Generally Corporation advances loan against new assets to be created as per approved project. However, a loan against existing assets may be released as per terms incorporated in the loan sanction letter. The utilisation of such an advance is watched by the Corporation before releasing of any subsequent disbursement.

2. Disbursement against assets created:

Corporation releases the admissible amount of loan against the block assets included in the project approved and 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 & justifiability.

3. Disbursement against land:

Disbursement against the cost of land would be made 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 from RIICO, if details of the payments made to RIICO are mentioned in the copy of the lease deed, the same would be accepted for the purpose of making disbursement against the value of land.

4. Disbursement against Building:

Disbursement against building would be made only after carrying out the valuation of building constructed at site as per approved scheme and plan. Valuation of building for more than three occasions would be discouraged. In case, construction of any special type of building is got done from any supplier, supporting bills and payment receipts thereof would be obtained.

5. Disbursement against Plan & Machinery and MFA:

5.1. Disbursement against plant & machinery would be made on the basis of valuation of the 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 of the Corporation.

5.2. Direct payment of machinery to supplier:

Where the unit has purchased machinery on credit the Corporation on the written request of the loanee may make direct payment to the machinery supplier to the extent of loan admissible. However, the payment is released after the valuation of machinery against which payment is requested direct to the supplier and after verifying that the payment of difference amount has been made by the unit to the supplier.

5.3. Disbursement against petty items of plant and machinery valued upto Rs.250/- each subject to maximum amount of 5% of the cost of plant and machinery would be released on submission of a statement in proforma prescribed for the purpose.

5.4. Individual bills and payment receipts lot expenditure incurred on erection and installation of plant and machinery, electrification and miscellaneous items like Tools. Jigs etc. would not be required provided a statement of expenditure showing itemwise details duly certified by a Chartered Accountant is submitted by the loanee concern. It should be specifically mentioned in 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.10,000/- in cash against single invoice of any item(s), if there are any such amount the same shall be deducted while making disbursement. Payment against outstanding liabilities shown in the CA certificate shall be made directly to suppliers as per request of the concern while releasing the disbursement.

5.5. No disbursement of term loan against payments made above Rs.10.000/- in cash against single invoice, except payments to Government Statutory bodies. Financial Institutions, Vidhut Vitran Nigam Ltd. (formerly as RSEB). Local bodies and semi-Govt. institutions, shall be made.

5-6. Release of loan direct to bank for retiring documents:

i). The Corporation on the written request of the unit, may release the admissible amount of loan directly to the bank through which documents are sent by the supplier. However, in such cases the payment is made directly to the bank with instructions to utilise the proceeds of cheque / DD towards payment against their intimation after receiving the payment of difference amount, if any, from the unit.

ii). In DIC/Composite loan cases or loans in rented premises, disbursement against machinery would not be made by retiring bank documents.

iii). Disbursement against documents presented through any bank by a local supplier would not be released.

iv). Where a unit approaches the Corporation for direct payment to bank for retiring machinery documents, the unit shall be required to submit the following documents along with written request :-

(a). Bank Intimation.

(b). Copy of the supplier's invoice in which RR / MR No. and name of the transport company should be mentioned.

(c). Proof that the machinery are insured for transit risk.

v). The Corporation shall verify the arrival of machinery at the Godown of transport company before release of money.

6. The Corporation satisfies itself as under before disbursement of loan:

6.1. Before disbursement of any part of sanctioned loan, the promoters contribution should be raised by the promoters as per terms/ condition of sanction. For this, the Corporation insists upon submission of a certificate from 3 Chartered Accountant certifying the capital of the proprietor/ partners / company. The certificate should not be more than six months old.

6.2. The admissible amount of loan against each item of assets shall be arrived at by keeping in view the margin envisaged in the loan sanction.

6.3. The block assets of the unit offered in security to the Corporation should be adequately insured and where disbursement is requested for retiring the documents, the machinery against which payment is requested should be insured for transit risk.

6.4. In case of the disbursement against plant & machinery / MFA, the original bill and receipts of payment made to the supplier, if any, shall be shown for verification and copies thereof will be furnished for record. The payments made to supplier shall be verified by the bank statement.

Copies of goods receipt of transporter (GR/LR/RR). Octroi receipts and other documents whatsoever necessary will also be furnished for record.

- 6.5.** If second-hand plant and/or machinery has been included in the project, such plant & machinery shall be acceptable only when these are likely to give satisfactory performance, till repayment of the loan. Value of such assets is assessed keeping in view their present condition. A certificate from Chartered Engineer with regard to cost, quality, rated output and residual life shall be obtained.
- 6.6.** 10% of the admissible amount of loan against self fabricated machinery is released after verifying the satisfactory performance of such machine(s).
- 6.7.** The supplier's bill/invoice shall contain inter alia the CST concerned State's sales tax registration number.
- 6.8.** On the original bill an impression should be made that all the equipment mentioned in it are hypothecated to RFC.
- 6.9.** 75% of the sanctioned loan amount may be released in three advance instalments of 25% each in all company cases or other cases where minimum 50% collateral security of the sanctioned loan amount has been offered by the loanee. First instalment of 25% advance disbursement of loan would be released on the basis of CA certificate in the prescribed Performa (DD-7) and subsequent instalments would be released after watching utilisation of earlier advance as per guidelines.

LA(S)-1/5A

LIST OF INDUSTRIES RESERVED FOR THE PUBLIC SECTOR

SCHEDULE I/5(A)

LIST OF INDUSTRIES RESERVED FOR THE PUBLIC SECTOR

- 1. Arms and ammunition and allied items of defence equipment defence aircraft and warships.
- 2. Atomic energy.
- 3. Coal and lignite.
- 4. Mineral oils.
- 5. Mining of iron ore, manganese ore, chrome ore, gypsum sulphur, gold and diamond.
- 6. Mining of copper lead. Zink, Tin, Molabdenum and Wolfram.
- 7. Minerals specified in the schedule to the Atomic Energy (Control of production and use) Order, 1953
- 8. Railway transport.

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Loan & Appraisals

LA(S) 1 /5 B

LIST OK INDUSTRIES IN RESPECT OF WHICH INDUSTRIAL LICENSING WILL BE COMPULSORY

ANNEXURE

SCHEDULE 1/5 B

LIST OF INDUSTRIES IN RFSPFCT OF WHICH INDUSTRIAL LICENSING WILL BE COMPULSORY

Note

1. This list is based on the Indian Trade Classification, which follows the Harmonised Commodity Description and Coding System, Government of India, Ministry of Commerce, Directorate General of Commercial Intelligence and Statistics, Calcutta. The code specified for the item description relates to this classification:

2. Other items in respect of which industrial licensing is not exempted are:

A. For large and medium industries.

The items reserved for the small scale sector listed in schedule III.

B. For all industries.

i). All items of electronic aerospace and defense equipment, whether specifically mentioned or not. In this list.

ii). All items related to the production or use of atomic-energy including the carrying out of any process, preparatory or ancillary in such production or use, under the Atomic Energy Act, 1962.

Note

3. The authentic description will be treated as specified in the item description given below.

1. Coal and Lignite.

27.01 Coal

27.02 Lignite

2. Petroleum (other than crude) and its distillation products.

27.10 Petroleum oils, other than crude.

27.11 Petroleum gases and other gaseous hydrocarbons.

27.12 Petroleum waxes and other similar products obtained through distillation of petroleum.

27.13 Petroleum coke and other residues of petroleum oils.

3. Distillation and brewing of alcoholic drinks,

22.03 Beer made from Malt

22.04 Wine of fresh grapes including fortified wines.

22.05 Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances

22.06 Other fermented beverages (for example, cider, perry, mead)

22.08 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol;
spirits, liqueurs and other spirituous beverages compound alcoholic preparations of a kind used for the manufacture of beverages.

4. Sugar.

170199.02 Cane sugar, refined.

170199.09 Other sugar, including centrifugal sugar.

5. Animal fats and oils.

151610.11 Animal fats and oils, partly or wholly hydrogenated.

15.17 Edible Mixtures or preparations of animal fats and oil.

151800.11 Inedible mixtures or preparations of animal fats and oils.

6. Cigars and cigarettes of tobacco and manufactured tobacco substitutes.

24.02 Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes.

7. Asbestos and asbestos-based products.

68.11 Articles of asbestos cement or cellulose fibre-cement or the like.

68.12 Fabricated asbestos fibres; mixtures with a basis of asbestos and magnesium carbonate, articles thereof.

68.1390.01 Asbestos friction materials.

8. Plywood, decorative veneers, and other wood based products such as particle board, medium density fibre board and block board.

44.08 Veneer sheets, plywood and other wood sawn lengthwise of a thickness not exceeding 6 mm.

44.10 Particle board and other similar board of wood or other ligneous materials.

44.11 Fibre board of wood or other ligneous materials.

44.12 Plywood, veneered panels and similar laminated wood.

44.13 Processed wood, in blocks, plates strips and other profiles shapes.

9. Tanned or dressed furskins.

43.02 Tanned or dressed furskins.

10. Paper and newsprint except bagasse-based units.

(i.e. except units based on minimum 75% pulp from agricultural residues, bagasse and other conventional raw materials).

47.01 Mechanical wood pulp.

47.02 Chemical wood pulp, dissolving grades.

47.03 Chemical wood pulp, soda or sulphate, other than dissolving grades.

47.04 Chemical wood pulp, sulphite, other than dissolving grades.

47.05 Semi chemical wood pulp.

48.01 Newsprint, in rolls or sheets.

48.02 Uncoated paper of kind used for writing, printing or other graphic purposes, in rolls or sheets.

48.03 Paper of a kind used for household or sanitary purposes, in rolls or sheets.

48.04 Uncoated Kraft paper, in rolls or sheets.

48.05 Other uncoated paper, in rolls or sheets.

48.06 Vegetable parchment, greaseproof papers, tracing papers and the like, in rolls or sheets.

48.07 Composite paper, in rolls and sheets.

48.08 Paper, corrugated creped, crinkled, embossed or perforated, in rolls or sheets.

48.09 Carbon paper, self copy paper and other copying or transfer papers, in rolls or sheets.

48.10 Paper, coated with kaolin or other inorganic substance, in rolls or sheets.

48.11 Other coated or impregnated paper, in rolls or sheets.

48.12 Filter blocks, slabs and plates, of papers pulp.

48.13 Cigarette paper.

11. Electronic aerospace and defense equipment; all types.

87.10 Tanks and other armoured fighting vehicles

88.01 Defence aircraft, spacecraft, and parts thereof, to 88.05

8906.01 Warship Ps all kinds.

93.01 Arms and ammunition; parts and accessories thereof to 93.07

12. Industrial explosives, Including detonating fuses, safety hues, gun-powder, nitrocellulose and matches.

36.01 Explosives, including detonating fuses, safety fuses, gun powder.

36.01 Explosives, Pyrotechnic products, matches, to pyrophorically alloys, certain combustible
36.06 preparations.

13. Hazardous chemicals.

22.07 Underatured ethyl alcohol of an alcoholic strength volume of 80% Vol. or higher, ethyl alcohol and other spirits, denatured, of any strength (Industrial alcohol).

280110.00 Chlorine.

281119.01 Hydrocyanic acid and its derivatives.

281510.01 Phosgene and its derivatives.

2815.11 Sodium Hydroxide (Caustic soda): Solid.

2815.12 Sodium Hydroxide 4 Caustic soda): Inagueous solution.

290121.00 Ethylene.

290122.00 Prepene (Propylene)

290124.00 Butadienes. 290120.00 Benzene.

290130.00 Toluene.

290241.00 O-xylene.

290242.00 M-xylene.

290243.00 P-xylene.

290244.00 Mixed zylene isomers

290531.00 Ethylene glycol (ethanediol) lenthylene oxide. 29.05 Industrial alcohol.

292229.02 Meta Amino phenol.

292910.09 Isocyanates and disocyanates of hudrocarbon, not elsewhere specified (example Methyl isocyanaie).

380810.02 Aluminum phosphide.

380810.16 Dimethoate.

380810.21 Quinalaphes.

380810.29 Carbaryl, phorate and fenitrothion.

390110.00 Polyethylene having a specific gravity of less than 0.94.

14. Drugs and Pharmaceuticals (according to Drug Policy)

29.36 Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing. (subject to the Drug Policy).

29.37 Hormones, natural or reproduced by synthesis, derivatives thereof, used primarily as hormones; other steroids used primarily as hormones (subject to the Drug Policy).

29.38 Glycosides, natural or reproduced and synthesis, and their salts, others, esters, and other derivatives (subject to the Drug Policy).

29.39 Vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers esters and other derivatives. (Subject to the Drug Policy).

29.41 Antibiotics. (Subject to the Drug Policy).

29.42 Other synthetic drugs, not elsewhere specified or included. (Subject to the Drug Policy).

30.01 Pharmaceutical products (Subject to the Drug Policy).

to 30.06

15. Entertainment Electronics (VCRs, Colour TVs, CD players, tape Recorders).

852031.00 Tape recorders, cassettes type

85.19 Compact Disc player.

8520.39 Tape recorders, other than cassettes type. 85.21 Video recording or reproducing apparatus. 8528.10 Colour television receivers.

Note: The compulsory licensing provisions would not apply in respect of the small scale units taking up the manufacture of any of the above items reserved for exclusive manufacture in small scale sector.

Note: It is clarified that small scale units can take up the manufacture of any item even if covered in the above schedule provided it employs less than 50/100 workers with/without aid of power. Such type of small scale units, need not require license to take up the manufacture of the above items.

(Loan & Appraisals) **LA(S)-1/6A**

RESTRICTIVE LIST OF RFC

Schedule 1/6A

RESTRICTIVE LIST OF KFC

S.No. Product

1.	Textile Process houses except at Bhilwara
2.	Waste Spinning
3.	Ara Machine
4	MICK & Computer Stationery
5.	Lement
6.	Aluminum Utensils
7.	Special Alloy Steele Casting
8.	Welding Electrodes
9.	Plastic Reprocessing
10.	Solvent Extraction Units
11.	Mini Cement Plants & Clinker Grinding Units
12.	All type of Granite Units(Water/Kerosene based)
13.	All type of project based on ODS (Ozone Depleting Substances).
14.	Mining project for granite blocks.
15.	Projects of traditional and Mini Offset Printing Press.

POLICY GUIDELINES FOR SELECTED INDUSTRIES

Schedule 1/6 B

POLICY GUIDELINES FOR SELECTED INDUSTRIES

S.No.	Product	Policy
FOOD AND FOOD PRODUCTS		
1.	Ice Factory	Application should not accepted for setting up ice factory for less than 10 TPD.
2.	Cold Storage	Applications for setting up cold storage of above 2000 MT capacity may be accepted and processed if sufficient scope is found in the area.
3.	Dairy Sector	Projects fulfilling the norms of Milk and Milk Products Order, 1992 regarding installed capacity of proposed Dairy unit for handling Milk and Milk Products only be considered for finance. (Extract of relevant guidelines arc given below).

Registration:

1. On and from the date of commencement of this order no person shall manufacture or carry on business in milk or any milk product nor create any manufacturing facility for the business, unless such person has made an application in the form specified in the first schedule alongwith the prescribed fee to the registering authority for obtaining the registration certificate.
2. The provisions contained in sub- paragraph (I) shall apply to such person who handles or is equipped to handle or who has in the establishment or unit under his ownership or control (or where he has more than one such establishment, all the establishment put together > installed capacity for handling milk in excess of ten thousand litres per day, or milk product containing milk solids in excess of five hundred tonnes per annum.
3. Promoters contribution would not be less than 40% of the project cost.
4. Collateral security of immovable property having MRV not less than term loan would be furnished.

The relaxation in collateral security (not below 50% of the loan amount) be considered by the CMD.

Relaxation in the norms of collateral security, if any requested be referred to HO only if the BM/DGM(R) (sanctioning authority as the case may be) is satisfied about viability of the project and security of loan giving full justification for further consideration of the PCC CMD.

4.	Distilleries	i).	No New distilleries may be permitted in Alwar & Jaipur districts
		ii).	All distilleries will be asked to ensure recycling of treated effluents.
		iii).	No commitment by RIICO or any other agencies may be made by way of land or loan on any distilleries Breweries prior approval of the committee of Secretaries and the Govt.

TEXTILES

1. Textile Printing Loan applications may be accepted only if these arc supported by NOC from Water Pollution Control Board

2. Niwar Manufacturing Unit No more applications for setting up Niwar Manufacturing Units in Bhilwara district will be entertained.
3. Spinning of Yarn
 - a). Financial assistance can be considered on a very selective basis for loan granted to new spinning units basically rotors. Such proposals should satisfy the usual norms of viability and should be based on Debt Equity Ratio of 1.5:1. Adequate availability of waste cotton for such units has also to be ensured.
 - b). Expansion proposals from existing cotton spinning units may be considered for enabling them to reach upto 25000 spindles and achieve better viability in their operations provided the proposals satisfy Debt Equity Ratio norms of 1.5:1.
 - c). Financial Assistance to new units for spinning of shoddy yarn/Woolen yarn based on worsted system can be considered.
4. Zero Zero Felt Applications may be accepted subject to NOC from the Pollution Control Board.
5. Readymade Garments A cautious approach be adopted for scrutiny of the promoter in financing the read/made garment industry in the state. The capability and bonafides of the applicant should be carefully examined during the course of appraisal of the project. In case the unit is set up in rented premises, collateral security as per norms prescribed should be insisted upon and no relaxation should be allowed.
6. Process Houses Financial assistance for textile process houses at Bhilwara only shall be considered on the stringent financing norms like higher promoter's ratio of 1:1 preferably.

PRINTING PAPER & WOOD PRODUCTS

1. Paper Board Small plants desirous of setting up paper board units of 3-4 MT capacity per day may be considered provided they are nearby to the raw material market, parties are financially sound and that local market is available for absorption of finished product.
2. Printing Press
 - i). Application for setting up new and improved technology of printing press like DTP system, off-set printing etc. may only be entertained in Jaipur, Jodhpur, Kota, Udaipur, Bikaner, Alwar etc.

- ii). Only latest technology Printing Machine should be considered on selective basis to the experienced

promoters having sound financial means with following terms:-

- a) Security Margin : 50%
- b) Promoter's Contribution:50%
- c) Collateral Security : Equal to loan amount

All the loans in this sector shall be sanctioned at HO till the recovery position improves substantially.

- 3. Colour Lab Applications from such units should be considered on merits.
- 4. Photostat Machine Photostat machines may be considered for financing provided collateral security equivalent to the loan amount is obtained by promoters.
However reach of such cases would be referred to the concerned DGM(R) who will accord his permission for financing in the area where sufficient scope is found.

CHEMICALS AND PHARMACEUTICALS

- 1. Pesticides Formulation No application for setting up pesticides manufacturing should be entertained unless NOC from Director of Agriculture. Government of Rajasthan is produced alongwith loan application.
- 2. Son Power Operated Acid Such units will be assisted only when group of entrepreneurs opt on Detergent composite basis and approach Corporation for assistance.
- 3. Pharmaceutical Units
 - i). Restrictive financing considering 40% securing margin and on the condition that the unit is not being set up in rented premises.
 - ii). Prior clearance from Directorate of Medical & Health (Drug Control Organisation) is required.
- 4. Paraffin Wax & Chlorinated No loan application is to be accepted at and around MIA, Chlorinated Paraffin Wax Alwar. For other areas, application may be considered after obtaining prior NOC from the Pollution Control Board.

MINES & MINERALS PRODUCT

- 1. Tractor Compressor
 - a). A cautious approach be adopted for further financing of Tractor Compressor units at Bhilwara, Udaipur and Sirohi in particular and at other places in general.
 - b). Preference should be given to those who either have base units of their own or have mining lease of sufficient size (say 6000 Sq.mtrs.) in their name.
 - c). Collateral security of immovable property of the value which may

cover loan and subsidy be taken in each case in addition to hypothecation of tractor compressor financed by RFC.

2. Refractories Application may be accepted for financial assistance to the specialized

type of sophisticated refractory units manufacturing high alumina bricks, silica bricks with high conduction carbon refractories. Zircon & ceramic fibre products. However, further financing will be considered on selective basis and that too confirming ISI specifications, sound entrepreneurship and investible capabilities.

3. Marble Cutting The minimum promoters contribution shall be 33% of the project and

debt equity ratio 33% of the project and debt equity ratio should not exceed to 2:1. On marble mines would not be condition or establishing a marble processing unit but possessing of a mine of adequate marble reserves of good quality would be considered to be positive aspects for the project.

4. Hydrated Lime and Quick Lime **i).** Loan for hydrated lime unit may be considered normally within 50/60 Kms. radius where sufficient raw material deposits of requisite grade are available.

ii). No application is to be accepted in Udaipur Region.

5. Mineral Grinding No application for financial assistance for setting up of mineral grinding units (Marble Chips and Powder) in Alwar district be accepted.

METAL PRODUCT:

1. **Auto Leaf Springs** In view of substantial number of units already financed by the Corporation, no application for Auto leaf spring units may be accepted.

Application from such units who are having satisfactory marketing tie-up or who have been granted ancillary status by leading vehicle manufacturing units may continue to be accepted. Before registering such application prior reference to be made to HO.

2. SS Rolling Mill "The minimum promoter contribution shall not be less than 50% of

project cost." In case promoters is not in a position to bring the

required contribution, then the collateral security equal to the value of double the amount of short fall in the promoters contribution shall be insisted upon. However, in no case the PC shall be less than die 40% of the project cost" .For relaxation in the above norms, if any, in a particular case, the same would be forwarded by the concerned branch to the HO for consideration forwarding the full details of the case giving reasons and justification in support of his recommendations for the relaxation required in a particular case. For existing units: The case would be examined/ appraised subject to the norms followed under Normal Term loan scheme.

3. Industrial fasteners The loan application may be considered for financing outside residential area and not in rented premises.

4. Recovery of Zinc from Zinc Ash units Application for extending financial assistance for recovery of zinc

from zinc ash and brass ash units may be accepted provided:
Promoters have sufficient experience in the line. They have firm
arrangements for continuous technology consultancy and
assurance for non interrupted supply of power and raw material
5. Grinding Media Applications only from the units which propose to go in for product mix particularly with forged automobile and engg. Components along with grinding media may be considered.
6. Metallic Yarn Application for setting up materials yarn units are not to be accepted except at Khandela, Distt. Sikar from entrepreneur who are in established Metallic Yarn trade.
7. The plant & equipments including The application for financial assistance to such units accepted at VCR, Deck, CTV & Recording Deck branch shall be forwarded to HO for further processing.

OTHERS

1. Drilling Bits Applicant desiring of setting up this type of industry shall be referred existing sick/closed units available for sale with the Corporation.
2. Transformer Units No new application for manufacturing & repair of Transformer is to be registered for Jaipur & Dausa Districts.
3. Guar Gum A. The corporation will adopt a cautious approach for financing the guar gum projects.

B. In case of split unit :

For new units: Minimum promoters contribution may be kept at 40% and minimum 50% collateral security will be required.

For relaxation in the above norms, if any in a particular case, the same would be forwarded by the concerned branch to HO for consideration forwarding the full details of the case giving reasons and justification in support of his recommendations for the relaxation required in a particular case

For Existing units

The case would be examined appraised subject to the norms followed under Normal Term Loan Scheme.

C. In case of powder manufacturing units:

In the die of powder manufacturing units, the decision should be taken at HO level as per the existing guidelines.

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

Note : The above Policies are framed from time to time and are subject to review and change at any time by the Corporation at its sole discretion without any notes. The above guidelines will be applicable on new units and would not be applicable in general on cases of existing units going for expansion unless it is specifically provided in the guidelines itself as to its applicability on expansion cases as well. These guidelines would not be applicable

on the good borrower and to the unit promoted by existing borrowers looking satisfactory payment behavior with the Corporation.

List of Red category industries which are highly polluting and or are hazardous in nature.

SCHEDULE 1/6 C

List of Red category industries, which are highly polluting and or are hazardous in nature.

1. Aluminum Smelter
2. Caustic Soda
3. Cement
4. Copper smelter
5. Distillery
6. Dyes and Dye intermediates
7. Fertilizer
8. Integrated Iron and steel
9. Tanneries
10. Pesticide
11. Petrochemicals
12. Basic Drugs and pharmaceuticals
13. Pulp and Paper
14. Oil refinery
15. Sugar
16. Thermal Power plant
17. Zinc Smelter
18. Textile units

a). Man made Fibber (Large and medium)

b). Textile industries including textile units in cluster but excluding spinning and weaving steam agers, stentering and felt calendaring, curing and pad finishing.

19. Hotels

a). Located within a distance of 200 mtrs. from high flood levels of any water body (Lake/ River/ Dam/ Reservoir).

b). having more than 100 beds capacity.

20. Vegetable products industries

a). Fermentation including Breweries (large / medium)

b). Vegetable refined oil vanaspati ghee and milk processing (large/medium).

c). Malt manufacturing units (large/medium)

d). Soft drink manufacturing units (large/medium)

21. Engineering and Metallurgical industries

a). Other ferrous non ferrous Metallurgical (LM) units.

b). Industries having electroplating, pickling, anodising, phosphatising galvanising operations (large medium).

c). Induction, Cupola. Arc Furnace (L/M)

22. Mining of Minerals more than 6 hectares. Ore processing industries (large/medium)

23. Steam Generating plants > 2 TPH capacity and incinerators (large/medium)

24. Coking and carbonization of coal (large/medium) units.

25. Following category of chemical and hazardous Inds.:

a). Acid/alkalies

b). Chemical industries discharging waste water and air pollutants (large/medium)

c). CPW units

d). Soap detergent lubricating oil & greases manufacturing/units (large/medium)

e). industrial and refrigerant cases manufacturing units (large/medium)

f). Industrial and refrigerant Gases manufacturing units (large/medium)

g). Resin and plastics (L/M)

h). Pigment, its dyes and intermediates extent dry mixing

i). Tyre and tube manufacturing units (L/M)

j). Asbestos manufacturing and processing units (L/M)

k). Insecticides, Herbicides. Fungicides (Basic manufacturing units)

- l).** Paints, enamels and varnishes (L/M)
- m).** Vinyl Surphone Caster and all derivatives of 'H' 'K' and 'G' acids etc.
- n).** Acetylene (Synthetic) (L/M)
- 26.** Clinker grinding units (Large/Medium)
- 27.** Wool Scouring units (Large/ medium)
- 28.** Hospitals (50 or more beds)
- 29.** LPG bottling plants.
- 30.** Railway workshop/ loco sheds.

LA (S)-1/6D

SCHEDULE 1/6 D

List of orange category industries:

1. Glue and Gelatines
2. Clinker grinding units (SSI)
3. Pesticides, drugs and pharmaceuticals formulations units
4. Mineral grinding units
5. Paints, enamels and varnishes (SSI)
6. Bone crushing units.
7. Stone crusher, brick kilns, lime kilns and hydrated lime manufacturing units.
8. Marble and granite cutting units including stone polishing (SSI).
9. Malt manufacturing units (SSI)
10. Boilers < 2 TPH capacity and Incinerator in SSI units.
11. Refractory, insulation and ceramic units.
12. Soft drinks manufacturing units (SSI)
13. Hotel having less than 100 bed capacity. Excluding hotels located within a distance of 200 mtrs. from HFL of water body (Lake/ Reservoir/River/Dam)
14. Battery processing units (LM)
15. Paper board and units producing paper from waste paper using hydropulper.
16. Wool scouring units (SSI).
17. Acetylene (Synthetic) (SSI)
18. Carpet processing unit (L/M)
19. Manufacture of lubrication oil and greases (SSI)
20. Fibre glass production and processing
21. Induction /Cupola furnaces (SSI)
22. Ferrous and non-ferrous metals forging and alloy making (SSI)
23. Fermentation including breweries (SSI)
24. Other ferrous non ferrous metallurgical (SSI) Rolling mills and metal ingots processing units.
25. Industries having electroplating, pickling anodizing, phosphatising, galvanizing operations (SSI)
26. Tyre and tube manufacturing units (SSI)
27. Asbestos manufacturing and processing units (SSI)

- 28. Vegetable refined oil. vanaspati ghee and milk processing (SSI) solvent extraction plant (L/M)
- 29. Metal finishing, painting and annealing units excluding metal and machine fabrication.
- 30. Shoe making with mechanised process (L/M)
- 31. Food Processing units including confectionery (L/M)
- 32. Textile units:
 - a). Man made fibre (SSI)
 - b). Textile industries excluding SSI units in cluster but including steam agers, stentering and felt calendaring, curing and pad finishing.
- 33. Spinning and weaving units
- 34. Coking and carbonisation of coal (SSI) p73
- 35. Hospitals (less than 50 beds)
- 36. Marble and granite processing units.
- 37. SSI Textile units at isolated sites.
- 38. Glass manufacturing units.
- 39. All hazardous chemical industries in SSI sector except the one's which are mentioned in Red category

Other category

- a). All other industries which are not covered under the "Red" or "orange" categories and are discharging waste water and /or air emissions and are not included in the list of exempted units notified by the Government.
- (b). All those industries which are not covered under Red or orange categories and whose processes do not generate any water or air need not apply for NOC or consent.

LIST OF SMALL SCALE UNITS EXCLUDED FROM NOC FROM POLLUTION CONTROL BOARD SUBJECT TO FULFILLING ELIGIBILITY CRITERIA

Schedule 1/6E

LIST OF SMALL SCALE UNITS EXCLUDED FROM NOC FROM POLLUTION CONTROL BOARD SUBJECT TO FULFILLING ELIGIBILITY CRITERIA

1. Motor rewinding.
2. Automobile repairs shops. Body Building Units, subject to noise pollution.
3. Engineering, Workshop, Machine shop, Press shop, Grinding, General Fabrication, Subject to Noise Pollution(without foundry), pickling, electroplating, Galvanizing.
4. Motor and pump making (without foundry), transformers (without oil).
5. Bi-Cycle and Tri.Cycle pans making units (without pickling and electroplating).
6. Bi-Cycle Assembling Units
7. Belt fastener units (steel)
8. Fabrication units connected with animal drawn vehicles, agricultural implements, trailers.
9. General wire industries like wire drawing. Barbed wire. Chain links making units.
10. Block making, printing, offset printing.
11. Bottle coolers, Bottle washers.
12. Black smithy shop.
13. Drawing, Surveying and other instruments making units.
14. Weighing machines making units.
15. Automobile, Car. Truck. Tractor. Two Wheeler parts and accessories making unit (without electroplating and heat treatment)
16. Carpentry units - making items for housing and construction and industrial.
17. Brush making units with fibres / plastic.
18. Furniture making units steel and wood.
19. Musical instruments.
20. Blue metal crushing units (1 Kms. away from habitation NH/SH and sensitive areas).
21. Building materials like: pedlocks, towerbolts, reinforcement, scaffolding.
22. Aluminium, Stainless Steel. Brass Vessel making units.
23. Crown Cork making units.
24. Paper Pins, U Clips, Pen Holders (without electroplating), pencils, pen and paper products.

25. Radio, VCR, TV, Audio Video Equipment Assembly and Servicing.
26. PCB Assembly with electronic components like capacitors, resistors. Diodes.
27. Rolling shutters (without pickling and subject to noise pollution).
28. Hand tools {without involving forging, heat treatment, plating}.
29. A.C Room Coolers, Water Coolers/Heaters.
30. Household appliances-stoves, Cookers, Toaster, Kitchens equipments (without plating).
31. Nails, Screws
32. Sports Goods.
33. Toys
34. Umbrella, Raincoats. Tarpaulins (without pickling and electroplating)
35. Electrical switches, panel Board
36. Plastic Cable manufacturing
37. Finished leather goods-conversion of finished leathers
38. Agarbathi (Dry-process), other cosmetic products, manufactured by blending.
39. Soap, Detergents, Phenyl (Excluding manufacture of acid slurry)
40. Dry distempers (without kiln/Furnace)
41. Floor Polish. Nail Polish, Tooth Powder.
42. Hair Oil, Shampoo, Tooth Paste.
43. Mineralised and Aerated water (not exceeding 300 bottles/day)
44. Insulation and other coated papers-papers and pulp excluding papers conversions like cone, tubes, bags, boards and canons envelops, saucers, card bowels and paper products, napkins, dishes, stencils, labels and transfer labels teleprinter rolls, taps, toilet paper and wax coated.
45. Wax Candles (excluding manufacture of Wax).
46. Tablets capsules and Dry formulation units of pharmaceutical industry.
47. Flavouring essences (Blendings)
48. Essential oil and Oleoresins (without manufacturing and refining)
49. Fruit pulping concentrates, pickles, pappads.
50. Biscuits, paste confectionery, Bread, Bakery, 100 kg/day.

51. Cooly Hour and Hulling Mills and domestic wet grinding unit.
52. Rice hulling, milling atta groundnut decorticating drying guar gum gillet grinding ("DG Set with capacity not more than 200 KVA" with stack of 3 meters above the roof.).
53. Mirror making.
54. Railway sleepers (concrete) (without Boilers and DG Set not more than 200 KVA with stack 3 mtr. above the roof)
55. Bamboo and cane products
56. Wooden boats and trawlers.
57. Wood crates and packing.
58. Cotton and Woollen hosiery apparel (without dying, bleaching and mercerising)
59. Cotton Knitware, tape, socks (without dying)
60. Cotton spinning and Yarn doubling and weaving 25 HP (without dying)
61. All Garments.
62. Surgical gauzes. Bandages, Stove wick, shoe lace, filing tags.
63. Handlooms weaving.
64. Fibre- glass mouldings, plastic fabrications, extrusions, injection mouldings.
65. PVC components, coated products.
66. Lab and Scientific equipments without plating.
67. Plastic sack bags, wovensack. PA. Polynit, HDPE CDPE PVC tubes.
68. Generator not more than 135 HP (only assembly).
69. Units making aluminium vessels/brass vessels (without wet operations)
70. Saw Mills (not in residential area) subject to noise pollution.
71. Gold smithy shops (Household)
72. Coffee /Tea Shop, Snack Bars.
73. Oil Bxpellcr (without boiler)
74. Goods Transport Units.
75. Ice Factories (not in residential area) and cold storage (SSI).
76. Poultry Farms.

77. Match Units
78. Sericulture units.
79. Wet Grinder Assembly units
80. Packing units
81. Colour/Soda Factories (Soft Drink not exceeding 500 Bottles/day)
82. Scented Edible Hydrated Lime units
83. Betel Nuts Cracking
84. Chewing Tobacco
85. Biogas
86. Coir units (without soaking).
87. Polythene Bags.
88. Plastic Articles
89. Bumber Wood
90. Cashew Nut Roasting
91. Snuff
92. Book Binding
93. Fire Works (not in residential area)
94. Beedi Units
95. Ice Boxes
96. Shoe Lacing
97. Silver Smithy (Household units)
98. Fountain Pens
99. PVC Goods
100. Optical Frames (without Pickling electroplating).
101. Coir furnishing units.
102. Eucalyptus Oil Extraction.
103. Coffee Grinding

- 104. Needle Packing
- 105. Vermicelli
- 106. Cabinets
- 107. Optical Glass
- 108. Mai Weaving
- 109. Chilling
- 110. Dal Mills
- 111. Rope (Cotton and Plastic).
- 112. Stone Butch.
- 113. Woollen Mill (without Wet Process).
- 114. Computer & General Stationeries.
- 115. Electronic Watch & Calculator Assembly (without Washing/Cleaning with water or solvent.)
- 116. Clay based handicraft (without furnace)
- 117. Wooden Handicraft.
- 118. Metal Handicraft
- 119. Plastic Carboard/Packing Material.
- 120. Sanitary Nepkin (Dry Process)
- 121. Ginning Mill
- 122. Bulb Assembly Industry
- 123. Emery Paper Unit
- 124. Steel Utensil Unit (without pickling).
- 125. Distill Water Unit
- 126. Gram / Groundnut/ com Roasting unit.
- 127. Quilt Unit (Dry process)
- 128. Cold Tyre Retrading unit
- 129. Aluminium Section Fabrication Unit

130. Gem Polishing Unit
131. Cotton and Synthetic Niwar Unit
132. Stone Edge Cutting unit. Mosaic Tiles. Cement Pipes and Spun Pipes.
133. Grinding unit for Salt. Haldi. Icera and Dhania
134. Manufacturing of Tobacco Gutka (Dry Mining).
135. Manufacturing of Cattle Feed (Dry Mining)
136. Iron & Steel Wire Mesh (Jali) Making Unit
137. Floriculture Unit.
138. Computerised photo making unit
139. Computer Assembly including Development for Software.
140. Vegetable Canning (Dry Process)
141. Locks & Hinges Unit (Dry Process)
142. Steel Chain Making Unit (without Forging & Picking)
143. Meter & Pressure Guages Assembly Unit.
144. Wooden Packaging Unit.
145. Backalite Moulding & Repair
146. Telephone Assembly & Repair
147. Powder Coating Unit
148. Pouch & Endline Packaging Unit
149. Blue Potteries, Brick making- Manual & Wire cut unit with DG Set upto 200 KVS with stack 3 Mtr. above the roof.
150. Fly Ash and Marble Slurry Brick Making Units.

The exemption from obtaining NOC has been granted with certain conditions and stipulations as

Under :-

- a). That the number of workers in the "Industry" shall not exceed 20.
- b). All the aforesaid industries, shall not use fuel mentioned in column 1 in their manufacturing process or in the subsidiary process in excess of the quantity mentioned in column 2.

i).	Coal consumption	50 Tonnes per month
ii).	LDO consumption	25 Tonnes per month
iii).	Volume of effluent	5000 Lts. Per day not more than

c. The aforesaid industries shall not use or store hazardous chemicals given under the Hazardous Waste (Management & Handling) Rules, 1989 and Manufacture, Storage & Import of Hazardous Chemicals, Rules, 1989.

- d). The industries shall conform to the land use classification made by the competent authority.

Provided further that if any of the industries in the list appended at Appendix-I creates conditions that generate any type of pollution or if there is any objection from the surrounding community and if on verification, it is found that such objection are substantially correct, the Rajasthan State Pollution Control Board shall bring the industry within the ambit of consent administration as contemplated under Section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention & Control of Pollution) Act, 1981.

List of items under Mandatory Certification of BIS

Schedule 1/ 6 F

List of items under Mandatory Certification of BIS

S.No	Applicable BIS Standards	Name of the products
1.	IS 1694	Tartrazino, food grade
2.	IS 1695	Sunset Yellow FCF, food grade
3.	IS 1697	Erythrosine, food grade
4.	IS 1698	Indigo carmine, food grade
5.	IS 2558	Ponceau 4R, food grade
6.	IS 2923	Carmoisine. food grade
7.	IS 5346	Synthetic food colour preparation and mixtures.
8.	IS 6022	Fast green FCF. food grade
9.	IS 6406	Brilliant blue. FCF. food grade
10.	IS 3827	Riboflavin
11.	IS 3841	B-Carotene
12.	IS 4446(Part-I)	Chlorophyll, (Mg Complex)
13.	IS 4446(Part-2)	Chlorophyll. (Cu Complex)
14.	IS 6386	Beta-apo-8 Carotenal, food grade
15.	IS 6405	Canthaxanthine. food grade
16.	IS 6797	Methyl ester of beta-apo-8- carotenoic acid.
17.	IS 7260	Ethyl ester of beta-apo-8 carotenoic acid, food grade
18.	IS 2557	Anatto colour for food products
19.	IS 4447	Sodium benzoate, food grade
20.	IS 4448	Benzoic acid, food grade
21.	IS 4467(Pan-I)	Caramel(Plain)
22.	IS 4467(Part-2)	Caramel(Ammonia process)
23.	IS 4467(Part-3)	Caramel(Ammonia sulphite process)
24.	IS 4750	Sorbitol, food grade
25.	IS 4751	Potassium metabisulphite, food grade
26.	IS 4752	Sodium Metabisulphite,. food grade.
27.	IS 4818	Sorbic acid. food grade
28.	IS 5191	Sodium alginate, food grade
29.	IS 5306	Sodium Carboxymethyl Cellulose, food grade.
30.	IS 5342	Ascorbic acid, food grade.
31.	IS 5343	Butylated hydroxy- anisole, food grade.
32.	IS 5707	Agar, food grade
33.	IS 5719	Gelatin, food grade
34.	IS 6030	Sodium propionate, food grade
35.	IS 6031	Calcium propionate, food grade
36.	IS 6793	Fumaric acid, food grade
37.	IS 7905	Calcium alginate, food grade
38.	IS 7908	Sulphur dioxide, food grade
39.	IS 7928	Alginic acid, food grade
40.	IS 9504	Tartaric acid, food grade
41.	IS 10563	Mineral oil, food grade
42.	IS 8356	Titanium dioxide, food grade
43.	IS 9971	DL lactic acid, food grade

44.	IS 1165	Milk powder
45.	IS 1166	Condensed milk
46.	IS 1547	Infant milk foods
47.	IS 1656	Milk- cereal base weaning foods
48.	IS 11156	Infant formulae
49.	IS 269	33 grade ordinary portland cement
50.	IS 455	Portland slag cement
51.	IS 1489(Part 1 and (part 2)	Portland pozzolana cement Part 1 flash based and part 2 Calcined ciay based.
52.	IS 3466	Masonry cement
53.	IS 6452	High alumina cement for structural use
54.	IS 6909	Supersulphated cement
55.	IS 8041	Rapid hardenig Portland cement
56.	IS 8042	White Portland cement
57.	IS 8043	Hydrophobic Portland cement
58.	IS 8112	43 Grade ordinary portland cement
59.	IS 8229	Oil well cement
60.	IS 12269	53 Grade ordinary Portland cement
61.	IS 12330	Sulphate resisting Portland cement
62.	IS 12600	Low heat Portland cement
63.	IS 1161	Steel tubes for structural pupposes
64.	IS 1239(part-1)	Mild steel tubes, tubular products and other wrought steel fittings Part 1 Mild steel tubes.
65.	IS 4270	Steel tubes used for water wells (Upto 200 mm dia)
66.	IS 1342	Oil pressure stoves.
67.	IS 2787	Muli burner oil pressure stoves
68.	IS 10109	Oil pressure stoves offset burnet type
69.	IS 418	Tungsten filament general service electric lamps (upto 100 W)
70.	IS 302 (Part 2/ Sec 3)	Safety of household and similar electrical appliances Electric iron
71.	IS 302 (Part 2/ Sec 30)	Safety of household and similar electrical appliances Electric radiators
72.	IS 302 (Part2/ Sec201)	Safety of household and similar electrical appliances -Electric immersion water heater
73.	IS 302 (Part2/ Sec202)	Safely of household and similar electrical appliances -Electric stove
74.	IS 1293	3 pin plugs and socket outlets.
75.	IS 3854	Switches for domestic and similar purposes.
76.	IS 4949	2 Amp switches for electric and similar purposes.
77.	IS 277	Galvanized steel sheets (Plain and corrugated)
78.	IS 279	Galvanized steel wire for telegraph and telephone purpose
79.	IS 280	Mild steel wire for general engineering purposes.
80.	IS 432 (part-I)	Mild steel and medium tensile steel bars concrete reinforcement.
81.	IS 432 (part-2)	Mild steel and medium tensile steel bars and hard drawn steel wire for concrete reinforcement
82.	IS 513	Cold rolled carbone steel sheets.
83.	IS 1029	Hot rolled steel strips (Bailing)
84.	IS 1079	Hot rolled carbone steel sheet and strip
85.	IS 1148	Hot rolled steel rivet bard (upto 40 mm diameter) structural purposes
86.	IS 1149	High tensile steel rivet bars for structural purpose.
87.	IS 1786	High strength deformed steel bars and wires for concrete rcinforccmcnt.
88.	IS 1875	Carbone steel billets, blooms, slabs and bars for forgings
89.	IS 1977	Structural steel (ordinary quality)
90.	IS 1990	Steel rivet and stay bars for boilers.
91.	IS 2002	Steel plates for pressure vessels for intermediate and high temperature service including boilers

92.	IS 2062	Weldable structural steel
93.	IS 2830	Carbon steel billets, blooms and slab for rerolling into structural steel (ordinary quality)
94.	IS 2831	Carbon steel billets, blooms and slab for rerolling into structural steel (ordinary quality)
95.	IS 2879	Mild steel for metal are welding electrode core wire
96.	IS 3502	Steel chequered plates.
97.	IS 3748	Tool and die steels
98.	IS 3930	Flame and induction hardening steels
99.	IS 4368	Alloy steel billets, blooms and slab for forging for general engineering purpose.
100.	IS 4397	Cold rolled carbon steel strips for ball and roller bearing cages
101.	IS 4398	Carbon chromium steel for the manufacture of balls, rollers and bearing races.
102.	IS 4430	Mould steels
103.	IS 4431	Carbon and carbon manganese free cutting steel
104.	IS 4432	Case hardening steels
105.	IS 4882	Low carbon steel wire for rivets for use in bearing industry
106.	IS 5489	Carboreting steel for use in bearing industry
107.	IS 5517	Steels for hardening and Tampering
108.	IS 5518	Steels for die blocks for drop forging
109.	IS 5522	Stainless steel sheets and strips for utensils.
110.	IS 1989 (Part-I)	Leather safety boots and shoes for miners.
111.	IS 2512	Miner's cap lamp batteries (lead acid type)
112.	IS 1855	Standard steel wire ropes for winding and man-riding haulages in mines .
113.	IS 2148	Flameproof enclosures of electrical apparatus.
114.	IS 2925	Industrial safety helmets.
115.	IS 3196 (part-I)	Welded low- carbon steel gas cylinder exceeding 5 ltrs water capacity for low pressure liquefiable gasses part-1 Cylinders for liquefiable
116.	IS 3196(part-2)	Welded low carbon steel gas cylinder exceeding 5 ltrs water capacity for low pressure liquefiable gasses pan-2 Cylinders for liquifiable
117.	IS 3224	Valve fittings for compressed gas cylinder excluding liquetied petroleum gas cylinders.
118.	IS 3745	Yoke type waive connections for small medical gas cylinders.
119.	IS 7142	Welded low carbon steel gas cylinder for low pressure hquefiable gases not exceeding 5 litre water capacity
120.	IS 7285	Seamless steel cylinders for permanent and high pressure liquefiable gases
121.	IS 7302	Valve finings for gas cylinder valves for use with breathing apparatus
122.	IS 7312	Welded and seamless steel dissolved acetylene gas cylinder.
123.	IS 7680	Welded and seamless steel dissolved gas cylinders for ammonia.

124.	IS 7681	Welded and seamless steel dissolved gas cylinders for chlorine gas
125	IS 7682	Welded and seamless steel dissolved acetylene gas cylinders for methyl bromide gas.
126.	IS 8737	Valve fittings for use with liquefied petroleum gas cylinder of more than 5 liters water capacity: part-2 valve fittings for newly
127.	IS 8776	Valve fittings for use with liquefied petroleum gas cylinder upto and including 5 liters water capacity
128.	IS 3470	Hexane food grade.
129.	IS 8144	Multipurpose dry batteries
130.	IS 7620 (Part-1)	Diagnostic medical X-ray equipment
131.	IS 14625	Plastic feeding bottles
132.	IS 13428	Packaged natural mineral water
133.	IS 14543	Packaged drinking water (Other than packaged natural mineral water)

LA(S)-I/7

SCHEDULE 1/7

BUILDING construction rates for appraisal of loan cases and

valuation of building

The prevailing building rates is given below as at Annexure 'A' and also copy of standing order X-3/1997 is also enclosed at Annexure 'B'. It is further clarified that items which are not specified and included in Annexure 'A'. The rates of same should be considered on the basis of X-3 Circular 1997, issued by PWD.

ANNEXURE A

S.NO.	PARTICULARS	SPECIFICATIONS	PLINTH AREA RATES
1	Factory shed Ht. 15' (Closed on four sides)	Foundation & superstructure in lime/cement stone/brick masonry, steel/wooden joinery 28 gauge. CGI/AC sheet covering & supported by angle iron/tubular trusses and purlins, CC flooring, lime/cement plastered wall practically complete in all respect with electric in conduits and water line fittings etc.	141/- sq.ft.
2	Office block ground floor without basement ht. 11'6"	Foundation and super structure in lime/ cement masonry, stone slab roofing, ordinary cement flooring, plastered on both sides, wooden joinery with ordinary painting, required wire gauge shutter provided, water supply and sanitary fittings etc. work practically complete in all respect	254/- sq.ft.
3	Compound wall Ht. 1 mtr (3.28') above GL Add:	Stone/brick masonry with lime/cement plaster	125/- Rft.
4	Platform	Pucca platform over stone soling of general specifications.	26/- Sq.ft.

A provision of 10% contingencies is to be provided to meet out the expenses of unforeseen items and price escalation, if any.

1. These rates are inclusive of electric fitting, sanitary fitting) wherever applicable), Architect fees and supervision charges.

2. For other type of constructions, the rates would be taken as per above Circular. Similarly, addition/deduction may also be effected keeping in view the modifications alternation/improvement in the specification and types of construction.
3. These rates may be applied to only general types of industries.
4. Whereas special type of construction is required looking to the nature of industries viz. Pharmaceuticals, Electronics. Hotels etc., instead of applying these rates, detailed cost estimates submitted by the Consultant/Architect should be obtained from the party and rates may be considered on the basis of specifications of the proposed building/required in the project on the basis of the prevailing BSR of the concerned circle.

(Loan & Appraisals)

**BUILDING CONSTRUCTION RATES FOR APPRAISAL OF LOAN CASES AND
VALUATION OF BUILDING**

GOVERNMENT OF RAJASTHAN

PUBLIC WORKS DEPARTMENT

STANDING ORDER O.X-3/1997

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 X-3/1973. X/3/1979. X-3/1981, X-3/1984. X-3/1987 & 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 and purchase of buildings by government of Rajasthan for which standing order No. 138 shall continue to be applied.

Plinth area rates

Description		Rate(In Rs.)
a).	Basement floor upto 2.5 m.ht.	1560p.sqm.
b).	Ground floor over basement	1750 p.sqm.
c).	Ground floor without basement	2070 p.sqm.
d).	First floor	1840 p.sqm.
e).	Second Floor	1885 p.sqm.
f).	Add for third and fourth floor	130 p.sqm.
g).	Mezzanine floor	460 p.sqm.
h).	Compound wall one meter high above ground level including ordinary gates	400 p.mtr.
i).	GCI/AC sheet closed on three sides with	1150 p.sqm.
J).	Pucca floor	
k).	Pucca out houses and garage with shutters	1435 p.sqm.
l).	k Platform	265 p.sqm.
4.	For RCC framed multistory structure the following rates shall be applicable in place of rates at 3(a) 3 (f):-	

a).	Basement floor (3 mtr ceiling ht)	3220 p.sqm.
b).	Ground floor (3 mtr. ht.) over basement	2415 p.sqm.
c).	Ground floor in buildings without basement	3390 p.sqm.
d).	First floor (3 mtr. height)	2470 p.sqm.
e).	Add extra for second and every subsequent floors (3 mtr. height) over rate of item No. 4(d)	115 p.sqm.

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 specification	Item No. 3(a) to 3 (j) & No. 4 (b), 4 (c), 4 (d)	Item No. 4
a). Increase/decrease by every 30 cm in hts. above or below	1.5%	1%
b). Add for mosaic flooring with grey cement or that of unpolished rough dressed stone flooring in place of CC floor	5%	3%
c). Add for mosaic flooring with white cement flooring	7.5%	5%
d). Add for fine polished stone flooring marble flooring	(as per differences in rates in prevailing BSR) (Actual area to be measured)	
c). Add for high class finish with rich specification & good condition of maintenance	Upto 15% (analysis to be worked out)	Upto 10% (Analysis to be worked out)
f). Add extra for first class select grade teak wood frame with teak facing ply flush door polished.	10%	7%
g). Add for wire guage/doors & windows & safety bars	3%	2%
h). Less for poor finish	5% to 10%	5% to 10%
j). Add for items eq. hot & cold water system expensive fixtures fittings. Glazed tiles built in furniture marble slabs and any other items or facilities not covered in the item specified above.	(As per actual estimates)	
j). Add also for lawns hedges etc. maintained	Rs.25 p.sqm.	Rs.25 p.sqm.

k).	Electrical installation without ceiling fans	5% 2%	3.5% 1.5%
(a)	Add extra for conduit wiring		
(b)	Cost of ceiling fans to be added extra as per number of fans		
l).	Sanitary finings (Except item 3(h) & 3(k)	10%	7%
m).	Water supply (except item 3(h) & 3 (k)	4%	3%
n).	External cladding	As per actual	
o).	Fire fighting system	-do-	

Note : For superior finings such as bath tubs, water heaters etc. as per actual.

6. Roads At current B.S.R.

7. The above rates apply to the buildings having:

- i). A ceiling height of 3.20 M (Wall bearing structures) & 3.0 M. framed structures.
- 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 bathroom as per norms fixed by PWD for type design including septic tank, soakpit and sewer line within campus.
- viii). Stone slabs. roofing/RCC also roofing with beams on joints.

8. If there are any variations in the above specifications 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 now. The depreciated cost should be calculated by the formula given below :-

$$D = \frac{pX (1-rd)^n}{100}$$

where

- D = Depreciated value
- Rd = The fixed % 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 bricks 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 stone 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 structure with country tiles roofs and thatch etc.

(life 10 years or less)

11.

i). If the age of 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.

ii). If the exact age of the building cannot 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.

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 concerned SE. TA to SE. and Executive Engineer(s) after considering the rates obtained from UIT/Municipality/ Registration Dept./ any other authority having jurisdiction or the administration of land in that area. The committee should exercise its discretion carefully taking all the factors like importance of the place etc. into consideration 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.

14. For buildings more than one storey, the distribution 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 floors.
 - c). The area under commercial use shall be given double weightage 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 not affect the cases/assessed in the past.

SD/-

(H N Saxena)

Chief Engineer PWD

Rajasthan, Jaipur

No. F. 9 (15)/A/Sec./II/84/D-349 Dt.: 25-3-97

Copy to the following for information:

The Accountant General, Rajasthan. Jaipur

The Secretary, PWD. Rajasthan, Jaipur

The Chief Engineer (Roads I & II), NHW/P&M

The Addl. Chief Engineer, PWD, Circle... All

The Supdt. Engineer, PWD Circle... All

The Executive Engineer, PWD Division... All

The Assistant Engineer, PWD, Sub-Division... All

Superintending Engineer, PWD, TA (1)/TA(R)/TA (NH)/XEN-ALL /Astt. Engineer of Chief Engineers Office, PWD, Rajasthan, Jaipur.

sd/-

(H N Saxena)

Chief Engineer PWD

Rajasthan, Jaipur

LIST OF PLANT SUPPLIERS BLACKLISTED BY RFC

SCHEDULE LA-S 1/7-A

LIST OF PLANT SUPPLIERS BLACKLISTED BY RFC

1. M/s Govind Goods Canvas.
11, Khandelwal Market, New Ana) Mandi, SC Road, Jaipur-302001
2. M/s Pali Mechanical Works (Regd.) Gill Road, Miller Ganj. Ludhiana-741003
3. M/s Jaydev Machinery Corporation, 698. Dara Kalsian Street, Ludhiana-741 003
4. M/s M.S. Bird! Industries,
850/A, Pratap Nagar. Miller Ganj, Ludhiana-741 003
5. M/s Indo Mech. Eng. Corporation, 481, Veer Savarkar Road, Prabhadevi,
Bombay-400023
6. M/s Printers Machinery House, 481, M.M. Soni. Kamath Building, 1st floor, Veer
Savarker Road, Prabhadevi, Bombay
7. M/s Raj & Co.,
3550, 3rd floor, Chavri Bazar. Delhi-110 006
8. M/s Hindustan Engineering Corpn.,
Shiv Cloth Market, 4th floor,
Kalupur Kotni Rang,
Ahmedabad-380001
9. M/s Vinayak Industries,
Manmohan House. Near Kodak Colour Lab, Bombay
10. M/s Guru Nanak Refrigeration Corporation, New Delhi
11. M/s Everest Eng. Co., Matia Mahal, Delhi
12. M/s Goodwill Refrigeration, N-56. Kirti Nagar,
New Delhi
13. M/s Association Steel Industries (P) Ltd,
Delhi Works – 29, A, NIT Bombay
14. M/s Pentagon Eng. (P) Ltd, Bombay
15. M/s Gagan Engineering Works,
Shop No.T-56, Tokriwala Library Road,

Delhi-I10 006

16. M/s Mark Marketing Managers,
J-11, Sukruti Flats, SM Road,
Ahmedabad

17. M/s Pneumatic Traders,
35-220-A, Lajpat Nagar-IV,
New Delhi

18. M/s Garage Equipments Co.,
11/21, East Patel Nagar,
NewDelhi-110008

19. M/s Timco Equipments Co.,
B-12. Deep Shikha, Rajendra Palace,
NewDelhi-110008

20. M/s Punjab Machinery Mart,
55, Shardanand Marg,
GB Road, Delhi-110006

21. M/s Haryana Engineering Corporation,
804, Sector 15 A, NIT Sector,
Faridabad (Haryana)

22. M/s Indian Eng. Works,
Gopi Nath Marg, MI Road,
Jaipur-302001

23. M/s National Carbonising Co.,

Gopi Nath Marg, MI Road,
Jaipur.

24. M/s Nirmal Electromach (India),
Ajmer
25. M/s Shekhawati Machinery Stores,
Alsisar House, Jaipur
26. M/s Pramukh Industries,
9, Regal Industrial Estate,
Behind Ajit Mill, Rekhial,
Ahmedabad-23
27. M/s A.K. Industries,
Galuji's Chawl, Mandikus Road,
Ahmedabad
28. M/s Golden Stare Machinery Works,
449, Industrial Area B,
Ludhiana-141003
29. M/s Friends Mechanical Works,
Phagwara Gate,
Jalandhar
30. M/s Rama Agencies,
GT Road, Ludhiana
31. M/s Surya Forgings,
BXX 111/512, Vijay Nagar,
Oswal Road, Industrial Area B,
Ludhiana-141003

32. M/s Katbro Machine Tools,
Old Oswal Gali,GT Road, Ludhiana
33. M/s Modern Motors Regd (Regd.),
GT Road, Civil Lines,
Near PNB, Jalandhar
34. M/s H.S. Oil Furnace,
157, Shiv Nagar, Sodal Road, Jalandhar
35. M/s Eagle Engineering Works,
Gopinath Marg, MI Road,
Jaipur-302001
36. M/s Vishwakarma Engineers, Vanasthli Marg, Station Road, Jaipur-302001
37. M/s Shree Vishwakarma Engineering, Vanasthali Marg, Station Road, Jaipur – 302001
38. M/s Maheshwari & Co., 15, Mewar Motors Marg, Udaipur
39. M/s Kuldeep Engineering Works, B-14, Kirti Nagar, New Delhi
40. M/s Madhu Engineering Works, Opp. Zanana Hospital, Station Road, Jaipur-302006
41. M/s Vijay Enterprises, 2150, Rodgran Lal Kuan, Delhi-110006

Old Address : 1832/9, Rai Street. Daryaganj, New Delhi

42. M/s Rajasthan Machinery Sales Corporation, Alsisar House, Sansar Chandra Road, Jaipur

43. M/s Vikas Agra Engineers (Regd.), Vanasthali Marg, Station Road, Jaipur-302001
44. M/s Nav Durga Machinery Works, Opp. Zanana Hospital, Jaipur-302 006
45. M/s B.V.M. Corporation, 12, Shanti Sadan Estate, Opp. Dinabai Tower, Lal Darwaja, Ahmedabad-380 001
46. M/s Black Stone Terry Engineering Co., Factory: B-35/36, Industrial Estate, Jodhpur Office: Clock Tower, Indra Market, Jodhpur
47. M/s Bharat Engineers, Sardar Market, Jodhpur
48. M/s Scope Electronics P. Ltd., 6-3-1086/A, Raj Bhawan Road, Somajiguda, Hyderabad-500 452
49. M/s Durga Industries, Manpura Colony, Jalore-343001
50. M/s Laxmi Machinery Mart, Bajaj Road, Sikar
51. M/s Jwala Hydraulics, WZ-B-62, Anand Vihar, Uttam Nagar, NewDelhi-110 059
52. M/s Viridi Engineering Works, A-83, Sudershan Park, Mori Nagar, NewDelhi-110015
53. M/s Udyog Vanijya Sansthan, E-144, Atish Market, Jaipur
54. M/s Jai Ambe Krishi Yantra Karyashala, H-I-6S, Industrial Area, Phulera. Distt.: Jaipur
55. M/s Laxmi Engineering Works, Falna
56. M/s Industrial Supply Corporation, Rajsamand

57. M/s Shree Engineering Works, 37, Ajmer Road, Beawar-305701 (Raj.)
58. M/s Kanchan Pressure Casting, Office: B-2,207, Pashim Vihar, New Delhi-110063
Works: Village Jwala Heri, NewDelhi-110063
59. M/s Gopal Machinery' Store, Station Road, Hindaun City-322230
60. M/s Ajay Mistry & Sons, 35, D-I2, Mughbat Cross Lane, Gurgaun, Bombay-400004
61. M/s Perfect Electric & Machinery Stores, 3890, Behind Primary School, Shardhanand Marg, GB Road. Delhi-110006
62. M/s Rotary Manufacturing Company, 60 A to Z, Industrial Estate, Fergusson Road, Lower Parel. Bombay-400013
63. M/s Pohani Eng. Works, Malikpur (Pathankot), Distt: Gurdaspur, Punjab.
64. M/s Cotspin Machinery Manufacture, 9, Thakarbhang Shopping Centre, Mithakhali Six Rasta. Navrangpura, Ahmedabad-380001
65. M/s R. Dinesh Kumar & Co. 207, Spectrum Commercial Centre, Near Relief Cinema, Ahmedabad-380001
66. M/s Mahaveer Udyog, Kanti Chandra Road, Polovictory, Jaipur.
67. M/s Tonk Agencies, Sabil Shah Ki Choki, Kota Road, Tonk.
68. M/s Bharat Machinery Tools Co., 5, Mechanic Nagar, Scheme No.44, Indore.
69. M/s Bhatal Machinery Tools Co., 5, Mechanic Nagar, Scheme No.44, Indore.
70. M/s Prabhat Machinery Tools Co., B-23/4, Wazirpur Industrial Area, Delhi-110 052

71. M/s Mumtaz Engineering Works, G-A-77, Industrial Area, Madanganj-Kishangarh-305801

72. M/s Associated Accessories P. Ltd., 51, Ganesh Chandra Avenue, Calcutta-700013

73. M/s Sorabh Electronics, 5, Purohil Mcnsion, Gopinath Marg, Jaipur-302001 19-B, New Colony, Ratan Padam Niwas, Jaipur-302001

74. M/s Friends Associates. 18,PurohitJiKaBagh, Gopinath marg. Jaipur-302001

75. M/s Harish Textile Engineers, Factory: Umbergaon, Distt.: Bolasar, Gujarat-396170

Office: Door No. 19, Parsi Pachayat Road, Andheri (East), Mumbai-400069

76. M/s Aver Photographic Co. Ltd., H-16, Laxmi Industrial Estate, Unit Road, Off. JJ Road, Andheri (W), Bombay-400058

Factory: Plot No.B-26, New Link Road, Behind Oshiwara Telephone Exchange, Andheri, Mumbai-480058

77. M/s Ocean Trading Co.,3, Fazal Manzil, 1st Floor, Jivaji Lane, Behind Central Camera,

Off: Dr. D.N. Road Fort, Mumbai-400001

(Authorised agent of M/s Aver Photographic Co. Ltd.)

78. M/s Aver Photoprint System, H-16, Laxmi Industrial Estate, Link Road, Off JP Road, Andheri (W), Bombay-480058

3, Fazal Manzil, Jivji Lane, Behind Central Camera, Off Dr. DN Road Fort, Bombay-400001

(Authorised agent of M/s Aver Photographic Co. Ltd.)

79. M/s Manish Engineering Works, Works :F-784, Road No. 17, VKIA, Jaipur.

Regd. Office: Village & Po: - Nindar, Jaipur-302 013

80. M/s Jangir Company, Plot No.33. Gali No.5, Railway Line Side, Anand Parbat, Industrial Area, NewDelhi-110005

-PlotNo.18/II,Azad Nagar, Bagh Kare Khan, (Gali No.2, Kishan Ganj, Delhi-10007

-19/73, West Moti Bagh, Under the Bridge Old Rohtak Road, Near Hanuman Mandir, Delhi-110007

(Loan & Appraisals)

LA (S)

-1/7 AA

SUPPLIERS REQUIRING CAUTIOUS APPROACH

SCHEDULE LA(S) 1/7 AA

SUPPLIERS REQUIRING CAUTIOUS APPROACH

1. M/s S.M. Brothers & Eng. Fabricators, 24/240, Azad Nagar, Khanpur,
2. M/s Electronic Systems Punjab Ltd, Mohali.
3. M/s GangaPipe P. Ltd., 144, Shriram Chambers, 2nd Floor, Siyaganj, Indore.
4. M/s Aroma Surgical Ind., Hisar Road. Rohtak.
5. Ms Blue Star Ltd., S.C.O. No.1, Sector-26, Chandigarh.
6. M/s Inrays, Plot No.381, Sector-24, Faridabad.
7. M/s Systepic Laboratories P. Ltd., Milestone, Mathura Road, Faridabad-121002

Regd. Office: 101. Pragati Chambers, Ranjit Nagar Commercial Complex, New Delhi-110008

Head Office: A-150, Meera Bagh, New Delhi-110041

8. M/s Kusum Electrical Ind., Sarat Mansion. 8/1, Raft Ahmed.

Kidwai Road. Calcutta-700 013

Prop. : Shri Benu Pada Das

9. M/s Patni Brothers P. Ltd., 22 /1. Snehlata Ganj, Indore.
10. Ms Fair Deal Enterprises, 10858/10558, Jhande Walan Road, Nabi Karim, New Delhi
11. M/s Raj & Co., D-14 Okhla, Phase-I, New Delhi
12. Ms Hindustan Industrial Co., 192. Jamuna Lai Bajaj Street, 3rd door, Calcutta.

13. M/s Lakshmi Cement, 4, Bahadur shah Zafar Marg, New Delhi

14. M/s Indochem Laboratories P. Ltd., Rithani, Delhi Road, Meerut-250103

(Managing Director Shri Arjun Arora)

15. M/s Kailash Eng. Works(Regd.), 5/31, Kirti Nagar Industrial Area, New Delhi-110015
16. M/s Gupta Chemical P. Ltd., House No.6432, Block No.2, Gali No.1, Dev Nagar, Karol Bagh, Delhi.
17. M/s Mourentari Industries Ltd., 78, Nehru Place, New Delhi.
18. M/s M.C.S. Capacitors P. Ltd., Plot No. 1/B, Electronic City, Kannapana Agarhars, Bangalore South Taluk

Foreign Collaborators

- i). M/s MCS Professional Capacitors, Via. Baldollatorre, 19210091 Apploonand, Italy
- ii). M/s H.M. International Corporation, 400, Mayfair Drive South, Brooklyn, New York
- 19. M/s Ellausta Heavy Eng. Project Ltd., Plot No. 302, Concorde Apartments. Somajiguda, Hyderabad(AP)
- 20. M/s Ellaustra Heavy Eng. Project Ltd., Plot No.8. Durganagar, Co-operative Housing Society, Hyderabad.
- 21. M/s Ellaustra Heavy Eng. Project Ltd., 3rd floor, Plot No.8, Durganagar Colony, Amesrpet, Hyderabad.
- 22. M/s Ellaustra Heavy Eng. Project Ltd., 4, IInd floor, Gayatri Apartments, Naveen Nagar, Khairatbad, Hyderabad-500084
- 23. M/s Jackson Laboratories (P) Ltd., Majitha Road Bye Pass, Khanna Nagar, Amritsar-143002

Directors : 1. Shri Jugal Kishore

- 2. Shri Ramesh Kumar
- 3. Shri Sudhir Kumar
- 4. Smt. Neeru

24. M/s Logic System P. Ltd., 161, Defence Colony, Flyover Market, New Delhi-110024

Directors: 1. Dr.T.R.S. Goel

- 2. Dr. S. Lata Agarwal
- 3. Shri Anup Singh
- 4. Mrs. S. Goel
- 5. Shri Shivnath Goel
- 6. Shri Raj Kumar Goel
- 7. Shri Dinesh Chandra Agarwal
- 25. M/s G.S. Textile Corporation (Regd.), B-XXX/254/1, Kailash Nagar, Sherpur Road, Ludhiana
- 26. M/s M.M.G. Machines, Plot No.23, Sport Goods, Complex Murthal, Distt.: Sonpet
- 27. M/s Gargi Weaving Mill, Panipat
- 28. M/s Flame Agencies, SCO No. 144, Sector No.28 D, Chandigarh
- 29. M/s Mathura Das Bhatia & Brothers, Railway Road, Panipat
- 30. M/s Bhatia Steel Products, Mandi Govindgarh, Punjab
- 31. M/s Vijay Saptagiri Machine Tools, Jeedimetha, Ranga Reddy District, Andhra-Pradesh
- 32. M/s Kavidex Engineers (India) P. Ltd., 18, Saipur Shalimar Bagh, New Delhi.
- 33. M/s The Hindustan Times (P) Ltd., 11, Daryaganj, New Delhi

- 34. M/s Kunal Enterprises, 18, Palika Palace, New Delhi
- 35. M/s Deep Engineering Works, New Delhi
- 36. M/s Choice Engineering Works, 1/9088/West Rohtas Nagar, Street No.3, Shahdara, Delhi-110032
- 37. M/s Chadha & Associates, Flat No.2, Shankar Market, Cannaught Place, New Delhi
- 38. M/s Zenilh Computers Ltd., Mumbai
- 39. M/s Rajasthan Udyog, 13, Heavy Industrial Area, Jodhpur
- 40. M/s Vishal Concrete Ind., 38/67, Fine House Industrial Estate, Bichalim, GOA-403504

Partners : **1.** Shri Surendra Dattaram Salagaonkar

2. Smt. Vandana Subhash Salagaonkar

LIST OF ENTREPRENEURS, WHO TRIED TO CHEAT THE CORPORATION AND THEREFORE NOT TO BE CONSIDERED FOR FINANCIAL ASSISTANCE

SCHEDULE LA-S 1/7 B

LIST OF ENTREPRENEURS, WHO TRIED TO CHEAT THE CORPORATION AND THEREFORE NOT TO BE CONSIDERED FOR FINANCIAL ASSISTANCE

s. No	Name	Father's Name	Real Name, if any	Concern
1.	Shri Surendra Kumar (of Suratgarh)	Shri Tilak Raj	M/s Satish Kumar S/o Shri Gopal Das	M/s Shiva Oil & General Mill, Loonkaransar
2.	Shri Satish Kumar (of Suratgarh)	Shri Gopal Das Shri Kundan Lal	M/s Raj Kumar S/o	M/s Orian Industries, Suratgarh (Loan taken in the name of Shri Raj)
3.	Shri Tarshem Lal Sood (of Suratgarh)	Shri Bhim Sen	-	M/s Laxmi Metal Works, Suratgarh
4.	Shri Dilbagh Rai Sood (of Suratgarh)	-	-	M/s Oddis Industries
5.	Shri Ashok Kumar (of Suratgarh)	Shri Bhim Chand Bansal	-	M/s Seth Metal Works, Suratgarh
6.	Smt. Kamlesh (of Suratgarh)	W/o Shri Tarshem Lal	-	M/s Seth Metal Works, Suratgarh
7.	M/s Jasbir Singh (of Suraigarh)	Shri Sukh Dev Singh	-	M/s Swaraj Industries, Suratgarh
8.	Shri Ashok Kumar	Shri Bhim Chand Agarwa)	-	M/s Swaraj Industries, Suratgarh
9.	Shri Mohan Singh			(Technochem, Factory at NOIDA and 'Mohan& Mohan' at NOIDA considered
10.	Shri Vinayak Vishwanath Moghe Shri Madhu Sudan Vishwanath Moghe Smt. Snehal Vidhyasagar Rishbud	Shri Vishwanath Atma Ram Singh Shri Vishwanath Atma Ram Singh W/o Shri Vidhyasagar Bandhrang Rishbud	-	M/s Shree Label Manufacturing Co.P.Ltd., Abu Road, Sirohi
11.	Shri Rakesh Kr. Garg	Shri Prahlad Kr. Garg		M/s Rakesh Offset, Jailal Munshi Ka Rasta,

12.	Shri Shiv Prakash Seth			M/s Seth Industries, BIFR cases (for 10 years w.e.f. May 1990)
13.	Ex. Hav. Pusha Ram Village: Mindkiya, PO : Barwali, District : Nagaur Partner - Shri Baldev Ram Kanchalia	Shri Gordhan Ram Shri Chhotu Ram		
14.	Shri Sanjeev Saraswat 888, Ram Nagar, Shastri			M/s Anjali Textiles, VKIA, Jaipur
15.	Shri V.R. Singhvi		F&R Section Board	M/s Chemical & Mineral Inds. Pvt. Ltd.,
16.	Shri Y.K. Nathany, Shri Siser Agarwal Shri S.N. Agarwal		IDBI (BIFR)	
17.	Shri Sadashiv Dubey	Sh. Fatehlal Dubey Sh. Sadashiv Dubey Sh. Sadashiv Dubey		
18.	Shri Nand Kishore Bhagat Shri Sita Ram Agarwal			M/s Mighty Metal P. Ltd., Churu as per decision of Board in meeting dt.5.1.95
19.	Shri Madan Sharma Shri Vikas Jain Shri V.S. Jain			M/s Sharma Enterprises, Jurhera Bharatpur, National Eng. Works, Jurhera.
20.	Shri Ganesha Ram (Ex-Service men)	Shri Kanta Ram		Applied at Jodhpur(City) in personal name Shri Ganesh Ram under SEMFEX

21.	Shri Rajendra Kr. Patel Shri Kamlesh Kr. Patel Shri Jitendra Kr. Patel Smt. Asha Ben	Sh. Jaswant Lalji Patel Sh. Jaswant Lalji Patel Sh. Jaswant Lalji Patel W/o Sh. Rajendra Kr. Patel D/o Sh. Jaswani Lalji Patel		M/s Keshav Rubber Industries, Abu Road

2 2.	Smt. Nirmala Chhajer	W/o Sh. Mahavir Chand Chhajer, 4/284, Lakhankotri, Nolkha Glai, Ajmer		M/s Varsha Electricals, Gegal, Ajmer
2 3.	Shri Chandu Bhai Ramani Dharamjeevan Society, Near Geeta Mandir	Shri Amba Bhai Ramani		M/s Auto Industries, G-96 A, Arbuda Inds. Area, Abu Road
2 4.	Shri Damji Dhaj Patel, Parsana Society, 50 Feet Road, Rajkot-3	Shri Jutha Bhai Patel		-do-
2 5.	Shri Anand Tiwari, C-67, Friends Colony(E) New Delhi-110065	Shri P.K. Tiwari		M/s Ambuja Cables Ltd., E-370, Indl. Area, Bhiwadi , Regd. Office- B-11, East of Kailash, New Delhi-110065
2 6.	Shri P.K. Tiwari C-67, Friends Colony(E), New Delhi-110065	Lt. Sh. B. Tiwari		-do-
2 7.	Shri S.D. Singh 202(A), Hari Nagar Ashram,	Shri V.B. Singh		-do-
2 8.	Shri Prem Kathuria, 1-52, Kirti Nagar, New Delhi Shri Satish Kathuria 1-52.	(Late) Shri R.B. Kathuria		M/s Synth Bharat Laboratories, G-1-1424, Rampur Mandana Industrial Area, Bhiwadi

(Loan & Appraisals) LA (S)-1/7 B

**LIST OF ENTREPRENEURS WITH WHOM CAUTIOUS APPROACH TO BE ADOPTED
WHILE DEALING WITH**

SCHEDULE LA-S 1/7 B

**LIST OF ENTREPRENEURS WITH WHOM CAUTIOUS APPROACH TO BE ADOPTED
WHILE DEALING WITH**

s. No	Name	Father's Name	Real Name if any	Concern
1.	Shri B. Tayal Shri U.S. Ganjal Shri Rakesh Goel			M/s Rub Chem Industries P. Ltd. Distt. : Una(HP) (A unit of HPFC) 3856 Dated 30.9.91
2.	Shri J.H. Oza			M/s Gomti Chemical P. Ltd. Tarapur (A unit of SICOM) O & M 274 dt. 11.11.91
3.	Shri Sant Kumar Shri Chandra Prakash Shri A.B. Khanna Shri Kamlesh Khanna Shri Kamlesh Mehra Shri Prem Mehra Shri Vinod Mehra	Shri Raj Kumar Shri Raj Kumar Shri H.R.Khanna Shri K.B. Khanna S/O Shri D.C. Mehra Shri D.C. Mehra		C-6 D Unit, Rajouri Garden, New Delhi 10 Basement, Ashoka Tower, Community Centre, Janakpuri, New Delhi -do- Rajouri Garden, New Delhi 3/270, Pashim Vihar, New Delhi

4.	i) Shri Shyam Sunder Smt. Chanchal Arora Shri Shagun Arora	Shri Ram Swaroop Shri Shyam Sunder Shri Shyam Sunder	3/126, 1st Floor, Ramesh Nagar, New Delhi -do- -do- (Loan application of M/s Sheetal Fertilizers Pvt.Ltd. Bhiwadi) 1146 dated 18.8.2000 2A/71 Ramesh Nagar

(Loan & Appraisals)

HIGHLIGHTS of the seed capital assistance scheme

SCHEDULE 1/8

HIGHLIGHTS OF THE SEED CAPITAL ASSISTANCE SCHEME

1. Objective of the Scheme:

the Rajasthan Financial Corporation (RFC) has devised a scheme which is intended to help create a new generation of entrepreneurs who have the requisite traits of entrepreneurship but whose financial resources to promote industrial ventures are limited. It envisages extension of assistance of meeting the risk capital requirement of entrepreneurs. The Scheme is expected to promote wider dispersal of ownership and control of industrial undertaking. The main features of this scheme will broadly be as under:

2. Institutions operating the Scheme

2.1. The seed Capital Scheme will be operated by the Rajasthan Financial Corporation as agent of SIDBI for the requirement of Seed Capital of SSI units and that of medium sector projects by SIDCs. However, projects availing of term loans from the Corporation under the Refinance Scheme shall be considered for Seed Capital Assistance by the Corporation only provided the projects fulfill the requirement of the Seed Capital Scheme.

2.2. The SIDBI shall grant separate annual limits for Seed Capital to the Corporation as part of BPRF. The aggregate amount of seed capital assistance sanctioned by the Corporation during the year shall not exceed the annual limit allocated to it by SIDBI.

3. Eligibility criteria :

a). For borrowers :

To be eligible for assistance under the Scheme, the entrepreneur should be technically or professionally qualified or possess relevant experience or skills either in industry, business or trade (it being not necessary that he be a technocrat and should have entrepreneur for setting up and running the enterprise successfully. Basically, the applicant should be a new entrepreneur. For the purpose of seed capital assistance, the term "New" is interpreted broadly since the Scheme envisages helping the entrepreneurs enlarge the scope of their industrial activity, which, but for seed capital, might be beyond their reach. Thus, the categories of entrepreneurs eligible for seed capital assistance under the scheme are:-

i). Entrepreneurs setting up, for the first time a project in the small scale sector would be considered for grant of seed capital upto Rs. 4.00 lacs by RFC out of the special class of Share Capital under Section 4(A) of the SFC, Act 1951 and remaining amount by the SIDBI under its scheme of Seed Capital.

ii). Entrepreneur in the small scale sector who undertake expansion/diversification/modernisation, while, at the same time, still remaining within the small scale sector.

iii). Entrepreneurs desirous of enlarging the scope of their activities within the small scale sector by setting up an independent unit, provided the sum total of investments in plant and machinery of

both/all units does not exceed the prevailing ceiling for small scale unit or ancillary unit as the case may be.

iv). entrepreneurs who have earlier availed of Seed Capital for setting up as small scale unit and are seeking additional assistance for expansion/modernization/diversification of existing project and/or promoting a new project, provided the aggregate seed capital assistance does not exceed Rs. 15.00 lacs

v). Entrepreneurs intending to graduate from the small scale to medium sector, for the first time, through expansion./diversification of activities of their existing SSI unit (s) or by setting up a new unit in the medium sector;

vi). Entrepreneurs having a unit in SSI sector (or-more-than one unit subject to sum total of investment in Plant & Machinery of all the units not exceeding the prevailing ceiling for SSI unit or ancillary unit), desirous of graduating through setting up a separate unit in the medium scale sector.

vii). Entrepreneurs intending to set up a project in the medium sector for the first time;

viii). Entrepreneurs already in the medium sector and intending to undertake diversification for achieving better viability;

ix). Entrepreneurs seeking additional seed capital assistance to meet overrun in project cost, caused by factors beyond their control. Such assistance will be provided in special cases, subject to total seed capital assistance not exceeding the stipulated ceiling of Rs. 15 lacs. In exceptional circumstances, requests for seed capital assistance to meet over-run would be considered even though the applicant had not initially sought seed capital, subject to the applicant meeting the usual requirements of seed capital scheme:

x). Entrepreneurs intending to take over an existing sick or closed unit, provided a proper scheme has been drawn up to the satisfaction of the Corporation to establish viability of the unit in the hands of new management.

Normally, the promoters are expected to fully devote themselves to the running of the assisted project and should not undertake any other activity, such as trading, service etc. Where the applicant has been successfully managing more than one unit, seed capital assistance may be granted for a new project without insisting on totally snapping his ties with other concerns but subject to his being the chief executive of the new unit. The Promoters' continued identification with the project is a prerequisite for grant of assistance under the scheme.

The eligibility of applicants seeking a seed capital would, prima facie, be determined by the Corporation while scrutinising project proposals for term-loans, to be followed by an evaluation of the entrepreneur(s) by a Screening Committee.

b). For Projects :

All industrial projects that are eligible for refinance assistance from SIDBI would be eligible for assistance under the Scheme subject to the ceiling on project cost being upto 300 lacs (inclusive of expansion and diversification Schemes). The Project should be technically feasible financially sound and economically viable. The project could be in small including ancillary or medium scale sector. However, industries in negative list or having low priority as may be advised from time to time will not be eligible for assistance under the scheme. Annexure "A" & "B" to the scheme are enclosed in the respect.

c). Constitution of industrial concerns:

Projects constituted as public/private limited companies or as partnership/proprietary concerns are eligible for assistance

4. PURPOSE AND QUANTUM OF SEED CAPITAL ASSISTANCE '

The amount of seed capital assistance per concern shall not exceed 10% of project cost subject in a ceiling of Rs. 15 lacs.

The basic purpose of the Seed Capital assistance scheme is to supplement the resources of deserving entrepreneurs so as to meet the prescribed minimum promoters contribution requirements for industrial projects and such seed capital assistance can be made available for meeting the gap in equity subject to an overall ceiling of Rs. 15 lac in cases where no public issue/private placement of shares is envisaged and the promoters bringing the prescribed minimum contribution in full. Where the unit is an SSI unit however it would not even be necessary for the promoters to bring in the minimum prescribed contribution in full in order to avail of assistance under the scheme. However, in both small scale and medium scale projects the respective debt equity norms of 3:1 and 2:1 would have to be maintained where such seed capital assistance is envisaged. Proposals having a lower debt equity ratio would not be eligible for seed capital assistance.

The Seed Capital Assistance will not in any case be more than the promoters' contribution. Accordingly, the joint sector projects where 26% of promoters' contribution already comes from public sector partner would not be eligible for Seed Capital Assistance. Further, full promoters contribution would have to be brought in before availing of Seed Capital Assistance.

In the case of SSI units, requirement of seed capital assistance up to first Rs. 4.00 lacs shall be financed by the Corporation from their Special Capital, and only the excess, if any, over this amount would be met out by SIDBI. In all such cases, the Corporation shall disburse first Rs. 4.00 lac from their Special Capital before disbursement of any part of Seed Capital Assistance sanctioned by SIDBI.

5. SCREENING COMMITTEE AND ITS ROLE ;

The eligibility of the entrepreneurs as also the quantum of Seed capital assistance needed by him will be carefully assessed by in house Screening Committee of the Corporation where the quantum of seed Capital envisaged for a project is within Rs. 5 lacs, and by a Screening Committee constituted by SIDBI in all other cases. The Screening Committee would carefully assess the relevant of the entrepreneur's professional qualifications/experience vis a vis the project he proposes to undertake as also the resources of the entrepreneur and his associates so as to determine the quantum of seed capital assistance needed for supplementing the resources. Powers to sanction seed capital vest with the various sanctioning authorities as per their delegation on the basis of recommendations of the In House Screening Committee except the Board & E.C. cases where authority for sanction of seed capital vests with CMD

6. MODE OF ASSISTANCE;

In all cases. Seed Capital assistance will be in the form of Soft loan to the industrial concerns.

7. TERMS AND CONDITIONS OF ASSISTANCE;

i). Rate of Interest The seed Capital (Soft Loan) will carry a nominal service charge at 1% p.a. for the first five years and interest at 10% p.a. thereafter. SIDBI would levy service charges of three fourth

of 1% on the amount disbursed to the Corporation from the date of disbursement for the first 5 years and 9.5% p.a. thereafter.

ii). Commitment Charge: Nil

iii). Security for the loan Seed Capital (soft loan) will be secured by a second charge on the assets of the industrial concern charged to the primary lenders for their term loans. The Corporation would be free to concede pari passu second charge in favour of banks as required in terms of the guidelines issued by IDBL'RBI from time to time. The beneficiary entrepreneurs) shall also be required to furnish personal guarantee for the timely repayment/payment of seed capital and service charge/interest thereon.

iv). Disbursal of Seed Capital assistance:

No part of seed capital assistance under this scheme will be disbursed until and unless:-

a). The promoter has brought in his entire contribution, including that in the form of sub-ordinated unsecured loans, if any ;

b). Disbursement in small scale industries would be made under the scheme of SIDBI only if first Rs. 4.00 lacs in full is disbursed by the Corporation out of the Special class of share capital.

c). The borrowing unit has complied with special conditions if any. recommended by the In-house Screening committee for sanction/ disbursement of seed capital assistance to the satisfaction of the corporation.

v). **Period of Repayment**

Seed capital will be repayable to SIDBI in accordance with the repayment schedule to be determined by the corporation in respect of individual cases, depending upon the repaying capacity of the unit with an initial moratorium upto a maximum period of five years. In any case, the period of repayment of seed capital loan shall not exceed that of the term loan from the corporation.

However, the Corporation and SIDBI shall have the right to accelerate the repayment of seed capital assistance in case the company's operations show better working results than originally envisaged and the cash flow so justifies.

vi). Right to recall seed capital assistance:

In case the promoter fails to take effective steps for implementation of the project within the implementation period envisaged at the appraisal stage or within two years from the date of sanction, whichever is earlier the Corporation will recall the seed capital assistance together with normal rate of interest thereon (current rate 15% p.a.) and pass on the amount so recovered to SIDBI within a fortnight, unless SIDBI otherwise agrees.

8. PROCEDURE FOR SANCTION OF SEED CAPITAL

The Corporation would sanction seed capital assistance in individual cases on the basis of recommendations of SIDBI's Screening Committee in respect of projects envisaging seed capital assistance above Rs.5.00 lac and of in-house Screening committee of the Corporation where the assistance envisaged is upto Rs. 5 lacs. The Screening Committee shall invariably include a behavioural scientist and at least one technical expert in the line. However, for the sake of good order, decision regarding sanction of Seed Capital shall be conveyed to the industrial unit by the Corporation, Only after sanction of refinance for the project by SIDBI. The Corporation shall also stipulate additional special

conditions for Seed Capital as may be stipulated by IDBI for grant of finance in respect of the same project. In monthly statement of sanction of seed capital in prescribed form would be sent to SIDBI in case the same is sanctioned under the seed capital scheme of SIDBI.

9. PROCEDURE FOR DISBURSEMENT OF SEED CAPITAL

The Corporation shall disburse the seed capital assistance to the industrial units after ensuring that refinance has also been sanctioned to them by SIDBI and that conditions mentioned in para 7(iv) have been complied with and that the documents executed have been found to be in order. In the first week of every month, a statement in prescribed proforma showing particulars of disbursement of seed capital made in the preceding month together with position regarding compliance with pre-disbursement conditions for such assistance shall be made to the SIDBI office concerned.

In case disbursement is made under the seed capital scheme of SIDBI, SIDBI would release seed capital there against normally within 5 working days, after verifying the particulars submitted.

10. Position of seed capital vis-a-vis outstanding assistance of the Corporation:

The repayment period of seed capital (soft loan) should not exceed that of the term loan granted by the Corporation for the project. In line with the above, the Corporation shall consult SIDBI prior to (their) initiating steps for accelerated recovery/recall, of their term loans special capital or in the event of pre-payment of entire term loan dues by the assisted units, to consider as to what steps be taken with regard to seed capital assistance of SIDBI,

11. SCRUTINY OF SEED CAPITAL CASES BY SIDBI (IN CASE ASSISTANCE IS SANCTIONED UNDER THE SCHEME OF IDBI)

While SIDBI would normally rely on the Corporation in regard to decision taken regarding grant of seed capital assistance. The proposals sanctioned by the Corporation shall be subject to post sanction scrutiny by SIDBI. If, as a result of such scrutiny, it is observed by SIDBI that the Corporation has not adopted the prescribed norms/parameters or the procedure under the Seed Capital Scheme adequately, SIDBI shall be free to review its decision regarding grant of further seed capital assistance through that institution.

12. OTHER REQUIREMENTS:

(A). Management of the beneficiary unit:

The beneficiary entrepreneur is expected to be the Chief Executive of the assisted unit and responsible for successful implementation and operation of the unit. No change in the management set-up will be permitted by the Corporation without obtaining prior approval of SIDBI. Further –

- a). If the Corporation, in prior consultation with SIDBI is satisfied that the new management taking over the project is otherwise eligible for seed capital, seed capital assistance can be continued for the project on the same terms & conditions.
- b). If the new management taking over the project is not eligible for seed capital assistance, the outstanding seed capital assistance together with overdue interest/service charge would be repaid to SIDBI, before the change in management is effected;
- c). In case the unit is taken over by a MRTP/FKRA concern, the outstanding seed capital assistance would have to be repaid forthwith.

In case any change in management is permitted by the Corporation without obtaining the prior approval of SIDBI. The outstanding balance of seed capital with normal interest to the concerned unit would become repayable by the Corporation to SIDBI forthwith.

(B). Management of the Scheme:

The Corporation will be providing Seed Capital Assistance as the agent of SIDBI where sanction is made out of the scheme of SIDBI. The Corporation shall monitor carefully the performance of Seed Capital assisted units.

SIDBI on its part would also be monitoring the performance of the Corporation in regard to sanction and end use of such assistance with special reference to entrepreneur selected for such assistance, the quantum of assistance granted in individual cases, the procedure followed for sanction and disbursal of the assistance, follow-up by the Corporation to ensure proper and productive end use of the assistance. For this purpose. SIDBI would have a right to call for periodic returns from the Corporation regarding assistance under the Seed Capital Scheme and performance of Seed Capital assisted units. SIDBI will also have a right to inspect the seed capital loan accounts in RFCs books of accounts and the seed capital assisted units.

ANNEXURE.'A'

INDUSTRIES IN NEGATIVE LIST WHERE REFINANCE IS NOT AVAILABLE AND WHICH SHOULD NOT BE ASSISTED BY WAY OF TERM FINANCE

BY PRIMARY LENDING INSTITUTIONS

1. Cigarettes
2. Beer, wine and other alcoholic spirits
3. Toilet and cosmetic preparations
4. New Jute Mills
5. Power loom manufacturing items reserved for handlooms
6. L.P. Gas Cylinders
7. HDPE Woven sacks
8. Bright bars
9. Tin containers and metal containers
10. Drums and barrels
11. Plywood, commercial and decorative veneers, block boards and flush doors %
12. Calcium carbide
13. Alcohol and chemicals, namely, acetaldehyde Acetic acid. Acetic Anhydride, Ethyl Acetate and Diethyl Ether
14. Hamilton Poles
15. Tubular poles

16. AAC/ACSR Conductors
17. Sewing machines-hand operated
18. All types of rubber based conveyor belts, PVC conveyor belts and fan and V-belts.

ANNEXURE "B"

LIST OF INDUSTRIES HAVING LOW PRIORITY WHICH ARE NOT BE CONSIDERED FOR GRANT OF SEED CAPITAL

1. Solvent Extraction
2. Soft Drink
3. Roller Flour Mills
4. Textile Industry (includes spinning, weaving and processing)
5. Mini Paper
6. Mini Cement
7. Hard Gelatin Capsules
8. Bulk Drugs (like Aspirin, Phthalyl, Sulphadiazine, Sulphamoxole, Sulphabenzazole, etc)
9. Disposable Syringes and Needles
10. Mini Steel Plants
11. Ferro Alloys
12. Iron Castings (except new units manufacturing heavy duty automotive, machine tools grade, malleable and alloy iron castings)
13. Re-rolling of steel including stainless steel
14. High Tensile Fasteners
15. LPG regulators and valves
16. Steel tubes and pipes
17. Watch cases and dials
18. Electronic push button telephones and cordless telephones
19. Fluorescent tubes and lamps
20. Air conditioners and domestic refrigeration
21. Printed Circuit Boards
22. Disc-type ceramic capacitors

- 23.** Newspaper-printing and publication
- 24.** Hotels
- 25.** Hospitals/Nursing Homes and Clinics/Laboratories acquiring Electro medical equipment
- 26.** Conventional industries like dal mill, rice mill, saw mill etc.
- 27.** Such other industries as are not eligible for grant of industrial licence/DGTD Registration/SSI registration.

(Loan & Appraisals)

INITIAL MARGIN NORMALLY RETAINED ON DIFFERENT ASSETS

SCHEDULE 1/10 1

INITIAL MARGIN NORMALLY RETAINED ON DIFFERENT ASSETS

S-No. Type of assets Margin

A GENERAL MARGIN

1.	Land	30%	
2.	building		
i).	Existing/old	50%	
ii).	Proposed & new	30%	
3.	Plant & machinery		
i).	Existing/old	50%	
ii).	Proposed & new		
a).	Imported (C1F& Customs)	30%	
b).	Indigenous	30%	
c).	Dies.. Moulds. Jigs. Cans & & Racks etc/.	50%	
d).	Kilns/Furance (except electrical kilns)		
•	If the cost docs not exceed		
	25% of the total cost of P&M	40%	
•	If the cost exceeds 25% other		
	total cost of P&M	50%	
•	Erection charges	30%	
4.	Fumitue & Fixtures	50%	(Wherever considered for financial assistance)
5.	Vehicles (including body) (in case of Transport loans)		
	Taxi car	30%	
	Trucks	30%	
	Buses. Mini bus	30%	
	School Buses for Educational institutions	33%	
6.	Scheme for providing financial assistance to a registered Tour and Travel agents for setting up private bus/taxi stand with all amenities Other equipments like STD/PCO, FAX machine, computer, equipment for Cyber Caffé etc.	40%	
B.	SPECIAL MARGIN		
1.	Far For specified entrepreneurs		
i).	SC/ST entrepreneurs(other than Transport loan)	5%*	

* Upto loan of Rs.5.00 Lac if collateral security equal to difference in value between the normal margin and reduced margin is offered,

ii).	Physically disabled persons	10%(for loan upto Rs.5.00 lacs)
iii).	Artisans village inds. (Composite loan scheme)	Nil
iv).	SEMFEX	10% of the project cost (For project outlay upto Rs.15.00 Lac)

2. For specific Industries

i).	Transport	30%
ii).	For School Buses for Educational Institutes	33%
iii).	DG Set	30%
iv).	a)Textile Dyeing & printing processing of synthetic cloth with modern equipments like Hot Air Stenter. Jigger, Agers, Jet Dyeing Machines etc. at all places including Pali. Balotra and Jodhpur	30%
	b)The other cases of Dyeing & Printing units(For Pali. Balotra & Jodhpur)	40%
	c)Cotton. Ginning, Pressing, Oil, Dal, Rice. SS Rolling Mills. Guar Gum(split) units	40%
v).	Mining Industries/Units,	
	a) Mining equipment	40%
	b) For Civil construction (like roads, drainage, removal of over burden and quarry improvement, hutment etc.)	50%
vi).	Computer & data processing industry	40%

NOTE :

For specified industries indicated at item No. B2 (iiv) having higher margin of security, the relaxation of margin would be as under:-

A. Disabled persons 15% less than the margin kept

(upto Rs. 5.00 lacs) for general entrepreneur

B. Since the tractor compressors are used at mines, there are chances of their damage by explosion also. It has, therefore, been decided that these equipments may also be got insured against such risk.

C. The following assets are not accepted in the security:-

- 1.** Tools and spares (except in case of composite loan and loan to SC/ST Entrepreneurs under special schemes)
- 2.** Furniture & fixtures and office equipment (except for specified projects under different scheme such as Hospital, Hotel, Tourism related industries. Commercial complexes etc. where the scheme provides for financing for these items or where such item forms essential part of Plant & Machinery/MFA or processing)

- 3.** Value of land taken on lease/rent except development charge paid to RIICO/Government.
- 4.** Value of building constructed on land or on land taken on lease from a private party for a term less than 99 years.
- D.** In case of secondhand plant & machinery, the norms is to be followed as per para No. 2.11 of Chapter LA-4.

(Loan & Appraisals)

INTEREST RATE STR. TTL'RE EFFECTIVE FROM SA2.2MI

Schedule 1/11

RAJASTHAN FINANCIAL CORPORATION

(LOANS SECTION)

INTEREST RATE STRUCTURE EFFECTIVE FROM 3.12.2001

Corpn.'s lending rate

A I. Small Scale Units

II. Small Road Transport Operators(SRTOS) upto 20 Nos. Vehicles

III For Hospital, Nursing Home and tourism Related Activities including

Hotels & Restaurants etc. having project cost upto Rs.10.00 Crores

i).	Upto Rs. 50,000/-	12.50%
ii).	Above Rs. 50,000/ and upto Rs.2.00 lac	13.00%
iii).	Loans exceeding Rs.2.00 lac and upio Rs. 25.00 lacs	14.50%
iv).	Loans above Rs. 25.00 lacs	14.75%

B. I. MSI/other (ban Small Scale Industric*<Non SSI Sector)

II. Small Road Transport Opera to r*(SRTOS)

Above 20 No*.Vehicles 16%

III. For Hospital, Nursing Home and Tourism related activities Including Hotels & Restaurants etc. having project cost above Rs.10.00 Crores

C. Assistance to commercial complexes, shot* rooms and sales outlets:

i).	Loan upto Rs. 2.00 lac	13%
ii).	Loan above Rs. 2.00 lac to Rs. 10.00 lacs	14.50%
iii).	Loan above Rs. 10.00 lac	16.00%

D. Project/activities eligible for assistance under TDMF

and ISO 9000 schemes. 12.50%

E. The rateof liquidated damages penal interest in case of default would be as follows:

	Loan upto Rs.2 Lacs	Loan above Rs 2 Lacs but not exceeding Rs.10 Lacs	Loan above 10 Lacs	

a). If the dues are cleared in the same plus intt.plus quarter in which the tax amt. has fallen due (provided there are no earlier overdues).	NIL	2 % p.a. + interest tax	3. % p.a. + interest tax	
b). Other cases	NIL	3% p.a. + interest tax	5% p.a. + interest tax	

(Loan & Appraisals)

INTEREST RATE STRUCTURE EFFECTIVE FROM 3.12.2001

Note:

1. The above revised rates of interest shall not be applicable for the cases registered under IRS and Roll Over Schemes.
2. The rebate for timely payment @ 1% shall be given under general loan scheme.
3. The prevailing rate of interest on general loan shall also be applicable on assistance provided under Good Borrower Scheme, however, the benefit of rebate under Good Borrower Scheme and Tourism related activities shall be @ 2% on timely payment in terms of PG circular No. 793 dt. 2.11.98 and 1% in Potential Good Borrower Scheme.

In case of Gold Card Scheme and Silver Card Scheme for Good Borrowers, the rate of interest @ 1% and 1/2% (as the case may be) respectively below the prevailing rate of interest in General loan Scheme shall be charged/applicable without any rebate on timely payment.

4. Service charges @ 1% p.a. are payable quarterly in addition to the applicable interest on loans granted under WCTL scheme of Good Borrowers/ Potential Good Borrowers and Tatkal Scheme.
5. In case of loans upto Rs.5.00 lac to SC/ST entrepreneurs; the rate of interest shall be 2% less than the rate of interest applicable to other entrepreneurs in terms of PG circular No. 535 dated 7th Aug., 1993.
6. In case of loans upto Rs.5.00 lac to disabled persons, a firm in which disabled person is partner having majority (not less than 51%) share, the rate of interest shall be 2% less than the rate of interest applicable to other entrepreneurs.
7. Liquidated damages in case of default shall be charged on amount in default for the period of default at rates applicable.

No interest would be charged on the liquidated damages. However, the mode of appropriation of receipts shall remain unchanged.

8. Interest on rehabilitation cases is to be charged as per the guidelines issued by the Rch. Cell.

(Loan& Appraisals)

COMPOSITE LOAN SCHEME HIGHLIGHTS

SCHEDULE 1/12 A-I

COMPOSITE LOAN SCHEME HIGHLIGHTS

1. Industries Eligible

The following are eligible for assistance under the Scheme:-

- a).** Units promoted by artisans (irrespective of location)
- b).** Small Industrial activities (viz. manufacturing, processing, preservation and servicing) in

Village and Small towns with population not exceeding 5.00 lacs(not applicable for repatriates of Sri Lanka O&M 138)

Provided total credit requirement of individual artisans/industries does not exceed Rs. 50.000/- inclusive of working capital.

2. Limit:

loans from Rs. 2.000/- to Rs. 50.000/- can be granted under the scheme.

3. Purpose:

Loans under the scheme can be granted for construction of buildings, acquisition of equipments and also for working capital requirement normally there should not be more requirements of buildings. However, if there is some small requirement this should be considered.

While considering the requirement of working capital, requirement of one full operating cycle should be assessed liberally and contingencies to the extent of 10% to 20% should be added for unforeseen operational bottleneck or consumption requirements.

4. Security

- a).** Loans shall be secured by equitable mortgage/hypothecation of immovable and movable (including raw-material, finished goods, work in progress, receivables, stores. consumable etc.) of the industrial concerns.
- b).** Proposal for sanctioning of loan in case of units to be net up in rented accommodation shall be considered only if collateral security equal to the loan amount is furnished.

5. Margin of Security - 30%

6. Period of repayment:

The period of repayment may be fixed between 3 to 10 years.

7. Interest: Prevailing rate of interest from time to time shall be applicable.

In case of industries promoted by SC/ST Ex-serviceman/Physially handicapped entrepreneurs, the rate of interest would be 2% less.

8. Application fee:

Application fee will continue to be charged as usual in case upto Rs. 25.000/- However, in loan cases above where the loan is between Rs. 2.5000/- to Rs. 50,000/- application fee will be Rs. 50/-(fifty only).

9. Processing Charges:

The processing charges in cases of loan upto Rs. 25.000/- will continue to be nil. However, in loan cases above Rs. 25,000/- and upto Rs. 50.000/- the processing charges will be as per rate prevalent in other cases i.e. Rs. 100/- per every 10,000'- or part thereof.

10. Application Form: **In prescribed format 0**

SHILP BARI SCHEME

SCHEDULE 1/12 A-2

SHILP BARI SCHEME

This 'Scheme for Rural Artisans and Craftsmen' has been formulated with the twin objective of:

- i). Providing residence-cum-workshop and show-window under one roof 10 rural artisans and craftsmen engaged in meenakari, jewellery, sculpture, inlays, Hand-printed fabrics, carpets and namdas, traditional, puppeieering, traditional footwear and repairing, paintings-miniature pichwai, phad and batik; leather tanning, rural embroidery, tailoring and knitting, carpentry, blue pottery etc. through a comprehensive package suited to their skills and socio-economic status.**
- ii). Extending financial assistance for their professional and residential requirements to enable rural artisans and craftsmen 10 set up their industrial units in SHILPBARIS.**

1. Eligibility

All projects promoted and managed by rural artisans and craftsman engaged in any of the following and similar other crafts will be eligible for assistance under this scheme.

- i). Skilled enamel workers-engaged in meenakari, thewa work in gold, enamel in silver.**
- ii). Jewellery-silver or golden for hair, ears, nose, neck ankles and wrist; ivory bangles; lac bangles.**
- iii). Sculptures-statues of gods and goddesses along with human figures, terracotta scuptures. brass sculptures.**
- iv). Hand printed fabrics-geometric, ajarak prints of Banner, floral prints from Bagru, Sangneri Prints, Kota-doria saris.**
- v). Hand-beaten brasscare**
- vi). Blue Pottery & Village Pottery**
- vii). Carpets, Tonk and Bikaneri Namdas**
- viii). Mojadis and traditional footwears**
- ix). Golden work on camel hide**

- x). **Readymade rural garmets**
- xi). **Silverwares**
- xii). **White metal decorative items**
- xiii). **Blacksmithy**
- xiv). **Rural Embroidery, tailoring knitting**
- xv). **Carpentry, Wooden furniture. Wooden toys**
- xvi). **Leather tanning**
- ivii). **Sandlewood carvings**

2. Purpose:

Depending upon the nature of skill and the traits, financial assistance may be provided to the rural artisans and crafts men for the purchase of raw-material and other inputs and equipment in conformity with the established norms and practice. The residence-cum-workshop and show-window to be built should be completed in very respect so that the facilities created are capable of achieving the purpose in view. While financing in respect of working capital requirement components, a realistic assessment of total working capital requirement of rural artisans and craftsmen will be made in respect of raw materials, work-in-progress and finished goods. However, the loan component shall be broadly as under:

	Rs.	Percentage to total
a) Residence	15,000/-	30%
b) Workshop	10,000/-	20%
c) Raw-material	15,000	30%
d) Equipment	10,000/-	20%

3. The amount of loan under the scheme shall not exceed Rs. 50,000/- per project. The quantum shall be determined on the basis of a realistic appraisal.

4. Promoter's contribution :

No contribution from the promoter(s) shall be insisted upon in respect of the loan under this scheme. However, where possible promoter's contribution will be required on the basis of project cost and the artisans/craftsmen economic status.

5. Security:

- a). Loan shall be secured by equitable mortgage, hypothecation of immovable and movable property including raw materials, finished goods, work-in-progress, receivables, stores & consumables etc. of the industrial concern.
- b). Proposal for sanctioning of loan in case of units to be set up in rented accommodation

shall be considered only by the respective sanctioning authority to the extent of their delegated powers for sanction of loan with condition that collateral security equal to the loan amount shall be obtained. However, while considering such cases, sanctioning authority has to convince himself that such proposal for setting up a unit in rented accommodation would be cost saving and in the conformity of usual norms of appraisal.

6. Period of repayment:

The term loan component granted for acquiring fixed assets will be repayable within a maximum period of 10 years within initial grace period of 18 months.

The working capital component would be repayable within a period of five years from the date of first disbursement of working capital component including a grace of 24 months.

7. Interest: Prevailing rate of interest
Where to apply?

8. RFC has a network of branch field offices in all the districts of the State Loan application is required to be submitted to the concerned branch in whose jurisdiction the unit is to be set up or is working.

9. Application fees :

An entrepreneur is required to pay processing fee along with the loan application of Rs. 50/-. The fee is to be remitted in cash or by a bank draft in favour of 'Rajasthan Financial Corporation.

10. Application Form:

The Corporation has prescribed application form for this loan which is available in all the branch/field offices of the Corporation, and also with Industrial extension Officers at Panchayat Samiti level and in DIC's.

11. Processing of Loan Application:

The loan shall be processed and finalised in the concerned branch office within a period of fortnight.

12. No Processing charges:

An entrepreneur is also required to pay the processing charges for meeting a part of the cost of preparation and finalisation of loan documents, valuation, inspection of assets etc. but these loans will be exempt from payment of processing charges and the artisans/craftsmen will not be required to pay any processing charge.

13. Documentation:

The documents are to be executed in the concerned Branch Office.

14. Disbursement:

Disbursement will be made from the branch where the documents have been executed. Disbursement of sanctioned loan starts after the:

- a). Loan documents have been executed.
- b). Assets have been valued, the assets are valued by the Officers of the Corporation or by valuers authorised by the Corporation.
- c). Other normal conditions have been fulfilled.
- d). The need based working capital will be released in 2/3 suitable instalments depending upon the nature & requirement of the project.

15. When Interest falls due:

Interest at the prescribed rate will fall due on the first day of every quarter, i.e. 1st day of January, April, July & October.

16. When Instalment of Principal Sum falls due:

For all loans, repayments will have to be made to the concerned branch or sub-office of the Corporation. The repayment should be made through cheque/demand draft in favour of

"Rajasthan Financial Corporation" and should be sent to the concerned branch office or sub-office. However, the officers of the Corporation concerned with follow-up and recovery of loan are authorised to collect cheques/DDs in person.

Marketing tie up & supply of raw materials will be arranged through RAJSICO.

(As per O&M 497 dated 7.12.98. further financial assistance under this scheme is not to be considered till further orders)

SOFT LOAN SCHEME

Schedule 1/12 B

Soft Loan Scheme

Scheme inoperative

(Loan & Appraisals)

TECHNOCRATS ASSISTANCE SCHEME IMPORANT HIGHLIGHTS

SCHEDULE 1/12C

TECHNOCRATS ASSISTANCE SCHEME IMPORANT HIGHLIGHTS

1. Persons Eligible

Following persons are eligible for assistance under the Scheme:-

- a).** Qualified engineer, holding a degree of Engineering/Diploma of Polytechnic.
- b).** Doctors having MBBS degrees along with Diploma/Degree in Radiology are also treated as technocrats under the Scheme for acquisition of X-Ray and ECG equipments etc.
- c).** Persons having specialisation in any technological field.

Note: With a view to help the technicians in finance and management a technician is permitted to take non-technocrat as partner provided the shares of non-technocrat docs not exceed 25%.

2. Industries Eligible:

- a)** Industries should be small-scale unit and should be engaged or to be engaged in and of the following activities:-
 - i).** Manufacture of goods.

ii). Preservation of goods.

III). Processing of goods,

iv). Mining.

3. Limit of Accommodation:

Loan from Rs. 2.000/- to Rs. 5.00 lacs can be granted under the scheme.

4. Margin of security:

Usual margin of security of 30%/40%/50% as the case may be.

5. Security:

a). First charge on the existing and proposed fixed assets of the concern.

b). Proposal for sanctioning of loan in case of units to be setup in rented accommodation shall be considered only if collateral security equal to the loan amount is offered. However, while considering such cases, sanctioning authority has to convince himself that such proposal for setting up a unit in rented accommodation would be cost saving and in the conformity of usual norms of appraisal.

6. Interest: The rate will be prevailing rate of interest applicable from time to time.

(As per O&M 497 dated 7.12.98. further financial assistance under this scheme is not to be considered till further orders)

SCHEDULE 1 12-D

TRANSPORT LOANS SCHEME : IMPORTANT HIGHLIGHTS

1. Eligibility

- i) All the persons are eligible for financial assistance for purchase of new vehicles viz. Trucks including half body, buses, mini buses, tankers, taxi (car/jeep), dumpers, trolleys, air taxis, commander jeep, loaders, tippers etc.
- a). The borrower who possesses preferably the experience in transport line as a Driver, Small Fleet Owner, Employee in transport Firm, Transport Agency etc. or alternatively he should employ/associate experienced persons.
- ii) Loan under the scheme will be granted for acquiring upto 20 vehicles including the vehicles proposed to be acquired with the help of the loan to be financed by the Corporation.

II. Purpose of Assistance

- i). a). For purchase of new vehicles as mentioned above at para 1 above.
- b). For building of body on the new chassis of the vehicle by reputed body builders.
- ii). Pick-up van for loading purpose to be used in Jaipur, Kota, Alwar and Jodhpur only. However, other LCVs can be considered on merits for any other places.
- iii). Construction of Work Shop and Garage and for purchase of Work Shop Machineries.

3. Margin of Security

For all the categories of Entrepreneurs 30%

4. Value of Security

- i). Hypothecation of vehicles to be purchased out of the assistance of the Corporation.
- ii). Collateral security either of his own immovable property or of the guarantors having minimum value of assets not less than the amount of loan sanctioned.
- iii). Personal guarantee of one person having immovable property in the State of Rajasthan of the value equivalent of the loan amount if the collateral security of the own property of borrower is offered. In case of the collateral security belongs to the person other than the borrower no additional personal guarantee would be insisted upon.

NOTE

- a). In case of Companies & Partnership firms no personal guarantee of third person is required, only the personal guarantee of the Directors/Partners shall be taken and no documents regarding their property, for the purpose of third party guarantee, shall be taken from them.
- b). In case the promoter offers a collateral security which is located in the municipal limits of the district headquarters, then personal guarantee shall be taken from one person having some property irrespective of the value of

property owned by them. Only photocopy of documents shall be taken without going into further details.

5. Period of Repayment

- i). For SC/ST Entrepreneur and Ex-servicemen (upto one Vehicle) 58 Months
- ii). For others 48 Months

6. Rate of Interest

Rate of Interest shall be the prevailing rate according to the size of loan on the date of First disbursement of loan.

In case of SC/ST candidate the interest rate would be 2% below the prevailing rate of interest if loan amount is less than Rs. 5.00 lacs.

7. Debt Equity Ratio 2: 1

8. Insurance

The vehicle should be comprehensively insured in the joint name of the borrowers as hypothecator and Corporation as hypothecate covering all risk and for the full value of the vehicles including body and accessories, insurance cover, shall necessarily be without break till the Corporation loan is fully paid. The hypothecation charge in favour of the Corporation would be endorsed in the insurance policy.

9. Registration of the Vehicle

The vehicle shall be registered within the State of Rajasthan along with hypothecation endorsement in favour of the Corporation by concerned RTO.

Important Instructions

- 1. The loan will not be granted for acquisition of vehicles by Merchants, Warehouse, Stevedores, Building Contractors etc. in connection with their own business. The loan will not be granted for the vehicles registered as private carrier under the scheme.
- 2. Loans will not be granted for purchase of second hand vehicles.
- 3. When a loan is sanctioned to a member of partnership firm, the vehicle(s), already owned by him (including the vehicle(s), proposed to be acquired) as also those owned by the firm, if any, should be taken into account, while considering eligibility.
- 4. Loans to applicants of the age of 55 years and above shall be considered only if another partner aged below 50 years is taken into partnership with at least 25% share.
- 5. Mini Trucks of the capacity of 3 tones or less and auto rickshaw was and tempos are not eligible for grant of financial assistance under the scheme.
- 6. In case of Taxies, Mini Buses, Buses only those applicants should be considered where the applicant has either been granted or assured for grant of a regular route/contract carnage permit by the concerned authorities.
- 7. Buses to be attached with the RSRTC will be considered for financial assistance on usual terms and conditions.

8. The cost of Chassis shall be taken as per quotation of the dealer/supplier from anywhere in India, including the cost of standard tyres, accessories etc. which are supplied by the manufacturer along with the chassis and also excise duty, taxes and transportation charges.

9. The cost of body shall be taken as per the quotation from the body builders having sales tax registration subject to the following ceiling:

(Rs in lac)

Description		Highest Acceptable Rate
1.	Truck Body full of 8'ht. with cabin on 1 .evtandTata Chassis	1.10
2.	Half Truck body with cabin on LeylandTata Chassis	0.70
III	District type bus body 52 seater (RSRT'C specifications) Tata Chassis Leyland Chassis	2.00
4.	Deluxe type bus body 35 seater (RSRTC specifications) Tata Chassis	4.30
5.	Mini Bus District Type Tata 407	1.10
6.	DCM Toyota & Others	1.35
7.	Mini Bus Deluxe DCM Toyota Mazda Others	2.00 1.75
8.	Trolla 40" length 8 'A width double axle but without tyre rim and tube	2.00
9.	Trolla 32' length 8 1/2' width with double axle but without tyre, rim and rube	1.55
10.	Trolla/trailor cabin	0.35

In case of trolla the cost of extra Rims, Tyres and Tubes would be based on actual market price of different make.

10. The disbursement of loan against the bodies of the vehicles may be released even if these are manufactured on self fabrication basis irrespective of the fact whether work is carried-out through agency of local Mistries who may not be registered with sales tax authorities. However, acceptable value in such cases shall be considered 15% less than standard cost of bodies. Physical verification is very important in such cases.

It is further clarified that the bodies of tankers and buses shall be got fabricated only from the fabricators/dealers who are registered with the Sales Tax Deptt.

After release of loan against chassis and verification thereof advance against fabrication of body can be released to the following extent:

a). In case of truck body 90% of sanctioned amount against the body to the loanee /body builder at the desire of loanee.

b). In other cases i.e. Buses, tankers etc. 50% of sanctioned amount of loan for body can be advanced to the body builder.

However, balance amount would be released after verification of complete body and documents.

11. A token amount of Rs. 5,000/- in all cases shall be retained from disbursement till the copy of registration certificate is submitted by the loanee.

12. Guarantee of a person should not be accepted in more than one case.

13. The age of guarantors should not be more than 55 years.

14. Statement of properties of a guarantor (form no. loans/F-13) duly verified by Cazetted Officer or Notary Public along with an Affidavit that he is the owner of these assets shall be accepted as an evidence of his ownership.

15. The loan would be repaid in equated monthly instalments. The first instalment shall fall due after two months from the date of first disbursement.

16. The borrower shall operate bank account and shall give post dated cheques in advance to the Corporation for repayment of loan along with interest. The loanee shall furnish one extra cheque over and above the total no. of instalments in which the loan is payable which shall be returned if cheques are cleared in time.

17. The party shall pay pre EMI interest on actual basis for the period from the date of first disbursement to the date prior to one month (30 days) of first post dated cheques.

18. Photographs of the applicant duly signed by him and attested by Notary Public/Cazetted Officer should be got affixed on the application form.

19. Permanent address of the applicant as well as of guarantors should be obtained in the application form.

20. It may be ensured that the application forms are duly completed and signed by the applicant and the consent of proposed guarantors along with the details of the properties/immovable assets should be furnished with the loan application. The column regarding the existing vehicle should be got properly filled in by the applicant.

21. In case of thumb impressions of the applicant or of the guarantors the same should be got verified either by a gazetted officer or by RFCs Branch Manager himself.

22. Certificate regarding SGST should be obtained from 1st Class Magistrate/SDM/Tehsildar.

23. Adequate arrangements for plying the vehicle be ensured.

24. In case the applicant has sold the existing vehicle owned by him before applying for loan to RFC, the copy of supporting documents may be obtained to ensure that the vehicle is not registered in his name as on the date of the application.

25. Application from students should not be normally entertained.

26. In case of taxi cars the applicant should submit an undertaking that the amount of excise duty to be refunded to him shall directly be deposited with the Corporation by the dealers on his behalf for credit in the loan account.

27. The applicant should submit an authorisation authorising UK dealer to make the deposits in the above specified at (26) above.
28. Wherever copies of the original documents (including photostat), have been submitted by the applicant, the original should be verified at the time of calling the entrepreneur in the IPC meeting.
29. The proposal must be signed by the Manager/Dy.Manager (Branch).
30. Advance disbursement for booking of vehicle against collateral security may be considered on certain terms and conditions as laid down in O&M 386 dt. 12.4.1996.
31. Proper follow-up regarding recovery of loan should be done whenever any default is committed by the borrowers for more than two instalments, immediate action should be taken against such borrowers.
32. Valuation of collateral security should be done properly keeping in view the location and its marketability.
33. No seed capital assistance/subsidy would be available to ex-servicemen for transport loan under the scheme.
34. Tie-up arrangements with some transport companies for running the vehicles may be ascertained whenever such vehicles are purchased to be attached with some transport company/tourist agency.
35. Financial assistance for purchase of City Buses shall be considered on the following special terms and conditions besides above :
- i). Eligibility The applicant should be in field since last 3 years and having good track record.
 - ii). The immovable property which is being offered against collateral security should be situated on prime location and easily marketable.
 - iii). Personal guarantee of two reputed persons having immovable property equal to the cost of vehicle.
 - iv). The loan can only be sanctioned after obtaining assurance from the RTO that the route permit would be issued after the buses made available and last 10% of loan would be released after submission of the route permit.
 - v). The extent of collateral security and repayment period shall be as follows:

Loan Amount	Promoters contribution	Repayment Period	Collateral Security	
A. In Jaipur city				
Upto Rs. 2 lacs	-	40 months (Incl. 2 months as moratorium Period)	Equal to loan amt.	
Above Rs. 2 lacs	40%	50 months (Incl. 2 months as moratorium Period)	Equal to cost of vehicle	
Upto 65% of Value of	35%	60 Months (Incl. 2 months as	Double to the loan Amount	
A. In Ajmer, Alwar, Bikaner, Jodhpur, Kota, Udaipur				
Upto Rs. 2 lacs	-	40 Months (Incl. 2 months as moratorium period)	Equal to loan amount	
Above Rs. 2 lacs	40%	50 Months (Incl. 2 months as moratorium period)	125% of cost of the vehicle	
Upto 65% of the value of Vehicle	35%	60 Months (Incl. 2 months as moratorium period)	Double to the loan amount	

- 36.** Financial assistance for purchase of buses shall be considered only to the following persons.
- i). The persons who are having a proven past track record (for tourist coaches).
 - ii). The persons who are going to attach the vehicle with RSRTC.
 - iii). The persons who are running tourist agency approved by RTDC/ITDC.
- 37.** Cost of tankers have not been standardize. The same can be decided by the field offices on case to case basis depending on the type of the tankers and its specifications.
- 38.** Suitable tie-up arrangements for a reasonable period with the companies engaged in the distribution of oil, milk and gases etc. shall be ensured while financing of tankers.
- 39.** The disbursement of last 50% of sanctioned loan against tanker body shall be made only after submission of approval from controller of Explosive. Nagpur/Agra.
- 40.** For verification of the assets and calculation of the MRV of assets offered as collateral security one officer of any discipline can be deputed.

(Loan & Appraisals)

OBJECTIVE

To provide financial assistance to schools/educational institutions for acquisition of transport vehicles) provided the vehicle is registered as Public Carrier.

Financial assistance may also be given to individual for acquisition of vehicles provided the vehicles are attached with one or more than one school(s)/educational institution and is registered as public earner.

ELIGIBLE CRITERIAS

A. Schools/Educational Institutions

Existing schools/educational institutions with good track record/reputation i.e. must have strength of minimum 250 students and;

Must have standing of minimum 5 years. However if the criteria of minimum strength of students as given above is fulfilled the requirement of years standing may be relaxed : &

Must be recognized/registered with Department of Education, Govt. of Rajasthan;

Must be running either in own premises, i.e. the title stand in the name of the school or may be in a rented premises or owned by any proprietor partners, in that case an agreement of tenancy/ undertaking where owned by a proprietor/partner until the currency of the term loan.

The regulations and bye-laws on constitutions of these institutions should provide for running the vehicle on commercial lines.

B. INDIVIDUAL

Individuals who have agreement with one or more than one schools, complying aforesaid eligibility criteria for attachment of the vehicles with such schools.

NOTE: The loan for purchase of second hand vehicle will not be considered.

ELIGIBLE BORROWERS

The borrower may be a person as proprietor, a partnership firm, a company/ a transport agency/registered public trust or registered cooperative society running school.

PURPOSE OF FINANCE

1. The assistance under the scheme may be granted to eligible borrowers for purchase of new vehicle like Mini Bus, Bus, Van.
2. For fabrication of body on the new chassis from the reputed dealers.

AMOUNT OF LOAN

The amount of loan would be need base. **MARGIN OF SECURITY**

Not less than 33%.

PROMOTERS CONTRIBUTION

As may be required to arrive at a Debt Equity Ratio of not more than 2:1.

PERIOD OF REPAYMENT

Not to exceed 48 months. The amount shall be repayable in equaled monthly instalments. The first instalment shall fall due after two months from the date of 1st disbursement of loan.

RATE OF INTEREST & LIQUIDATED DAMAGES

The rates of interest and liquidated damages as applicable from time to time depending upon the amount of loan.

COLLATERAL SECURITY

The school authority, proprietor/owner/trustees of the school shall furnish collateral security either of its own immovable properties or by the guarantors value of which should not be less than the total amount of loan sanctioned. The property offered for collateral security shall be other than school premises.

GUARANTEE

The guarantee of one person having jointly or severally immovable properties in the State of Rajasthan in their name of the value not less than the total amount of loan. In case the collateral security belongs to the person other than the borrower, no additional personnel guarantee shall be insisted upon.

PROCESSING CHARGES

1% of the sanctioned loan amount

OTHER POINTS

The vehicle considered for finance under the scheme must be registered as public carrier.

Except the condition of eligible branches and ceiling on sanctions, the other terms like value of security, provisions of age of the applicant and of the guarantors, insurance, collection of Post dated cheques (PDCs) etc. shall be applicable under this scheme in the same way as these are applicable in the General Transport Loan Scheme.

(Loan & Appraisals)

SCHEME FOR HOTEL- HIGHLIGHTS

SCHEDULE 1/12 E

SCHEME FOR HOTEL-HIGHLIGHTS

1. Eligibility

A hotel/motel to be eligible for availing the loan from the corporation must necessarily consists minimum of 10 rooms, half of which should be air-conditions while at least one fourth of the rooms must have attached bath rooms; and there should be at least one bathroom for every four of the remaining bed rooms.

Note : A restaurant alone shall be eligible for availing financial assistance under the scheme if it contains sitting capacity of not less than 50 persons.

2. Purposes

- i). for construction of new hotel/motel/restaurant.
- ii). For providing additional accommodation or effecting alterations in case of existing hotel/motel/restaurant.
- iii). For other plant and equipment, electrification, air-conditioning and other amenities essential for the hotel/motel/restaurant.

3. Margin

The margin of promoter's contribution to the loan being availed of is stipulated as follows:

- i). On land, new building, plant and machinery. 30%
- ii). On old building, plant and machinery 50%
- iii). On furniture and fixture 50%

4. Debt Equity Ratio 2: 1

5. Promoter's Contribution

A minimum of 33% of the project cost would have to be pooled in by the promoter as part of his contribution.

6. Repayment period

1st & 2nd Year	Gestation Period
3rd Year	5% of Principal Amount
4th Year	7.5% of Principal Amount
5th Year	12.5% of Principal Amount
6th Year	17.5% of Principal Amount
7th Year	25% of Principal Amount
8th Year	32.5% of Principal Amount

7. Interval & Liquidated damages

As applicable from time to time depending upon the amount of loan, cost of project etc.

8. Rebate on timely payment: Presently 2% rebate on timely payment is provided.

9. Processing Charges ; 1% of the loan amount sanctioned.

10. Others

Assistance for hotel should be considered only after the plan of construction has been approved by Local Authority.

Other conditions regarding security etc. shall be as per usual norms.

(Loan & Appraisals)

SCHEME FOR FINANCING DHABA'S

Schedule I-I2/E-1

Scheme for Financing Dhabas

Object

In view of the growing traffic flow on National Highways. Stale Highways and others, road side Dhabas are increasingly gaining importance. In order to boost this potentially rich sector. RFC too extends financial assistance for setting-up Dhabas.

Purpose

Financial assistance is granted by the Corporation under the Scheme for the Following purpose:

- a). For purchase of land.
- b). For renovation/alteration of existing buildings and construction of new buildings including few (2-3) rooms for staying.
- c). For kitchen equipments and other plant and equipments i.e. Deep Freeze. Utensils. Fans. Television. Cooler. Gas Burner etc.
- d). For furniture and fixture i.e. Chairs, Tables etc.

Eligibility

Preference will be given to experienced persons of the line.

Margin:

The margin of security for the loan is stipulated as follows:

i). On Land, Building Plant & Machinery 30%

ii). On Furniture and Fixture 50%

Repayment Period

Maximum 8 years including 1 1/2 years moratorium period.

Debt Equity Ratio 2 : 1

Financial Assistance

Loan upto Rs. 10.00 lacs will be considered under the scheme.

Interest Rate & Liquidated Damages

As applicable from time to time depending upon the amount of loan.

Promoter's Contribution

A Minimum of 33% of the project cost would have to be pooled in by the promoter as part of his contribution.

Processing Charges: 1% of the loan amount sanctioned.

Other Requirements

Loan for land and building will be considered only if the land is converted for hotel purpose. Approval of building plan & NOC from the local authority are prerequisite.

Security

If land is not conveyed, the financial assistance only for equipments and furniture/fixture may be considered against the collateral security.

Besides, the sanctioning authority if considers necessary to insist the additional security considering the merits of the case, they may ask for the collateral security even in case where financial assistance is considered for land and building.

Sanctioning Authority:

Field Offices as per delegation of powers for sanction.

(Loan & Appraisals)

SCHEME

FOR FINANCIAL ASSISTANCE TO PAYING GUEST ACCOMODATION

SCHEDULE 1/12 E2

SCHEME FOR FINANCIAL ASSISTANCE TO PAYING GUEST ACCOMMODATION

OBJECTIVE

The basic objective of the scheme is to provide home-away from home along with the opportunity of observe and experience the Rajasthani way of life by way of providing guest house accommodation to the tourists coming from

within/outside the country to the state of Rajasthan so that they may find an opportunity to make their stay more enjoyable and homely,

A. ELIGIBILITY

- i). Only those persons would be eligible for financial assistance under the scheme:-
 - a). Who own a house accommodation in any of the cities identified by Department of Tourism for paying guest accommodation (presently. Jaipur, Udaipur. Jodhpur, Jaisalmer, Bikaner, Chittorgarh, Mount Abu, Ajmer, Pushkar, Bundi, Kota, Bharatpur & Alwar) and
 - b). are residing in the house, and
 - c). have some rooms available in the house which may be made available to tourist on reasonable rate for their stay; and
 - d). the house owner is registered in the office of the Director of Tourism for Paying Guest accommodation.
- ii). The accommodation should
 - a). be in a good locality with neat and tidy surroundings;
 - b). have adequate provisions for amenities; and
 - c). not have more than 7 rooms and 15 lettable beds.

B. Purpose

Financial Assistance may be granted by the Corporation under this scheme for the following purposes:

- i). For addition, alteration, renovation and expansion of the residential building for paying guest accommodation;
- ii). For acquisition of plant & equipments, electrification, air conditioning and other amenities essential for the paying guest accommodation.
- iii). To equip the kitchen with (he modern appliances so as to provide necessary facilities like cooking range, fridge, water filter, water cooler etc.

C. Security

The loan granted by the Corporation shall be secured by equitable mortgage of the land, building and plant & equipments of die house proposed to be used for paying guest accommodation. For this, the owner should make available clear and mortgage able title documents.

D. Margin of Security

For addition, alternations/expansion of the buildings 30%

For furniture & fixtures 50%

For P&M and other equipments 30%

E. Debt equity ratio: 2:1

F. Promoter's contribution

A minimum of 33% of the project cost will have to be brought in as part of their contribution.

G. Rate of Interest & liquidated damages

As applicable from time to time depending upon the amount of loan and cost of project.

Gestation period 5% of principal amount 7.5% of principal amount 12.5% of principal amount 17.5% of principal amount 25% of principal amount 32.5% of principal amount

H. Repayment period

1st & 2nd Year

3rd Year

4th Year

5th Year

6th Year

7th Year

8th Year

I. Processing charges 1% of the sanctioned loan

J. Other requirements:

- i), The paying guest accommodation is not to be treated as commercial use of the Building.
- ii). The tourist staying in the paying guest accommodation should be given receipt of the payment on request;
- iii). The owner should submit approval of building plan and NOC from local authority;
- iv). The loan is to be considered only after the applicant has obtained NOC from Director of Tourism for setting up the paying guest accommodation.

(Loan & Appraisals)

SCHEME FOR ST/SC ENTREPRENEURS.

SCHEDULE 1/12 F

SCHEME FOR SC/ST ENTREPRENEURS

1. Industries Eligible

All the industries which are eligible for financial assistance under the provisions of the SFCs Act and promoted by persons belonging to SC/ST are eligible for loans under the Scheme. The applicant should produce certificate of his caste from Tehsildar or First Class Magistrate.

2. Limit of Assistance

Loans from Rs. 2.000/- to Rs. 5.00 lacs.

3. Purpose

Loans under this scheme are granted for acquisition of fixed assets, transport vehicle, construction of hotel etc. Under this scheme loans for installation of machinery in rented premises can also be considered.

4. Margin

Margin as per usual norms would be imposed on the proposed investment in land, building and plant & machinery. Provided if the SC/ST entrepreneurs so desire, then the Corporation would be agreeable to reduce the margin to 5% and consider financial assistance on investment in land, building & plant & machinery at 5% margin provided collateral security of immovable property equivalent to the difference in value between the normal margin and reduced margin is offered by the entrepreneur.

Provided however that the above relaxation in margin would not be admissible in case of transport loans.

5. Security

- a). First charge on the existing and proposed fixed assets of the concern.
- b). In case of Transport Loan:
 - i) Collateral Security either of his on immovable property or of the guarantor having minimum value of assets not less than the amount of loan sanctioned shall be obtained.
 - ii) Personal guarantee of the person having immovable property in the State of Rajasthan of the value equivalent of the loan amount if the collateral security of the own property of borrower is offered. In case of the collateral security belongs to the person other than the borrower no additional personal guarantee would be insisted upon.

c) In case of rented premises for installation of Plant and Machinery, collateral security equivalent to the loan sanctioned amount shall be furnished.

6. Debt Equity Ratio

2:1 Except Composite Loan cases.

7. Interest:

- a). For loan upto Rs.5.00 lacs, 2% less than (he applicable under the different schemes,
 - b). For loans above Rs.5.00 lacs, Corporation's prevailing interest rate would be applicable.
8. Liquidated Damages

As applicable from time to time depending upon the amount of loan.

9. Processing charges

1% of the loan amount sanctioned,

NOTE:

- 1. The other usual norms regarding the minimum Promoter's Contribution etc. shall be applicable.
- 2. For loan upto Rs.50,000/- under the Composite Loan Scheme, the interest rate shall be charged less by 2% p.a. However, the other norms of the scheme shall be applicable to such cases.
- 3. The concession of 50% in application fee would also be granted in loan cases upto Rs.5.00 lac.

(Loan & Appraisals)

MARGIN MONEY/SOFT LOAN SCHEME FOR SC ENTREPRENEURS.

SCHEDULE – [12/FF](#)

MARGIN MONEY/SOFT LOAN SCHEME FOR SC ENTREPRENEURS

PREAMBLE

The scheme has been designed for uplift & development of weaker section of scheduled caste. The scheme is to provide financial benefit in establishing, tiny & small scale industrial units by SC entrepreneurs.

ELIGIBILITY

All SC candidates, who are below the poverty line and intend to establish tiny or small industry, would be eligible and are to be covered under the scheme.

CRITERIA FOR ELIGIBILITY

- i). The entrepreneur should belong to SC category.
- ii). He should be identified as living below the poverty line i.e. the Annual Income of the family should not exceed to Rs. 11,000/-, if living in rural area and [Rs.11,750/-](#) if living in urban area.
- iii). The total cost of project/scheme including working capital requirement should not exceed Rs.50,000/-.
- iv). The candidate should not have earlier availed any benefit under any SC beneficiary scheme from RSCSTFDCC.

BENEFITS

a). Margin Money Loan

Margin Money Loan upto 20% of the project cost subject to a maximum of Rs.10,000/- shall be granted by SC Development Corporation for the projects sanctioned by RFC. The rate of interest would be 6% p.a. payable quarterly.

b). Interest Subsidy

Interest subsidy of 2% over & above the reduced rate of interest charged by RFC i.e. 2% less than the prevailing rate on term loans sanctioned to SC/ST entrepreneur would be granted subject to maximum benefit of Rs.6,000/- . The subsidy granted would be credited in the term loan account only on timely payment of dues of margin money loan and the RFC term loan, on release of the amount (of subsidy) by the SC-ST Corporation.

PROMOTER'S CONTRIBUTION

Promoters shall be required to contribute a minimum of 20% of the total cost of project as their own contribution. However, in any case, it would not be less than norms prescribed by SIDBI from time to time.

DISBURSEMENT OF MARGIN MONEY LOAN

The margin money loan shall be disbursed released by the SC-ST Corporation in one instalment after hearing from RFC that the first instalment of disbursement has been paid by them (RFC).

REPAYMENT SCHEDULE

The margin money loan/soft loan shall be repayable over a period not exceeding 7 years including initial moratorium period, as may be prescribed by RFC for their term loan.

SECURITY

No additional security shall need to be provided by the borrower in respect of the margin money loan under the scheme. Margin money loan would be secured by second charge on the fixed assets of the unit, the first charge remaining in favour of RFC.

OTHER NORMS

Other norms of financing like Debt Equity Ratio (DER) would be the same as prescribed by SIDBI from time to time.

OPERATIONAL PROCEDURE

- i). The applicant/entrepreneur shall have to furnish a certificate for annual income of the family duly certified by Tehsildar or a Sub-Divisional Officer with a view to ensuring that he or she is living below the poverty line.
- ii). While appraising the project for assistance under the scheme to be approved by DLAC, the Project Manager, SC-ST Corporation shall be invariably associated. Sanction of margin money loan shall be conveyed separately by the SC-ST Corporation after sanction of the term loan by RFC. A copy of the sanction letter of term loan along with a copy of the project would be sent to the Project Manager, SC-ST Corporation for information & taking necessary action at his end.
- iii). Loan documents for Margin Money Loan shall be executed by the beneficiary with the SC-ST Corporation as per their norms.
- iv). The Margin Money/Soft Loan shall be released by the SOST Corporation after hearing from the RFC that first instalment of term loan has been disbursed in accordance with the terms & conditions of sanction and after the promoter has brought in his own contribution.
- v). The recovery of the margin money shall be made as per the stipulated repayment schedule by the SC-ST Corporation.
- vi). RFC would lodge claim for interest subsidy on yearly basis only in respect of cases which are regular in repayment of dues of the term loan & margin money loan. On receipt, the subsidy amount shall be credited to the party's term loan account.

(Loan & Appraisals)

SPECIAL SCHEME OF ASSISTANCE TO EX-SERVICEMEN (SEMFEX)..

SCHEDULE 1/12G

SPECIAL SCHEME OF ASSISTANCE TO EX-SERVICEMEN (SEMFEX)

1. Object

Assisting Ex-servicemen in resettlement by enabling them to set up small industrial project for self-employment,

2. Eligible Entrepreneurs

"Ex-servicemen" (including widows of Ex-servicemen) and disabled service personnel as defined by the Government of India and sponsored for assistance under the Scheme by the Director General (Resettlement), Ministry of Defence, Government of India DG(R) after screening by a Committee constituted for the purpose. Ex-servicemen forming partnership with one or more non-ex-servicemen would also be eligible for assistance provided the stake of non ex-servicemen should not exceed 25% of the total promoters contribution and effective management of the project rests with ex-servicemen.

The upper age limit of the Ex-servicemen for being eligible for assistance under SEMFEX Scheme would be 60 years.

3. Eligible Projects

New Industrial projects of Ex-servicemen in small scale sector including transport, hotel project/tourist related activities and other eligible service industries qualifying for assistance under the refinance Scheme of small Industrial Development Bank of India (SIDBI).

The cost of project shall not exceed Rs. 15.00 lacs. Project costing upto Rs.50, 000 will be covered under the existing composite Loan Scheme, extending the usual benefit of 100% financing with no promoter's contribution and concessional rate of interest. Sanctioning of refinance by SIDBI in respect of the project will be pre-requisite for Soft Seed Capital Assistance under this scheme.

Mini Buses and Mini Trucks of the capacity of 3 Tons or less are not eligible for grant of financial assistance under the SEMFEX Scheme. No Seed Capital assistance would be available to Ex-Serviceman for general type of vehicle.

4. Debt Equity Ratio : 2:1

Central/State subsidies, if any, may be retained for working capital requirements.

5. Minimum Promoter's contribution 10% of Project cost.

6. Sources of funds

Funds for soft seed capital assistance under the scheme will be provided by DG(R) and SIDBI on matching basis. Necessary funds will be placed by DG(R) with SIDBI for being utilised for the purpose of the Scheme.

7. Terms of Soft Seed Capital Assistance

a). Mode of Assistance

i). Soft seed capital assistance will be provided in the form of loan

ii). The soft seed capital assistance would not be made available in respect of transport vehicles except for gas tankers, tipper vehicles and pay loader. This would also apply to assistance for acquisition of transport vehicles under tourism related activities. However, in the case of industrial projects, inclusion of one vehicles may be allowed if the requirement is justified.

It may however be clarified that ex-servicemen can acquire other types of vehicles under the Refinance Scheme of assistance to small Road Transport Operator (SRTOs)/ Tourism related activities subject to their eligibility and as per the terms of those schemes but without any soft capital assistance under SEMFEX.

b). Amount of assistance

Amount required to meet the gap in equity after taking into account promoter's contribution to the project cost, subject to maximum of Rs.2.25 lac or 15% of the project cost whichever is less.

c). Interest

The rate of interest on Soft Seed Capital Assistance

i). During moratorium period (not to exceed six months in case of eligible transport loans and two years in case of other loans) By way of processing charge at nominal rate of 1% p.a. (payable annually)

ii). After moratorium period 6% p.a. (payable half yearly)

The rate will be subject to review during the currency of the soft seed capital assistance. If financial position and profitability of the unit permit, higher rate of interest not exceeding the applicable rate for normal term loan will be charged.

d). Repayment period

The soft seed capital assistance shall be repayable in equal half yearly instalments as under

i). Eligible transport: 4 1/2 year (after initial moratorium of six months)

ii). Others 5 years (after initial moratorium upto 2 years)

The moratorium period for term loan and seed capital assistance should be same.

e). Security for Soft Seed Capital Assistance.

Soft Seed Capital Assistance under the scheme will be unsecured and no security (including collateral) need be provided by the borrower.

f). Procedure for Channelising assistance

i). SFcs/SIDCs will sanction the Soft Seed Capital Assistance after- satisfying themselves about the eligibility of the Ex-Servicemen and viability of the project, simultaneously with the sanction of normal term loan for the project. The credit risk in respect of Soft Seed Capital Assistance will be borne by DG(R) and SIDBI in proportion to their share in such assistance

ii). After disbursing Son Seed Capital Assistance under the Scheme SFCs/SIDCs may seek reimbursement from the concerned Regional/ Branch office of SIDBI. Such reimbursement claims will be settled within 3 days.

8. Terms of Normal term loan assistance

SFCs/SIDCs may sanction term loans on normal terms for project of Ex-servicemen covered under the scheme. The loans (which will not exceed Rs.11.25 lac per project) will carry prevailing concessional rate of interest as applicable from time to time.

The project costing upto Rs.15.00 lacs with total working capital requirement at normal level of operation upto Rs.2.5 lac would be covered under the scheme on the norms and parameters applicable to single window scheme.

Relaxation in security margin for the normal term loan will be considered by SFCs wherever necessary. No collateral security should be insisted upon in the case of loans for industrial activities. In the cases of transport loan where ex-servicemen have assured transport work orders from DG(R) in respect of companies like CIL, IOC, BP and HP, the eligible institution should work-out an arrangement whereby the borrower bankers are given standing instructions to deduct institutional dues in respect of transport loan, therefore, in such cases, there is no necessity to seek collateral security. In cases where operator does not have assured orders the collateral security may be taken, the extent of which may be taken care of while appraising case individual

The loans will be repayable within a period of 10 years including the usual grace period, except for transport loans which will be repayable in 5 years including moratorium of 6 months.

9.

i). Training

Ex-servicemen seeking financial assistance under the Scheme would be required to undergo EDP training organised for them under the Scheme. Service personnel nearing retirement age intending to set up projects under the Scheme will also be eligible for such training facility. Training expenses will be borne by DG(R) and SIDBI.

ii). Consultancy Support

SIDBI will arrange with TCO/SISI or other approved agencies, wherever necessary, for consultancy service including for drawing up of project reports, at the cost not exceeding RS.2.500 per beneficiary. Such consultancy charge will be borne by SIDBI.

10. Agency Arrangements

SFCs and twin function SIDCs will act as agents of SIDBI for disbursement and collection of Soft Seed Capital assistance under the Scheme following a procedure similar to the one under Seed Capital Scheme. For such agency services, SFCs and twin function SIDCs may retain 50% of the interest at 1% p.a. collected from the beneficiaries.

FOR PHYSICALLY DISABLED PERSONS-HIGHLIGHTS

SCHEDULE 1/12H

SCHEME FOR PHYSICALLY DISABLED PERSONS-HIGHLIGHTS

1. Industries Eligible :

Industries which are registered with the Directorate of Industries, Rajasthan, Jaipur and promoted by the disabled persons (s) (as proprietorship firm or partnership firm). In the case of partnership firm the share of disabled persons(S) should not be less than 51%.

2. Persons eligible

Persons who have been issued identification card by the Director, Social Welfare, Rajasthan identifying disability shall be treated as disabled persons.

3. Limit

Loans from RS.2,000 to RS.5.00 lac can be granted under the scheme.

4. Purpose

Loans under the scheme can be granted for acquisition of fixed assets only. Under the scheme loan for installation of machinery in rented premises can also be considered.

5. Margin

On new building, plant & machinery: 10%

(Provided the amount of loan and subsidy wherever admissible) does not exceed the cost of fixed assets to be created)

6. Security

- a). 1st charged on the existing and proposed fixed assets of the concern.
- b). Personal guarantee of a person having imovable property in the State of Rajasthan, if loan has been desired against hypothecation of machinery to be installed in rented premises.

7. Interest

The rate of interest to be charged from such units shall be 2% less than the general rate applicable on different schemes.

The concession of 50% in application fee would also be granted in loan cases upto RS. 5 lacs.

FOR DIESEL OENERVUM. SET HIGHLIGHT**SCHEDULE 1/12 I****SCHEME FOR DIESEL OENERVUM. SET HIGHLIGHT****1. Eligibility**

The industries (except transport) which are eligible for financial assistance are also eligible for DG Set loan.

2. Purpose

The loans should be utilised for the purchase of new Diesel Generating Sets only.

3. Security

Diesel Generating Set proposed to be purchased shall be hypothecated to the Corporation along with 1st charge on other fixed assets. In case the existing assets of the unit are mortgaged to some other financial institutions, the concern should obtain NOC from that financial institution(s) to the effect that RFC will have 1st charge on the DG Set proposed to be purchased and second charge on the other assets of the concern which are under the charge of the financial institutions.

4. Acceptable value of security

i). The cost of DG set as per the prices being quoted by the supplier/manufacturer may be considered while appraising the cases.

ii). In case of non standard make but ISI marked DG set, the prices below of 15% of the lowest cost of standard makes DG sets (i.e. presently Kirloskar Make) may be considered.

In order to maintain uniformity, the prevailing prices of standard make DG sets are as under which are only for information/guidance purpose.

STATEMENT OF PRICES OF DG SET OF STANDARD MAKE

(Rs. in lacs)

S.No.	Capacity (in KV A)	Kirloskar* Make	Crompton ** Make
1.	5	0.40	-
2.	7.5	0.58	-
3.	10	0.65	1.29
4.	12.5	0.69	1.33
5.	15	0.96	1.48
6.	20	1.35	-
7.	25	1.69	2.04
8.	30	1.84	2.29
9.	35	2.09	2.56
10.	40	2.13	-
11.	50	2.53	2.93
12.	62.5	2.79	3.23
13.	70	2.91	3.45
14.	75	3.00	3.61
15.	82.5	3.20	3.89
16.	100	3.77	4.48
17.	110	4.09	-
18.	125	4.027	5.17
19.	140	4.81	5.74
20.	160	5.31	6.59

21.	180	6.19	7.37
22.	200	6.95	7.67
23.	225	8.42	-
24.	250	9.09	10.02
25.	275	9.59	-
26.	285	9.66	-
27.	320	11.74	12.37
28.	380	14.18	-
29.	400	16.00	-
30.	437.5	17.02	-
31.	500	20.49	22.46
32.	590	23.55	-
33.	600	25.41	-
34.	625	26.83	-
35.	725	-	-
36.	750	32.73	-
37.	1000	44.13	-
38.	1200	54.36	-

*DG set with Kirloskar cummins Engine and alternator of Kirloskar/Crompton/stampford/ Jyoti etc.

**DG set with Rutston/MWM Engine and alternator of Crompton/ Stampford/ Jyoti/Kirloskar etc.

- i). The prices are inclusive of excise @ 10%, but exclusive of taxes, transportation, erection, installation, freight, loading, unloading, transit insurance etc.
- ii). The above prices are inclusive of other accessories like battery, fuel tank, coupling. Exhaust pipe etc.
- iii). The prices are mainly based on water cooled type engine.
- iv). The above prices are only for guidance purpose. The prices may vary according to the make, type of cooling i.e. air cooled or water cooled, combination of different make of engine and alternator, different type and make of accessories to be provided along with the DGset.

5. Margin

Loan to the extent of 70% of the cost of Diesel Generating Sets is provided.

6. Promoters' Contribution

A promoters' contribution of atleast 33% of the project cost has to be maintained.

7. Period of repayment

In case of assisted units, the repayment period will depend upon their internal cash generation, to a maximum of 30 equal monthly instalments or last date of repayment of original term loan granted for setting up of the project, whichever period is shorter. In case of non-assisted units, repayment will be in 30 equal monthly instalments. In above cases, the first instalment shall fall due on the first day of the month falling after 60 days reckoned from the date of first disbursement of the loan against DG Set.

8. Interest

The rate of interest will be charged at current rate as applicable in case of industrial loan from time to time.

In case of default, the usual default rate will be charged.

9. Sanctioning authority

- a). The loan for purchase of DG set (upto 250 KVA) under DG set scheme shall be sanctioned by the concerned authority within whose jurisdiction total outstanding falls after consideration of the said loan.
- b). The loan for purchase of IX) set of above 250 KVA shall be sanctioned by CMD.

10. Processing Charges

1% of the loan amount sanctioned.

11. Others

- i). In case of financed unit no detailed examination is called for if the dealings of the concern with RFC have been satisfactory. In case of defaulting units if the unit is not willful defaulter and if the reasons of defaults were beyond the control of entrepreneurs, grant of loan with suitable safeguards for repayment of the overdues can be considered.
- ii). In case of concern approaching first time the antecedents and credit worthiness of the unit should be examined thoroughly. For this purpose the balance sheet and profit and loss account of the units for two previous years and details of assets and liabilities of proprietor/partner/director(s) as the case may be should be obtained and analysed. The borrower should be asked to indicate the reason as to why the financial institution (other than RFC) who have given term loan to the unit are not willing to advance term loan for acquisition of Diesel Generating Set
- iii). It should be carefully examined as to whether the working results of the units for the last 2 years inspire the confidence that the unit would be in a position to take upon itself the added liabilities arising out of the repayment of the principal and interest instalments of the loan proposed to be raised for DG set
- iv). In case the capacity of DG set is more than 10 kw a condition to submit an undertaking to obtain permission from Electric Inspector for installation of DG set should be incorporated in the loan proposal.

(Loan & Appraisals)

MODERNIDSTION SCHEME – HIGHLIGHTS

SCHEDULE 1/12J

(Non Operative)

(Loan & Appraisals)

REFINANCE SCHEME FOR TECHNOLOGY DEVELOPMENT & MODERNISATION(RTDM).

SCHEDULE-I/12-JJ

REFINANCE SCHEME FOR TECHNOLOGY DEVELOPMENT & MODERNISATION (RTDM)

1. Objective

To encourage existing Exporting A Non Exporting industrial units in the small scale sector to modernise their production facilities and adopt improved and updated technology so as to Strengthen their production capabilities.

2.. Eligible Borrowers

Sole proprietorship, partnerships. Co-operative societies. Private and Public Limited Companies.

3. Eligibility Criteria:

The eligibility criteria for assistance under the scheme are as under:-

- i).** All SSI/ancillary units (including those graduating out of SSI Sector) either Exporting or Non-Exporting and
- b).** which go in for modernisation' technology upgradation,
- c).** Be in operation at least for a period of 3 years.
- d).** Not in default to institutions or banks.

Units satisfying all the above requirements may be considered for assistance. However, assistance under the scheme should generally be restricted to units in the manufacturing sector only.

4. Purpose of Assistance

Assistance under the scheme would be available for meeting the expenditures on:

- a).** purchase of capital equipment, need based civil works and acquisition of additional land. The outlay on land and building should not exceed 25% of the outlay on modernisation/ technology upgradation programme.
- b)** acquisition of technical know how, designs, drawings and fashion forecast where relevant to specific product group,
- c).** Upgradation of process technology and products with thrust in quality improvement comparable with acceptable domestic and international standards.
- d).** Improvement in packaging
- e).** Cost of TQM and acquisition of ISO 9000 series certification
- f).** Need based additional/incremental margin money for working capital.
- g).** preliminary and pre-operative expenses shall not be covered as a pan of the cost of die project.

5. Project cost

The project outlay on items indicated in para 4 above should not exceed Rs. 100.00 lacs.

6. Promoters contribution:

The minimum promoters contribution required would be 33% of the cost of project and may be in the form of additional share capital contribution, interest free unsecured loans to be brought in by the promoters or internal cash accruals during the implementation period.

It is the minimum promoter contribution. However the sanctioning authority may keep a higher margin on merits of the case.

7. Debt Equity Ratio

DER for the unit as a whole shall not be more than 2:1.

8. Amount of loan/refinance

Assistance under the scheme will be need based. SIDBI would provide 100% refinance in respect of rupee term loans provided by the PLIs under the scheme.

9. Terms of Assistance

a). Rate of interest

As applicable from time to time presently it is 12.50 P.a.

However, in case refinance is not made available by the SIDBI the prevailing rate of interest shall be charged.

Since the rate of interest under the scheme is already on lower side, hence the provision of 1% rebate on timely payment shall not be applicable on loans sanctioned under this scheme.

b). Security

Exclusive charge over assets purchased out of the loan, first/ second charge on existing fixed assets and other collateral security as may be deemed necessary.

c). Period of Repayment

Period of repayment will be fixed based on repaying capacity of the borrowing concern but normally not exceeding 5 years including moratorium of six months.

10. Working Capital Requirement

The unit should arrange with its bankers to provide additional need based working capital facility.

11. Procedural Aspects.

i). While appraising & sanctioning the cases under this scheme necessary assessment both as to the need for modernisation and also the quantum of financial requirement, have to be made.

ii). While sending the Refinance Statement under LOC Scheme, the Branch Office should superscribe the refinance Statement "Technology Development and Modernisation Scheme" to specifically indicate that the proposal is related to RTDM This would facilitate consideration of relaxed norms and also serve for MIS purpose.

12. Processing Charges : 1% of the loan amount sanctioned.

13. Operation period : The scheme is valid upto end of financial year 2003.

(Loan & Appraisals)

EQUIPMENT REFINANCE SCHEME.

SCHEDULE 1/12 K

EQUIPMENT REFINANCE SCHEME

1. Introduction;

The main object of the scheme is to provide direct foreign currency loan to small and smaller medium scale concerns for acquisition of capital goods/equipments which are not related to any specific projects.

2. Eligibility Criteria:

2.1. Assistance under the Scheme will be available to existing industrial concerns eligible for refinance assistance from IDBI and which have a good past record of performance and sound financial position specifically, concerns should.

I). have been in operation for at least 4 years;

II). have earned profits and/or declared dividend on equity shares during preceding two financial years ;
and

III). not be in default to institutions/banks in the payment of their dues.

2.2. Industrial concerns satisfying these criteria will be eligible for assistance without any ceiling on net worth of the industrial concern. Also loans granted under the Scheme will be excluded for the purpose of arriving at the total outstanding amount of re-financeable loans under the Refinance Scheme.

2.3. Assistance under the Scheme may be availed of for purchase of identifiable of plant & machinery and other equipment including energy saving systems, form odernisation expansion /balancing/ replacement or for any other purposes except for new project. Only actual users will be eligible for assistance. Machinery/equipment imported under open General License and rupee loan will also be eligible. Second hand items will be outside the purview of the Scheme.

Assistance under this scheme may cover upto 77.5% of the cost of capital goods/equipment to be acquired, to the extent of Rs.90 lac per proposal subject to total outstanding of Rs.200 lac.

3. Rate of Interest:

As applicable from time to time.

The rate of interest on loans for SSI units under the Equipment Refinance Scheme shall be 1% less as per the Board decision dated 12.5.93. The criteria for eligibility to reduce rate of interest by 1% on loan to units other than the SSfJoini finance shall be as under:-

- i). The rate of interest As applicable from time to time
- ii). The company belongs to a well known industrial group.
- iii). There is a consistent record of payment of dividend by the company:
- iv). The company is financially sound and has favourable debt equity ratio, current ratio, debt servicing ratio return on capital employed, etc.
- v). The turnover of the Company is more than Rs.50.00 crorcs

4. Period of repiyment

Between 2 to 5 years inclusive of moratorium of 6-12 months, depending upon repayment capacity of borrowers.

5. Security:

Loans granted under the Scheme may be secured by way of hypothecation of capital goods/equipment financed. Where feasible, second or subsequent charge on other fixed assets of the concern may be obtained.

Case the borrower concern is an assisted concern of all India Financial Institutions, the assets purchased under the Scheme will be automatically released from their first charge; these institutions will have second charge till the full repayment of the loan and first charge thereafter.

6. Debt Equity Ratio 2 : 1

7. Form of Application:

Completed application form is to be submitted in triplicate in the enclosed proforma given at Annexure 'B'.

8. Sanctioning Authority : CMD(Full powers).

(Loan & Appraisals)

SCHEME FOR FINANCIAL ASSISTANCE FOR PURCHASE OF TANKERS .

SCHEDULE 1/12 L

SCHEME FOR FINANCIAL

ASSISTANCE FOR PURCHASE OF TANKERS

1. Eligibility

All the persons for financial assistance under industrial loan would be eligible for assistance under this scheme.

2. Purpose of Assistance

Financial assistance may be granted for not more than 20 vehicles including the vehicle(s) already acquired by the concern or its partners/directors.

3. Margin of Security

Minimum 30% of the cost of new tankcr(s).

4. Debt Equity Ratio 2 : 1.

5. Value of Security

The loan shall be secured by hypothecation of the vehicle(s) to be purchased out of assistance of the Corporation.

6. Guarantee

Guarantee of two person having jointly or severally immovable properties in the State of Rajasthan of the value not less than the value of the vehicle(s) proposed to be purchased. Guarantee of a person should not be accepted in more than one cases. The age of the guarantor should not be more than 55 years.

7. Period of repayment

a). Where the loan requirement is upto Rs.5 lakhs

i).	In case of SC/ST & Ex-servicemen	58	months
ii).	For others	48 "	

b). Where the loan requirement is above Rs.5.00 lakh ;

The repayment period shall be fixed on the basis of merits of each case depending upon cash generation of the concern. However, the period of repayment shall not exceed 5 years in any case.

8. Rate of Interest and liquidated damages: As applicable from time to time depending upon amounting of loan.

9. Processing Charges: 1% of the loan amount sanctioned.

10. Others

a). The financial assistance may be granted for acquisition of tankers/carriers registered as public carriers to persons having suitable tie-up arrangements for a reasonable period with the companies engaged in the distribution of oil. milk and gases, etc.

- b).** Loan for purchase of second hand tankers will not be considered.
- c).** No subsidy will be admissible on the loan under the scheme.
- d).** The party will have to furnish collateral security equivalent to the value of the loan sanctioned by the Corporation.

(Loan & Appraisals)

SCHEME FOR WORKING CAPITAL LOAN UNDER SINGLE WINDOW TO TINY & SSI UNITS.

SCHEDULE 1/12 M

Scheme for working capital loan under Single Window to Tiny and SSI units

1. Eligible units

- a).** All eligible small scale units including tiny units whose aggregate venture outlay (excluding working capital margin) and total working capital requirement is within Rs. 200.00 lacs would be eligible for coverage under Single Window Scheme. The term loan and working capital facilities may be sanctioned to an individual units depending upon its requirement within the overall limits of Rs. 200.00 lacs.
- b).** Existing well run units going for modernisation and technological upgradation provided the aggregate of the venture outlay of the original project (existing fixed assets plus working capital) and the cost of modernisation and technological upgradation together with the additional working capital requirement does not exceed the overall ceiling of Rs. 200.00 lacs.
- c).** Potentially viable sick units eligible under Refinance Scheme for rehabilitation RSR provided venture outlay of the original project and the cost of rehabilitation package together with total working capital (existing and proposed) does not exceed Rs. 200.00 lacs.
- d).** New promoters who requires fixed assets either in part or full of existing small scale industrial concerns from SFCs or commercial banks in settlement of their dues provided the assets are free from all encumbrances and as such fresh term loans and working capital could be provided by the corporation under the scheme to activate existing idle assets in the hands of new management. In such cases also the limit of Rs. 200.00 lacs will apply to cover the cost of assets and the total working capital required.
- e).** Existing units already covered under Single Window Scheme for fixed assets and working capital provided the total venture outlay (existing & proposed is within the enhanced ceiling of Rs. 200.00 lacs).
- f).** Working capital component alone may be considered for financing under the scheme in respect of units assisted by Corporation after 24th July 1996 provided total venture outlay is within the prescribed ceiling and units are not in a position to tie up with banks for their working capital requirement.

Working capital assistance under Marketing Scheme shall not be provided.

2. Debt Equity Ratio For term loan upto Rs. 10.00 lac 3:1

For term loan above Rs. 10.00 lac 2:1

The debt equity ratio will be seen for the total venture outlay i.e cost of the project + total working capital requirement

2(a). Permissible Working Capital Term Loan Component

The component of working capital term loan shall not exceed the quantum of term loan proposed for the fixed assets i.e WCTL would not exceed to 50% of the total term loan.

3. Promoters' contribution

As may be required to arrive at the debt equity ratio norm after taking into account the available incentive/investment subsidy for the project.

4. Rate of Interest

Prevailing Rate of Interest as applicable from time to time.

5. Repayment Period

Not exceeding 10 years including initial moratorium not exceeding 24 months for term loan for fixed assets and 36 months for working capital term loan.

6. Security

First charge on fixed assets and hypothecation of current assets.

AND

Collateral security to the extent of 150% of the term loan provided for working capital.

7. Sanctioning Authority

a). Dy Manager/ Br.yManager (Br.) : Cases of loans upto Rs. 15 lacs.

b). DGM(Regions) : Loans upto Rs. 30 lacs.

c). General Managers : Loans upto Rs. 50 lacs.

d). Executive Director : Loans upto Rs. 100 lacs.

e). CMD : Loans upto Rs. 200 lacs.

8. Time limit for availing loan:

The time limit for availment of Loan refinance will continue to be 18 months/24 months from the date of sanction of loan against term loan for fixed assets. The time limit for availment of refinance against the portion of loan for working capital shall be 36 months from the date of sanction.

9. Mechanism for Processing

a). The working capital loan would be released in suitable instalments for building up of inventories to facilitate timely commencement of production and adequate build up of capacity.

b). Assisted units should open current account with a designated bank (which could be bank of the borrower's choice of the District Lead bank) to which the proceeds of the loan will be credited as and when disbursed by RFC. The unit should route its entire banking transaction relating to the business including all receipts and payments through this account

c). Assisted unit may approach the bank for meeting its working capital requirement at any time during the currency of the loan. As and when the assistance is sanctioned by the

bank . the working capital loan from the RFC should be repaid out of the proceeds of the loan sanctioned by the bank. The RFC in turn should immediately thereafter release its charge on current assets and also concede second charge on fixed assets, if so, insisted upon by the bank. An affidavit may also be obtained so as to bind the entrepreneurs to inform us as and when loan from bank for working capital is obtained later on. Power of Attorney may also be obtained to get direct payment from bank in case working capital loan is sanctioned.

d). However, in cases where the bank agreed to finance only additional working capital, the Corporation shall continue where earlier working capital loan against the specific security and the outstanding balance of the working capital amount shall not be required to be adjusted out of the additional working capital limits sanctioned by the bank.

e). To facilitate smooth interaction between the RFC and the designated bank as also to enable the bank to consider borrowing units request for assistance, the corporation would forward a copy of its appraisal to the bank soon after the loans are sanctioned by it.

f). The Corporation would monitor the operations in working capital account by obtaining monthly statements from the bank for operations in the current account as well as monthly stock. Statement from the assisted units showing the position of inventory level. A condition may be stipulated requiring monthly stock statement from the unit financed under the scheme. A power of Attorney from the promoters authorising the Corporation to obtain Bank statements from the designated bank is required to be obtained for the purpose.

g). If at the initial stage a project is considered under the scheme, the coverage of the project would not be disturbed if on account of overrun etc, the project cost exceeds the prescribed limits of Rs. 200 lacs with aggregate of fixed assets and working capital.

Instalments for fixed capital loan and working capital loan shall be fixed separately taking into consideration the moratorium period but the last instalments would coterminous.

h). A condition shall also be stipulated while sanctioning loan for working capital to the effect the bank will have no lien on the current account being maintained by the borrower for any of its dues towards the unit. However, it should be endeavour that the borrowing unit avails working capital facility from the bank at the earliest preferably during the course of moratorium period allowed for working capital loan under the scheme.

10. Appraisal Procedure

i). Every project which confirms the prescribed eligibility criteria would be covered under the scheme irrespective of type of entrepreneur i.e Women Entrepreneur. SC/ST Entrepreneur or Physically Handicapped Entrepreneur etc.

ii). The benefits under the scheme shall not be passed on to the entrepreneurs to whom Seed Capital is given. This shall, however, not be applicable in SEMFEX /MUN Scheme

iii). The working capital requirement should be estimated as per the prevailing norms /guidelines, at the normal level of operations.

As per the instructions from Reserve Bank of India the working capital component in respect of such proposal is to be computed at minimum level of 25% of the projected annual turnover. Out of this working capital credit would be to the extent of 80% of WCC (balance 20% being the margin). In other words only 20% of the

projected annual turnover would be financed by the lending institutions. Keeping the above provision in view, it has been decided that for computation of debt equity ratio, the equity requirement for term loan and working capital assistance should be separately worked out :-

- a). In cases where the term loan requirement for an eligible project (inclusive of working capital margin (is upto Rs. 10 lacs the equity component should not be less than 25% of the project cost, so that the DER for the project is not more than 3:1. In respect of other eligible proposals where the amount of term loan required is more than Rs. 10 lacs, the equity component should not be less than 33.33% of the project cost, so that the DER is not more than 2:1.
- b). As for the working capital, the margin should not be less than 20% of the total working capital component
- c). The equity component of the proposal under SWS may hereafter be worked out on the above basis.

The total working capital requirement of such units inclusive of all fund based facilities may be taken into account for determining the working capital facility eligible for refinance under SWS.

While forecasting working capital requirement. provisions for one month expenses (not exceeding Rs. 50,000) can be considered. The normal level of operations is achieved in a period of 2 to 3 years and as such Working Capital Requirement is to be forecasted for all the years in which capacity utilisation varies to reach to the normal level of operations.

iv). Finance under the scheme shall be given on the basis of debt equity setting aside the prevailing practice of calculating the loan on the basis of security margins. Debt equity under the scheme has been prescribed to 3:1 where loan amount is upto Rs. 10 lacs and for loan cases above Rs. 10 lacs it is 2:1.

v). Under the scheme, no ratio in between working capital loan and fixed capital loan has been prescribed and therefore .sanctioning authority may enhance or reduce the loan against working capital loan on the basis of nature of the project. However, cases only for working capital shall not be covered under the scheme.

vi). No minimum promoters contribution has been prescribed under the scheme. The promoters' contribution, therefore, would be acceptable under the scheme as would be required to arrive at the debt equity ratio of 3:1/2:1 as the case may be after taking into account the amount of subsidy etc. available for die project.

11. Guidelines for releasing component of working capital term loan.

a) Project fully implemented and entire sanctioned loan for fixed assets released and unit ready for commencement of production.	on
b) Project fully implemented and ready for commencement of production but disbursement of term loan could not be fully availed due to various reasons including non submission of bills and receipts of plant & machinery etc.	WCTL may be released fulfilment of other conditions. WCTL may be released on fulfilment of other conditions and only after ascertaining that the installed capacity of the plant is same or more and after inspection of investment at factory site.
c) Partly implemented i.e fixed assets have been	After reassessing the viability of

partly acquired including part of plant & machinery but
project ready for commencement of production

project and the requirement of
working capital the reduced working
capital may be released on
fulfillment of other conditions. The
term loan requirement should also be
reassessed and revised
simultaneously.

(Loan & Appraisals)

SCHEME FOR WORKING CAPITAL BRIDGE LOAN .

SCHEDULE - 1/12 M-I |

SCHEME FOR WORKING CAPITAL BRIDGE LOAN

OBJECTIVE

To provide Bridge loan facilities to the units to meet out their working capital requirement at the initial stages of production, till such time working capital facilities are made, available to it by any bank on regular basis.

ELIGIBLE UNITS

New/existing tiny and small scale units, which are considered by the corporation for term loan and whose venture outlay i.e. aggregate cost of project(excluding working capital margin) and total working capital requirement does not exceed Rs.200.00 lac.

NATURE AND AMOUNT OF ASSISTANCE

The term loan under this scheme shall be in the form of Bridge loan for maximum period of one year from the date of implementation of the project/date of disbursement of first instalment of bridge loan as within this period, the unit is expected to arrange the working capital facilities from any bank to meet out its regular working capital requirement.

The amount of bridge loan would be need based, subject to maximum of 10% of the projected run over of the first year envisaged in the scheme. However, it would not be more than the quantum of term loan proposed to be extended against the fixed assets.

FINANCIAL PARAMETERS

Promoter's contribution	Minimum 33%* of the project cost(including working capital requirement)

Debt Equity Ratio 2:1 (shall be seen as a whole)

*However, in cases where higher promoter's contribution has been specified, the same would continue to apply.

REPAYMENT PERIOD

The bridge loan amount, so sanctioned, shall be repaid back as & when the working capital facilities is sanctioned to the unit.

CONVERSION OF WORKING CAPITAL BRIDGE LOAN INTO THE TERM LOAN

In case units do not get/sanctioned regular working capital finance from its designated bank/any commercial bank within a period of 12 months from the date of release of first instalment of working capital bridge loan, the bridge loan so released shall be suo-motto converted into the term loan under its Single Window Scheme and the same would be subject to terms & Conditions/provisions of the Single Window Scheme.

The loan so converted into Single Window Scheme (SWS) shall be repayable in suitable quarterly instalment with moratorium period of further 24 months (total moratorium period would

not exceed to 36 months from the date of disbursement of bridge loan). However, instalment of WCTL and the term loan shall be co-terminus i.e. LDR in both the loan accounts would remain the same.

PROCESSING CHARGES

Processing charges would be 1% of the sanctioned bridge loan which is required to be deposited before issue of sanction letter.

RATE OF INTEREST

The rate of interest on working capital bridge loan shall be as applicable from time to time for general term loans. The present prevailing rate of interest are as under:

For loans upto Rs.2.00 lac	13%p.a
For loans above Rs.2.00 lac and upto 25.00 lacs	14.50% p.a.
For loans above Rs. 25.00 lacs	14.75% p.a.

The rebate of one percent on timely payment as applicable under general term loan schemes shall not be provided on bridge loans sanctioned under this scheme.

Liquidated damages : As applicable from time to time depending upon amount of loan.

SECURITY

i). Primary Security

First charge as hypothecation on the current assets ID

ii). Additional Security

First charge on the fixed assets financed by the Corporation.

iii). Collateral security to the extent of 150% of the working capital bridge loan. In collateral security besides immovable properties, the securities of NSC/FDRs/IVPs etc. on their face value and not on die maturity value may also be considered.

DISBURSEMENT OF BRIDGE LOAN

In three instalments (i.e. 40%, 40% and 20%) within one year from the date of commencement of commercial production, however, in case initial requirement of working capital is more than 40% then the same may also be considered on the merits of the case however, it would not exceed to 60% of the sanctioned bridge loan. Such relaxation may be considered by the Branch Manager where disbursement are made at BO and in cases where disbursement is made at HO level, GM (Finance) would be the competent authority.

Where initial instalment is required to be released more than 60% of the sanctioned bridge loan such cases may be referred to HO justifying the reasons for such relaxation.

In order to ensure adequate safeguard and maintain uniformity, the following guidelines have been formed for release of working capital bridge loan:

a). Project fully implemented and WCTL may be released on

entire sanctioned loan for fulfilment of other

fixed assets released and unit conditions.

ready for commencement of production.

b). Project fully implemented and WCTL may be released on full-

ready for commencement of fulfilment of other conditions

production but disbursement and only after ascertaining

of term loan could not be that the installed capacity

fully availed due to various reasons if the plant is same or more

reason including non- and after inspection of

submission of bills and investment receipts of machinery etc. at factory plant site. and

c). Partly implemented i.e. fixed After reassessing the

assets have been partly viability of the project and

acquired including part of the requirement of working

plant and machinery but capital, the reduced working

project ready for commencement- capital may be released on

commencement of production. fulfilment of other conditions

The term loan requirement should also be reassessed and revised simultaneously.

SANCTIONING AUTHORITY

As per present delegation of powers of sanction of term loan

MECHANISM FOR PROCESSING

i). The working capital bridge loan would be released in suitable instalments for building up inventory to facilitate timely commencement of production and adequate build up of capacity. Normally the loan may be released in three instalments. The first two instalments would be of 40% each and the last instalment of 20% of the sanctioned bridge loan. While releasing second/subsequent instalment, proper utilisation of funds released in first/second instalment shall be ensured.

ii). Assisted units should open a current account with a designated bank(which could be Bank of the borrowers choice) to which the proceeds of the loan/facilities, will be credited as & when disbursed by RFC. The unit should route its entire banking transactions relating to the business including all receipts, and payments through this account.

iii). Assisted unit must have approached to any bank for meeting its working capital requirement either before the release of bridge loan or any time during the currency of loan. As and when the assistance is sanctioned by the bank, the working capital Bridge loan of the RFC would be repaid out of the proceeds of the loan/facility sanctioned by the bank. The RFC in turn should immediately thereafter release its charge on current assets and also concede second charge on fixed assets, if so insisted upon by the Bank.

If so requested, the collateral security furnished against working capital bridge loan may be released in favour of the Bank on sanction of working capital facilities. However, while releasing the collateral security in favour of the bank, it would be ensured that there are no default/overdue in the loan accounts of the unit.

In cases where collateral security has been furnished for the security of both the loan i.e. term loan for fixed assets as well as for bridge loan then the same would not be

released unless the concern furnishes an exclusive collateral security of some immovable property equal to the security earlier offered against the term loan for the fixed assets.

An affidavit may also be obtained so as to bind the entrepreneurs to inform us as and when loan from bank for working capital is sanctioned. Power of Attorney may also be obtained to get direct payment from bank incase working capital loan is sanctioned.

iv). To facilitate smooth interaction between the RFC and the designated bank as also to enable the bank to consider borrowing units request for assistance, the Corporation may forward a copy of its appraisal note to the bank on their request.

v). Corporation would monitor the operations in working capital account by obtaining monthly statements from the bank for operations in the current account as well as monthly stock statement from the assisted units showing the position of inventory level. A condition may be stipulated requiring monthly stock statements from the units financed under the scheme. A power of attorney from the promoters authorising the Corporation to obtain bank statements from the designated bank is required to be obtained for the purpose.

vi). If at the initial stage, a project is considered under the scheme, the coverage of the project would not be disturbed if on account of overrun etc., the project cost exceeds the prescribed limit of Rs.200.00 lac with aggregate of fixed assets & working capital.

vii) A condition shall also be stipulated while sanctioning loan for working capital to the effect the bank will have no lien on the current account being maintained by the borrowers for any of its dues towards the unit.

OTHERS

i). The cases sanctioned under the scheme must be monitored closely. For each case, sanctioned under the scheme, an officer would be nominated as a Nodal Officer. He would carry out inspection of the unit atleast once in a quarter. During inspection not only working performance of the unit would be assessed but also the overall view on die inventory/current assets maintained shall be reported.

ii). All the cases of bridge loan converted into the term loan under Single Window Scheme on account of non-availability of working capital facility from any bank, those would be watched closely. In cases two consecutive defaults of instalment of principal and/or interest, in any case is occured, a suitable recovery action shall immediately be taken by the competent authority and the same would also be reported to the F&R Section at HO immediately without fail.

iii). In cases the unit is coming up in a rented premises, general guidelines of financial assistance in rented premises shall be applicable.

(Loan & Appraisals)

BROAD GUIDELINES FOR FINANCING OF HOSPITALS/NURSING HOMES.

SCHEDULE 1/12 N

BROAD GUIDELINES FOR FINANCING OF HOSPITALS/NURSING HOMES

1. Eligibility

Assistance under the Scheme will be available to hospitals/ nursing homes which are organised as private/public limited companies, partnership concerns, proprietary concerns or trust which:

- i). have facilities for diagnosis and treatment of indoor as well as outdoor patients with 20 or more beds.
- ii). are commercially viable so that adequate cash surpluses are generated for servicing the loan;
- iii). have the back-up of expert services of at least one postgraduate doctor with qualification of MD/MS etc. on a full time basis;
- iv). are willing to provide medical services at concessional rates to patients from low income groups.

Noe:-

- 1. Hospital/Nursing Home providing Allopathic Treatment only would be eligible for coverage with the scheme.
- 2. Proposals from existing hospitals having more than 20 beds, for acquisition of electro medical equipment such as scanner. lithotripter, angiography equipment. Ultra Sound equipment. ECG machine etc. would also be eligible for assistance under the Scheme, provided such proposals satisfy the usual norms and parameters of the scheme, including extension of services to patients from low income groups.

2. Project cost

The cost of the project may cover the cost of :-

- i). land and building
- ii). equipments required for medical treatment including diagnostic, monitoring and therapeutic equipments;
- iii). air-conditioners (these are considered essential in regard to operation theatre and Intensive Care Unit, if any);
- iv). Office equipments like Computer, typewriters, copying machine and furniture;
- v). kitchen facilities;
- vi). Ambulance (the number depending upon the number of beds and location of the hospital/nursing home)
- vii). preliminary and pre-operative expenses including interest during implementation ;
- viii). contingencies.

3. Other terms

- i) Minimum Promoters' contribution: 33%
- ii) Debt Equity Ratio 2:1
- iii) Rate of interest and liquidated damages.

As applicable from time to time, depending upon amount of loan and cost of project.

4. REPAYMENT PERIOD

1st & find year	Gestation period
3rd year	5% of the principal amount.
4th year	7.5% of the principal amount.
5th year	12.5% of the principal amount
6th year	17.5% of die principal amount
7th year	25% of die principal amount
8th year	32.5% of die principal amount

However, the aforesaid repayment schedule would not be applicable in case where financial assistance is being extended for electro medical equipment like laboratory/testing equipment/clinical equipment etc.

5. Processing Charges: 1% of the loan amount sanctioned.

(Loan & Appraisals)

SCHEME FOR FINANCIAL ASSISTANCE TO WOMEN ENTREPRENEURS.

SCHEDULE 1/12 OF

SCHEME FOR FINANCIAL ASSISTANCE TO WOMEN ENTREPRENEURS PART A: TERM LOAN

1. Eligibility Criteria

All project mentioned hereunder at (a) to (e) set up by Women Entrepreneur having minimum promoter share of 51% would be eligible for assistance under the scheme.

- a).** New projects in tiny and small scale sector for manufacture preservation or processing of goods. (Tiny Enterprises would include all industrial units and service industries (except Road Transport Operators) satisfying the investment ceiling prescribed for tiny enterprises viz. Rs. 5.00 lakh).
- b).** Existing tiny and small scale industrial units and service enterprises as mentioned above (including those which have availed of MUN assistance earlier), undertaking expansion, modernisation, technology upgradation and diversification.
- c).** Sick units in the tiny and small scale sector including, service enterprises as mentioned above, which are considered potentially viable.
- d).** All industrial activities and service activities (except Road Transport Operators) in the SSI sector.
- e).** Projects which avail of any margin money or seed / special capital assistance under (the schemes of Central/State Governments, State Financial Corporations and / other state level institutions or banks(except state Investment subsidy) are not eligible for assistance under this scheme.

2. Project Cost:

a). New Project	Not to exceed Rs.10-00 lakhs (including margin
b). Existing units and service Enterprises	money for working capital) Outlay on expansion/ modernisation, technology upgradation or diversification or rehabilitation should not exceed Rs. 10.00 lakh per project

3.. Promoter's Contribution: 10% of the project cost

4.. Rate of Interest:

Prevailing Rate of interest as applicable from time to time.

5. Debt Equity Ratio : 1.857 :1

6. Period of repayment:

The loan will be repayable over a period not exceeding 10 years including moratorium of 3 Years.

7. Security:

Collateral Security for atleast 25% of sanctioned amount of term loan in addition to the first charge of the fixed assets.

8. Application Fee Under the scheme, the application fees shall be charged 50% for loan upto Rs. 5.00 lacs.

PART B: Seed Capital under MUN (Mahila Udyam Nidhi Scheme)

1. Eligibility Criteria

All project mentioned hereunder at (a) to (c) set up by Women Entrepreneur having minimum promoter share of 51% would be eligible for assistance under the scheme.

a). New projects in tiny and small scale sector for manufacture preservation or processing of goods. Tiny Enterprises would include all industrial units and service industries (except Road Transport Operators) satisfying die investment ceiling prescribed for tiny enterprises viz. Rs. 5.00 lakh.

b). Existing tiny and small industrial units and service enterprises as mentioned above (including those which have availed of MUN assistance earlier), undertaking expansion, modernisation, technology, upgradation and diversification.

c). Sick units in the tiny and small scale sector including, service enterprises as mentioned above, which are considered potentially viable.

d). All industrial activities and service activities (except Road Transport Operators) in the SSI sector.

e). Projects which avail of any margin money or seed / special capital assistance under the schemes of Central/State Governments. State Financial Corporations and/other state level institutions or banks (except state Investment subsidy) are not eligible for assistance under this scheme.

2. Project Cost:

a). New Project	Not to exceed Rs.10.00 lakhs (including margin money for
b). Existing units and service Enterprises	Outlay on expansion/ modernisation, technology upgradation or diversification or rehabilitation should not exceed Rs.10.00 lakh per project.

3. Promoters contribution : 10% of project cost.

4. Nature & extent of assistance

25% of the project cost subject to a maximum of 2.50 lakh per project to meet gap in equity after taking into account the promoters' own contribution.

In case of projects availing assistance under Single Window Scheme, die amount of Seed Capital Assistance admissibility would be against die cost of fixed assets only and not against working capital requirement.

5. Debt Equity Ratio 1.857: 1

6. Others

Project covered under MUN can also be extended assistance under SWS provided they satisfy the eligibility criteria under both schemes.

7. Processing Charges: 1%p.a which may retained by PLIs.

8. Repayment period

The soft loan assistance will be repayable over a period not exceeding 10 years including an initial moratorium of not more than 5 years.

9. Security

No security (including collateral) need be provided by the borrowers in respect of the soft seed capital

10. Sanctioning authority

The seed capital assistance under die scheme would be sanctioned by existing sanctioning authorities to sanction term loans within their respective sanctioning powers. However, the seed capital under MUN Scheme shall be sanctioned by sanctioning authority empowered to sanction term loan after obtaining clearance from In house Screening Committee. The Screening Committee will satisfy itself about (a) the capability of the women entrepreneur (s) to implement and operate the project successfully and (b) the quantum of seed capital needed to meet gap in equity on the basis of DER of 3:1 after taking into account die resources me entrepreneurs can raise.

Till further arrangements the Screening Committee would be constituted in HO and hence the proposals for seed capital assistance should be sent to Women entrepreneurs Cell in HO with the copy of die proposal for sanction of loan along with a note on the capability of the women entrepreneur and the quantum of seed capital assistance needed to meet the gap after taking into account the resources the women entrepreneurs can raise.

11. Documentation

The formats of the documents/arrangements for the seed capital under MUN scheme would be the same as are being used for our usual seed capital assistance

12. Disbursement

The Seed Capital assistance under the Scheme would be released in accordance with the terms and conditions of the sanction and after the promoter has/have brought in her/their contribution

13. Accounting

For the assistance disbursed under the MUN Scheme separate account would be maintained for individual cases like seed capital assistance.

14. Refinance

The procedure for availing refinance under die MUN Scheme would be the same as in SEMFEX Scheme.

(Loan & Appraisals)

SAVING LINKED FINANCING OF INDUSTRIES SCHEME.

SCHEDULE 1/12 P

(Non operative)

SAVINGS LINKED FINANCING OF INDUSTRIES SCHEME

(Loan & Appraisals)

BRIDGE LOAN SCHEME.

SCHEDULE 1/12-Q

(Non operative)

(Loan & Appraisals)

SCHEME FOR FINANCING TO MINING.

Schedule I/12-(R)

SCHEME FOR FINANCING TO MINING

Objectives:

Though in Rajasthan there are vast mineral resources but it has been observed that the mining sector is still starve of investment and with the result that the exploitation of mining deposits in the State is not only slow but the techniques adopted are crude (mostly manual). It has therefore, been felt that to provide adequate financing on liberal terms to ensure mining development with modern techniques a separate scheme for financial assistance should be framed. The objective of the scheme is to provide adequate loans to mine owners for faster and better development of mineral properties in the State of Rajasthan.

Eligibility

Followings entrepreneurs would be eligible for assistance under the scheme.

1. The entrepreneurs who are having a valid mining lease for a sufficient area in the name of the promoter/firm, (for tractor compressor units mining lease area should not be less than 6000 Sq. mtrs.)
2. The period of Mining Lease should generally be not less than double the period of the repayment of the loan of RFC but in any case it should not be less than the period of the loan of RFC.
3. The mineral to be mined should be commercially exploitable with adequate demand and marketing arrangements.
4. There should be proven mineral reserve of sufficient quantity and acceptable quantity in the area where the mining lease rights have been obtained.

Purpose:

Financial assistance can be granted by the Corporation under the Scheme for the following purposes:

1. For purchase of basic equipments for the mining like tractor compressor, rock drilling and perforator set/hammer block cutter, wire saws, (for marble), flam jet burner (for granite) and other mining equipments etc. with initial set of consumable and spares
2. For installation and purchase of handling equipments like jib/derrick crane manually or electrically operated, quarry dragging which, hydraulic jacking plant, tractor trolley, crawler loader, trippier, scrapper, conveyor system etc.
3. Complimentary equipments like water pump, air compressor, DG set and other electrical, diesel storage tank, reeling machine (for helocoidal wire saw) wire orienting and stretching units with return set, hydraulic splitter and other tools and tackles etc. For the underground mines, cost of rails, trolleys, ropes, ladders, timber supports and plate forms may also be considered.
4. Ancillary equipments like crushing plants at the mines site, Block dressing machine and other repair and maintenance equipments etc.
5. Construction of essential buildings for storage of equipments, material, fuel and lubricants and water and labour hutments,
6. Construction of approach road, drainage system.

7. Removal of over burden and quarry improvement.

While the actual requirement would depend upon the mines and the Slate of Development of Mines at the site but due care would be taken that investment in construction and ancillary activities like removal of over burden, quarry improvement, construction of roads etc. is not disproportionately high looking to the total investment in mining. Such investments (on item no. 5, 6 & 1 above) should generally not exceed 50% of the investment on mining machinery and equipments.

Security:

i). Primary:

Loan granted under the scheme of mining would be secured by hypothecation of plant and equipments.

ii). Collateral:

Besides primary security unit would be required to offer collateral security to the extent of 100% of loan amount besides mortgaging mining lease deed, if any.

Relaxation in collateral security to the extent of 50% of loan amount in case of existing borrowers having good track record and identified as good borrowers of the Corporation and possessing mining lease with good deposits will be considered by CMD. However, relaxation in collateral security below 50% of the loan amount would not be entertained.

Margin of security:

A. For mining equipments: 40%

B. For civil construction like roads, drainage, removal of over burden, quarry improvement. Hutments etc. 50%

Debt equity ratio :2:1

Promoter's contribution:

Promoters contribution would not be less than 40%

Interest rate: Prevailing rate of interest as applicable to industrial loans.

Procedure for grant of loan:

The procedure for applying for loan and the sanction thereof would be the same as is being followed in other industrial loans i.e. the entrepreneurs would be required to submit the application in prescribed forms (depending upon the amount of loan applied) to the respective branches and the cases will be processed according to their delegated powers of sanction.

(Loan & Appraisals:

SCHEME FOR REHABILITATION OF EX-CONVICTS.

SCHEDULE 1/I2-S

SCHEME FOR REHABILITATION OF EX-CONVICTS

This Scheme aims at rehabilitating the Ex-Convicts by way of financial assistance at relatively liberal terms and conditions so that they can be economically rehabilitated and productively employed on completion of their prison terms. Such convicts receive training in certain crafts like dari making, carpet weaving, Niwar manufacturing, furniture making, tailoring etc. but the training so received is not put to use very often on their release for want of adequate financial assistance.

1. ELIGIBILITY

A. Eligible projects:

All industrial projects/crafts promoted and managed by Exconvicts engaged in any of the following or similar other crafts for which he has received training during the course of his imprisonment will be eligible for assistance under the scheme. These include the following processes/production.

- i). Woollen Carpets.
- ii). Durries and table mates.
- iii). Cloth weaving on hand operated/ electric operated looms.
- iv). All types of furniture making on electrically operated machines.
- v). Chair caning.
- vi). Readymade Garments.
- vii). Washing and Dyeing.
- viii). Hosiery weaving.
- ix). Niwar and Nathi Dora (File Tag)
- x). Making of steel almirahs, racks, trays, basket etc.
- xi). Candles.
- xii). Leather craft.

B. ELIGIBLE PROMOTERS

The ex-convicts who fulfill the following criteria will be eligible for assistance under the Scheme.

- i). Who has been in imprisonment for a period of not less than 7 years.
- ii). Who is a resident of State of Rajasthan.
- iii). Whose age does not exceed 55 years.

2. LIMIT

Loans from Rs.2000 to Rs.50.000 can be granted under the scheme

3. PURPOSE

Loans under the Scheme can be granted for construction of buildings, acquisition of equipments and also for working capital requirements on the lines of composite loan scheme.

4. SECURITY

a). Loan shall be secured by equitable mortgage/hypothecation of immovable and movable property (including raw material, finished goods, work-in-progress, receivables, stores, consumables etc.) of the industrial concerns.

b). Proposal for sanctioning of loan in case of units to be set up in rented accommodation shall be considered only by the respective sanctioning authority to the extent of their delegated powers for sanction of loan with condition that collateral security equal to the loan amount shall be obtained. However, while considering such cases, sanctioning authority has to convince himself that such proposal for setting up a unit in rented accommodation would be cost saving and in the conformity of usual norms of appraisal.

5. MARGIN

Usual margin of security say 30% as the case may be with adequate promoter's contribution, which may be around 33% of the project cost or little higher may be insisted upon on the merit of each case.

6. PERIOD OF REPAYMENT:

The period of repayment may be fixed between 3 to 10 years including moratorium of 18 months.

7. INTEREST

The rate will be prevailing rate of interest applicable from time to time.

8. APPLICATION FEE,

Application fee of Rs.25/- and Rs.50/- would be charged for loan applications upto [Rs.25.000/-](#) & above Rs, 25,000/- but upto Rs. 50,000/- respectively.

9. PROCESSING CHARGES

The processing charges in such cases will be 1% of loan amount sanctioned.

10. APPLICATION FORM: In prescribed application form

(Loan & Appraisals)

MARKETING SUPPORT TO COTTAGE & VILLAGE INDUSTRIES WITH THE ASSISTANCE FOR PURCHASE OF MOBILE SALES VAN.

SCHEDULE I/U-T

Marketing support to Cottage & Village Industries with the assistance for purchase of mobile sales van

a). Eligible borrowers

All institutions (including KV1 Board) approved by KVIC will be eligible for assistance.

b). Eligible loans

Loans may be granted for acquisition of mobile sales vans and /or converting them as mobile shop units to be utilised exclusively for stocking, display and sale of products of cottage and village Industries. The vans may also be used for transport of raw materials for manufacture of these products but shall not be used as public carriers.

c). Loans for purchase of second hand vehicle shall not be eligible for finance under the scheme.

d). Quantum of assistance

Loan per vehicle shall not exceed Rs.3 lac and the number of vehicles shall not exceed 6 per borrower. The cost of vehicle may include cost of chassis, body building, initial tax and insurance.

e). Debt equity ratio

Debt equity ratio shall not exceed 2:1.

f). Promoters' contribution

Minimum promoters' contribution shall be 33% of the project cost,

g). Rate of interest & liquidated damages

As applicable from time to time depending upon the amount of loan.

The borrower will be eligible for interest subsidy from KVIC; such subsidy shall be availed of by the borrower directly from KVIC. While calculating the debt service coverage ratio for the project, due weightage may be given to interest subsidy.

h). Repayment period

Not exceeding 5 years inclusive of initial moratorium upto 9 months.

i). Security

First charge by way of hypothecation of the mobile sales van. However the collateral security may be insisted upon if it is felt necessary on case to case basis, it is however clarified that the additional security should not be made a pre-condition.

j). Processing charges 1 % of the loan amount sanctioned.

k). Sanctioning authority

The case will be placed before DLAC in which a representative of the KVIC may be invited as a member and the loan will be sanctioned under the present delegation of powers by the respective authorities.

I). Other formalities under the Transport loan scheme, namely, Driving license. Registration with the Transport Authority and the standard cost of body may be fulfilled.

(Loan & Appraisals)

SCHEME FOR FINANCIAL ACTIVITIES RELATING TO MARKETING OF SSI PRODUCTS.

SCHEDULE - 1/12-U

Scheme for Financial activities relating to Marketing of SSI Products

1. Objective

To provide financial assistance to SSI units to undertake various activities necessary to increase their sales turnover in the domestic and export market.

To finance service providers which provide support services and/or infrastructural facilities to small scale sector to improve its marketing capabilities.

2. Eligible Borrowers

Existing SSI units in the small scale sector with a good track record and sound financial position are eligible for assistance. New units could also be considered on a selective basis. Specialised organizations providing marketing assistance infrastructure and support services to industrial concerns in the small scale sector.

Financial Assistance shall also be provided for show rooms coming up in rented premises or the premises not having clear title documents provided the sanctioning authority is satisfied about the credentials of the promoters, security of loan and viability of the project. The collateral security of immovable properties having clear title documents, having value not less than the term loan amount shall invariably be taken in such cases.

3. Purpose

- ❖ Assistance under the LOC may be granted by SFC/S1DC to eligible borrowers for undertaking various marketing related activities such as

- ❖ Marketing Research
- ❖ R&D product upgradation and standardization
- ❖ Preparation of strategic marketing plan
- ❖ Advertising, branding catalogue preparation, production of audio-visual aids etc.
- ❖ Participation in trade fairs and exhibitions, undertaking sales promotion tours etc.
- ❖ Establishing distribution network including showrooms/retail outlets and warehousing facilities.
- ❖ Training of personnel in activities relevant to marketing etc.
- ❖ For setting up new commercial complexes, showrooms and/or renovation of existing complexes/showrooms for marketing predominantly small scale, cottage and village industry products.
- ❖ Development of infrastructure like setting up of permanent exhibition centers, industrial parks like garment and software parks, marketing emporia, design and fashion forecasting studios, auction houses, container depots and container freight stations and trade centers (within India and abroad) such infrastructural products -should largely benefit the small scale cottage and village industries.
- ❖ Setting up of facilities for providing marketing support to SSI units for example data bank, libraries, internet services etc. and assistance to facilitate setting up and expansion of such services by service providers as may be relevant.
- ❖ Any other activity directed towards promoting the marketing of SSI Sector in domestic or international market.

Note: Assistance for working capital under the scheme shall not be provided till clarification from SIDBI/IDBI is obtained

4. Amount of loan

The amount of loan would be need based.

5. Promoters' contribution

As may be required to arrive at a Debt Equity Ratio of not more than 2:1.

6. Rate of Interest and liquidated damages.

As applicable from time to time depending upon the amount of loan.

7. Security

Exclusive charge over the assets acquired out of the loan first/second charge on existing fixed assets and other collateral security as may be deemed necessary.

8. Period of Repayment

This may vary between three and five years with a moratorium upto one year for term loans to SSIs. The period of repayment could be extended to 8 years for marketing related infrastructure projects.

9. Processing Charges : 1 % of the loan amount sanctioned.

ASSISTANCE FOR DEVELOPMENT, MAINTENANCE & CONSTRUCTIONS OF ROADS.

SCHEDULE-1/12 V

Assistance for development, maintenance and constructions of roads

a). Eligibility:

Existing unit which is in operation for at least 3 years and has earned profits during the past 2 years, the unit should not be in default to any institution/banks.

b). Promoters' contribution

Not less than 33% of the project cost irrespective of location.

c). Purpose of loan

Acquisition of capital goods/equipment required for development, repairing, maintenance and construction of roads. It is to be ensured that the aggregate investment in P&M (both existing and proposed) does not exceed the prescribed limit for SSI units (presently [Rs.100.00](#) lac)

d). Debt Equity Ratio : 2:1

e). Rate of Interest and liquidated damages: As applicable from time to time depending upon amount of loan.

f). Repayment period

Period of repayment upto 5 years including a moratorium of 12 to 18 months.

g). Security

The loan granted under the scheme would be secured by hypothecation of plant and equipment. The loan will be secured by 3rd party personal guarantee from 2 respectable persons having immovable property in the State of Rajasthan for value not less than the amount of loan. In addition to it, the collateral security to the extent of loan amount against movable assets would also be required.

h). Margin of security: 30%

i). Sanctioning authority:

The loan under the scheme shall be sanctioned by various authorities as per the prevailing delegation of powers.

All other usual terms and conditions for grant of loan shall also be applicable.

(Loan & Appraisals)

ASSISTANCE TO ENCOURAGE INDIGENISATION/IMPORT SUBSTITUTION.

SCHEDULE 1/12 W

Sub: Assistance to encourage indigenisation/import substitution

1. Industries eligible:

All existing/SSI Ancillary units preferably promoted/managed by technical entrepreneurs /professionals having adequate knowledge/experience in the field shall qualify for assistance to develop new products including spares and components aimed at indigenisation import substitution. The concern should, however, in operation for at least 3 years. It is also to be ensured that the concern should not be in default to any institution/Bank.

2. Purpose of Loan

Such units would need assistance for financing expenditure on development of new products before taking up commercial production of the items. Generally, such expenditure is estimated to be below Rs.5.00 lacs per product and would include cost of development of designs/drawings, analysis of materials, procuring material/components, making tools, jigs dies and fixtures, machining of parts, testing etc.

3. Margin

30% margin to be retained.

4. Rate of interest

As per prevailing rate from time to time

5. Period of Repayment

The loan will be repayable for a period not exceeding 5 years including moratorium period of one year.

6. Security

Term loan shall be secured by first charge ranking pari-passu on the existing assets of the concern. The concern should submit personal guarantee of two respectable persons having immovable property to the extent of loan amount.

7. Extent of Refinance

Refinance applications in respect of all such proposals will have to be submitted under NRS scheme for 100% refinance against term loan.

8. Other terms & conditions:

- It is to be ensured that the concern has not committed any default in making the repayment of dues of any financial institution/bank.
- Usual terms and conditions for grant of loan shall be applicable.

9. Sanctioning authority:

The cases are to be decided by the concerned competent authority as per the existing delegation of powers given in the procedure & guidelines.

(Loan & Appraisals)

SCHEME FOR FINANCIAL ASSISTANCE FOR QUALIFIED PROFESSIONALS.

SCHEDULE LA(S) 1/12 X

Reg.: Scheme for financial assistance for qualified professionals

- i). **Eligibility:** Assistance under the scheme would be available to qualified professionals in the field of management, accountancy, medicine, architecture, engineering etc for setting-up for The first time, their professional practice/consultancy ventures. Assistance to the limited extent for acquiring additional equipment for their practice could also be considered under the scheme for the existing/established professional firms.
- ii). **Cost of project:** the cost of project should be need based and not to exceed Rs.20 lacs.
It may include cost of land, building, furniture and fixture and equipment related to profession. The cost of land and building should not exceed 50% of project.
- iii). **Promoter's contribution** Not less than 33% of the project cost irrespective of location.
- iv). **DER** Not more than 2 : 1
- v). **Rate of interest & liquidated damages:** As applicable from time (o time depending upon amount of loan.
- vi). **Repayment Period** five years with initial moratorium not exceeding one year
- vii) **Security** First charge on the fixed assets acquired out of term loan.
- viii) **Processing Charges** 1% on the term loan sanctioned
- ix) **Other terms & conditions**
- a). The loan is to be considered on the usual terms & conditions of the Corporation including collateral security personal guarantee as the case may be.
- b). The applicant should devote his direct and full attention towards his proposed professional/self-employed venture. The premises acquired under the scheme should be used exclusively for professional purpose and not as residence-cum-office.
- x) Sanctioning Authority the loan may be sanctioned under the scheme by various authorities as per present delegation of powers.

(Loan & Appraisals)

**ASSISTANCK FOR ACQUISATION OF (IN OPERATIVE) COMPUTERS FOR UNITS IN SSI
SECTORS.**

Schedule 1/12 Y

(In Operative)

Assistance for acquisition of (In operative) Computers for units in SSI Sector.

(Loan & Appraisals)

SCHEME FOR FINANCIAL ASSISTANCE TO POWERLOOM UMTS.

SCHEDULE 1/12 Y-I

SCHEME FOR FINANCIAL ASSISTANCE TO POWERLOOM UNITS

(A rehabilitation scheme for deployment of The NTC Workers)

As a part of its restructuring plan for The National Textile Corporation (NTC). Government of India (GOI) have drawn up a rehabilitation scheme for re-deployment of the NTC Workers opting for voluntary Retirement Scheme (VRS).

Term loans sanctioned to units based only on second hand machinery are not eligible for refinance from SIDBI. However, in recognition of the socio-economic objectives of the scheme to rehabilitate surplus labour of NTC and the importance attached to this scheme by GOI SIDBI as a special scheme has agreed to extend refinance in respect of the term loans to be sanctioned for acquisition of old looms from NTC.

1. Eligibility:

The NTC workers opting for Voluntary Retirement Scheme of NTC shall be eligible for assistance to :-

- i). purchase 2 or 4 power looms from NTC at nominal book value;
- ii). purchase 2 or 4 new looms: and
- iii). set up reeling units as co-operative societies by a group of VRS beneficiaries.

Necessary certificates from the NTC certifying that the promoters have opted and granted retirement under VRS may be obtained.

2. Cost of the project

The cost of the project may cover the cost of:

- i). New/old looms & expenditure on reconditioning/ repair of old looms,
- ii). Preliminary and pre-operative expenses;
- iii). Contingencies;
- iv). Working capital margin

Note: Hiring of shed for installation of looms may be considered. Acquisition of land, construction of new building and purchase of Kardha may also be considered in the cost of project.

3. Other norms

Assistance to power loom units will be made on the usual norms including the following :-

- a). Promoter's contribution:
 - i). 33% of project cost of weaving units set up with looms bought from NTC;
 - ii). 33% for units set up with new looms and for reeling units;

- b). Rate of interest : As applicable from time to time
- c). Debt equity-ratio : Not more than 2:1
- d). **Repayment period** : 8 1/2 years with initial moratorium period not exceeding 1 1/2 years.
- e). **Security:** first charge on the fixed assets acquired out of term loan. Collateral security as per the existing norms may be obtained. Margin: 30% on new and 50% on old looms may be kept.
- f). The promoter shall be trained/experienced in running the looms to the satisfaction of the Sanctioning Authority.
- g). Marketing arrangement is to be ensured by the sanctioning authority keeping in view the Outlets of NTC.
- h). **Sanctioning authority** : As per the existing delegation of sanction powers.
- i). The following conditions should be satisfied in proposals for second hand looms :-
- a). The minimum life of the second hand machine should not be less than 1.5 times the period of repayment fixed by the Corporation at the time of sanctioning loans. In this regard the concern has to obtain a certificate from an independent and qualified technical person.
- b). The second hand machinery is in good condition and is capable of manufacturing the quality products smoothly.
- c). its price is substantially lower than the price of new machinery of similar specifications.
- d). The cost likely to be incurred on its servicing and renovation is not too exorbitant and compares favourably with that of similar new machinery.
- e). The disbursement in all cases where old machineries are financed would be made only after proper valuation.

The usual terms and conditions shall also be applicable

(Loan & Appraisals)

SCHEME FOR ACQUISITION OF ISO 9000 SERIES CERTIFICATION BY SSI UMTS

(ISO-9000)

SCHEDULE-1/12-Z

For acquisition of ISO 9000 Series Certification by SSI Units

(ISO

9000)

1. Objective:

To promote quality management systems in SSI units with a view to strengthening their marketing and export capabilities.

2. Eligible Borrowers

Existing industrial concerns in the SSI Sector having a good record of past performance, sound financial position and fulfilling following criteria, are eligible for assistance; the concerns should:

- a). have been in operation for a period of at least two years;
- b). have earned profit and/or declared dividend during the preceding two financial years;
- c). not be in default to institutions/banks in payment of their dues;

3. Purpose:

Expenses on consultancy, documentation, audit, certification fees, equipment and calibrating instruments required would be taken into account for determining the loan requirement.

4. Amount of loan/Refinance :

Assistance under the scheme will be need based. SIDBI would provide 100% refinance in respect of rupee term loans provided by the PLIs under the scheme.

5. Promoters Contribution:

The minimum promoters contribution required would be 15% of the cost of the project and may be in the form of additional share capital contribution, interest free unsecured loans to be brought in by the promoters or internal cash accruals during the implementation period.

6. Terms of Assistance:

a). **Rate of interest and liquidated damages:** As applicable from time to time depending upon the amount of loan.

b). **Processing Charges** 1% of loan sanctioned.

c). **Debt Equity Ratio** Not more than 2:1 for the borrowing concerns.

d). **Repayment Period:**

Period of repayment will be fixed on the repaying capacity of the borrowing concern but normally not exceeding 5 years including moratorium upto 1 year.

e). **Security:** To be decided on case to case basis. Generally, the loans sanctioned under the scheme are to be secured by way of suitable charge on the assets of the unit.

7. Procedural aspects:

i). The eligible institutions should super scribe the refinance application "Refinance Scheme for Acquisition of ISO 9000 Series Certification by SSI unit" to specifically indicate that the proposal related to scheme. This would facilitate consideration of relaxed norms and also serve for MIS purpose.

ii). Proposals covered under the Automatic Refinance Scheme may be included in a separate statement prominently indicating that they relate to the scheme and eligible PLIs should specifically mention at the end of the statement that the loans listed in the statement are for technology upgradation/modernisation of the respective industrial units and that the assistance has been given for the purpose mentioned in para 3 of the scheme.

iii). Loans sanctioned under the scheme shall be outside the purview of SIDBI's LOC Scheme introduced for SFCs and SIDCs.

8. Others

The units availing of assistance under the scheme and acquiring ISO-9000 certificate would be eligible for being considered for GOI incentive subsidy of 75% of the cost of acquisition of certificate upto a maximum of Rs. 75000 subject to the provisions of the scheme of DC (SSI). Government of India. The units should therefore approach the DC (SSI). GOI directly for this purpose, along with permanent SSI/Ancillary Registration Certificate of DIC/State Director of Industries valid as of date. ISO-9000 series Certification awarded to the units and documents showing proof of payments of charges made to the Certification Agency.

The term loan assistance under the ISO 9000 scheme would be available to all eligible SSI units irrespective of the availability of incentive from GOI.

ANNEXURE-I

ISO 9000 QUALITY SYSTEM STANDARDS

1. What is ISO?	An international body working on standardisation activity, located in Geneva, Switzerland. ISO stands for international Organisation for standardisation. The organization comprises national standards bodies of 91 countries including India. It is made up of 180 technical committees. Each committee is responsible for an area(s) of Specialization.
2. What is ISO 9000?	It is series of standards that International standards organisation has published on Quality Management system.
3. Why is ISO 9000?	In 1967, 6 standards were issues one on standard terminology, and 5 standards (known as ISO 9000 series) which clarify relation between quality concepts and present 3 models for quality assurance systems.
4. Who prepared this standard?	ISO Technical Committee number 176. It has taken 11 years from 1976 to publish the standard.
5. To which product can ISO be	This standard is for quality Management system. It is

applied?	not applicable to any product. Quality Management System applies for products and
6. What does it mean?	It means method of delivering products and services and achieving optimum customer
Is there any Indian Standard for	Bureau of Indian Standards (BIS) has Published IS 4000 series in 1988.
What is the difference between IS and ISO standards?	There is no difference between ISO 9000 and IS 14000
9. Why have both been published?	ISO has no powers to make the standard mandatory in any country. However BIS may
Which are other associated standards?	There are 6 standards in the series of Quality Management System. ISO 8402 - 1986-Vocabulary ISO 9000- 1987-Quality Guide to selection and use : ISO 9001 -1987-Quality Systems-model of quality assurance in Design/development, production. Installation & Servicing. ISO 9002-1987-Quality System-model of quality assurance in production and installation.
What is the necessity of ISO 8402 vocabulary standard ?	ISO 8402 standard explains terminologies. These are international interpretation of the standards. Therefore, they help avoid mis-
12. What are the differences between ISO 9001, 9002 and 9003?	These standards describe quality assurance system in the activity covered by that standard i.e. ISO 9001, ISO 9002; 9003 The above standards are known as contractual standards. The customer can demand the
13. What is ISO 9004?	The standard gives guidelines to the development of quality assurance systems
Are there similar standards in USA & Japan? And are they recognized by	USA has published ANSI/ASQC-Q 90 -1987 the same as ISO 9000-1987. Japan is a member of the Technical Committee No. 176 and has
15. What about unified Europe?	The European community has adopted these standards in the form of EN 29000 series
16. Who can adopt?	Any organisation who is in the field of supplying products and services can adopt the
Is there any limit for the size of organisation?	There is no limitation, any organisation comprising 10 to 10000 people can adopt the standard, e.g. an organisation in UK consisting just 2 members has adopted this system.
18. How many companies in India have adopted this standard ?	As of today, there are 9 companies who have adopted this standard and have certificate

19. What are the main advantages ?	The advantages are: Inspires of customer that the supplier is practicing a good and recognised quality system. Reduces multiplicity of inspections of various agencies. Improves efficiency and reduces wastages. Improve potential of exporting in International market Facilitates international exchange of goods and services and develop co-operation in the sphere of intellectual scientific technological and economic activity. A motivating factor to the individual worker. Provides individuals a systematic working environment. Self discipline become a way of life. Inter department working becomes smoother. Role, responsibilities and authorities become clear.
	Even those who are not exporting can adopt to improve
21. Is it mandatory?	As of today, It is not mandatory.
22. Who certifies that the system has been	Certifying authorities capable of evaluating (and if satisfied) will issue the certificate.
23. Does ISO issue certificates?	NO
24. What about BIS?	Yes, BIS issues certificates for compliance to IS 14000 services.
25. Has ISO recognized BIS's certificate?	It is not necessary for ISO to recognise BIS certificate as the standard is not mandatory. Market forces-customers will decide future
26. What is the cost involved adopting this system ?	The cost for adopting the system differs from organisation to organisation. However, cost involved will be less if the presently practiced quality system is close to that of ISO system.
27. How much time is taken implementing the system ?	It depends on the organisation's strategy for implementation. If the existing quality system is similar to the ISO System, the time taken will be
28. Is documentation of quality record	Yes, it provides evidence for having achieved quality requirements.

29. Is it necessary to maintain records?	Today, lot of records which are unnecessary are kept. The ISO system helps combine and format records by eliminating unused data. e.g. one company in India has reduced the number of documents/records from 1400 to 600 after adoption of the ISO system.
30. Do you need additional personnel for adopting the system?	It gives room for people to do creative work as problems in operations reduce, paper work minimises and effectiveness improves.
31. Is this system rigid? Does it curb initiative.	It is flexible No.
32. Is the certificate issued for a life time?	The validity of the certificate is for 3 years. There are surveillance visits by the certifying
33. Who verifies that system is	Verification of practice is thorough. Internal quality audits which are mandatory.
34. What is to be done after getting the	Maintaining the system is usually difficult. Hard work is required.
Is there any quality target to be	No target is stipulated by ISO. The individual company has to decide its own targets. The
Who assists training in adoption of this	CI in India imparts training on the model of Batatas, UK. More organisations are expected to
37. Is it recognised by ISO?	It is not required to be recognised by ISO. The National Accreditation Council for certifying
38. Who issues the ISO system	On the same lines. NACCB has recognised 17 companies in UK. A few Indian companies
39. What is certification ?	If the company practices the ISO system, the recognition issued by an appropriate
40. What is Accreditation ?	The certifying authorities have to be recognised themselves by appropriate
When the quality of raw materials is	When the ISO system is adopted by both supplier and manufacturer, the quality of the
Can we sustain ISO when materials are bought from traders?	Yes, verification methods will have to be stronger.
43. Are any government organisations	A number of public sector undertakings are in the process of adopting the system.
Will inspection by customer or by	This practice is prevalent in other countries already and it is expected to happen in India in
45. Can approval by third party	Presently, these approvals are for products, ISO certificate is for systems.
46. Will trade secrets be divulged	No. Auditors do not probe into trade secrets. Their objective is to find out whether the system
47. Can this system be practiced during	The practice of system does not differentiate between
the closure of the financial year ?	1 * - • * ■
48. Does one have to spend a lot of	Resources are needed for adoption as a good investment.
49. What are the benefits that the	The benefits are as under :-
50. Steps towards ISO 9000	a). Good House keeping

(Loan &. Appraisals)

SCHEME FOR REFINANCE ASSISTANCE FOR QUALITY CONTROL FACILITIES BY SSI

UNIT

Schedule 1/13

PROMOTIONAL SCHEME OF 1DBI

Scheme for refinance assistance for Quality Control Facilities by SSI units.

The scheme has been drawn to encourage SSI units to establish facilities for testing and quality control with a view to ensuring better market acceptability of their products. The assistance will be provided by way of term loan on soft terms.

1. Eligibility:

All SSI units, new as well as existing, will be eligible for assistance under the Scheme. In the case of new projects, the loan will have two components-the normal project component and the special component covering testing and quality Control facilities.

2. Purpose:

Depending upon the nature of the product and the type of industry, The SSI units may provide for quality control facilities comprising testing and quality. Evaluation of all raw materials and other inputs and finished products in conformity with established practice. The equipment to be acquired should be complete in every respect so that the facilities created are capable of achieving the purpose in view. Second hand equipment will not be eligible to be covered under the Scheme. The existing SSI + Medium scale sector units acquiring eligible for grant of assistance under the scheme.

"Collateral security may not be insisted while financial for mechanised/modern mining methods provided the entrepreneurs is known to the Corpn. However, further charge over the assets of industrial projects of the borrower shall be created for assistance considered for mining equipment also. For other entrepreneurs no change in the existing policy has been made and the same'

will continue".

3. Quantum

The amount of loan under the Scheme shall not normally exceed Rs.7.5 lacs per project, the quantum to be determined by primary lenders on the basis of realistic appraisal.

4. Promoter's Contribution

No Contribution from the promoters need be insisted upon in respect of the loan under the scheme for existing projects. In the case of new projects, promoter's contribution will be reckoned on the basis of project cost excluding the outlay on quality control facilities.

5. Extent of Refinance

Refinance will be provided to the full extent of the loan to both SFCs/SIDCs and banks

6. Period of loan

The loan will be repayable over a period of 8 years inclusive of a moratorium of 3 years.

7. Rate of Interest

9% on IDBI refinance, corresponding rate on the loan of the primary lenders not to exceed 11.5% p.a.

8. Interest refund

At present, refund of interest at the rate of 0.5% is admissible to units securing ISI rating. Those currently enjoying the facility will continue to get this concession. However, project assisted under the scheme will not be entitled to get interest rebate of 0.5%.

9. Special arrangements

Borrowing units will employ suitably qualified¹ skilled personnel to be in charge of the quality control facilities.

10. Monitoring Mechanism

Since assistance for quality control facilities is given on liberal terms primary lenders will be required to satisfy that the facilities created are yielding anticipated in terms of improvement in quality of products.

(Loan & Appraisals)

INOPERATIVE - SCHEMES (AT PRESENT)

SCHEDULE 1/14

PROMOTIONAL SCHEME OF IFCI/GOVT.

SCHEDULE-1/14 A

INTEREST SUBSIDY SELF-DEVELOPMENT & SELF EMPLOYMENT

SCHEDULE-1/14 B

INTEREST SUBSIDY FOR QUALITY CONTROL MEASURES.

SCHEDULE-1/14C

INTEREST SUBSIDY TO WOMEN KM ENTREPRENEURS.

SCHEDULE- 1/14 D

INTEREST SUBSIDY FOR ENCOURAGING THE ADOPTION OF INDIGENEOUS TECHNOLOGY.

SCHEDULE 1/14 E

Annexure ‘A’

Refinance Scheme for Textile Industry under Technology Upgradation Fund (RTUF)

1. Objective

To provide encouragement to textile industrial units in the small scale sector and non-SSI Sector for taking up technology upgradation and to modernise their produciion facilities.

2. Scope of the Scheme

The following activities will be covered under RTUF

- a). Cotton Ginning and Pressing b). Textile Industry Covering
- i). Silk reeling and twisting
- ii). Wool scouring and combing
- iii). Synthetic filamet yarn texturising. crimping and twisting.
- iv). Spinning
- v). Viscose filament yarn (VFY)/Viscose staple fibre (VSF)
- vi). Weaving, knitting including non woven fabric embroidery and technical textiles.
- vii). Garments/ Made up manufacturing
- viii) Processing of fibers, yams, fabrics, garments and made ups.

3. Operating period of the scheme

The scheme would be in operation for a period of five years from April 1.1999 to March 31. 2004.

Proposals sanctioned till the last date of the duration of the programme period would be eligible for interest reimbursement which would continue to be available till the loan is repaid as per the normal repayment period of loan.

4. Eligible Borrowers

Sole proprietorships, Partnerships, Co-operative societies, Private and public Limited Companies

5. Type of Units

- a). New units and existing units with or without expansion
- b). Existing units can modernise and/or expand with the state of the art technology

- c). New units must set up their entire facilities only with the appropriate eligible technology.

6. Definition of Technology upgradation

Technology Upgradation would ordinarily mean induct of state-of-art-technology or near state-of-art-technology. But in the widely varying mosaic of technology obtaining in Indian Textile industry even a significant step from the present technology level to a substantially higher one for such trailing segments would be essential. Accordingly, technology levels are benchmarked in terms of specified machinery for each sector of the textile industry. Machinery and technology levels lower than that specified will not be permitted in funding under RTUF.

7. Eligible Machinery and sector-specific eligibility conditions

While appraising loan cases under this scheme, all care must be taken of the provisions related to eligible machinery, type of textile machinery, other eligible investment and also of the sector specific eligible conditions as laid down by office of Textile Commissioner. SIDBI, IDBI from time to time.

8. Project cost : There is no ceiling of project cost but the eligible units having project cost upto Rs.12,00 crores can be considered under the RTUF Scheme by the Corporation. The financial assistance to the maximum extent upto Rs.500.00 lacs can be extended in the cases of companies and co-operative Societies and in the other cases with constitution of partnership and proprietorship, the ceiling on term loan shall be Rs.200.00 lacs".

9. Promoters' contribution Min. 33% of the project cost (while deriving loan component under RTUF. no separate PC shall be applied)

10. Debt Equity Ratio Not more than 2:1

11. Amount of loan/Refinance

Assistance under the scheme will be need based (with the project cost ceiling prescribed above) SIDBI would provide 100% refinance in respect of rupee term loans provided by the PLIs under the scheme. For Non-SSI Sector, the refinance extended under the scheme from IDBI would be on back-to-back basis and not under LOC and over and above, the annual limits sanctioned to the Corporation.

12. Rate of interest: Prevailing rate of interest as applicable on the date of first disbursement will be charged.

The prevailing lending rate of interest of the Corporation shall be charged in the loan cases sanctioned under this scheme till such time the interest incentive is received from the Govt. of India through SIDBI/IDBI. The benefit of the incentive shall be passed on to the loanee's account after receiving of the claims from the SIDBI/IDBI.

Since under this scheme there is already provision of reimbursement of 5% age point of interest on timely payment hence 1% age/2% age rebate on timely payment, which is extended in general under normal term loan scheme and under good borrower scheme of the corporation respectively will not be provided under this scheme.

13. Security

Exclusive charge over assets purchased out of the loan, first/second charge on existing fixed assets and other collateral security as may be deemed necessary

14. Period of Repayment

Period of repayment will be fixed based on the repaying capacity of borrowing concern but not normally exceeding 7 or 10 years including moratorium upto 2 years in case of existing or new units respectively. For non-SSI units, the period of repayment will be fixed based on repaying capacity of operating concern but not normally exceeding 10 years including moratorium period upto 2 years.

15. Working Capital

The units should arrange with its bankers for need based working capital/additional working capital facility.

16. Sanctioning Authority

In order to maintain uniformity and proper follow-up with Nodal Agencies i.e. SIDB1 and IDB1, the applications involving financial assistance under this scheme would be processed and sanctioned at HO irrespective of the loan amount. However, Branches can register and appraise the application under RTUF (falling within the delegation authority at field level) at their level and then send the detailed appraisal note to HO for sanction.

The powers with regard to documentation and disbursement would continue to be at field offices as per existing guidelines. Further, the branches would continue to send details of disbursement, recovery etc. to GM (Finance).

17. Amendments/Modification

The office of Textile Commissioner and Nodal Agencies SIDB1 and IDBI modify/amends various provisions of the said scheme from time to time and therefore, the same are to be incorporated suitably.

(Loan & Appraisals)

BROAD PARAMETERS FOR APPRAISAL OF CASE IN RESPECT OF SELF FINANCED SCH.

SCHEDULE-1/15

Reg : Broad parameters for appraisal of case in respect self financed scheme

The state Level Committee for Capital Investment Subsidy has decided that self financed projects loan upto Rs.25.00 lac may be appraised by GM, DIC for grant of subsidy but the projects costing more than Rs. 25,00 lac should be appraised by RFC only. The Corporation has decided to take up the appraisal of cases having eligible fixed investment beyond Rs. 25.00 lac in respect of self-financed cases.

SCOPE OF APPRAISAL

The detailed appraisal of such projects in accordance with the prescribed norms for providing term loans is not necessary in such cases.

The cost of land- adequacy of building and its cost, requirement of plant & machinery together with geniuses of the suppliers and its cost should only be examined as per the usual procedures leaving aside the scrutiny of proper location of the unit, promotes' competence, capability, credentials and their means, working results of sister concerns, raw material availability, scope and marketing arrangements.

- i). Projects costing upto Rs.25.00 lacs may be appraised by concerned GMs of DICs.
- ii). Projects costing more than Rs.25.00 lacs may be appraised by RFC/Banks/FIs of Govt. of

India or Govt. of Rajasthan as may be convenient to the units concerned.

SANCTIONING AUTHORITY

Where total eligible fixed assets is beyond Rs.25.00 lacs and is upto Rs.50.00 lac. Such cases should be examined at the Branch level and put-up to the Committee consisting of the following members:

1. DGM(R), RFC	Chairman
2. GM(DIC)	Member
3. Branch Manager	Member Secretary

On the recommendation of the Committee. DGM(R) concerned will convey approvals and inform the same to the DIC concerned.

All the cases beyond the limit of Rs.50.00 lacs (eligible fixed capital investment) should be forwarded by the Br. concerned or may be received directly in HO where the same would be processed and examined in Loans Section. After scrutiny, the cases shall be submitted through GM (F) to the competent Authority for approval as under:

1. Upto Rs. One crore	Executive Director
2. beyond Rs. One crore	
GMD	

After getting approval from the Competent Authority, the same is to be conveyed to the DIC concerned. A proforma to convey approval is enclosed herewith.

REGISTRATION OF THE APPLICATIONS AND DISPOSAL

As soon as an application of self-financed case along with the requisite fee is received, it should be registered separately in the R-1 register. After getting approval from the competent authority the disposal of such cases should be separately entered in the R-4 register.

SERVICE CHARGES

The corporation shall charge application fee @ 0.25% of the project cost from the applicant along with the application.

TIME LIMIT

For quick disposal of such type of cases, a time bound programme has been fixed for appraising and approvals. All such type of cases should be disposed of within a period of one month.

The above guidelines will be applicable for appraisal of self financed cases for the purpose of sanction of Sales Tax Incentives under Sales Tax Incentive Scheme.

No. Dated:

General Manager,

District Industries Centre,

Reg : Application of self financed case of

M/S.

Ref:

I am directed to inform you that the application of

M/s. has been examined and as per orders of the

competent authority the cost of the fixed assets has been worked out as under :-

Land Rs lacs

Building Rs lacs

Plant & Machinery Rs lacs

Misc. fixed assets Rs lacs

Total Rs lacs

The amount of subsidy may be worked at your level as per the subsidy scheme. A copy of the scheme is enclosed for your necessary action.

Thanking you,

Yours faithfully,

Manager/Dy-Manager (Br.) Dy.Manager (Loans)

(Loan & Appraisals)

SCHEME FOR FINANCIAL ASSISTANCE FOR INFORMATION TECHNOLOGY.

SCHEDULE 1/16 A

Scheme for financed assistance for Information Technology

1. Objective

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

2. Eligible Borrower

The borrowers may be a person as proprietor, a partnership firm, a company registered public trust or Registered Cooperative Society constituted to run the venture on commercial lines i.e. with profitable motto.

3. Eligible Activities

a). All activities related to Information Technology Sector including Cyber Caffe, Internet. E-Commerce. Software development etc. except that of the Educational/Training Institutes (School/colleges etc.) Software development may be off shore packages ,off shore services to cater the export sector. The activities like Data Processing. Consultancy, Turnkey project. Product & package etc. and also any other activity related to this sector may be considered on their merits.

b). Setting up of vocational training centres for imparting technical knowledge to the entrepreneurs for setting up and running the unit efficiently and produce quality goods.

NOTE : Since setting up of technical institutions such as school colleges etc. are outside the purview of definition of industrial concern hence are not permitted for financing under the scheme

c). Assistance may also be given under the scheme for development of Infrastructure related to the Information Technology.

d). The office of Development Commissioner (SSI) Govt. of India vide its letter dated 10.9.2001 has informed that following IT related activities and IT enabled services shall be treated as industrial activities eligible for registration as Small Scale Industries/and Small Scale Service and Business (Industry Related) Enterprises (SSSBE).

Small Scale Industries

1. Computer Software Development (which was hitherto being registered as SSSBE -Entry 12 Annexure I of the Development Commissioner's office letter no.4(5)2000-SSI Bd & Policy dated 19.9.2000) and Software Services (including Computer Graphics, Engineering, design, computerized design and drafting)

2. Data Conversion/Data Processing (Mere data entry will not constitute as SSI activity)

3. Medical/Legal Transcription using voice/data communication links.

4. Website Design & Development

5. Call centres using voice or data communication links

6. Back Office Processing for Banks/Insurance Companies,Airliines etc.
7. Content Development & Animation
8. Video Film Making

Small Scale Service & Business (Industry Related (Enterprises.

1. Desk Top publishing
2. Internet Browsing/Setting up of Cyber Cafe

4. Purpose of Loan

- a). For acquisition of fixed assets like land, building, plant and machinery (Hardware & Software Systems). Misc fixed assets required to set up a Information Technology Unit.
- b). For making payment of fee to take up Internet Connection. It will be allowed only once at initial stage of project while setting up of project and not for further renewal to meet recurring expenses.
- c). Need base furniture & fixture. Air Conditioners, Vaccumc Cleaners etc.

5. Amount of loan

The amount of loan would be need base, As per normal financing ceiling of the Corporation.

6. Financial Parameters

- a). Promoter's Contribution Minimum 40% of the Project cost
- b). Debt Equity Ratio Not more than 2:1
- c). Margin of Security

On land & Building 30%

On plant & machineries i.e. hardware

& Software's & other equipments 40%

On Registration Fee 50%

7. Repayment of Loan

The amount shall be repayable with 6 years including moratorium period of 12 months. The first instalment shall fall due after moratorium period from the date of first disbursement of loan.

8. Rate of interest

The ratio of interest as applicable from lime to time under Normal Term Loan Scheme. Incase of default, liquidated damages, (default rate of interest) shall be charged on the amount in default for the period of default at rates applicable.

However rebate of 1% applicable under General Loan Scheme shall be given on timely payment.

Collateral Security

That collateral security equal to the loan amount against plant and machinery (hardware & software) and also against lease etc. shall be required.

If the unit is established in rented premises the collateral security shall be not less than the amount of term loan proposed to be sanctioned.

Other Terms

All the loan cases shall be processed and examined/appraised at HO. The cases where the loan amount is upto Rs.50 lac shall be sanctioned by the CMD and the cases where the loan amount is above Rs. 50 lacs would be sanctioned by the EC or by the Board as the case may be as per their delegated powers.

(Loan & Appraisals)

SCHEME FOR COMMERCIAL COMPLEXES, SHOW ROOM AND SALES OUT LETS

SCHEDULE- 1,16-B

Scheme for Commercial Complexes, Show Room and Sales Out lets

Objective

To provide financial assistance for construction of commercial complexes, showrooms and sales outlets independent of hotel business.

Eligible Borrowers :

The borrowers may be person as proprietor, a partnership firm, a company, a registered public trust or a Registered Co-operative Society constituted to run the ventures on commercial lines.

Eligible activities

Construction of commercial complexes, showrooms and sales outlets providing basic infrastructure facilities like electricity, water, sanitary ware, telephones, internet, e-commerce, lift, air conditioners and cooling, parking, storage etc.

Purpose of loan

The assistance may be granted to eligible borrowers for:

- a). Cost of land
- b). For construction of building for commercial complexes.
- c). For acquisition of required plant and machinery/equipments, like lifts, air conditioning plant and fire lighting equipments, other safety devices and also other plants and equipments required for modern type of commercial complexes etc.
- d). Furniture and fixture.

Amount of Loan

Amount of loan would be need based within the normal financing ceiling of the corporation, which is presently upto Rs.500.00 lacs

Financial Parameters

- a). **Promoters Contribution** Minimum 40% of the Project cost
- b). **Debt Equity Ratio** as a whole Not more than 2 : 1 (For the concern as whole)
- c). **Margin of security :**

On land, building and
Plant & Machinery 30%

On Furniture & Fixture 50%

Repayment period

The amount shall be repayable in a period not exceeding 10 years including moratorium period of 12 months depending upon DSCR.

Rate of interest

Loan upto Rs. 2.00 lacs :	The interest rate applicable for SSI units presently 13%.
Loan above Rs. 2.00 lacs to Rs. 10.00 lacs	The interest rate applicable for SSI units presently 14.5%
Loan above Rs 10.00 lacs	the interest rate applicable for other than SSI units presently 16% p.a

Note Rebate in interest on timely payment would be made available as applicable under general loan scheme.

Liquidated Damages

In case of default, liquidated damages (i.e. default rate of interest) shall be charged on the amount in default for the period of default at rates applicable.

Processing charges : 1% of the loan amount sanctioned.

Other terms & conditions

1. The commercial complex, show-room sales outlets must be established at prime location/main market centers.
2. Map of commercial complexes etc. shall be got approved from the local authority as per norms.
3. The commercial complexes after construction may be disposed of/leased out in part. However, atleast 25% of the area of the complex is to be retained by the borrower with clear demarcation and it would neither be disposed off nor shall be leased out. The borrower may, however, carry out any of his commercial activity in such retained area. The area, retained, as such shall be in addition to the common facilities. The retained area should have easy and proper access to the common facilities like lift, stair cases, utilities etc.

The borrower may retain more than 25% area of the complex, if he so desires and found it viable.

Note : In case the borrower intends to carry any commercial activity in the retained area like setting up of cyber Caffe. Photostat Machine. STD/ISD/PCO, Restaurants etc. which are eligible for financing as per norms of the corporation, the same may also be considered for financing in the respective scheme.

4. In case of leasing out of any part of the commercial complex, the same will be leased out with the condition that the leasee/tenant will directly deposit the rent/lease money with the Rajasthan Financial Corporation as and when the rent/lease money is demanded by Rajasthan Financial Corporation.
5. In case of selling out any area of commercial complex the loanee/borrowers who are regular in meeting their obligation shall require to deposit the amount equal to the average rate of construction per sq.ft. considered in the project/scheme appropriating investment proposed to be made in the common facilities, plant and machinery and MFA etc.

The cases sanctioned under the scheme must be monitored closely. In case of two consecutive defaults of instalments of principal and/or interest, in any case, the same would be reported to the HO immediately without any fail for appropriate action to effect the recovery of overdue.

I

(Loan & Appraisals)
REFINANCE SCHEME FOR E-COMMERCE FACILITIES FOR MARKETING OF SSI PRODUCTS

Schedule 1/16 C

Refinance Scheme for E-Commerce Facilities for Marketing of SSI Products

SIDDBI vide its circular no f. 1. 19/99-2000 dated 9th February has informed that with a view to promote E-Commerce as a medium of marketing of SSI products, the assistance provided by the PLIs towards meeting the project for setting up of E-Commerce facilities such as software, hardware .net working including telecommunication, portal services etc, would be eligible for assistance under their refinance scheme provided the proposals comply with investment ceiling laid down for SSI units.

The Board in its meeting held on 23.3.2000 has decided to adopt the activity for financial assistance against fixed cost of project for setting up of E-Commerce activities such as software, hardware, net working including telecommunication .portal services etc, on the following special parameters and subject to general norms of normal term loan Scheme.

1. The minimum promoters contribution of 40% to be insisted for such projects.
2. Collateral security equal to loan amount against plant & machinery (hardware & software) will be insisted upon.
3. Initially financial assistance may be allowed for Distt. Headquarters or well established industrial towns having plenty of export oriented units like Bhiwadi, Kishangarh, Makrana etc..

At the initial stage the proposals would be appraised at the level of HO only.

The CMD would be the competent authority to consider and sanction the case upto the loan amount of Rs. 50,00 lacs and above this ceiling the Executive Committee or the Board as per their delegation of powers.

All applications for assistance under this scheme may be sent to Ho as and when received.

(Loan & Appraisals)

Assistance to units intended to switch over their loan accounts from banks and other financial institutions to RFC

Schedule 1/16 (D)

Switch over loan scheme

Assistance to units intended to switch over their loan accounts from banks and other financial institutions to RFC

the Corporation has decided to extend financial assistance to those entrepreneurs also who have earlier availed term loan from any bank/other financial institutions and now interested to switch over their loan account to the corporation. However, while entertaining such loan applications a cautious approach is to be adopted so as to accept only those cases having good repayment behavior with their respective existing institutions and having categorised as standard loan account.

in view of special features involved in such type of cases, the following parameters and terms would be followed in appraisal of these cases in addition to the normal parameters of the corporation, which are followed in general in the appraisal of loan cases under Normal Term Loan Scheme.

1. The account of the loanee with the Bank/Financial Institutions should be categorised as Standard Loan account.
2. Such cases must comply with the eligibility norms for financing by the corporation on the lines of a fresh case.
3. While appraising the case, the actual cost of fixed assets incurred or their book values whichever is less should be considered for financing and not the MRV thereof.
4. A pre sanction inspection of the unit would be carried out by the members of Appraisal Team.
5. The proposed term loan must be adequately secured and in any case the quantum of security should not be less than what has been offered to its bankers/other financial institutions.
6. In order to be selective in financing of such loan cases it has been decided that initially such proposals would be examined and considered at HO only.

the branch office while forwarding all loan applications must ensure that applications are duly filled in and must have also necessary information/documents which are essential to appraise such type of cases. Besides a detailed report on the dealings of the concern with its bankers/financial institutions with specific comments on the overall repayment behavior, background of promoter etc. and site inspection report must be forwarded.

(Loan & Appraisals)

SCHEME FOR PROVIDING FINANCIAL ASSISTANCE TO A REGD. TOUR & TRAVEL AGENT FOR SETTING UP PRIVATE BUS, TAXI STAND, WITH ALL AMENITIES/FACILITIES.

Schedule 1/16 (E)

Scheme for providing Financial Assistance to a Regd. Tour & Travel Agent for setting up Private Bus, Taxi Stand, with all amenities/facilities.

1. Objective

This scheme has been planned for providing financial assistance to the tour operators and travel agencies for setting up Private Bus Stand/Taxi Stand with all facilities of dining, accommodation, Gifts Shop, Cyber Cafe, Workshop and Office etc. with a view to promote tourism.

2. Eligible Borrowers

The borrower(s) may be a person as proprietor, a partnership firm, a company, who are engaged in travel agency for last 2/3 years and is registered one for the activity i.e. tourist/traveling agency with concerned deptt./authority (RTO). However, in deserving cases relaxation in the condition of registration with RTO may be considered by the PCC at HO.

3. Eligible Activities

Construction of private Bus/Taxi Stand along with other facilities like cyber cafe, STD/PCO booth, waiting hall with staying and dining, workshop for repairing of vehicle, gift shop, office etc.

4.. Purpose of Loan

The assistance may be granted to eligible borrowers for:

- a). Acquisition of land
- b). For construction of building for bus/taxi stand, waiting hall, with dining facilities, restaurant, gift shop, office, workshop for some maintenance & repairing of vehicles etc.
- c). For acquisition of required plant and machinery/equipment for workshop, STD/PCO, FAX machine, computer, Cyber Cafe etc.

5. Amount of Loan

The amount of loan would be need base within (the normal financing ceiling of the Corporation)

6. Financial Parameters

- a). Promoters contribution Minimum of 40% of the project cost
- b). Debt Equity Ratio Not more than 2 : 1
- c). Margin of Security
- i). Und & Building 30%
- ii). Machinery for Workshop 30%

iii). Other equipments like STD/PCO. FAX Machine.

Computer, equipments for Cyber Cafe etc. 40%

7. Repayment Period

The loan shall be repayable in a period not exceeding 10 years including moratorium period of 12 months depending upon DSCR.

8. Rate of Interest

The rate of interest as applicable from time to time for SSI sector shall be charged.

In case of default, liquidated damage (i.e. default rate of interest) shall be charged on the amount in default for the period of default at the rates applicable.

"Rebate in interest @ 1% on timely payment would be made available as per the general loan scheme."

Security

Exclusive charge over assets purchased/acquired out of the loan and collateral security as may be deemed necessary.

Sanctioning Authority

As per delegated powers.

Other terms and conditions

i). The promoters should be already engaged in tourist activities for last 2-3 years and the unit should be registered with the concerned authority.

ii). Approved Map/MOC from the local authority for the proposed activity.

SCHEME FOR ASSETS FINANCING.**ANNEXURE'A'****SCHEDULE 1/16F****Sub : SCHEME FOR ASSETS FINANCING****1. INTRODUCTION**

The scheme envisages to provide financial assistance to the businessman/entrepreneurs who are interested to purchase the assets of an existing unit from the prospective seller, who is no more interested in running the unit what so ever the reason may be. The purchaser may not like to invest entire fund in acquisition of fixed assets, therefore, they are looking forward financial help /assistance from me institution at the initial stage of purchasing/taking over the fixed assets of a unit. This will not only help the new entrepreneur who is taking over the unit but also the dead investment in fixed assets may generate cash surplus.

2. ELIGIBILITY

- i). A company incorporated under Companies Act/A partnership firm/proprietorship concern will be eligible to avail financial assistance under this scheme.
- ii). The main promoter/concern if availed any financial assistance from any bank/financial institution should have satisfactory track record of payment, its accounts should have been classified as standard assets with the financial institution/bank.
- iii). Weightage would be given to the promoter(s) who are already engaged in the same/related industrial/trading activities.
- iv). The assets acquired purchased within a period of 18 months prior to the date of application may be considered for financial assistance.

3. PURPOSE OF ASSISTANCE

A. For purchase of fixed assets as under: -

- i). **Land:** Only industrially converted land or land located in RIICO industrial area or land which has been approved by local authorities for commercial purposes.
- ii). **Building:** Should be in good conditions;
- iii). **P&M and MFA:** Should be in good condition and residual life not less than 10 years

Note: The assets of sick closed units, acquired/to be acquired on cash down basis either from the Corporation or otherwise would also be covered.

B. For addition of fixed assets to make the unit viable.

C. Working Capital - if the case fulfills the criteria of single window scheme

4. AMOUNT OF ASSISTANCE

From Rs.2.00 Lac to Rs.500.00 lac (Rs.500.00 Lac in the cases of companies)

5. MARGIN

- i). 50% on the acceptable value or purchase consideration of assets, whichever is less.
- ii). Usual margin on additional fixed assets as per norms of financing.

6. MORATORIUM PERIOD

Since the loan is available against existing assets, the moratorium period shall not exceed to 12 months in any case.

7. REPAYMENT PERIOD

The repayment period shall be 5 years from the date of expiry of moratorium period. The unit shall furnish 20 post dated account payee cheques favouring RFC for repayment of loan in EQI with additional cheques for the interest of moratorium period.

8. SECURITY

The requirement of security shall be two times of the financial assistance, the loan shall be secured by the following securities:-

- i). First charge over the fixed assets proposed to be purchased.
- ii). Personal guarantee of all directors.
- iii). In case loan is required for additional fixed/working capital the concern will be required to furnish security/collateral security as per norms of usual financing by the Corporation.

9. BASIS FOR CALCULATION OF ACCEPTABLE VALUE

The acceptable value of assets proposed to be financed shall be considered as under:

LAND & BUILDING: For determining the value of land and buildings, the purchase price as per registered document can be taken into consideration.

PLANT & MACHINERY: Written Down Value or purchasing price MRV, whichever is less.

10. PROMOTER'S CONTRIBUTION

Overall promoters contribution shall be over 40%.

11. PROCESSING FEES

- i). Application form fee - Rs.100/- per application form as per norms
- ii). Application fee - 0.1% of amount applied
- iii). Processing charges - 1% of amount sanctioned

12. SANCTIONING AUTHORITY

All cases would be processed/sanctioned at Ho with following delegated powers;

CMD - for loan up to Rs.200.00 Lac

EC - for loan above Rs.200.00 Lac

13. INTEREST CHARGES

- i). Interest is chargeable at prevailing rate of interest applicable under general term loan scheme,
- ii). Rebate @ 1% per annum shall be available on timely payment.
- iii). Liquidated damages @ 5.25% p.a. shall be charged on the amount of default and period of default.

14. VIABILITY OF THE PROJECT

The financing of the assets acquired/proposed to be acquired would be considered only if it is for a part of the project and is found technically feasible and economically viable in terms of norms and guidelines made applicable under general loan scheme.

15. RIDERS

- a). The assets proposed to be financed under the scheme should be in good condition and should be in a position to remain in operation for at least 10 years. The purchaser has to furnish a certificate from chartered engineer certifying the condition residual life and value of P&M proposed to be acquired/purchased
- b). The proposed project should not be in restrictive/negative list of RFC.
- c). The assets shall be free from all encumbrance.
- d). The scheme is only to cover purchase of assets and not for change in management of the concern/company.

FAST TRACK SCHEME

SCHEDULE 1/16(G)

FAST TRACK LOAN SCHEME

1. Introduction

Many promoters are confident about the successful running of their project and are prepared to furnish additional/collateral security for the term loan for fixed assets which provides extra comfort level to the Corporation. In such cases the Corporation has also decided to reciprocate by providing financial assistance on liberal terms with regards to promoter's contribution, security margin, marginal enhancement in timely rebate, rate of interest, all without diluting overall financing norms/parameters laid down by the SIDBI/1DB1, Central/State Govt., RPCB etc. it has also decided to simplify the procedure of disbursement as compared to the general category of borrowers. This would not only facilitate early implementation of the project but would also enlarge the scope of the business of the Corporation.

2. ELIGIBILITY CRITERIA:

The promoter/concern/company furnishes collateral security for the term loan against fixed assets would be eligible to be covered under the scheme. However, as a part of specific decision/guidelines of Corporation where collateral security requirement is must, such as units in rented premises, mining units, transport loan cases, working capital term loan under SWS, projects based on fast changing technology etc., shall remain outside the purview of this scheme.

The Scheme would be applicable to the loan cases under General Loan Scheme and not applicable under Good Borrower Scheme UPGb and NAU Schemes.

3. CATEGORY OF PROMOTERS:

Such promoters may be categorised into two categories based on the quantum of collateral security proposed to be furnished for term loan against fixed assets as under:-

QUANTUM OF COLLATERAL SECURITY Category

(i)	Where the value of collateral security against fixed assets is more than 80% of loan amount	"A"
	or	
	Where in the project, the component of land and building is more than 50% of the total investment towards fixed assets and collateral security is not less than 50% of the loan amount	"A"
	Or	
	Where in the service sector projects like Hotel, Commercial Complex, Hospital, Nursing Homes proposed to be located in major cities like Jaipur, Jodhpur, Udaipur, Ajmer and Bikaner the component of land and building is more than 75% of the total investment towards fixed assets of me project and collateral security is not less than 25% of the loan amount	"A"
(ii)	Where the value of collateral security against fixed assets	"B"

	is more than 40% but upto 80%	
	Or	
	Where in the project, the component of land and building is more than 50% of the total investment towards fixed assets and collateral security is not less than 25% of the loan amount.	"B"
	Or	
	Where in the Service Sector projects like Hotel, Commercial Complex, Hospital, Nursing Homes proposed to be located in major cities like Jaipur, Jodhpur, Udaipur, Ajmer and Bikaner the component of land and building is more than 75% of the total investment towards fixed assets in the project and collateral security is not less than 10% of the loan amount.	"B"

For the purpose of determining the value of collateral security, the value of primary security would not be considered.

NOTE

:

4. FACILITIES

These eligible entrepreneurs/cases would be entitled to sanction/avail loan on the liberal terms/norms as detailed below:

A. Facilities/relaxation in terms of sanction

			'A'
	'B'		
(i)	Minimum Promoter's Contribution	30%*	33%*
(ii)	Security Margin		
	a) where usual security margin is 30%	25%	27.5%
	b) where usual security margin is 40%	35%	37.5%
	c) where usual security margin is 50%	40%	45%
(iii)	DSCR may be accepted	1.5:1	1.6:1

*However it should not dilute D.E. Ratio of 2:1 in small scale units and 1.5:1 in medium scale units

B. Facilities/Relaxation in terms of disbursement of loan

	'A'	'B'
(i) Raising of promoter's contribution before disbursement	(it) Maximum inspection for verification and	

Valuation of assets

(iii) Advance disbursement	50%	75%
	2	3
	33%	25%

NOTE : The next advance disbursement would be subject to proper utilisation of previous advance and would be over and above the admissible disbursement against valuation of assets of the project. Beyond 66% disbursement against sanctioned loan amount, eligible disbursement would be released after carrying out valuation only.

C. Other relaxations

a) Credit reports from reputed persons/Gazetted Officer would not be insisted upon if satisfactory report from Bank has been received.

b) Cases would be taken up for processing/sanction without waiting for NOC/consent from RPCB and the unit would be allowed to furnish the same as under:

i) NOC in 'red category' cases would be furnished before first disbursement of loan (after documentation and release of token money).

ii) In 'orange category' cases, the same may be furnished upto disbursement of 25% of sanctioned loan or disbursement of 50% value of collateral security, whichever is less.

c) Payment/Receipts for smaller amount in case of plant and machinery and MFA would not be insisted upon to the extent of 10% of the total cost of plant and machinery and MFA. For such payment only a statement showing the item wise details of payments duly signed by the promoter and certified by CA certificate would be furnished.

5. Other Modalities

i). While forwarding loan application under the scheme it should be marked as "Under Fast Track Loan Scheme" on the top/front of loan application form.

ii) The IPC (for branch level cases) and PCC (for Head Office level cases) would Decide/approve the eligibility and coverage of the loan application under Fast Track Loan Scheme.

iii) In such cases while conveying sanction on top of Sanction Letter words "Fast Track Loan Scheme" shall be specified/mentioned.

iv) Terms and condition of sanction/disbursement would be accordingly modified.

v) Such loan cases would be closely monitored by Branch Manager himself besides Nodal/Monitoring officers appointed otherwise in the loan cases above Rs.100 Lakh and Rs.50 lakh etc.

vi) While considering assistance under this scheme it may be ensured that the financial parameters/norms of appraisal like Debt Equity Ratio, repayment period, rate of interest. etc. as laid down by the SIDBI/IDBI and the guidelines issued by Central/ State Government/RPCB etc. from time to time and circulated through PG should not be diluted. The present minimum debt equity ratio is 2:1 in case of Small Scale units and 1.5:1 in case of Medium Scale units.

vii) The rate of rebate in interest on timely payment will be 1% for all cases.

SCHEME FOR SHORT TERM ASSISTANCE TO GOOD BORROWERS

SCHEME FOR SHORT TERM ASSISTANCE TO GOOD BORROWERS

INTRODUCTION

This scheme has been planned for providing short term financial assistance to existing good borrowers having proven track record of payment with corporation.

The scheme does not envisage detailed appraisal. Sanction and disbursement of loan amount is made relying on their schemes for the purpose of technical approval and only ensuring the adherence of financial norms given in the scheme. This means the fast disposal of loan application.

OBJECTIVE

The quantum of standard assets of any financial institution determine the financial soundness of the organisation. It must be the end avour of all financial institution to increase the numbers of standard loans.

It is with this objective in mind that the scheme has been framed which is exclusively for the good borrowers. The object of the scheme is to encourage the existing good borrowers to take further financial assistance from the corporation. The scheme provides for speedy sanction and disbursal which are the key requirement of the good borrowers.

ELIGIBILITY

Existing Units assisted by corporation fulfilling the following norms would be eligible:-

1. The unit should be an existing one and assisted by the corporation irrespective of whether the account of the unit is in operation or the account is squared up in past.
2. The unit should be in production during the last 3 preceding years on date to date basis and working results of atleast 2 years out of 3 years, should reveal positive cash generations including the positive cash generations in immediate preceding year.
3. The unit should have repaid atleast 30% of loan disbursed.
4. The unit's account is classified as standard assets during last 3 full proceeding years.
5. The unit has not availed of any concession/relief by way of reschedulement except refixation based on actual loan disbursed, during last 3 years.
6. If any unit/entrepreneur or its sister or family/associate concern have availed benefit of rebate/relief by way of waivment of penal interest/interest in the last 3 financial years, the same is required to be refunded/deposited back while considering financial assistance to such units/entrepreneurs under Good Borrower Scheme.
7. There should be no overdues in the loan account of sister/associate concern, if any, financed by the Corporation.
8. It has further been decided that the sanctioning authority in field and appraisal team at HO will record the following on file before consideration of proposal:-

The unit viz. M/s..... is a Good Borrower and eligible for assistance under

the Scheme as it fulfills all the prescribed conditions for Good Borrower." **Note:-**

In case the Sanctioning Authority feels that a particular case though not eligible under the existing criteria but deserves to be considered on merits after relaxation in the eligibility criteria, a reference may be made to Head Office with specific recommendations stating full reasons in justification of the proposal.

SCOPE

Purpose of assistance would be considered for acquiring fixed assets for:

- a) Expansion
- b) Modernisation
- c) Purchase of Balancing Equipments
- d) Replacement of fixed assets
- e) Transport vehicles as public carrier/private vehicle for use of unit.
- f) Diversification

OTHER TERMS & CONDITION

1. Amount of Assistance:

- i) From Rs.2.00 lacs to Rs.200.00 Lacs subject to maximum exposure of Rs.500.00 lac

(including outstanding in existing loan account) being the maximum financing limit of the Corporation. However, in case of proprietor/partnership firm the maximum limit of assistance shall be Rs.200.00 lac.

- ii) The admissible loan amount shall be calculated after keeping margin of 10% on the

amount of assets proposed to acquired subject to maximum of 4 times of the amount of loan repaid by the unit to the corporation excluding repayment in WCTL account. In deserving cases 5 times of loan repaid may be considered by CMD on the merit of individual cases.

- iii) The loan amount would be rounded off to the nearest thousand rupee.

2. Moratorium Period:

Not exceeding six months from the date of release of funds.

3. Repayment Period:

8 years including the moratorium period. The unit shall furnish post dated A/c payee cheques favouring RFC against the repayment of equated monthly installments (principal and interest) and interest amount relating to moratorium period at the time of first disbursement. The first equated monthly installment shall fall due on 1st day of month after expiry of moratorium period.

Note

The repayment period has been extended from 4 years to 8 years to facilitate the units which are envisaging higher amount of loan for expansion and modernisation of their project. However, the cases which are approaching for acquisition of balancing equipments etc; the repayment period should not normally exceed 48 months.

4. Security:

The requirement of security shall be 150% of the short term loan plus outstanding in all the existing loan accounts. However, if the unit availed term loan from other, financial institution having pari passu charge over the assets of the unit, the outstanding in the term loan with these financial institutions/Banks shall also be clubbed while calculating security debt ratio. Term loan shall be secured by the following security:-

a) First charge' first pari passu charge by way of mortgage of land and building and

Hypothecation of plant and machinery etc

b) In case the existing security of industrial assets of the unit is insufficient than collateral security having value not less than the shortfall shall be furnished. The security may be the immovable property located in urban areas having clear mortgagable title documents and-or NSC, FDR, Viaks Patra etc. In case of company, additional personal guarantee of the directors (excluding nominee and professional directors) shall be furnished.

The Value of security will be assessed as under:

i) MRV of land and building.

ii) Book value (written down) of plant and machinery, misc. assets shall be considered.

Note:

A) In case the unit is not charging depreciation, adequate provision of depreciation may be provided for arriving at the written down value of plant and machinery and MFA.

B) In case any unit revalued its plant and machinery, the acceptable value shall be considered after considering book value before revaluation and after depreciation.

5. Minimum Promoters Contribution:

A minimum contribution of 10% shall be invested by the unit from its own sources either by way of raising additional capital, unsecured loan (intt. free) or internal accruals. The Debt Equity Ratio(DER) shall not be above 2; 1 alter considering all types of loans including existing loans and promoters' contribution.

6. Processing Fees:

i) Price of application form is Rs.200/- per application form irrespective of loan amount.

ii) Application fee @ 0.1% would be charged.

iii) Documentation charges @ 1% of loan sanctioned shall be payable before formal issue of sanction letter.

7. Sanctioning Authority:

Sanctioning authority are as under:-

Branch Manager

Dy. Gen. Manager ®

GM (WZ)

GM (L) (Other than WZ cases)

ED

CMD

Above Rs.2.00 lac to Rs.15.00 lac

Above Rs.15.00 lac to Rs.30.00 lac

Above Rs. 30.00 lac to Rs. 50.00 lac

Above Rs. 30.00 lac to Rs. 50.00 lac

Above Rs. 50.00lac to Rs. 100.00 lac

Above Rs. 100.00 lac

8. Interest charges:

The interest shall be chargeable at prevailing rate of interest. The interest is payable in equated monthly instalments simultaneously with loan repayment.

9. Rebate in interest @) 2% is available on timely payment. PDCs may be accepted net of rebate.

10. Liquidated damages in case of default:

i) 2% interest (wherein PDCs accepted net of rebate) will be charged if the PDCs are not honored or payment in lieu of PDCs is not deposited within specified period.

ii) In case of default, liquidated damages @5.25% p.a. over and above rebate @ 2% shall be charged on the amount in default for the period of default.

11. Repayments:

- Through PDCs in equated monthly installments of principal and interest to be deposited at net of rebate.

- For moratorium period blank account payee cheques for the interest shall be obtained.

12. Examination of financial statement.

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs.40.00 lac. In such cases Branch may ensure following:-

i) In all loan cases upto Rs.10.00 lac, B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted.

ii) However, in loan cases above Rs.10.00 lac. audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalized/audited. we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

13. Disbursement:

Token amount as prescribed shall be released simultaneously with documentation which shall be deducted out of first installment to be released after documentation:-

The loan shall be disbursed in mo installments as under:-

i) First installment equal to 50% of sanctioned loan deducting token amount already released at the time of documentation on submission of following documents:-

a) C.A. Certificate for raising required margin money as per prescribe format.

b) Post dated advance cheques for repayment of equated monthly installments and requisite blank cheques for interest relating to moratorium period.

c) No overdues certificate in existing term loan account as well as in the account of sister concern, if any.

d) Insurance cover note in respect of entire fixed assets (only in fire prone industry)

e) Assurance in writing to furnish utilisation certificate within 60 days.

ii) Second installment for balance 50% of loan sanctioned shall be released on furnishings

a) CA Certificate for utilisation of earlier disbursed amount for creation of fixed assets as per prescribed format.

b) Form no. 8 and 13 for creation of charge in favour of RFC over the fixed assets of unit (required in the cases of company)

c) No overdues certificate in existing term loan account as well as in the account of sister's concern, if any.

d) Assurance in writing to furnish utilisation certificate within 60 days.

Note :

Disbursing authority while disbursing any installments of short term loan, shall ensure minimum security debt ratio of 1.5:1 based on security available with the unit to the amount outstanding in existing loan account and the amount of loan/installment proposed to be disbursed.

SCHEME FOR GRANT OF WORKING CAPITAL TERM LOAN TO GOOD BORROWERS

SCHEME FOR GRANT OF WORKING CAPITAL TERM LOAN TO GOOD BORROWERS

1. INTRODUCTION:

Financing of Working Capital term loan may be considered only to the assisted units of the Corporation having proven track record (other than technical default) of more than 3 years. The eligibility criteria and other salient features of the scheme are given in subsequent paras:

2. ELIGIBILITY CRITERIA:

Existing Units assisted by the Corporation fulfilling the following norms would be eligible:-

1. The unit should be an existing one and assisted by the corporation irrespective of whether the account of the unit is in operation or the account is squared up in past
2. The unit should be in production during the last 3 preceding years on date to date basis and working results of at least 2 years out of 3 years should reveal positive cash generations including the positive cash generations in immediate preceding year.
3. The unit should have repaid at least 30% of loan disbursed.
4. The unit's account is classified as standard assets during last 3 full preceding years.
5. The unit has not availed of any concession/relief by way of reschedulement, except refixation based on actual loan disbursed, during last 3 years.
6. If any unit/entrepreneur or its sister or family/associate concern have availed benefit of rebate/relief by way of waiver of penal interest/interest in the last 3 financial years, the same is required to be refunded/deposited back while considering financial assistance to such units/entrepreneurs under Good Borrower Scheme.
7. There should be no overdues in the loan account of sister/associate concern, if any, financed by the Corporation.

It has further been decided that the sanctioning authority in field and appraisal team at HO will record the following on file before consideration of proposal:-

"The unit viz. M/s.....is a Good Borrower and eligible for assistance under the Scheme as it fulfills all the prescribed criteria/conditions for Good Borrower."

Note:

In case the Sanctioning Authority feels that a particular case though not eligible under the existing criteria but deserves to be considered on merits after relaxation in the eligibility criteria, a reference may be made to Head Office with specific recommendations stating full reasons in justification of the proposal.

3. QUANTUM OF ASSISTANCE:

The maximum limits of working capital term loan to a company/concern shall be Rs.100.00 lac over and above the term loan sanctioned by the Corporation subject to maximum exposure of Rs.500.00 lac (being the maximum limit of financing of the Corporation). However, in case the borrower being firm (partnership or proprietorship) the maximum limit of assistance shall be Rs. 200.00 lac including existing exposure of term loan, if any. Loan only above Rs. 2.00 lac shall be considered under the scheme.

4. Computation of working capital requirement:

i) METHOD-I

The total working capital requirement at projected level of operation is to be worked out as per existing practice. The projected turnover shall be considered based on past trend of The unit.

Note:

It is decided that while calculating working capital requirement, the debtors should be considered at least one month in all cases except where party has submitted calculation for debtors less than one month. However, debtors turnover more than 3 months be analysed in detail before consideration loan to a party.

ii) METHOD-II

Working capital shall be calculated assuming four cycles of working capital funds in a year i.e. 25% of the projected turnover.

Least of the above two methods, would be considered as total requirement of Working Capital.

Note:-

1. The projected turnover can be assumed 25% higher over the actual turnover of last year. However, higher turnover can also be assumed provided there is justification to that e.g. addition in installed capacity by way of expansion, specific order received during the year, under utilisation of the capacity of plant for want of adequate working capital from the Bank

2- Where the unit is doing job work in past due to non availability of adequate working capital from the bank but now want to do its own work, the projected turnover may be calculated as under:-

i) Convert job receipt of last year into turnover by multiplying the quantity produced on job to estimated sales price per unit.

ii) The amount so arrived as above may be multiplied by 1.25 to arrive at projected turnover.

B) COMPUTATION OF WORKING CAPITAL TERM LOAN:

The working capital term-loan shall be calculated by considering 75% of total working capital requirement. The fund based working capital facilities being availed by the Borrower from the Bank shall be subtracted from the amount of WCTL so calculated.

In case of [agro](#) based industry, working capital term loan shall be considered 60% of total working capital requirement.

5 SECURITY FOR WORKING CAPITAL TERM LOAN:

The requirement of security shall be 150% (in case of synthetic fabric manufacturing units of Bhilwara, presently security debt ratio has been increased to 2:1) of the proposed working capital term loan plus outstanding in all the existing loan accounts. However, if the unit availed term loan from other financial institution having pari passu charge over the assets of the unit, the outstanding in the term loan with these financial institution/Bank shall also be clubbed while calculating security debt ratio. Working capital term loan shall be secured by the following security:-

a. First charge/first pari passu charge by way of mortgage of land and building and Hypothecation of plant and machinery etc

b.. In case the existing security of industrial assets of the unit is insufficient than collateral security having value not less than the shortfall shall be furnished. The

security may be the immovable property located in urban area having clear mortgagable title documents and/ or NSC, FDR, Kisan Vikas Patra etc.

c. Additional personal guarantee of directors in case of company (excluding professional and nominee director).

d. First charge by way of hypothecation of current assets such as raw material, finished goods, stores and spares to be acquired by the proposed working capital term-loan provided the unit has not availed any working capital facility from any bank.

6. ASSESSMENT OF SECURITY:

The Value of security will be assessed as under:

i) MRV of land and building.

ii) Book value (written down) of plant and machinery, misc. fixed assets shall be considered.

Note:-

A) In case the unit is not charging depreciation, adequate provision of depreciation may be provided for arriving at the written down value of plant and machinery and MFA.

B) In case any unit revalued its plant and machinery, the acceptable value before revaluation and after depreciation shall be considered.

7. Interest charges:

The interest shall be chargeable at prevailing rate of interest. The interest is payable in equated quarterly instalments simultaneously with loan repayment.

8. Rebate in interest @ 2% is available on timely payment. PDCs may be accepted net of rebate.

9. Liquidated damages :

i) In case of default (2% interest) wherein PDCs accepted net of rebate) will be charged if the PDCs is not honored or payment in lieu of PDCs is not deposited within specified period.

ii) In case of default, liquidated damages @ 5.25% p.a. over and above rate of interest shall be charged on the amount of default for the period of default.

10. REPAYMENT PERIOD:

a) The loan shall be repayable in 16 equated quarterly installments.

b) A minimum period of 3 months from the date of 1st disbursement may be provided as moratorium period.

c) The first equated installment shall fall due on 1st day of quarter i.e. January, April, July and October falling immediately after expiry of 3 months from the date of first disbursement.

d) The applicant shall furnish post dated cheques against the repayment of principal and interest before releasing the disbursement.

e) In case any balance payable/receivable as the case may be shall be adjusted in last installment.

11. SANCTIONING AUTHORITY:

Sanctioning Authority in these cases shall be as under:-

Branch Manager	- Above Rs. 2.00 lac to Rs. 15.00 lac
Dy. Gen. Manager(R)	- Above Rs. 15.00 lac to Rs. 30.00 lac
GM (WZ) for WZ cases only	- Above Rs. 30.00 lac to Rs. 50.00 lac
GM (L)	- Above Rs. 30.00 lac to Rs. 50.00 lac
E.D.	- Above Rs. 50.00 lac to Rs. 100.00 lac
CMD	- Above Rs. 100.00 lac

12. APPLICATION AND DOCUMENTATION FEE:

- A)** Application form fee of Rs. 200/- per application form irrespective of loan amount.
- B)** WCTL application shall be deposited along with application fee @ 0.1% of the loan amount.
- C)** Documentation charges: 1% of loan sanction amount

13. SERVICE CHARGES:

The borrower shall pay service charges yearly @ 1% p.a. payable quarterly on the outstanding amount for working capital term loan. The first payment shall fall due simultaneously with the interest and shall be included in equated installments.

14. REPLENISHMENT OF WCTL REPAYED BY THE BORROWERS

The Corporation is providing WCTL to its good borrowers with the provision that the WCTL shall-be repayable by the unit in the 16 equated quarterly installments. The working capital availability of the unit therefore reduces by the amount paid by the unit to the Corporation. It is. Therefore, decided that the replenishment of WCTL repaid by the borrowers may be made. The salient features of the scheme are as under:-

- 1.** An additional facility under replenishment will be available to the unit which has repaid 4 quarterly installments of original WCTL in time.
- 2.** The unit should have achieve the projected turnover as envisaged in the original proposal while sanctioning WCTL.
- 3.** The unit is fulfilling all the other eligibility criteria of good borrowers.
- 4.** The Corporation will replenish the WCTL by the amount which has been repaid by the unit in past against principal.
- 5.** The repayment of replenished limit as above may commence immediately after expiry of original LDR in WCTL.
- 6.** The interest however shall be payable at the interval of each quarter. The Corporation may obtain post dated cheques for repayment of interest (quarterly) as well as for repayment of interest plus principal (in equated installment) to be repayable after expiry of last date of repayment of original WCTL.
- 7.** The repayment period shall be equal to the installment to be replenished e.g. a unit come for replenishment of amount equal to 8 installments repaid the repayment period shall be of 2 years only i.e. 8 equaled quarterly instalments to be commenced after LDR of original WCTL and so on.

8. The Corporation shall charge application fee, service charges on replenished amount as applicable under the scheme of WCTL.

Note:

The powers for sanction of replenishment shall vest with Branch Manager irrespective of amount of loan.

15. OTHER TERMS AND CONDITIONS:

i). The borrower shall be required to raise his stipulated promoters contribution in full in the form of share capital/unsecured intt. free loan or internal accruals before disbursement of WCTL. In no case debt equity ratio shall be permitted to go beyond 2:1 after taking into account the proposed loan and margin to be brought in as above.

ii). That the unit will submit stock statement in the specified format, quarterly.

iii). That all the business transactions shall be routed through the designated Bank.

iv). That the corporation shall have a right of physical inspection of the unit and verification of the stock and call for any information including books of accounts as may be required from time to time.

v). That no investment out of working capital term loan will be made in any subsidiary/associate concern.

vi). INSURANCE:

a) The stocks of raw material, finished goods, goods in process, consumable stores and spares shall be kept insured by the borrower at his own cost (Only in Fire prone products.

b) The fixed assets (excluding land) shall be insured equal to the amount of acceptable value of security (only in fire prone units)

vii). In case of company, appropriate charge has to be registered with Registrar of the Companies.

viii). All Promoters/Directors (excluding nominee director and professional directors) shall give personal guarantee for timely repayment of working capital term-loan.

ix). If the unit has also availed term loan(s) from the Corporation, the receipts, from the borrower shall be first adjusted towards overdues on account of working capital term loan irrespective of his request contrary to do so.

16. Examination of financial statement

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs. 40.00 lac. In such cases Branch may ensure following:-

i). In all loan cases upto Rs.10.00 lac. B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted.

ii). However, in loan cases above Rs.10.00 lac, audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalised/audited, we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

17. PROCEDURE FOR DISBURSEMENT:

The disbursement of WCTL shall be made as under-Taken amount as prescribed shall be released simultaneously with documentation which shall be adjusted from 1st installment to be released after documentation.

The loan shall be disbursed in 2 installments as under-

- a.** First installment equal to 50% of sanctioned WCTL after deducting token amount as above shall be released on submission of following documents:-
 - i).** Statement of net current assets (excluding bank limit) as per prescribed format.
 - ii).** C.A. Certificate for raising required margin money as per prescribed format.
 - iii).** Insurance of fixed assets (excluding land) equal to amount of acceptable value of fixed assets (in case of fire prone industry only),
 - iv).** Insurance of stock equal to the value of stock shown in the statement of net current assets submitted by the unit(in case of fire prone).
 - v).** No overdues certificate in existing term loan account as well as in the accounts of sister/associate's concerns, if any.
 - vi).** post dated cheques for repayment of loan and interest thereon.
- b)** Second installment equal to 50% of sanctioned loan shall be released after submission of the following documents and carrying out visit of unit to have a broad idea about stocks of raw material, work in process finished goods and of fixed assets under the charge of corporation.
 - i)** Latest statement of net current assets.
 - ii)** C.A. Certificate for utilisation of earlier disbursed amount as per prescribed format.
 - iii)** No overdues certificate in existing term loan account as well as in the account of sister/associate concern, if any.
 - iv)** Form no. 8 and 13 for creation of Charge in favour of RFC over the fixed assets and /or current assets of the unit (required in the case of company.)

FINANCIAL ASSISTANCE TO EXISTING NON ASSISTED UNITS WITH PROVEN TRACK RECORD & NEW UNITS PROMOTED BY GOOD BORROWERS OF RFC. (UPGB SCHEME)

Financial assistance to existing non assisted units with proven track record and new units promoted by Good Borrowers of the Corporation (UPGB SCHEME)

1. INTRODUCTION

Considering the need for increasing the business without compromising on the quality of loan portfolio, the Corporation has introduced the scheme to provide financial assistance at competitive rate of interest to well established units assisted by banks or other financial institution or new units proposed to be promoted by our existing good borrowers.

2. ELIGIBILITY

Eligible units should fulfill the following norms:-

i) The unit should be an existing one and assisted by the corporation or bank or other

financial institution irrespective of whether the account of the unit is in operation or the account is squared up in the past.

or

New units which are promoted by the proprietor or partners/directors having majority stake in an existing assisted units of the Corporation which is covered within the definition of good borrowers of the Corporation.

ii) The unit should be in production during the last 3 preceding years on date to date

basis and working results of atleast 2 years out of 3 years, should reveal positive cash generations including the positive cash generations in immediate preceding year.

iii) The unit should have repaid atleast 30% of loan disbursed.

iv) The unit's account is classified as standard assets during last 3 full preceding years.

v) The unit has not availed of any concession/relief by way of waiver of interest/penal or reschedulement, except refixation based on actual loan disbursed, during last 3 years.

vi) There should be no overdues in the loan account of sister/associate concern, if any. financed by the Corporation.

vii) If any unit/entrepreneur or its sister or family/associate concern have availed benefit of rebate/relief by way of waivment of penal interest/interest in the last 3 financial years, the same is required to be refunded/deposited back while considering financial assistance to such units/entrepreneurs under Good Borrower Scheme.

3. SCOPE

The following category of units/entrepreneurs would be eligible for availing financial assistance under the above scheme for the purpose of meeting their needs for expansion, modernisation diversification, purchase of balancing equipments etc.

The following criteria of units would be covered:-

A) New units promoted by our existing good borrowers

These units would consist of new units which are promoted by The proprietor or

Partners/directors having majority stake in an existing assisted units of the Corporation which is covered within the definition of good borrowers of the Corporation as mentioned above.

B) Units with proven track record not assisted by the Corporation but have availed financial assistance from bank or financial institution

Under the above criteria units which have not been assisted by the corporation in past but have been established with financial assistance from other financial institution or bank and have a good repayment behaviour and fulfilling the criteria of good borrowers would be eligible for assistance under the scheme.

4. AMOUNT OF ASSISTANCE

From Rs.20.00 lac to Rs.500.00 lac as per maximum financing limit of RFC subject to the maximum of 4 times of the principal sum repaid In case of Proprietorship & Partnership firm the maximum loan limit shall be Rs. 200.00 lac.

5. OTHER TERMS & CONDITIONS

A) MORATORIUM

Depending upon the likely date of cash generation and commencement of commercial production.

B) REPAYMENT PERIOD

The loan shall be repayable in maximum 8 years (including moratorium) depending upon the likely cash generation. The unit shall furnish post dated account payee cheques favouring RFC against the repayment of equated quarterly installment (principal and interest net of rebate).

C) SECURITY

The loan shall be secured by way of :-

- i). First charge on the assets proposed to be acquired with the financial assistance of the Corporation.
- ii). Creation of first charge or pari-passu charge on the existing fixed assets.
- iii). Personal guarantee of the main promoters.
- iv). Inter corporate guarantee of the existing units to as an additional security for the proposed loan.

D) PROMOTERS CONTRIBUTION

Minimum promoters contribution of 30% shall be brought by the promoters before release of first disbursement.

E) SANCTIONING AUTHORITY

The sanctioning authority will be as under:

Loans above Rs.20.00 lac lo Rs.50.00 lac	GM (L)
Loans above Rs.50.00 lac lo Rs.10000 lac	ED
Loans above Rs. 100.00 lac lo Rs.200.00 lac	CMD
Loans above Rs.200.00 lac	EC
Joint financed cases	Board

F) INTEREST CHARGES:

The interest shall be chargeable at prevailing rate of interest. The interest is payable in equated quarterly instalments simultaneously with loan repayment.

G) Rebate In interest @ 2% is available on timely payment. PDCs may be accepted net of rebate.

H) Liquidated damages:

In case of default, 2% interest (wherein PDCs accepted net of rebate) will be charged if the PDCs is not honoured or payment in lieu of PDCs is not deposited within specified period.

In case of default, liquidated damages @ 5.25% p.a. over and above interest rate shall be charged on the amount in default for the period of default.

I) STAKE OF PROMOTER

The promoters of the existing unit treated as good borrower should have at least 51% equity stake in the existing as well as the proposed project. For the purpose of quantifying the stake, the share holding of the spouse and children would be considered.

J) ASSOCIATION WITH UNIT CONSIDERED AS GOOD BORROWERS

The promoters who are promoting the new unit should have been associated with the existing unit which is qualifying as good borrower for at least during last 3 years.

MISC.

Others terms and conditions relating to application fees, use of application form, service charges, documentation and disbursement procedure will be similar to the general loan scheme.

The application would be subject to detailed appraisal as applicable under general loan scheme.

SPECIAL PURPOSES WCTL SCHEME FOR GOOD BORROWERS

SPECIAL PURPOSES WCTL SCHEME FOR GOOD BORROWERS COVERAGE

- a) Special purposes WCTL scheme to marble gangsaw units for replacement of blades and/or segments.
- b) SPWCTL scheme for Carpet woollen yarn manufacturing units for replacement of card cloth.
- c) SPWCTL for SS Rolling mills for replacement of back up rolls, work roll and bearings.

Note:

Marble Gangsaw Units which are assisted units may also be eligible for financial assistance under the Scheme provided they are ready to mortgage prime security i.e. land, building and P&M of the unit free from all encumbrances and has mortgaged to the Corporation and there is no adverse report from any other term lending institution/banker.

ELIGIBILITY CRITERIA

The existing units assisted by the Corporation fulfilling the following norms would be eligible:-

- a) The unit may be an existing one and assisted by the Corporation irrespective of whether the account of the unit is in operation or the account has been squared up in the past.
- b) The unit has been in production during the last two full preceding years and working results of the immediate preceding year has been revealing positive cash generation.
- c) The units loan account is categorised as standard account during the last two full preceding years.
- d) If any unit/entrepreneur or its sister or family/associate concern have availed benefit of rebate/relief by way of waiver of penal interest/interest in the last three financial years, the same if required to be refunded/deposited back while considering financial assistance to such units.

Note:

In case the sanctioning authority feels that a particular case, though not eligible as per the given criteria but deserves to be considered on merits with some relaxations, a reference may be made to HO with specific recommendations giving all reasoning justifying the relaxations sought by the concern/company.

PURPOSES

- i). Financial assistance may be provided for acquisition of one set of blades and segments and/ or segments jointly and separately as per the need of the unit for every gangsaw installed and under operation.
- ii) For cases of SS Sheets rolling mills, financial assistance may be provided for acquiring one set of back up roll, work roll and bearings for each rolling mill.
- iii). For cases of carpet woollen yarn manufacturing units, assistance may be provided for replacement of carding, cloth for carding machine used in manufacturing of carpet woollen yarn.

QUANTUM OF ASSISTANCE

With a 30% margin of security on the cost of blade and segments but subject to the maximum of a ceiling of the amount of loan repaid against principal by it in the existing term loan account.

REPAYMENT OF TERM LOAN

The repayment shall not be more than 3 years. The loan shall be repaid in equated quarterly installments. The first installment shall fall due on first day of quarter i.e. January, April, July and October falling immediately after expiry of 3 months from the date of disbursement. In case of balance payable/receivable as the case may be, the same shall be adjusted in last installment.

RATE OF INTEREST

The rate of interest on proposed loan shall be the prevailing rate of interest of the Corporation on the date of disbursement

LIQUIDATED DAMAGES

In case of default, the concern/company shall be liable to pay liquidated damages @ 5.25% on amount of default for the period of default

SANCTIONING AUTHORITY

The loan under this scheme shall be sanctioned by the field offices as per their existing delegated powers under good borrower scheme. The sanctions under the scheme shall be in addition to amount of loan outstanding in the existing loan accounts.

APPLICATION FEE & DOCUMENTATION CHARGES

Application fee and service charges shall be charged as applicable under the general loan scheme.

SERVICE CHARGES

Service charges @ 1% per annum on outstanding amount shall be payable separately in quarterly instalments to be due on 1st day of each quarter i.e. April, July, October and January of each financial year

REBATE IN INTEREST

The rebate for timely payment @ 2% shall be available to the unit as applicable under other good borrower schemes as per norms.

SECURITY

I) The proposed loan shall be secured by having further charge on the existing assets. The existing personal guarantee of the directors or any other person.

II) Any other security including personal guarantee (s) if taken at the time of availing existing loan shall continued for the proposed loan also.

Examination of financial statement

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs.40.00 lac. In such cases Branch may ensure following:-

i) In all loan cases upto Rs.10.00 lac. B/S duly certified by the C-A. certifying "it is correctly drawn from the books of accounts" may be accepted.

ii) However, in loan cases above Rs.10.00 lac. audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalized/audited, we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

PROCEDURE FOR DISBURSEMENT

The disbursement of the sanctioned loan shall be released in advance at one time to the borrowers. The utilisation of the same shall be furnished by the party within a month's time.

SCHEME FOR POTENTIAL GOOD BORROWERS (PGBS)

SCHEME FOR POTENTIAL GOOD BORROWERS (PGBS)

The Board of Directors in its meeting held on 2nd December, 1999 approved a scheme for providing financial assistance to potential good borrowers who have repaid their loan accounts within LDR/Extended LDR or existing borrowers whose account is still in operation though not classified as standard assets in the last 3 years, but there are no overdues as on date. The salient features of the scheme are given hereunder:-

A) PURPOSE

The financial assistance under this scheme would be available for the following purposes:-

1. Short Term loan to good borrowers for expansion, of balancing equipments, modernisation, replacement of fixed assets and transport vehicles as public carrier/private vehicle for use of the unit.
2. Working Capital term loan for meeting working capital requirement.
3. Working Capital term loan for special purposes:-
 - a) For acquiring set of diamond blades and segments to marble gangsaw units.
 - b) For acquiring set of back up roll, bearings and work rolls to SS Sheel manufacturing units.
 - c) For replacing carding cloth of carpel woollen yarn manufacturing units.

B) ELIGIBILITY CRITERIA

The eligibility criteria under this scheme are as under:-

1. The unit should be an existing one and assisted by the corporation irrespective of whether the account of the unit is in operation or the account stands squared up.
2. The unit should be in production during the last 3 full preceding years (two years in respect of WCTL scheme for special purposes) on date to date basis and working result of atleast 2 years(one year in respect of WCTL scheme for special purposes) out of 3(2) years should reveal positive cash generations including the positive cash generations in immediate preceding year.
3. The unit should have repaid atleast 30% of loan disbursed in aggregate (for STL and WCTL Scheme only) and should not have any overdue.
4. The unit's accounts) has been repaid within LDR/extended LDR OR if any account is still in operation there should be no overdues in the account.
5. In case the unit has availed any concession/relief by way of waiver of interest/penal interest in last 3 years, the same would be deposited back ,
6. There should not be any overdue in the loan account of sister/associate concern if any financed by the Corporation.
7. There should not have been any reschedulement in the account in the preceding 2 years from the date of application under PGBS.

C) CONCESSION/REBATE IN INTEREST

- D)** Such loan would be treated at par with loans to general borrower and rebate in interest as admissible/applicable to general borrower for timely payment would be admissible, presently rebate of 1% is admissible on timely payment. No additional rebate for timely payment as admissible to good borrowers shall be made available.

SECURITY DEBT RATIO

Security debt ratio in such loans should be 2:1 (instead of 1.5:1 as prescribed for good borrower of the corporation.)

E) LIMIT OF FINANCIAL ASSISTANCE

i) Short term loan scheme

Maximum loan admissible shall be twice of the loan repaid subject to maximum of Rs. 240.00 lac including outstanding in existing loan account.

ii) WCTL scheme

Maximum loan admissible shall be twice of the loan repaid subject to maximum of Rs. 100.00 lac.

F) iii). WCTL Scheme for special purposes

Maximum loan admissible shall be equal to loan repaid

PROCESSING FEE

- i)** Price of application form of Rs. 200/- per application form irrespective of loan amount in all the schemes.
- ii)** Application fee @ 0.1% of amount applied is to be charged.
- iii)** Documentation charges @ 1% of loan sanctioned shall be payable on or before execution of loan documents.

G) Minimum Security Margin for finance:

Minimum 10% of cost of fixed assets.
25%/40% of working capital requirement.
30% margin of proposed

STL

WCTL

WCTL for special purposes investment

H) SANCTIONING AUTHORITY

Branch Manager	-Above Rs. 2.00 lac to Rs. 15.00 lac
DGM(R)	- Above Rs. 15.00 lac to Rs. 30.00 lac
GM(WZ) (for branches of WZ cases only)	- Above Rs. 30.00 lac to Rs. 50.00 lac (other than cases of WZ Branches)
GM(L)	- Above Rs. 50.00 lac to Rs. 100.00 lac
ED CMC	- Above Rs. 100.00 lac.

Note:

Sanctioning authority in respect of WCTL scheme for special purposes i.e. blades and segments, back up rolls, and work roll and replacement of carding cloth would be exclusively field offices as per their delegated powers.

I) LIQUIDATED DAMAGES

In case of default, liquidated damages @ 5.25% p.a. shall be charged on the amount of default for the period of default.

J) Examination of financial statement.

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs.40.00 lac. In such cases Branch may ensure following: -

- i) In all loan cases upto Rs. 10.00 lac. B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted,
- ii) However, in loan cases above Rs. 10.00 lac, audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalised/audited. we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

K) PROCEDURE FOR DISBURSEMENT

The procedure for disbursement in all the schemes will be the same as has been prescribed in the respective good borrower schemes.

L) MORATORIUM PERIOD

STL - Not exceeding six months from the date of release of funds.

WCTL - Not exceeding six months in any case.

WCTL FOR SPECIAL PURPOSES- Not exceeding three months.

M) REPAYMENT PERIOD

STL -Not exceeding 8 Years including moratorium in monthly installments in case of

expansion and modernisation..(If loan amount is small, and/or acquisition of balancing equipment etc. the repayment period should not exceed 48 months).

WCTL -In 16 quarterly installments.

WCTL SCHEME FOR SPECIAL PURPOSES- Not more than three years in quarterly installments.

N) Service charges @ 1% p.a. on outstanding amount shall be payable separately in quarterly

installments to be due on first day of each quarter i.e. April, July, October and January of each financial year in respect of WCTL and WCTL for special purposes i.e.:-

- a) for acquiring set of diamond blades and/or segments to marble gang saw unit.
- b) For acquiring set of back up roll, bearings and work rolls by SS Sheets manufacturing units.

- c)** For replacing carding cloth by carpet woollen yarn manufacturing units.

O) Replenishment of WCTL repaid by borrowers under PGBS:

"In respect of WCTL loans sanctioned under PGBS Scheme, the facility of replenishment loan can also be considered on following norms/'parameters:-

- a) The cases where the loanee has repaid atleast 8 F-QI under existing WCTL and achieved projected turnover would be eligible for this facility.
- b) Quantum of loan under replenishment scheme would be to the extent of 50% of loan repaid in WCTL Scheme (as against 100% in GB Scheme).

The other terms and conditions would be as under: -

- i) The unit should have achieved the projected turnover as envisaged in the original proposal while sanctioning WCTL.
- ii) The unit is fulfilling all other eligibility criteria of PGBS.
- iii) The additional facility under replenishment will be available to the unit which has repaid 8 quarterly installments of original WCTL in time.
- iv) The Corporation will replenish the WCTL by the amount equal to 50% of loan repaid by the unit in past against principal.
- v) The repayment of replenished limit as above may commence immediately after expiry of original LDR in WCTL.
- vi) The interest however shall be payable at the interval of each quarter. The Corporation may obtain post dated cheques for repayment of interest (quarterly) as well as for repayment of interest plus principal(in equated installments) to be payable after expiry of last date of repayment of original WCTL.
- vii) The repayment period shall be equal to the installment to be replenished e.g. a unit coming for replenishment of amount equal to 8 installments repaid the repayment period shall be of 2 years only i.e. 8 equated quarterly installments to be commenced after LDR of original WCTL and so on.
- viii) Corporation shall charge application fee. service charges on replenished amount as applicable under the scheme of WCTL.
- ix) Other terms and conditions would be the same as applicable under of WCTL Scheme of PGBS.

COLD CARD SCHEME FOR GOOD BORROWERS OF CORPORATION

COLD CARD LOAN SCHEME FOR GOOD BORROWERS OF THE CORPORATION

1. INTRODUCTION

RFC is providing financial assistance to the SSI and medium scale units since last 4 decades. During the course of Financing number of new entrepreneurs established themselves as a reputed entrepreneurs and has been recognized by the financial institution and banks as good borrowers. The Corporation has already taken steps to provide financial assistance to good borrowers on liberal terms. In the same series, it is proposed to have a unique scheme for the good borrowers. Under this scheme where RFC itself selects entrepreneur and leave for them to avail finance from RFC. The Corporation may provide financial assistance to meet immediate requirement of funds either for acquisition of fixed assets, working capital or for both without going into detail appraisal. This would facilitate the entrepreneurs to save the higher cost of funds which would otherwise to be borrowed from private financier. The brief features of the scheme are as under-

2. OBJECT

- i) Providing financial assistance to the good borrowers of the corporation to meet out their immediate requirement either for working capital need or to acquire fixed assets or both.
- ii) No detailed appraisal would be carried out. Only entrepreneurs may be identified by analysing past track records with regards to repayment behaviour with the Corporation and financial performance for the last 3 financial years.
- iii) The scope of the scheme has been enlarged by covering the units which have availed WCTL under GB Scheme and repaid 8 EQI and are entitled for replenishment of WCTL.

3. ELIGIBILITY CRITERIA

- i) The unit should have operating/dealing with the corporation for atleast 4 years. (The loan cases which have been paid off in past as per the LDR(excluding prepayment) will be eligible for gold card loan provided their account were classified as standard assets in the last 3 years from the date of clearance of account and they have not availed term loan from Bank. In case they have availed term loan from bank (excluding working capital loan) then at first instance they shall have to avail loan from the Corporation Under any other scheme and operate the loan account at least for one year with satisfactory dealings.)
- ii) The existing debt equity ratio should not be more than 1.5:1 as per balance sheet of the last financial year.
- iii) The account of the unit should have been classified as standard assets in the last 3 financial years.
- iv) Working results and financial performance of the unit should be satisfactory in the last 3 financial years.
- v) The borrower should not have availed any benefit by way of waiver of interest/penal interest or grant of reschedulement in the last 3 financial years and during current financial year.
- vi) There should be no overdue in sister/associate/family concern of The unit and also no benefit of waiver of penal interest should have been granted during last three years.

vii) The working result of the concerns should justify of existing and proposed loan.

Note:

The Silver Card holders can be sanctioned fresh Gold Card loan by accepting prepayment without premium from Silver Card holders in case their repayment behaviour is satisfactory for a minimum period of one year and if the concern fulfils the eligibility criteria of Gold Card Loan Scheme".

4. ELIGIBLE AMOUNT

The eligibility of loan shall be assessed by the corporation which shall not be more than the amount of loan repaid against principal in term loan including UPGB and short term loan under GB Scheme (loan repaid in WCTL a/c shall not be considered). The eligible amount of gold card is considered in two segments i.e. fixed limit and floating limit as under:-

a) The fixed limit: Equal to 100% of loan admissible as above where admissible load is below Rs.10.00 lac. Equal to 90% of admissible loan where admissible loan is Rs. 10.00 lac or more.

b) Floating limit- The floating limit is admissible equal to 10% of total gold card loan admissible where admissible loan is Rs. 10.00 lac or above with the following stipulations:-

i) The fixed limit and floating limit shall be made available in the ratio of 9:1.

ii) Gold card floating limit admissible in the cases where gold card loan admissible is Rs. 10.00 lac or above.

iii) The minimum gold card floating limit shall be admissible Rs.1.00 lac and maximum Rs.5.00 lac.

The unit applying for Gold Card loan after making repayment of 8 F-QI under WCTL shall also be eligible for Gold Card loan to the extent of loan repaid under WCTL.

5. SECURITIES & SECURITY DEBT RATIO

The overall security debt ratio shall be kept 1.75:1 for the purpose of calculation of security, MRV of land and building and book value of plant and machinery and MFA shall be considered. The outstanding in existing loan account(s) and proposed loan shall form part of total debt for calculation of security debt ratio.

6. MODALITIES FOR SELECTING GOOD BORROWERS

The Branch will identify at least 15 to 20 such entrepreneurs/good borrowers who are fulfilling above eligibility criteria and thereafter using his own wisdom and analysing the reputation of the promoters in the society and means of the promoters. The details about the entrepreneurs, position of their loan accounts, their performance. B/S of last 3 years and MRV of fixed assets would be sent. The financial performance of the unit would further be analysed and keeping in view the past track records and recommendations of the Branch, the competent authority would determine the amount of loan to be sanctioned under the scheme.

7. APPLICATION & APPLICATION FEE

After prima facie clearance of the case of the unit, the entrepreneurs shall submit formal application in the prescribed format along with application fee as per the existing norms.

8. INTEREST RATE

a) Fixed rate of interest: Interest is payable at quarterly rest @ 1% below prevailing rate with no further rebate.

b) Flexi rate of interest:

The Flexi rate of interest will be 1 % below the rate of interest applicable under general term loan scheme of that category prevailing from time to time.

Notes:-

i) In case borrower opting for Flexi rate of interest no premium as prepayment would be charged.

ii) No rebate in interest is available on timely payment under this scheme.

iii) The Scheme shall be applicable for only on fresh sanctions under Gold Card Scheme.

Therefore now for loan functioning under Gold Card scheme, the option should be obtained from the borrower before documentation in the prescribed format and in documents appropriate mentions of rate of interest should be made.

iv) The G.L. Code for cases with Flexi rate of interest would be 0584 with initial FRIG.

9. LIQUIDATED DAMAGES

No Liquidated damages shall be charged till default in two consecutive quarters. In case default persists for more than 4 quarters, the amount shall be recalled. Interest on recalled amount shall be charged @ 5 1/4% over and above applicable rate of interest from the date of 1st default to the date of withdrawal of recall notice.

10. SERVICE CHARGES

Service charges @ 1% of amount to be disbursed shall be charged at the time of disbursement.

11. MARGIN AND PROMOTERS' CONTRIBUTION

No additional margin and promoters contribution will be required to be brought in provided that debt equity ratio is not more than 1.5:1.

12. REPAYMENT PERIOD

a) Fixed limit

The loan shall be repayable in maximum 5 years in quarterly instalments including moratorium period.

b) Floating limit

The gold card holder will have option to repay the floating limit (if availed) in a manner convenient to him so that he can avail the limit again after repaying the earlier avancement. However, in any case the repayment of floating limit would be co-terminuous with the LDR of the fixed limit.

Only one account would be maintained for repayment schedule of fixed limit in quarterly instalments and by inflating the last instalments with the floating limit (and limited to outstanding).

The interest would be charged quarterly including the amount outstanding under fixed limit as well as floating limit

The gold card holder will have the facility of prepayment of gold card limits (principal not due) without any prepayment premium and withdraw the same at his convenience on deposition of 1% processing charges on the amount so withdrawn. This facility of depositing and withdrawal of same (to the extent of principal not due on the date of withdrawal) will be available only at the Branch maintaining the account of the gold card holder.

13. MORATORIUM PERIOD

The moratorium period for payment of principal sum would be six months. However interest shall be paid quarterly.

14. SANCTIONING AUTHORITY

The sanctioning authority shall be CMD. If deemed fit CMD may form a committee of selected officers for recommending the case to CMD.

15. EXAMINATION OF FINANCIAL STATEMENT.

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs.40.00 lac. In such cases Branch may ensure following: -

- i) In all loan cases upto Rs. 10.00 lac. B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted.
- ii) However, in loan cases above Rs. 10.00 lac, audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalised/audited, we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

16. DISBURSEMENT

The sanctioned amount would be valid to avail within 6 months from the date of communication of intention of sanction. The party may avail sanctioned amount within 6 months. The disbursement will be released in maximum 3 installments.

17. MODALITIES FOR OPERATING FLOATING LIMIT

- a) The gold card holder can approach any of the Branch (including Delhi Sub office)

of the Corporation for drawing any amount within the overall floating limit in multiple of Rs.50000/- subject to maximum floating limit indicated/ engrossed in the Gold Card by making normal request in writing to the BM alongwith gold card bearing the signature overleaf.

- b) Pending online computerisation, the BM releasing the funds out of the floating limit would verify the signature of the borrower from gold card and check the name of the Borrower from the list of gold card holder (to be sent from HO at regular intervals).

- c)** The branch manager would issue (preferably within one hour of receipt of the request) cheque/requirement for demand draft in the name of the person/concern as may be desired by the gold card holder by debiting of the gold card limit of the party in the concerned branch (through HO).
- d)** The branch manager shall simultaneously recover/deduct the service charges @ 1% of the amount of the disbursement in cash/cheque from the party at the time of issue of cheque/draft.
- e)** A copy of the request of the party along with gold card and voucher/advise of payment would be sent by the BM to the concerned branch for record and necessary action.
- f)** The concerned main branch would return the gold card to its holder when the debited amount against the floating limit is remitted by the loanee. (The remittance of funds towards repayment of installments/interest of fixed limit would not be considered for the purpose of repayment of floating limit).

SILVER CARD SCHEME FOR THK EXISTING GOOD BORROWERS**SILVER CARD LOAN SCHEME FOR THE EXISTING BORROWERS****1. INTRODUCTION**

RFC has been providing financial assistance to the SSI and medium scale units for more than last 4 decades. During the course of financing number of entrepreneurs established themselves as a reputed entrepreneurs and have been recognized by the financial institution and banks as good borrowers. The Corporation has already taken steps to provide financial assistance to good borrowers on liberal terms. In the same series, it is proposed to have a scheme for the borrowers who have repaid loan more than 50% of amount disbursed in term loan. Under this scheme the Corporation may provide financial assistance to meet requirement of funds either for acquisition of fixed assets, working capital or for both without going into detail appraisal. This would facilitate the entrepreneurs to save the higher cost of funds which would otherwise to be borrowed from private financier and also enable RFC to retain first charge on the assets of the concern so that in future if the unit need additional assistance of greater magnitude, it can be met without any legal difficulties, The brief features of the scheme are as under.-

2. OBJECT

To provide financial assistance to the borrowers of the corporation to meet out their requirement either for working capital need or to acquire fixed assets or both.

3. APPRAISAL AND ELIGIBILITY CRITERIA

No detailed appraisal would be carried out. Only entrepreneurs may be identified by Branch by ensuring that the unit fulfills following eligibility criteria:-

- i) The unit should have been operating/dealing with the corporation for atleast 4 years and 50% of loan disbursed should have been repaid.
- ii) The existing debt equity ratio should not be more than 1.5:1 as per balance sheet of the last financial year.
- iii) The account of the unit should have been classified as standard /sub standard assets in the last 3 financial years and as on date of application account is classified in standard category with no overdues.
- iv). The borrower should not have availed any benefit by way of waiver of interest/penal interest in the last 3 financial years and during current financial year. If any been fit availed in last 3 years the same will be re-deposited back.
- v). The unit should have earned cash profit-atleast in one years out of last 2 preceding years.
- vi). There should be no overdue in the loan account of the company as well as sister/associate/family concern of the unit.
- vii). The overall track record has been satisfactory by and large.

Note

With the approval of CMD the unit can be sanctioned fresh Gold Card loan by accepting prepayment without premium from Silver Card holders in case their repayment is satisfactory for a minimum period of one year and if the concern fulfils the eligibility criteria of Gold Card Loan Scheme.

4. ELIGIBLE AMOUNT

The eligibility of loan shall be assessed by the corporation which shall not be more than the amount equal to 50% of loan repaid against principal in term loan (loan repaid in WCTL a/c shall not be considered). The loan shall be considered in two parts:-

- a) Fixed limit - Equal to 90% of total loan admissible be disbursed after documentation.
- b) Floating - Equal to 10% of total loan admissible to be availed by borrower from any of our BO including Delhi Sub Office any time during currency of loan.

The loan so availed shall have to be deposited within the LDR of fixed limit. **Note:**

- 1. The floating limit shall be available to the concern whose total admissible loan is Rs. 10.00 lac or above.
- 2. The minimum floating limit shall be Rs. 0.50 lac and maximum limit is restricted to Rs. 2.50 lac irrespective of amount admissible.
- 3. CMD can enhance eligibility amount of loan under Silver Card Loan scheme to the extent of loan repaid (instead of 50% of loan repaid) in case the security debt ratio after considering Silver Card Loan remains more than 2:1.

5. SECURITIES & SECURITY DEBT RATIO

The outstanding in existing loan accounts and proposed loan i.e. total debt of the unit from the Corporation should not exceed 50% of total security of fixed assets mortgaged to the Corporation. For the purpose of calculation of security, MRV of land and building and book value of P&M and MFA shall be considered. The minimum security debt ratio should not be less than 2:1.

6. APPLICATION & APPLICATION FEE

Alter prima facie clearance of the case of the unit, the entrepreneurs shall submit formal application in the prescribed format alongwith application fee as per the existing norms.

7. INTEREST RATE

1/2 % below the prevailing rate of interest with no rebate on timely payment.

8. LIQUIDATED DAMAGES

Liquidated damages @ 5 1/4% over and above interest rate shall be charged for the amount of default and for the period of default if the default extends even upto 2 quarter.

9. SERVICE CHARGES

Processing charges @ 1 % of amount to be disbursed shall be charged at the time of disbursement.

10. MARGIN AND PROMOTERS' CONTRIBUTION

No additional margin and promoters contribution will be required to be brought in provided that existing debt equity ratio is not more than 1.5:1.

11. REPAYMENT PERIOD

The loan shall be repayable in maximum 5 years in quarterly instalments including moratorium period.

12. MORATORIUM PERIOD

The moratorium period for payment of principal sum would be six months. However interest shall be paid quarterly.

13. SANCTIONING AUTHORITY

The sanctioning authority shall be CMD. If deem fit CMD may form a committee of selected officers for recommending the case to CMD.

14. EXAMINATION OF FINANCIAL STATEMENT

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs. 40.00 lac. In such cases Branch may ensure following:-

- i). In all loan cases upto Rs. 10.00 lac. B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted.
- ii). However, in loan cases above Rs. 10.00 lac. audited B/S is to be furnished invariably in all cases.
- iii). Regarding immediate preceding financial year where B/S has yet not finalised/audited. We may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

15. DISBURSEMENT

a). Fixed limit

The sanctioned amount would be valid to avail within 6 months from the date of Communication of intention of sanction. The party may avail sanctioned amount within 6 months. The disbursement will be released in maximum 3 installments.

b). Floating limit

The floating limit can be availed by the person in whose name the Silver Card would be issued from any of our Branch Office including Delhi Office by surrendering the Silver Card and submitting the request for release in prescribed format.

The following procedure will be followed by disbursing Branch while disbursing floating limit:-

- i). Take a formal request from the Silver card holder as per prescribed format (which should be kept in sufficient copies in Branch) alongwith the Silver Card.
- ii). Verify the signature of the Silver card holder from the signatures available on the Silver Card.
- iii). Issue the cheque/demand draft in favour of the person/concern as desired by the Silver card holder in the formal request in multiple of Rs. 50,000/- subject to maximum floating limit indicated endorsed on the Silver Card.

iv). Recover service charges equal to 1% of the amount so released from the Silver card holder in cash or cheques or deduct the service charges from the amount of floating limit as may be convenient to the Silver card holder.

v). Send the copy of the request of the part)' and Silver card alongwith voucher/advice of payment to the concerned branch where the main account of the Silver card holder is maintained for record and making necessary accounting entries.

vi). On receipt of intimation of disbursement out of floating limit with original Silver card, the concerned branch where the account of the borrower is maintained after passing accounting entries keep the Silver card in safe custody and return the Silver card to its holder as and when the debited amount under floating limit is repaid in total(including interest).

16. RFPAYMENT:

a) Fixed limit

The borrower shall furnish in advance post dated cheques for repayment of loan and interest thereon at the time of first disbursement.

b) Floating limit

Floating limit as and when availed shall be payable on or before last date of repayment.

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TATKAL SCHEME

INTRODUCTION

As it symbolise from the name of the scheme, this scheme provides immediate financial assistance to a unit without entering into detail examination and carrying out detail appraisal. This scheme has been devised in a series of providing financial assistance to our existing good borrowers with unique features.

SCOPE

Fiancial assistance under this scheme shall be provided lo the following purposes:-

- a). To meet out the working capital requirement increased due to receipt of specific order from Government, Defence or other Government Department and reputed established private group.
- b). To meet out increased working capital requirement to execute specific export order.
- c). To meet out immediate funds requirement for purchase of P&M exhibited in international/national level of exhibition and the said plant is available at attractive terms compared to cost of P&M in open market.
- d). To consider additional working capital requirement during peak season in seasonal industries (like cotton ginning and agro based industries etc.) not exceeding 30% of the WCTL considered by bank/corporation for this purpose subject to following conditions:-
 - i). There should be adequate justification of additional working capital requirement in the peak season and also no additional working capital requirement has been made available by the banker during the peak season.
 - ii). The security margin in agro based and seasonal industries is kept at 40% which should be continue to be kept maintain intact while calculating additional working capital requirement in peak season."

ELIGIBLE CRITERIA CRITERIA

Existing units assisted by the Corporation fulfilling the following norms shall be eligible for under this scheme:-

1. The unit should be an existing one and assisted by the corporation irrespective of whether me account of the unit is in operation or the account is squared up in past.
2. The unit should be in production during the last 3 preceding years on date to date basis and working results of atleast 2 years out of 3 years, should reveal positive cash generations including the positive cash generations in immediate preceding year.
3. The unit should have repaid atleast 30% of loan disbursed.
4. The unit's account is classified as standard assets during last 3 full preceding years.
5. The unit has not availed of any concession / relief by way of reschedulement, except refixation based on actual loan disursed, during last 3 years.
6. If any unit/entrepreneur or its sister or family/associate concern have availed benefit of rebate/relief by way of waivement of penal interest/interest in the last 3 financial years, the same is required to be refunded/deposited back while considering financial assistance to such units/entrepreneurs under Good Borrower Scheme
7. There should be no overdues in the loan account of sister/associate concern, if any, financed by the Corporation.

Note:-

In case the Sanctioning Authority feels that a particular case though not eligible under the existing criteria but deserves to be considered on merits after relaxation in the eligibility criteria, a reference may be made to Head Office with specific recommendations stating full reasons in justification of the proposal.

OTHER TERMS AND CONDITIONS

1. AMOUNT OF ASSISTANCE

Above Rs. 10.00 lac to Rs. 50.00 lac subject to maximum exposure of Rs. 500.00 lac (including outstanding in existing term loan account). However, in case of proprietor/partnership, the maximum limit of assistance shall be of Rs. 200.00 lac.

Note:

Higher requirement of loan (uptoRs. 100.00 lac may also be considered on the merits of the case.

2. ADMISSIBILITY OF LOAN

The admissibility of loan shall be calculated as under-
Purpose Security Margin

a) On working capital requirement

(to execute the specific orders) 25%

b) On Plant & machineries (i) 25%

(ii) 50% in case of P&M based on

Virgin/new technology.

3. MORATORIUM PERIOD

Not exceeding 6 months from the date of release of funds.

4. REPAYMENT PERIOD

Initially the term loan will be provided for a short period extended to one year. However where loan availed for acquiring P&M the repayment period may later on converted into regular loan payable in 3 years. In case party want to repay it earlier, no prepayment charge would be levied. The repayment shall be made in equaled quarterly instalments.

5. SECURITY

i). 1st charge/first pari passu charge by way of mortgage of land and building and hypothecation of P&M etc.

ii). 1st charge/exclusive charge over the fixed assets proposed to be created out of the proposed assistance or on the current assets (including debtors) if the assistance proposed to be utilised for working capital requirement.

6. REBATE

No rebate will be given in the first year. However, the rebate on timely payment will be available in remaining two years period.

7. SERVICE CHARGES

The borrower shall pay service charges yearly @ 1% p.a. quarterly on the outstanding amount for term loan payable alongwith Equated quarterly instalment.

8. SECURITY DEBT RATIO

A minimum security debt ratio of 1.5:1 shall be maintained. For the purpose of calculation of security debt ratio, MRV of land (RIICO's present rate) and building shall be considered. The WDV of P&M and MFA shall be considered.

9. APPLICATION AND DOCUMENTS FEE:

- A) Application form fee of Rs. 200/- per application form irrespective of loan amount.
- B) Application shall be deposited alongwith application fee @ 0.1% of the loan amount.
- C) Documentation charges: 1% of loan intended to be sanctioned.

10. INTEREST RATE

Prevailing rate of interest on the date of 1st disbursement shall be charged.

11. LIQUIDATED DAMAGES

Liquidated damages @ 5.25% p.a. shall be charged on the amount of default for the period of default over and above the interest rate applicable.

12. EXAMINATION OF FINANCIAL STATEMENT

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs. 40.00 lac. In such cases Branch may ensure following:-

- i). In all loan cases upto Rs. 10.00 lac, B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted.
- ii). However, in loan cases above Rs. 10.00 lac, audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalised /audited, we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

13. DISBURSEMENT

The amount shall be released in single instalment or in parts if otherwise is required by the unit after ensuring following:-

- a). Security debt ratio of 1.5: 1.
- b). Debt equity ratio of 2:1 or less
- c). PDC's have been obtained.
- d) Fixed assets are fully insured.
- e) In case of company, charge in favour of Corporation filed.
- f) Unit is fulfilling all eligibility criteria.
- g) There is no overdue in the loan account(s) of the unit and also in sister concern's account.

14. REPAYMENT

The loan shall be received through post dated cheques in equated quarterly instalment.

15. SANCTIONING AUTHORITY

All loans irrespective of amount shall be processed and considered at HO. The loan shall be sanctioned by CMD or Committee to be constituted by CMD.

SCHEME FOR GRANT OF WORKING CAPITAL TERM LOAN FOR NON-ASSISTED UNITS OF THE CORPORATION

SCHEME FOR GRANT OF WORKING CAPITAL TERM LOAN TO NON-ASSISTED UNITS OF THE CORPORATION

1. INTRODUCTION

The successful operation of any unit depends on timely and adequate availability of working capital facilities. The corporation is presently financing gap of working capital between the working capital requirement and working capital made available by the banker to its assisted units only. The scheme has proved successful and able to achieve modest business for the corporation. In line of this, it is proposed that Corporation may introduce working capital term loan scheme for non assisted units also which are agreeable to mortgage prime security (i.e. fixed assets of the unit) to the Corporation for availment of WCTL from the Corporation.

2. SCOPE

The following industrial units are eligible for working capital term loan under the scheme:-

- a) Units not assisted by any financial institution/bank and ready to provide prime security of the industrial unit under the first charge of the Corporation.
- b) Assisted units from other Financial Institutions/Bank and ready to provide prime security of the industrial unit under the first charge of the Corporation and there is no overdue/reporting/view against the unit and their accounts are/were classified on standard assets with them in last 3 years.

4. ELIGIBILITY CRITERIA:

The unit fulfilling following criteria would be eligible under this scheme:-

- 1. The unit should have proven track records with regard to repayment with the financial institution/bank in past if assisted by them and there should not be any adverse reporting against the unit from FIs/bank.
- 2. The unit should be in production during the last 3 preceding years on date to date basis and working results of atleast 2 years out of 3 years, should reveal positive cash generations including the positive cash generation in immediate preceding year.
- 3. The unit's account is classified as standard assets during last 3 full preceding years from the date of clearance of final amount with the FIs/bank if assisted by them.
- 4. The unit has not availed of any concession/relief by way of rebate, waiver of penal interest with bank/FIs.

4. QUANTUM OF ASSISTANCE:

The maximum limits of working capital term loan to a company/concern shall be Rs. 100.00 lac.

5. COMPUTATION OF WORKING CAPITAL REQUIREMENT:

1. METHOD-I

The total working capital requirement at projected level of operation is to be worked out as per existing practice i.e. normal level of operation. The projected turnover shall be considered based on past trend of the unit.

II. METHOD-II

Working capital shall be calculated assuming four cycle of working capital funds in a year i.e. 25% of the projected turnover.

Least of the above two methods, would be considered as total requirement of working capital.

Note:-

1. The projected turnover can be assumed 25% higher over the actual turnover of last year. However, higher turnover can also be assumed provided there is justification of that e.g. addition in installed capacity by way of expansion, specific orders received during the year, under utilization of the capacity of plant for want of adequate working capital from the Bank.

2. Where the unit is doing job work in past due to non availability of adequate working capital from the bank but now want to do its own work, the projected turnover may be calculated as under: -

Convert job receipt of last year into turnover by multiplying the quantity produced on job to estimated sales price per unit.

B. COMPUTATION OF WORKING CAPITAL TERM LOAN:

The working capital term loan shall be calculated by considering 75% of total working capital requirement. The fund based working capital facilities being availed by the Borrower from the bank shall be subtracted from the amount of WCTL so calculated.

In case of agro based industry, working capital term loan shall be considered 60% of total working capital requirement.

The stock of perishable nature shall not be considered for financing.

6. SECURITY FOR WORKING CAPITAL TERM LOAN:

The requirement of security shall be 200% of the proposed working capital term loan. Working capital term loan shall be secured by the following security:-

a). First charge by way of mortgage of land and building and hypothecation of plant and machinery etc.

b). In case the primary security of industrial assets of the unit is insufficient than collateral security having value not less than the shortfall shall be furnished. The security may be the immovable property located in urban area having clear mortgagable title documents and/or NSC, FDR, Kisan Vikas Patra etc.

c). Additional personal guarantee of directors in case of company (excluding professional and nominee director).

d). First charge by way of hypothecation of current assets such as raw material, finished goods, stores and spares to be acquired by the proposed working capital term loan provided the unit has not availed any working capital facility from any bank.

Note:

The pre sanction inspection shall be carried out by the appraisal team/concerned branch officers to have a broad view about the working of the unit, its performance etc. as the unit is not assisted by the Corporation in past as such it is stipulated as a pre condition for sanction.

7. ASSESSMENT OF SECURITY:

The value of security will be assessed as under:-

- i). MRV of land and building.
- ii). Book value (written down) of P&M, Misc. fixed assets shall be considered.

Note:-

- a). In case the unit is not charging depreciation, adequate provision of depreciation may be provided for arriving at the written down value of P&M and MFA.
- b). In case any unit revalued its P&M. the acceptable value before revaluation and after depreciation shall be considered.

8. RATE OF INTEREST:

- i). The interest on working capital term loan shall be prevailing rate of interest chargeable on term loan to SSI/MSI units at the time of execution of loan documents/ 1st disbursement.

- ii). **LIQUIDATED DAMAGES:**

In case of default, liquidated damages @ 5.25% p.a. shall be charged on the amount of default for the period of default.

- iii). **REBATE:**

Rebate @ 1% in interest rate on timely payment shall be allowed.

9. REPAYMENT PERIOD:

- a) The loan shall be repayable in 16 equated quarterly installments.
- b) A minimum period of 3 months from the date of 1st disbursement may be provided as moratorium period.
- c) The first equated installment shall fall due on 1st day of quarter i.e. January, April, July and October falling immediately after expiry of 3 months from the date of first disbursement.

d) The applicant shall furnish PDCs against the repayment of principal and interest before releasing the 1st disbursement.

e) In case of any balance amount is payable/receivable as the case may be the same shall be adjust in last installment.

10. SANCTIONING AUTHORITY:

Being a new Scheme, the cases would be processed/examined and sanctioned at HO by the authorities as per the delegation of powers.

11. APPLICATION FEE:

i). Application form fee of Rs. 200/- per application form irrespective of loan amount.

ii). WCTL application shall be deposited alongwith application fee @ 0.1% of the loan amount.

12. SERVICE CHARGE:

The borrower shall pay service charges yearly @ 1% p.a. quarterly on the outstanding amount for working capital term loan. The first payment shall fall due simultaneously with the interest and shall be included in equated installments.

13. OTHER TERMS AND CONDITIONS:

i). The borrower shall be required to raise his stipulated promoters contribution in full in the form of share capital/unsecured intt. free loan or internal- accruals before disbursement of WCTL. In no case debt equity ratio shall be permitted to go beyond 2:1 after taking into account the proposed loan and margin to be brought in as above.

ii). That the unit will submit stock statement in the specified format, quarterly.

iii). That all the business transactions shall be routed through the designated Bank.

iv). That the Corporation shall have a right of physical inspection of the unit and verification of the stock and call for any information including books of accounts as

may be required from time to time.

v). That no investment out of working capital term Loan will be made in any subsidiary/associate concern.

vi). INSURANCE:

a). The stocks of raw material, finished goods, goods in process, consumable stores and spares shall be kept insured by the borrower at his own cost (only in fire prone products).

b). The fixed assets (excluding land) shall be insured equal to the amount of acceptable value of security (only in fire prone units).

vii). In case of company, appropriate charge has to be registered with Registrar of the Companies.

viii). All promoters/directors (excluding nominee director and professional directors) shall give personal guarantee for timely repayment of working capital term loan.

14. EXAMINATION OF FINANCIAL STATEMENT

In some of the proprietorship/partnership cases, the audited B/S are not submitted by the party as they are out of purview of preparing audited B/S particularly units having turnover below Rs. 40.00 lac. In such cases Branch may ensure following:-

i). In all loan cases upto Rs.10.00 lac, B/S duly certified by the C.A. certifying "it is correctly drawn from the books of accounts" may be accepted.

ii). However, in loan cases above Rs. 10.00 lac, audited B/S is to be furnished invariably in all cases.

Regarding immediate preceding financial year where B/S has yet not finalised/audited, we may examine the cases on the basis of provisional B/S of that year and may obtain audited B/S as and when it is completed.

15. PROCEDURE FOR DISBURSEMENT:

The disbursement of WCTL shall be made as under-Taken amount as prescribed shall be released simultaneously with documentation which shall be adjusted from 1st installment to be released after documentation.

The loan shall be disbursed in 3 installments as under-

a) First installment equal to 50% of sanctioned WCTL after deducting token amount as above shall be released on submission of following documents:-

i). Statement of net current assets (excluding bank limit) as per prescribed format.

ii). CA Certificate for raising required margin money as per prescribed format.

iii). Insurance of fixed assets (excluding land) equal to amount of acceptable value of fixed assets (in case of fire prone industry only).

iv). Insurance of stock equal to the value of stock shown in the statement of net current assets submitted by the unit (in case of fire prone).

v). No overdues certificate in existing term loan accounts as well as in the accounts of sister/associate's concern, if any.

vi). 16 PDCs for repayment of loan and interest thereon.

b) Second installment equal to 25% of sanctioned loan shall be released after submission of the following documents: -

i). Latest statement of net current assets.

ii). CA Certificate for utilisation of earlier disbursed amount as per prescribed format,.

iii). No overdue certificate in existing term loan account as well as in the account of sister/associate concern, if any.

iv). Form no. 8 and 13 for creation of charge in favour of RFC over the fixed assets and/or current assets of the unit (required in the case of company).

c). Hinal disbursement equal to 25% of sanctioned loan shall be released after carrying out visit of unit to have a broad idea about stocks of raw material, work in process finished goods and of fixed assets under the charge of Corporation.

PLATINUM CARD LOAN SCHEME

PLATINUM CARD LOAN SCHEME

(For Good Borrowers)

1. INTRODUCTION:

RFC is providing financial assistance to the SSI and medium scale units since last four decades. During the course of financing, a number of entrepreneurs have established themselves as good borrowers (GB) of the Corporation and the Corporation has already taken steps to provide financial assistance to them on liberal terms through its various exclusive schemes.

In order to encourage the existing entrepreneurs/good borrowers to have continued business relationship with the Corporation in a competitive business scenario, the Corporation has now introduced a new scheme termed as "Platinum Card Loan Scheme" so that the existing entrepreneurs availing loan facilities under GB schemes with satisfactory repayment behaviour may be further elevated /upgraded under this new scheme.

2. PURPOSE:

Providing of financial assistance to the existing good borrowers of the Corporation availing loan facilities under GB Schemes, with satisfactory repayment behaviour, to meet out their immediate requirement, either for working capital limit or to acquire fixed assets or both.

3. ELIGIBLE UNITS:

→ Existing gold card holders with proven track record of repayment of two years under Gold Card Scheme.

OR

→ Existing gold card holders with proven track record of repayment of one year under Gold Card Scheme and two years in other Good Borrowers Schemes.

Note: This facility would not be available in joint finance cases.

4. ELIGIBILITY CRITERIA:

i). The existing debt equity ratio of the unit is not more than 1.5:1 as per balance sheet of the last financial year.

OR

On considering the proposed platinum card limit, the debt equity ratio would not exceed 2:1.

ii). Working results and financial performance of the unit should have been satisfactory in the last 4 financial year and it should have revealed positive cash generation at least for 2 years in the last 3 years.

iii). There should be no overdue in sister/associate/ family concern of the unit and also no benefit of waiver of penal interest should have been granted during last three years.

iv). The working result of the concerns should justify repayment of existing and proposed loan.

5. ELIGIBLE AMOUNT:

i). The eligibility of loan shall be assessed by the Corporation, which shall not be more than 1.25 times of the loan repaid against principal in term loan, including UPGB and short term loan under GB scheme (loan repaid in WCTL/Silver Card/Gold Card loan account shall not be considered).

ii). The eligible amount under Platinum Card Scheme would be considered in two segments ie. Fixed limit and floating limit.

iii). The floating limit would be equal to 10% (in multiple of Rs.0.50 lac) of total platinum card loan admissible, subject to maximum of Rs.5.00 lac.

iv). Platinum card would be considered only in the cases where admissible loan under this scheme is Rs.10 lac or above.

6. SECURITIES AND SECURITY DEBT RATIO:

The security debt ratio should not be less than 1.75:1. For the purpose of calculation of security, MRV of land and building and book value of plant and machinery and MFA (subject to maximum of MRV of land and building) shall be considered.

Note: If any gold card holder becomes eligible for platinum card, while considering the eligible amount under Platinum Card Scheme, the outstanding in existing gold card account will be simultaneously squared up and shall be upgraded to the Platinum Card Scheme by way of roll over. In other words, the entrepreneur cannot have gold card as well as platinum card simultaneously. However, no prepayment charges would be charged for such upgradation of gold card loan amount. The borrower shall, however, have to surrender his gold card to get Platinum Card.

7. PROCESSING OF LOAN APPLICATION:

No detailed appraisal would be carried out. Only entrepreneurs shall be identified by analysing past track records with regards to repayment behaviour with the Corporation and financial performance for the last four financial years.

8. APPLICATION AND APPLICATION FEE:

After prima facie clearance of the case of the unit, the entrepreneurs shall submit formal application in the prescribed format alongwith the application fee as per the existing norms.

9. MARGIN AND PROMOTER'S CONTRIBUTION:

No additional margin and promoter's contribution will be required to be brought in, provided that the existing debt equity ratio is not more than 1.5:1. However, if after proposed availment of platinum card limit, the debt equity ratio increases beyond 2:1, the concern/unit has to bring additional capital or unsecured (Interest Free) loan so as to keep the debt equity ratio below 2:1.

10. PROCESSING CHARGES:

Processing charges @1% of amount to be disbursed shall be charged at the time of disbursement.

11. INTEREST RATE:

The unit would have the option to choose fixed or flexi rate of interest at the time of filing the application. Request for change in option in interest from fixed to flexi and vice versa can be considered by the GM (Loans) before execution of loan documents. After execution of loan documents, no such request shall be entertained.

Fixed rate of interest: 1.25% below the prevailing applicable rate of interest under the General Term Loan Scheme, interest being payable quarterly, with no further rebate.

OR

Flexi rate of interest: 1.25% below the rate of interest applicable under the General Term Loan Scheme prevailing from time to time.

NOTE:

In case borrower opts for flexi rate of interest, no premium on prepayment would be charged.

No rebate in interest is available on timely payment under this scheme.

12. LIQUIDATED DAMAGES:

No liquidated damages shall be charged, except in case of default in two consecutive quarters. In case default persists for more than two quarters, liquidated damages shall be charged @ 5.25% over and above the applicable rate of interest for the period of default on the amount of default.

13. REPAYMENT PERIOD:

The loan shall be repayable in maximum 5 years in quarterly installments; (including a moratorium period not exceeding six months) through PDCs of principle sum of fixed limit. Interest is to be paid on due dates separately.

14. MORATORIUM PERIOD:

The moratorium period for payment of principal sum would not exceed six months. However, interest shall be paid quarterly.

15. DISBURSEMENT:

The disbursement will be released in maximum two installments.

16. VALIDITY OF SANCTION:

The sanction will be valid for 6 months only from the date of communication of sanction. Extension in sanction beyond 6 months to 12 months shall be considered by the sanctioning authority.

NATIONAL EQUITY FUND SCHEME

Schedule 1/18 A

NATIONAL EQUITY FUND SCHEME

1. OBJECTIVE

The objective of NEF scheme is to provide equity type support to entrepreneurs for setting up new projects in tiny/small scale sector for undertaking expansion modernisation, technology upgradation and diversification by existing tiny, SSI and service enterprises and for rehabilitation of viable sick units in the SSI sector which fulfill the specified eligibility criteria, irrespective of location. Assistance from NEF helps the small scale units in strengthening their equity base and thereby improving their acceptability for term financing by primary lending institutions (PLIs)

2. Eligible Institutions:

State Financial Corporation, Twin-function Industrial development Corporation, scheduled Commercial Banks and select State urban and State Co-operative banks.

3. Eligibility criteria

a). New projects in tiny and small scale sectors for manufacture, preservation or processing of goods.

b). Existing tiny and small scale industrial units including those which have availed of NEF assistance earlier undertaking expansion / modernisation/ technology upgradation/ diversification etc.

c). All new and existing service enterprises, including those which have availed of NEF assistance earlier (EXCEPT road Transport Operators). However, in case of service enterprises, the assistance under NEF would be made available only for acquisition of fixed assets.

d). Sick units in the tiny and small scale sectors including service enterprises which are considered potentially viable. The rehabilitation proposal should conform to the norms prescribed under SIDBI's Refinance Scheme for Rehabilitation of Sick Industrial Units.

e). Projects which avail of any margin money or seed/special capital assistance under The schemes of Central or State Government, State Financial Corporation and other State Level Institutions or Banks (except Central/State Investment Subsidy which may be retained for meeting working capital requirements will not be eligible for assistance.

f). Availment of refinance in respect of term loan for the project by SIDBI is a pre-requisite for extending equity type assistance under the scheme.

g). Projects for installation of Semi Automatic /Automatic looms in the Decentralised Power loom Sector under the Modernisation Programme of Power Looms under TUF Scheme subject to the proposals satisfying the norms and parameters of NEF Scheme.

4. Project cost:

Project cost (including margin money for working capital) should not exceed Rs.50 lacs in the case of new projects. In the case of existing units and service enterprise, the total outlay, including the proposed outlay on expansion/modernisation./technology upgradation/ diversification or rehabilitation should not exceed Rs.50 lacs.

5. Promoters contribution: Minimum 10% of Project cost

6. Debt Equity Ratio 65:35 or 1.857:1

(Excluding State Investment Subsidy) However, a flexible approach may be followed in the case of rehabilitation proposals.

7. Nature of assistance

Equity type assistance in the form of Soft Loan

8. Amount of Assistance

Amount as may be required to meet the gap in equity as per prescribed debt equity norms, after taking into account promoters contribution, subject to a maximum of 25% of project cost or Rs. 10.00 lac per project whichever is lower.

9. Terms of assistance

i). Interest

No interest is charged on the soft loan component except service charge @ 5% out of which 1 %p.a. would be retained by the eligible PLIs and remaining 4% p.a. would be passed on to SIDBI.

ii). Repayment period

7 years (including moratorium upto 3 years) for the soft loan. The repayment period thereof should however be coterminus with the repayment period of normal term loan for the project.

Whenever borrowers are making repayments/prepayments of term loans, the PLIs may insist on repayment of soft loan and wherever soft loan repayment are not received,, the repayments/prepayments so received may be proportionately adjusted by the PLIs towards term loan and soft loan payments to SIDBI may correspondingly be made.

iii). Security

No security (including collaterals) is to be insisted upon for the soft loan. However, collateral security to the extent of 50% of term loan shall be insisted upon.

However, CMD is authorised to relax the condition of collateral security (but not below 25% of term loan for fixed assets.) suitably in deserving cases , so that assistance is not denied to deserving entrepreneurs only on account of non availability of collateral security to the extent of 50% of term loan on fixed assets Under Single Window Scheme (SWS (collateral security of 150% of the WCTL shall continue to be insisted upon.

10. Other

- i). the total fund requirement of project in the form of equity assistance under NEF, term loan and working capital is to be provided by a single agency.
- ii). The projects covered under the Single Window Scheme (SWS) can also be extended assistance under NEF Scheme if it satisfies the eligibility criteria under both the scheme. NEF assistance in such cases would be restricted to 25% of the cost of the fixed assets (project cost less margin money for working capital).
- iii). Credit risk in respect of assistance out of NEF is shared equally by Govt. of India and SIDBI.
- iv). In the cases of loan proposal where the eligible PLIs are satisfied of the eligibility and need to provide NEF support they may make necessary provision in this regard even by redrawing the financing pattern so as to provide the required, component of equity support out of NEF to all deserving small scale units.
- v). Like any other interest/charge processing charge has to be recovered from the borrowers by the eligible PLIs and retained by them PLIs are not to dispense with recovery proceedings on account of absence of charge on assets etc. and take similar steps for recovery of NEF as in the case of recovery of term loans. The legal expenses incurred for recovery of arrears of NEF assistance will be fully borne by SIDBI. All other terms and conditions applicable to term loan in this regard are applicable mutatis mutandis to NEF assistance.
- vi). In the event of default in the repayment of instalments of the soft loan or processing charge or any postponement thereof allowed by SIDBI/Bank/Corporation, such instalments) and arrears of service charges, unless otherwise agreed to by SIDBI shall carry interest at a rate which shall not exceed the rate of interest applicable to normal loans lent and advanced by SIDBI at the time of such default or postponement.

11. Procedure for availing of the Assistance

No separate application is to be submitted for seeking assistance under the NEF Scheme. Entrepreneurs while applying for term loan assistance from the above said eligible institutions can indicate the amount of NEF assistance in their financing plan.

Procedures

And

Guidelines

Legal & Documentation

LD

PROCEDURE FOR EXECUTION OF DOCUMENTS - EXAMINATION OF TITLE DOCUMENTS ETC.

TITLE DOCUMENTS ETC.

This Chapter prescribes the procedure to be adopted in the Head Office/ Branches in regard lo execution of loan and subsidy documents, in this chapter the following terms (unless the context justifies anything otherwise) have the meaning as indicated below:-

Documentation Cell:

Implies 'Law Section' in Head office and 'Cell' dealing with execution of documents at Branch Office.

Disbursement Cell:

Refers to Finance (Disbursement) Section in I lead Office and Cell dealing with disbursement of loan at Branch Office

Loan Cell:

Refers to 'Loans Section' in Head Office and 'Cell' dealing with appraisal of loan applications at Branch Office

Accounts Cell:

Refers to Accounts Section in Head Office and 'Cell' dealing with maintaining of Accounts Books at Branch Office

PLACE FOR EXECUTION OF LOAN DOCUMENTS

I.I Execution of loan documents will be carried out as under

In Head Office : All Joint finance cases

In Branches : All cases except Joint Finance Cases

In DICs:	Loans	upto	Rs.50.000/-
FUNCTIONS	OF	THE	DOCUMENTATION CELL

2.1 Documentation Cell is responsible for performing following functions:

(a) Documentation work

Examination of title document of the properties offered as security and getting the documents of loan executed.

(b) Court cases & legal work

For giving legal opinion in cases referred to it by the other cells and Branches and attending court cases filed by or against Corporation

PROCEDURE RELATING TO DOCUMENTATION

3.1 Soon after issue of sanction letter to the party by Loans Section, loan file is being forwarded to the Documentation Cell for compliance of terms & conditions of the sanction letter and execution of documents.

3.2 Documentation Cell soon after receipt of loan file, will issue a letter to the loanee concerned asking it to submit acceptance of terms & conditions of sanction letter and also to deposit service charges (if not deposited) and lo comply with the requirement, of letter of sanction (Performa RFC: Legal-I)

SUMMONING OF TITLE DEEDS

4.1 Simultaneously another letter will be issued to the concerned Regional Manager RIICO/Dy. Director (Infra) for sending the original lease deed with regard to land allotted to the loanee for creation of equitable mortgage (Performa RFC: Legal -2)

4.2 In case of 'land' other than in RIICO/State Government Industrial Area, entrepreneur is required to submit Photostat copies of the sale deed or any other title documents along with vendor's title deeds of its immovable property on which industry will be set up (Loanee may also be asked to bring the original title deeds for verification)

4.3 In case where mining lease is to be mortgaged by way of primary security or collateral security, a letter should be issued to the Mining Engineer/Asstt. Mining Engineer of the concerned area for sending the original mining lease deed for creation of equitable mortgage by deposit of original mining lease deed (Performa RFC: Legal -2-A).

4.4 After receipt of original mining lease from Mining Engineer/Asstt. Mining Engineer. Mines & Geology Department and after execution of documents for mortgaging the lease deed (equitable mortgage by deposit of original mining lease and undertaking in Performa RFC: Legal-2-B) be sent to Mining Engineer/Asstt. Mining Engineer for payment of deed rent during the period or take over of mining lease by Corporation."

4.5 At the time of execution of documents for mortgaging the mining lease by the borrower/guarantor/mortgagor a letter of authority for transfer of mining lease In favor of the Corporation or such other company/person be taken for the compliance of provisions of Rule-37 (2) of Mineral Concession Rules, 1986 or Rule 15(1) of Rajasthan Minor Mineral concession Rules, 1986(Performa RFC: Legal 2-C."

TITLE EXAMINATION

5.1 Examination of title of land of the loanee is a very important task, which the Documentation Cell has to perform.

5.2 In cases of Government land the problem would generally be a simple one. In case of land allotted by the Government/Government Agency, the only points to be verified are:

(i) The lease deed of land is in the Borrower's name and the same should be registered with the concerned Sub Registrar.

(ii) That the measurement of the land is in accordance with the scheme approved by the Corporation.

(iii) That the purpose of lease should be the same for which the loan has been sanctioned by the Corporation.

(iv) That the borrower i.e. Lessee has got the power of assignment/mortgage the land in favour of RFC or any other financial institutions for the security of financial assistance granted by the aforesaid institutions.

Note: If no such clause is available in the lease deed, the Documentation Cell will confirm from the lessor through a letter that lessor has no objection to the assignment or mortgage of the land for the purpose of the particular industry for which the borrower has approached the RFC for loan.

5.2A Title examination for the land converted under the Rajasthan land Revenue (Conversion of agricultural into non-agricultural land) Rules, 1961 Rule 2-B

(i) The amendment made in the Rajasthan Land Revenue (Conversion of agricultural into non-agricultural land) Rules, 1961 in the year 1978 has been examined and after consideration, it is found that no lease deed required for the land which has been converted under rule 2-B of the said rules which is reproduced as under:-

2.B "Use of Agricultural land, for setting up of small industry"- whenever any person holding any land for the purpose of agricultural, wishes to use it or a part thereof for the purpose of constructing of a factory or a mill or for setting up of a small industry, he shall be able to do so subject to the following conditions:

(1) The area so used shall not be more than 500 Sq. mtrs or 2% of the holding whichever is higher.

(2) For all conversions for putting agricultural land to the aforesaid purpose, the premium and urban assessment as provided hereinafter in these Rules shall be payable. On such payment the land shall be deemed to have been converted automatically and shall be so entered in the revenue record.

(3) The facility provided in condition No.2 shall not be available for lands situated within the municipal limits of town or city.

(4) In case of town or cities having a population of one Lakh or more, the facility shall not be available within a distance of 8 miles of the municipal boundary.

(5) In case the land is so used by a person who has obtained the same in verification of clause(a) of Section 42 of the Rajasthan Tenancy Act, 1955 (Rajasthan Act in of 1955), he shall have to seek exemption under the third proviso to section 42(a) of the said Act.)

(ii) Simultaneously the amendment in rule 3 has also been made and by this amendment land which is to be converted under the provisions of rule 2-B has been excluded from the procedure to be adapted for conversion of agricultural into non-agricultural land for the land which is not more than 500 sq. metros or 2% of the holding whichever is higher. In view of this amendment, the procedure for conversion of land and execution of lease deed as provided under rule 5 has not been made applicable to the cases which are to be used for setting up small industries by a holder of agricultural land.

(iii) Now the question that arises is that if no lease deed is executed in cases where the agricultural land has been converted into non-agricultural purposes under rule 2.-B then what will be the document for creation of equitable mortgage for the security of loan. After careful consideration and examination, it has been decided that the facility of equitable mortgage to all such entrepreneurs who are setting up their industry over the land which has been converted under the provisions of rule 2-B can be extended by taking into deposition the under mentioned documents:

1 Original sale deed or any other title document by which agricultural land has been transferred by the owner of the agricultural land in favour of the purchaser (loanee).

2 When the sale deed of agricultural land is not there, the certified copy of mutation entry having the endorsement of conversion of land into non agricultural land for setting up a small industry in the name of a loanee may be taken.

3 Original receipt of conversion amount deposited.

4 Certified true copy of transfer entry in revenue record i.e. Namantarankaran Paniikaran.

iv) It is further prescribed that while accepting the equitable mortgage on deposition of aforesaid documents, the Branch Manager is required to examine & ensure the case on following points:-

1 The Branch Manager or his authorized officer be deputed to inspect the site to ascertain the correct situation of agricultural land so conveyed and also he may see that the portion of agricultural land should be such area of total holding on which uninterrupted entry is possible i.e. the entry to the land so converted should be nearer to the main road from where the entry is free from any obstacle or objection and if the situation is not in accordance with required manner then the borrower may be advised to get the land converted which is nearer to the main road and entry to such land is uninterrupted. More specifically, the land should not be converted in the middle of the total holding to avoid any dispute by the borrower himself, in case any recovery action is taken by the Corporation.

2 "It may be ensured that the automatic conversion order is supported by a map of land indicating the specific marking of portion of land converted for industrial use, duly approved and certified by the Tehsildar.

It is further clarified that where the agricultural land is in the joint name or is purchased in the joint name then the conversion of land under these rules should be only the portion of land permissible under these rules and should be in joint name but the conversion of land after sub-division by the joint holders of the agricultural land into industrial land should not be accepted. It is further clarified that if the Joint holders want to set up individual units in their name after sub-division of agricultural land then they may be advised to get the land converted under the Rajasthan Industrial Area (Allotment) Rules, 1959.

3 Soon after the creation of equitable mortgage the Branch Manager shall inform the Revenue Authorities and the Joint Director, DIC by a registered letter that land converted for industrial use out of Khasra No -----vide conversion order dated-----

has been mortgaged with the Corporation for the security of its loan and should not be reconverted for agricultural use or transferred during the currency of Corporations' loan.

5.2B (a) While accepting the equitable mortgage in the cases where the agricultural land has been converted for non agricultural purposes under the Conversion Rules of 1992 shall take into deposition the following documents:

- i) Original Registered Sale Deed or any title documents by which agricultural land has been transferred by the owner of the agricultural land in favour of the purchaser (Loanee).
- ii) Certified true copy of Jamabandi and mutation depicting transfer of agricultural land.

or

In case the land is transferred by way of partition, certified true copy of order of partition passed by SIX) of AC'S Court and Jamabandi and Mutation giving effect to partition. Map depicting demarcation of partition in Revenue Map

or

In case the agricultural land is acquired through inheritance, certified copy of Mutation entry and the Jamabandi depicting inheritance.

iii) Original copy of conversion order issued by the prescribed authority in Form "B" to the applicant (Khatedar Tenent) along with the trace map of the convened land showing four boundaries and area of the land of which conversion has been made duly signed by the prescribed authority.

iv) Original receipt of conversion amount deposited.

b) It is further prescribed that while accepting the equitable mortgage on deposition of aforesaid documents, the branch should also ensure as under:

i) The Branch Manager or his authorized Officer be deputed to inspect the site to ascertain the correct situation of agricultural land so converted and also he may see that the portion of agricultural land should be such area of total holding on which uninterrupted entry is possible i.e. the entry to the land so converted should be nearer to the main road from where the entry is free from any obstacle or objection and if the situation is not in accordance with required manner then the borrower may be advised to get the land convened which is nearer to the main road and entry to such land is uninterrupted. More specifically, the land should not be converted in the middle of the total holding to avoid any dispute by the borrower himself, in case any recovery action is taken by the Corporation.

ii) It may be ensured that the conversion order is supported by a map of land indicating the specific marking of portion of land converted for industrial use duly approved and certified by the Prescribed Authority.

iii) We must obtain certified copies of Jamabandi & Mutation of the period prior to conversion as well as after the conversion. It may happen that the agricultural land is in the name of more than one person and the land is convened in the name of all but the loan application is presented by one of them.

EXPLANATION

(a) "In case of Sole Proprietary concern we can accept the land which is convened in the name of sole proprietary of the concern without insisting for inserting the name & style of unit in which he is carrying on business by obtaining loan from us."

(b) "In cases where land is convened in the individual name and unit in being set up by Partnership Firm or the Company or the Co-operative Societies as the case may be in such cases land so convened shall be transferred by executing Transfer Deed/Sale Deed, duly executed in favour of proposed borrower, because under the said Rules, the prescribed authority is not authorized to modify the conversion order in the name of the Partnership Firm, Company or the Co-operative Societies, as after its conversion, the land is treated as free hold land and same can be transferred without permission of the prescribed authority under the Rules. Therefore in the cases where the conversion order in the indifferent name then in the applicant's name, the Branch Manager should advise the party to get the land transferred in the name of the concern who has applied for loan."

iv) " Soon after the creation of equitable mortgage, the Branch Manager shall

send the Regd. AD letter to the Revenue Authority for making endorsement of mortgage in 'Red Ink' in the special column of Jamabandi and keep a copy of such letter alongwith loan documents for record. Thereafter action for disbursement of loan may be taken."

v) The Branch Manager while accepting equitable mortgagee of land which had been convened under the aforesaid rules, may also ensure that land is being

used For the purpose for which it has been converted within the period of two years from the date of issue of conversion order as prescribed under rule 13 of aforesaid Rules.

c) For compliance of point No. (iv) the orders had already been issued by the Dy. Secretary, Revenue Govt. of Rajasthan vide their letter No. 6(6)/Rev/6792/6 dated 12.5.93 instructing all the Revenue Authorities to make entry of the mortgage created by the Corporation (copy marked as Annexure 'D' as per PG Circular No. 546 dated 7/12/1993). A draft letter to be sent by the Manager (Br.) to the Revenue Authorities for our endorsement as marked as Annexure 'E' as per PG Circular No.546 dated 7/12/1993

d) It is also clarified that the aforesaid rules of 1992 are applicable to the lands which have been converted in the rural areas only, and, therefore, if in any case land is converted for industrial purposes in the urban areas, it will not be governed by the conversion Rules of 1992 and, in such cases, the borrower be advised to obtain lease deed for the converted land which is to be converted under the different existing rules for urban areas.

5.3 Private Land: In case of private land, the Documentation Cell shall examine title to the land of the borrower along with the chain of vendors title deeds and shall examine the same from the initial stage to the last stage and will verify the vendors title in each case.

5.4 Joint Ownership Land: In case of Joint Ownership land, either both the owners should be the loanee or the co-owner should make a relinquishment deed or transfer deed duly registered with Sub Registrar in favour of the borrower. The original title deeds of the land along with original vendor's title deeds should be taken in deposition at the time of creation of quotable mortgagee and must be kept in safe custody of the Corporation.

5.5. Land Owned by a Partner: There are cases where the land of the firm is owned by one of the partners in a partnership firm. In that case an affidavit may be taken for transferring the said property in common pool of the firm (Performa No. RFC: Leg-3).

5.5A Examination of Pattas for the land granted by Gram Panchayat

In cases where the borrower has offered the security of an immovable property i.e. Abadi Land acquired under pattas granted by Gram Panchayat. the Panchayat Patta may be examined keeping in view the following points:-

i) That the patta has been issued under the signature of the Sarpanch and in his absence under the signatures of Up-Sarpanch and two other Panches of the Gram Panchayat;

ii) That such a patta contains the exact location of the land, its total area, four boundaries and a site plan of land is also attached with it;

iii) That in cases where the borrower is holding old panchayat patta for land granted by Gram Panchayat without consideration or free of cost in case of SC/ST/and/or where consideration is not exceeding Rs.99/- and is on a printed formal without stamp, such a patta can be accepted for creation of Equitable Mortgage for security of our loan. And if such a consideration is Rs.100/- or more, then the patta should always be on a requisite stamp paper and should be registered one, because any documents of which consideration exceeds Rs. 99/- requires compulsory registration U/s 17 of the Indian Registration Act, 1908.

iv) that a certified true copy of the Resolution passed by the Gram Panchayat for allotment of such a patta as stated in the patta itself, should be obtained;

v) That in case of a patta granted in favour of an SC/ST, the allottee be required to obtain written permission of the Gram Panchayat for mortgaging the land to the Corporation for obtaining financial assistance or mortgaging it by way of collateral security to the Corporation.

Note: To avoid any complication with regard to issue of patta by the Panchayat, it is advisable that whenever such pattas are accepted for creation of Equitable Mortgage for the security of loan by way of original security or by way of collateral security, the Branch Manager should always either get the clarification from the concerned Gram Panchayat with regard to the allotment of patta or if practicable, this fact may also be got confirmed by deputing some person from Branch Office.

5.5(B) EXAMINATION OF TITLE OF LAND SITUATED IN THE STATE OF HARYANA OFFERED FOR COLLATERAL SECURITY

1 In the State of Haryana the immovable properties broadly falls in three categories i.e.

(I) Lands situated within the Municipal, Limits (Urban Area); (ii) lands situated in villages (Rural Area); and (iii) the lands and buildings situated in the industries estate developed by the Haryana State Industrial Development Corporation (HSIDC) and Haryana Urban Development Authority (HUDA) or Department of Industries. In case of collateral security, we are concerned for lands falling in first two categories for which we have to take/examine the following documents:

a) Where land is situated in Urban Areas;

- i) Regd. Sale Deed
- ii) Certified extract of Municipal Assessment Register for last 5 years;
- iii) Certified copies of Khasra & Khatauni if land is situated in semi-urban area (for last 12 years for khasra and last 5 year for khatauni);
- iv) Search Report from approved Advocate for a period of 12 years showing that property is free from all encumbrances along with other relevant papers connected therewith like Jamabanthas. Mutations, Court Decrees, Lease Deed, Relinquishment of lease etc,

b) Where land is situated In Rural Area:-

- i) Regd, Sale Deed.
- ii) Copies of Khasra & Khatauni showing the mutation of the seller/vendor (for last 12 years for khasra and last 5 years for khatauni);
- iii) Village map to verify the approach;
- iv) Search Report from an Advocate for a period of 12 years showing that property is free from all encumbrances;
- v) Mutation in favour of seller and purchaser giving details of the land like khasra Nos. corresponding with the sale deed/jamabandi in case only a part of khasra no. has been purchased, it should be clearly demarcated on Patwari's shizra and copy of (his map should be placed on concerned file

Rural Area in Haryana are of two categories i.e. Rural Abadi (within Lal Dora) and Revenue Paying Land) it is very difficult to establish or investigate the title of Rural Abadi i.e. Lal Dora Land therefore, except for the cases where land has been purchased before 12 years and original copies of the registered Sale Deed/Title Deed of the vender are available; such lands are not to be accepted in security. The Revenue Paying lands

can be accepted in collateral security on submission of documents indicated above.

2. If on examination of these documents the title is established in favour of the party offering the assets the Manager (Branch)/officer dealing with the work relating to documentation should ensure that :-

- a) The Advocate who has furnished the search report is the practicing Advocate approved by the Haryana Financial Corporation;
- b) the site of the property has been inspected and verified by an officer preferably of technical discipline of the Corporation ;&
- c) Valuation report has been obtained from an valuer of Haryana, approved by the Haryana Financial Corporation.

3. DOCUMENTATION

- a) Where original title documents of the property i.e. registered sale deed along with other relevant documents of the immovable property are available we can create equitable mortgage by deposit of original title deeds.
- b) However, where the original sale deed or other relevant documents are not available with the borrower/mortgagor/guarantor but the title is established, immovable property offered for collateral security should be mortgaged by a registered Mortgage Deed in the proforma of Deed of Additional Security (a draft of which is given in the Appendix-'A' of the PG Circular No. 582 dated 7/10/1994) of which stamp duty will be paid by the borrower as per the law in force of State of Haryana. This deed of mortgage should be registered with the Sub-Registrar concerned of the State of Haryana where the immovable property is situated, for which the officer authorised for documentation vide notification dated 24/10/2000 may be authorised to visit the office of the Sub-Registrar concerned.
- c) After creation of mortgage necessary entry in the revenue record through the Patwariy Tehsildar concerned is required be made. For this borrower may be asked to submit a certified copy of mutation entry/revenue record duly signed by the Tehsildar/other competent revenue authority having endorsement of mortgage in our favour on the above mortgaged land/properly.

4. RECOVERY

During the course of operation of any A/c with collateral security of such property if necessity arises to initiate recovery proceedings against such property, the Branch Manager is authorised to file an application under section 31(1) (aa) or make requisition under section 32 G of the SFCs Act to the Competent Authority.

5.6 After examination of title documents on the properties offered in security the officer shall record the following certificate:

'I have examined the title documents of the properties offered in security by the borrower /Guarantor and found them in order and marketable'

EXAMINATION REGARDING CONSTITUTION OF THE BORROWING CONCERN

6.1 If the borrower is partnership firm, it will submit the photo stat copies of Firm Registration

Certificate and Deed of Partnership and if needed supplementary partnership deed as per proforma number (RFC Legal-1 ID)

6.2 In case the borrower is a company, it will submit, a copy of the Certificate of Incorporation and also a copy of the Memorandum and Articles of Association; and if the company is a public limited company, certificate of Commencement of Business may also be called.

6.3 In case the borrower is a Co-operative Society it will submit the following document/papers:

- i) certified true copy of certificate of Incorporation/Registration of the Co-operative Society issued by Registrar Cooperative Societies
- ii) Certified true copy of the bye-laws of the Co-operative society duly certified by Registrar, Co-operative Societies; and
- iii) Certificate of borrowing limit issued by Registrar, Co-operative Societies. It has to be ensured from this certificate that the amount of loan which has been sanctioned by the Corporation to the said Society is fully covered by the borrowing limit granted to it by the Registrar, Co-operative Societies. Please also ask the party to submit a certificate of present borrowing duly signed by the president of the society.

6.4 While examining the bye laws of the society, it should also be ensured that the object clause of the society covers the transaction/purpose for which the loan has been sanction to the society. If such a purpose is not covered under the bye law of the society, then society may be advised to get their main object clause amended for inclusion of the said transaction/purpose in the object clause. Such an amendment in the bye law should be duly certified by the Registrar, Co operative Societies.

6.5 Society may also be advised to submit a copy of Resolution duly passed in the meeting of the General Body of the Society for purpose of execution of loan document and for mortgaging & hypothecation of the assets of the Society for the security of loan and subsidy sanctioned by the Corporation and also for affixing the common seal of the society (if necessary on the said loan documents).

Note: Please also ensure-

- a) that such Resolution should be passed by the General Body of the Society in accordance with its bye laws and three persons i.e. President. Secretary and another office bearer of the Society should be authorized to execute the loan and subsidy documents on behalf of the Society;
- b) that the loan documents are executed only after receipt of the aforesaid documents from the Co-operative Society and that too after examination;
- c) that documents of personal guarantee is also taken from the members as per the terms of sanction. The Guarantee Deed can be executed either by the Guarantor in person or through his attorney authorised by the special/General power of Attorney of such member Guarantors)

SECURING COMPLIANCE OF OTHER TERMS & CONDITIONS OF SANCTIONS

7.1 After examination of title deeds of the land and compliance of other conditions, it is also to be seen that the borrower has submitted other documents/papers as per terms and conditions of Annexure 'A' & 'B' of the sanction letter as under:

A Undertakings

- a) Undertakings for unsecured loan amount as per condition of the sanction letter (Suggested proforma No. RFC: Leg-4 & 4-A)

b) Undertaking as per condition No. 8 of Annexure A of sanction letter (In the case of proprietorship and partnership (Proforma No. RFC: Leg-5) and in the case of company as per Proforma No. KFC:Leg-6 & Ledg-7).

Note: All the above undertaking should be on non-judicial stamp papers of Rs.10/- each in the name of its expectant and should be duly attested by Notary Public.

B Personal Guarantee

Where the loan is sanctioned on the condition that promoter Directors or some third person (s) shall furnish their personal guarantee, the guarantee deed shall be taken in the form (Proforma No. RFC: Leg -8) in case the guarantor (s) is unable to personally execute the guarantee then it can be executed by his attorney. The attorney so appointed should be the Director of the Company only. The power of Attorney may be taken (Proforma No. RFC: Lcg-9)

For accepting personal guarantee of a person having immovable properties, the loanee should be asked to submit the photo state copy of original title documents of the property which is owned and possessed by such guarantors) and after ascertaining the ownership and the value of the property we may accept the personal guarantee of such guarantor and keep one copy of the said original title documents for recorded There is no bar for accepting, the personal guarantee of a person who owns and possess the agricultural land and is a record khatedar for such land in the revenue records. In such cases while accepting the personal guarantee of an agriculturist, may advise the party to submit following documents:

a) Photo stat copy of the sale deed or any other document by which the agricultural land has been acquired/devolved to the guarantor.

b) Certified true copy of "Namantarankaran Punjika" by which the land has been transferred in the name of the guarantor.

"In case the guarantor is having sufficient immovable property and does not have title deeds of the property, the same can be accepted if the Branch Manager is satisfied that the guarantor is the actual owner of the property. In such a case the Branch Manager may accept guarantee on the basis of an affidavit in the prescribed proforma. The yardsticks for accepting such a guarantee will be tax receipts for the property, the bills of electricity & water in the name of guarantor, as certificates from the Local Authority and inquiry from the neighbors of the guarantor. The guarantee on the basis of such an affidavit should only be considered when the B.M. is satisfied regarding ownership of the property and details of the property given in the affidavit are verified by the Branch Office."

C Collateral Security

a) In cases where the condition of collateral security has been put in sanction letter, the documentation cell should ask the party to submit the original title deeds of the person who is giving the collateral security for the security of our loan. The procedure and documents for such cases is the same as that of equitable mortgage. There is not much of difference between collateral security and the equitable mortgage.

Therefore, the documentation cell should ask the party to submit the title documents of the immovable property along with the chain of vendor's title documents.

b) The examination of above documents shall also be done in the similar manner as has been done for the cases of equitable mortgage.

D. Special Power of Attorney

In case of partnership firm if all the partners are unable to come for execution of loan documents, the partners who are unable to come can authorize anyone of the partner by a special power of attorney to execute the documents on their behalfs as per suggested proforma no RFC:-Leg-10).

E. Board Resolution

i) In case of a company, documents will be executed by the authorised Director(s) in terms of Articles of Association of the Company (suggested proforma of resolution as Proforma. RFC: Lcg-11). This resolution needs to be passed in a duly convened meeting of the Board of Directors as required U/s 292 of the Companies Act, 1956.

ii) In case the Articles of Association of the company are silent about the mode of execution of documents and affixation of common seal, in that case provisions of Table 'A' of the Companies Act, 1956 will apply and the resolution authorising two Directors and Secretary or any other officer of the company should be got passed.

iii) In case the company is a public limited company, in such case documentation Cell shall advise the company to submit certified copies of resolution as under:

a) Resolution in terms of section 293(i)(a) of Companies Act, 1956 for mortgaging or charging the entire movable and immovable properties to the Corporation for availing of term loan /subsidy.

b) Resolution in terms of section 293(i)(d) of Companies Act.1956 for borrowing the money supported by CA certificate.

Note:-

- i) The proforma of above resolutions are as per Proforma No. RFC: Leg-IIA, B&C.
- ii) The above resolutions should be passed at extra ordinary general meeting of the members of company.

VALIDITY OF SANCTION FOR EXECUTION OF DOCUMENTS

8.1 For the purpose of execution of loan documents, the sanction shall be valid for a period of six months and if the loan documents are not executed within a period of six months from the date of communication of sanction, the sanction would lapse automatically. However, if the circumstances so warrant, this sanction can be revalidated with the prior approval of the competent approving authority irrespective of loan amount delegated as under:

S.No.	Extension in the validity period of sanction (after expiry of six months)	Approving Authority
1		Br. Manager
2.	For extension of validity period for three months	GM(Loans)
3.	For extension beyond three months but upto six months	C.M.D
	For extension beyond six months from the validity period	

However, before considering the cases for extension or while forwarding such cases to HO, the Branch Manager shall ensure that the service charges has been deposited by the party. Also while forwarding such proposals to HO. the Branch Manager should indicate the valid/convincing reasons, effective steps taken by the promoters in implementation of the project, impact of time/cost over-run, if any

8.2 Extension in validity period will be considered keeping in view of following facts:

- a) Reasons for extension should be genuine and beyond the reach of loanee.
- b) Service charges will be paid by the loanee to the Corporation in advance.

8.3 In case documents are not executed within the validity period or extended period, it would be presumed that the loanee is not serious about the project, but before sending the case for cancellation, a registered notice should be issued to loanee. (Suggested proforma No. RFC: Leg-12)

8.4 If even after this notice, there is no response from the concern. Documentation Cell should record the fact on the loan file and place this case before Project Monitoring Committee for consideration and cancellation of loan.

LOAN DOCUMENTS AND STAMP DUTY

9.1 The documentation Cell will get the loan documents executed from the loanee concern on the prescribed formats of loan documents for the type of loan facility granted to it. The formats loan documents and stamp duty (in the form of special adhesive/Non-judicial stamp papers) to be used are indicated below:

A) For toans other than Transport & Composite Loans

i)	Loan Agreement	Rs.100
ii)	Unattested Deed of Hypothecation (being security documents)	0.1% on the loan
iii)	Trust Letter	Ra.60/-
iv)	Affidavit	Rs.10/-
v)	Power of Attorney	RS.50/-
vi)	Deed of Guarantee	Rs.100/-
vii)	Declaration & Undertaking for Deposition of Title Deeds as per format marked as Annexure "A" I	Rs.110/-

B) For Transport Loan

i)	Unattested Deed of Hypothecation (being security document)	0.1% on the loan amt.
ii)	Trust Receipt	Rs. 60/-
iii)	Irrevocable Power of Attorney	Rs. 50/-
iv)	Deed of Guarantee	Rs. 100/-
v)	Promissory Note	Rs.02/-revenue stamps
vi)	Affidavit (from Loanee)	Rs.10/-
vii)	Two Affidavit (from Guarantors)	Rs.10/-
viii)	Receipt of Vehicle	
ix)	Other Letters & forms	

C) For Composite Loan

i)	Loan agreement	Rs. 100/-
ii)	Unattested deed of Hypothecation (being security document)	0.1% on Loan Amount
iii)	Affidavit	Rs.10/-
iv)	Declaration & undertaking from Deposition of Title Deeds as per format marked as Annexure "A"	Rs.110/-

D) Documents of Second Charge:

		Annexure "A"
i)	Tripartite Tour Party	Rs. 100/-
ii)	Power of Attorney	Rs 50/-
iii)	Affidavit	Rs. 10/-
iv)	Declaration & undertaking for Deposition of Title Deeds	Rs.110/-

9.2 In addition to above the stamp duty on following documents have also been revised as indicated against them:

i)	Partnership Deed	Rs.500/-
ii)	Dissolution Deed	Rs.500/-
iii)	Undertaking	Rs.10/-
iv)	Declaration	Rs.10/--
v)	Unattested Bond (being security documents)	0.1% on the loan amt.
vi)	Agreement to Sell	Rs.100/-
vii)	Special Power to Attorney	Rs.30/-
viii)	General Power of Attorney	Rs.50/--
ix)	Notarial Stamp	Rs.5/-

- A) Deed of Hypothecation, Trust Letter & Bond should not be witnessed and attested and if these documents arc attested & witnessed then advalurem stamp duty is payable on them.
- B) It has also been decided to dispense with letter of deposition of title deeds and a declaration and undertaking is taken on a stamp paper of Rs. 110/- in the prescribed format.
- C) The format of memorandum entry for mortgage by deposit of title deed shall be got typed on white paper of good quality and be pasted in Register R-9 (Memorandum Register) instead of writing by hand. Formats of declaration and undertaking and Memorandum entry are prescribed vide PG Circular no. 722 dated 12/6/1997.
- D) The officer accepting deposition of title deed shall sign the entry pasted in the Register R-9 on each page and by the officer in whose presence deposition was made.

Caution:

Deed of Hypothecation Trust Letter & Bond should not be witnessed and attested and if these documents are attested & witnessed then advalorem stamp duty is payable on them.

9.3 In case of pari passu charge (joint finance cases) are normally executed at Head Office only for which the above Performa are to be modified (on account of pari passu charge instead of second charge) as per Performa used for joint finance cases with R1ICO or any other financial Institutions or Bank.

Note: In case of printed formats of documents special adhesive stamps are to be used; otherwise Non-Judicial Stamp papers arc to be used.

CREATION of EQUITABLE MORTGAGE BY DEPOSIT OF TITLE DOCUMENTS

10.1 Equitable mortgage by deposit of original title documents can be created at place notified by the State Government U/s 58(F) of the transfer of Property Act,1882 (List of places so notified is given in Annexure I. precaution is to be taken that equitable mortgage is created by accepting deeds/the original title documents in deposition only at notified places by the authorized officer of the Corporation

Caution:

As equitable mortgage is created by delivering the original tide documents of land in the same way it can be presumed that mortgage is redeemed, if per chance the original documents goes back in the hands of the borrower. Hence utmost precautions to be taken that these documents do not go in any circumstance, in the hands of the loanee till the loan is repaid in full and mortgage is redeemed.

MEMORANDUM OF EQUITABLE MORTGAGE

11.1. When an equitable mortgage of properties is effected by a loanee in favour of the Corporation a memorandum of equitable mortgage is to be written date wise in the register maintained for the purpose (Performa No. RFC: Leg-13)

11.2. In case of creation of second charge/ pari-passu charge over the assets of assisted units the memorandum of equitable mortgage by way of second charge/pari passu charge is to be written chronologically in the register (R-9) maintained for the purpose (as per Performa No. RFC: Leg-25 and RFC: Leg -26 respectively).

Progress Register:

12.1 The officer dealing with execution of documents will maintain a progress register for making day-today entries in the Register (R-7)

12.2 a) The documentation cell shall also maintain register for internal control/ check in respect of documents executed by loanee concern as under

i) Register of envelops containing documents executed	Register No.R.7A (non- Printed
ii) Alphabetical list of envelopes containing documents executed	As per Performa No.RFC:Leg -27

b) List showing almirah no. Key numbers and names of officer with whom these keys are kept shall also be prepared and kept in the custody of Branch Manager himself.

AUTHORIZED SIGNATORIES ON BEHALF OF CORPORATION

13.1 On behalf of the Corporation documents Will be signed by authorised officer who shall accept the original title documents in deposit for creation of equitable mortgage for the loans granted by the Corporation. The details of such authorised officers are as under:

	Powers of Execution	Powers for signing litigation papers	Area
Head Office Executive Director/General Manager GM- cum-Secretary/ Dy. GM (Law)/	To sign & execute accept equitable mortgage on behalf of Corporation. Mortgage Deeds, Guarantee Deeds and all other documents connected with the authorised business of Corporation and subsidy of Rs 60 lacs and beyond	To sign plaints, written statements Vakalatnama, Affidavit and all other documents and papers related to the legal proceedings by & against the Corporation	Through out the state and out side the state.

Branch Manager of Manager/Dy. Manager rank	All loan cases except joint financing cases	Do	Area of Br.
Dy. Manager dealing with execution in Branch	For loan cases upto Rs.40.00 lacs	Do	Area of Br.

Branch

		-do-	Area of
Manager Br./ Dy. Manager(Br)	-do- irrespective of any loan Amount	-do-	Branch
Dy. Manager(Law)	-do-	-do-	-do-
Dy. Managcr dealing with execution in Branch	Upto 40.00 Upto 40.00	To sign plaints written statements Vakalatnama Affidavit and all other documents and*	Area of Branch/DIC
Assn. Manager In charge of the Branch	-do- Upto 5.00	papers related to the legal proceedings by & against the Corporation	Area of the Zone
Dy. Manager/Asstt Manager functioning as Dy. Director Credit in DIC Zonal Office	-do- For loan upto 50,000V-		
General Manager(Zones)/ Manager(Law) Dy Manager(Law) posted in Zonal Office	To Sign & execute. Accept equitable mortgage on behalf of Corporation Mortgage Deeds. Guarantee Deeds and all other documents connected with the authorised business of Corporation and subsidy		

Notes: The execution of documents by the Manager /Dy. Manager (In charge Branch) shall be undertaken only after title examination and the compliance of conditions of sanction arc examined and confirmed by the Dy. Manager (Law)/Asstt- Manager(Law) working in the Branch.

1) Notification authorising RFC officers in terms of Regulation No. 53 of RFC General Regulations. 1958 has been published in Rajasthan Gazette a copy of it is given at Annexure - II.

2) The DGM at the Regions and the GM (WZ) Jodhpur are also authorised to execute the documents, however they will exercise this power as per administrative instructions issued from time to time.

AUTHORITY FOR DOCUMENTATION ON BEHALF OF BORROWER

14.1 In case of partnership firm documents will be executed by all the partners or by any one partner who is duly authorised to execute the documents on behalf of other partners by a special power of attorney as referred under para 7.1 (E) above.

14.2 In case of private/public limited company the documents will be executed by the authorised Director (s) as per Board resolution referred under para 7.1(E) above.

AUTHORITY FOR AFFIXING COMMON SEAL

15.1 The Article of Association of Company may be examined with regard to the provision for undertaking the business for which loan has been granted, borrowing powers and for affixing the common seal of the Company. Strict compliance of the same should be watched at the time of execution of documents.

15.2 After completion of execution of documents in company cases the documentation cell shall transfer the loan file to disbursement cell with the remark that first disbursement of loan not more than 50% of the loan be allowed to the company and second disbursement may be allowed only after the company has submitted to the Corporation a copy of the return u/s 125 of the Companies Act, 1956 in forms No. 8 & 13 along with the copy of receipt of filing fee deposited with the Registrar of Companies concerned. The last 10% of the loan may be allowed to the company only after the company has submitted a certified copies/photo copy of Forms no.8 & 13 certified by the Registrar of companies concerned for the Registration of charge to the Corporation.

EXECUTION OF LOAN & (SUBSIDY) DOCUMENTS

16.1 The Documentation Cell after the completion of the formalities by loanee will get the loan documents executed by the loanee.

16.2 The Documentation Cell will also keep in view that where-ever loanee is entitled for Central/State subsidy, in that case Documentation Cell will get the loan documents executed without mentioning the subsidy amount in the loan documents. Subsidy documents will be executed separately according to the terms and conditions or subsidy sanction letter and as per terms and conditions of subsidy scheme under which subsidy is sanctioned to the borrower.

16.3 The Documentation Cell after getting the loan documents executed will record a certificate on the loan file that the loanee has complied with all the formalities of the sanction letter and will forward the loan file to Disbursement Cell for taking action for disbursement of loan.

DOCUMENTS REQUIRED AFTER SANCTION OF SUBSIDY

17.0 Now we are not creating charge over the subsidy amount therefore, there is no need to mention the subsidy amount in the standard format of set of loan documents. The borrower will execute subsidy documents only after sanction of subsidy according to the subsidy scheme and conditions of sanction of subsidy.

NUMBER OF COPIES OF LOAN/SUBSIDY DOCUMENTS

18.1 The Documentation Cell will get the loan/subsidy documents executed in four copies (5 copies in case of company) to be used as under:

1. Original Copy will be kept in the envelope of original documents
2. Second Copy will be kept as office copy on loan file
3. Third Copy Will be kept on subsidy file of the loancc (in cases where subsidy is admissible)
4. Fourth Copy will be given to the loanee for his record.
5. Fifth Copy will be given to loanee for filing return Under Section 125 of Companies Act for Registration of Charge (in case of public/private limited company only).

SAFE CUSTODY OF DOCUMENTS

19.1 One set of documents executed by loanee will be placed on the loan file of the loanee which will be used, for disbursement of loan and follow-up.

19.2 Original loan documents and other documents i.e. title deeds taken in deposit for creation of equitable mortgage, undertakings etc. should be placed in a separate envelope to be kept intact. Each envelope will be numbered and placed date wise in the almirah provided for this purpose along with a list of documents (suggested Performa No. RFC:Leg-14) copy of the list will also be kept in a separate file for reference purpose.

19.3 Original documents will be under the lock and key in the custody of under mentioned officers.

Head Office	Dv. General Manager (Law)/Manager(Law)
Branch Office	Manager/Dy. Manager(Br.)
Sub-Office	Dy.Manager/Asstt. Manager In charge of Sub- office and
DIC Office	Dy. Manager/ Asstt Manager functioning as Asstt/Dy.Director in DIC

19.4 The documentation Cell after getting the loan documents executed will record a certificate on the loan file that the loancc has complied with all the formalities of the sanction letter and will forward the loan file to Disbursement Cell for taking action for disbursement of loan to loanee.

RELEASE OF CHARGE & RETURN OF LOAN DOCUMENTS

20.1 Loan documents will be released and returned to party duly discharged along with title documents on receipt of letter of advice from the Accounts Cell of the Head Office/Branch about full payment and closure of Loan Account.

20.2 Account Cell, while reporting about full payment of the loan will also indicate that no charge for subsidy is required to be retained (from of letter of advise to be issued by the Accounts Cell (suggested Performa No. RFC:Leg-15)

20.3 Original loan documents duly discharged along with title documents of the borrower, if any. will ordinarily be sent by Registered Insured Parcel or will be delivered through the Branch Manager or in the Head Office personally. Where the title documents is lease agreement of the State Government RIICO The same will not be given to the borrower along with mortgagee documents but, will be directly returned by Registered post or personally in reference to letter with which the same had been received by the Corporation from State Government /RIICO (by way of a letter as per program No. RFC: Leg-16 and Leg-17 respectively).

20.4 If in any case the documents of second charge have also been executed than the same will not be released and return to the party but will directly be sent to the 2nd charge holder for keeping me same with them for their charge. Where the title deed is lease agreement of the State Government/RIICO the same will be sent to 2nd charge holder after obtaining prior written permission from the lessor.

REGISTER OF RELEASE OF DOCUMENTS

21.1 After the loan has been repaid documents will be released to the party after making necessary entries in the register of release of documents (Register no. R/8) Entries will also be made in the register (R/&A Non-printed) when any document is taken out for any purpose. Similarly entry will also be made when it is again kept in the envelope.

21.2 The original loan documents duly discharged along with title documents of the borrower should ordinarily be sent by Registered Insured Parcel or should be delivered through the Manager/Dy. Manager (Branch) or at the Head Office personally on identification to the person entitled there to. Receipt obtained for the same should also be kept in the envelope.

ANNEXURE -I

REGARDING NOTIFICATION FOR PLACES NOTIFIED BY THE STATE GOVERNMENT U/S 58(f) OF THE TRANSFER OF PROPERTY ACTS, 1882

1. Cities and Towns of Ajmer, Alwar, Bhilwara, Bikaner. Sriganganagar, Jaipur , Jodhpur, Kola. Pali and Udaipur (Notification No. F7 (I) JUD/62 dated 28ro May, 1962 published in Rajasthan Rajya Patra Part -1 (B) dated 31st June. 1962 at Passage (29).
2. Cities and towns of Barmer. Bundi, Banswara, Bharatpur, Churu. Dhungerpur, Jhunjhunu, Jhalawar, JaisaJmer. Jalore, Nagaur. Sirohi, Sawaimadhopur, Sikar and Tonk (under Notification No. 7(1) JUD/79 dated 16th August 1979).
3. Chittorgarh (under Notification No. F7(1)JUD0779 dated 15th December, 1979).
4. The Cities and towns Balotra and Makarana (under Notification No. P-7(I) JUD/83 dated 25th February. 1983).
5. All the Municipal Head Quarters and Panchayat Samiti Head Queers of the Stale of Rajasthan vide notification number F-7(I) Nyay/79 dated 15.12.83.
6. Bhiwadi Distt Alwar vides Government Notification No. 7(1) Nyay/79 dated 2nd March 1989.

ANNEXURE-II

(AS PER ANNEXURE -II PG 916 DATED 1/5/2002) NOTIFICATION

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S-No.	Designation of Officer	Nature and extent of Au theorization	Area
1	2	3	4
1.	Executive Director / General Manager/GMZ-Cum-Secretary /Dy .Gen. Manager(Law)/Manager (Law)Dy Manager flaw) /Asstt.Manager (Law) at Head Office	a) To sign and execute on behalf of the Corporation Mortgage Deeds, Guarantee deeds. Tripartite Agreement Deed of Modification and all other documents/papers connected with the authorised business of the Corporation and also to accept original title documents deposited for the creation of equitable mortgage for the loans granted by the Corporation. b) To sign plaints. Written Statement, Vakaltnama, Affidavit and all other documents and papers relating to legal proceeding by and against the Corporation	Through out the State and outside the State
2.	Dy.Gen. Manager (Region) /Dy. Manager (Law) /Asstt .Manager Law) at Region	-do-	Through out the Region
3.	Manager (Branch) /Dy. Manager (Branch) /Asstt. Manager (In charge of the Branch) or Dy.Manager (law) or Dy Manager dealing with execution Asstt. Manager (Law) or Asstt. Manager dealing with execution	-do-	Area of Branch
4.	Dy. Manager/Asstt. Manager functioning gas Dy Director credit in D1C.	-do-	Area of Branch/DIC

LITIGATION MATTERS

This chapter prescribes the procedure to be adopted in litigation matters.

Recovery under the provisions of SFCs Act 1951

The Corporation effects the recovery under the various provisions of SFCs Act. 1951 that are as under:

a) Under Section 29

The Corporation has right to take over possession of the mortgaged assets and can realise its dues *by* sale or lease of the mortgaged property of the industrial concern.

b) Under Section 31 read with Section 32

The Corporation, after issuing notice u/s 30 of SFCs Act, can apply to the District Judge, within the limit of whose jurisdiction, the industrial concern carries on the whole or a substantial part of its business for any one or more relief as described under the clause (a), (aa), (b) & (c).

i) **Section 31 (i) (g)** Under this section, application is made by the authorised officer of the Corporation before the District Judge concerned for order for sale of the property pledged, mortgaged, hypothecated or assigned to the financial Corporation as security for loan or advance.

ii) Application is also made along with the above application under the provisions of section 31-(i) (c) requesting the Distt. Judge for an ad-interim injunction restraining the industrial concern from transferring or removing its machinery or plant or equipment's from the premises of the industrial concern.

c) Recovery of dues. Under Section 31IHM) of SFCs Act from guarantors and mortgagor-guarantors (through Court 1

Action under this section can be taken for recovery of dues in the following situations as may be decided by the competent authority:

i) Where the Corporation had sold the assets of industrial concern under the provisions of Section 29 of the Act and after sale if there is shortfall in such cases, an application u/s 31 (i) (aa) may be filed before the District Judge of the concerned area against the Guarantors, if guarantee has been taken or against the Mortgagor-Guarantor, if Collateral security has been taken.

ii) If in any case it has been decided that where the mortgaged assets were taken over u/s 29 of the Act and the same had not been sold for any reason whatsoever, in such cases also, the guarantee or collateral security by Guarantor-Mortgagor can be enforced by filing an application u/s 31(i) (aa) for recovery of entire dues of the Corporation.

While filing application u/s 31 (i) (aa), an application u/s 32 (I -A) may also be filed for issue of show-cause notice to the surety (guarantor/mortgagor-guarantor) by the District Judge for enforcing the same.

A draft of application under section 31 (i) (aa) and under section 32 (I-A) for which the guidelines had already been circulated, which may suitably be amended in each case under consultation with our advocate.

d) Under Section 32-G

The Corporation is also empowered to recover dues as an arrears of land revenue under the provisions of Rajasthan Land Revenue Act, 1956 and procedure prescribed by the State Government.

e) Stamp Duty

A Court fees of Rs. 2/- shall be affixed on the application to be tiled u/s 31(i)/31(i) (aa) as it is a miscellaneous application as prescribed court fees under the Rajasthan Court Fee and suit Valuation Act

f) Enforcement of security of Mortgagor-Guarantor Under Section 29 while taking over of possession

The Corporation can take over possession of the property of the mortgagor-guarantor also under section 29 of SFCs Act and may get the dues realised by sale of property.

g) Cases filed/to be filed by the Corporation

In the event of default by the borrower unit/guarantors when decision is taken by the competent authority to initiate legal action for recovery, following steps need to be taken:

i) An application is to be filed by the authorised officer of the Corporation. Notification of authorisation is to be annexed with the application.

ii) Upto date statement of account is to be enclosed with the application which should bear following certificate under the seal and signatures of the Branch Manager:

"Certified that it is a true copy of the entries made in the usual and ordinary course of business in the Registers/Ledgers which is/are on of the ordinary books of the Corporation and the said Register/Ledger is/are still in the custody of the Corporation and the copy is prepared from the original by mechanical or other process."

iii) All the papers mentioned in the application are required to prove the case of the Corporation need to be enclosed with the application.

iv) Before filing application, the limitation may be verified by the Branch. The jurisdiction in our cases rest with the District Judge of the area

v) In case, if the application filed u/s 31 (i) (a) which is supported with the application of 31(i) (c) in which an ad-interim injunction is requested, this order of injunction is to be passed by the court without issuing notice to the opposite party and it is mandatory on the part of the court to issue such injection order on the application of the Corporation.

h) Service of summons

Quick service of summons is to be ensured by the OIC by taking following steps :

i) In the first instance, he must have the correct address of the defendants/non-applicants and he should try for service of summons by taking them as 'Dasti' for local limits.

ii) The second mode for service of summons can be through Registered A.D. as per provisions of order 5 rule 19 of CPC

iii) Even if we fail to serve summons, OIC may request the court through advocate to allow us to get the summon published in newspaper through an advertisement as provided under order 5 rule 20 of CPC. The cost of such publication is to be debited in the mortgagor's expense account

i) Evidence

i) The officer who is required to record his evidence in the case, should ensure that he discuss the case a day before with the OIC and the advocate. He should get himself acquainted and refresh himself about the facts of the case and should discuss the advocate the expected questions and the statement which are required to be given to prove the case of the Corporation on the basis of the record available on the court file

ii) To prove our contention and pleadings on record, the annexure should be got exhibited so that the same may be read in view of the provisions of the Evidence Act.

iii) Efforts should be made that the Corporation takes no adjournment. If opposite party takes adjournment, we should press for heavy cost. In addition to the papers which are required to be exhibited by the evidence on the facts of the case, following documents should invariably be exhibited in the evidence:

i) Authority of the officer for filing suit application i.e. notification issued on this behalf by the Corporation.

ii) Statement of account bearing certificate u/s 44 of SFCs Act duly dated, signed and scaled by the Branch Manager.

iii) Copy of the legal notice, sanction letter, documents executed, guarantee deed, details of mortgaged property, amount sanctioned, disbursed amount, interest rate, possession report, etc.

j) Appeals

i) If the order is passed by the Hon'ble Court which is detrimental to the interest of the Corporation., the OIC should obtain opinion of the advocate with grounds on which appeals is required to be preferred.

ii) Appeal should be filed within limitation period.

iii) For preparation of appeal, following documents are required

i) Certified copy of order/judgement against which appeal is recommended.

ii) Complete file of the advocate who has contested The case in lower court.

iii) Opinion of the advocate along with the grounds on which appeal can be filed

iv) Relevant record of the Branch Office pertaining to The case.

v) Statement of loan account duly certified u/s 44 of the SFCs Act, signed and sealed by the Branch Manager.

vi) A self-contained note on the background of the case along with date-wise events of The case and also comments and recommendations should be discussed and provided to the advocate filing the appeal.

k) Follow-up of court cases

Soon after either on receipt of the summons or otherwise it comes to the knowledge of the Branch, an OIC and the advocate to contest the case, may be appointed immediately to ensure that the case does not remain unattended.

l) duties of officers In-charge(OIC)

The duty of the OIC besides official duties and responsibilities, includes inter alia, the following acts immediately after his appointment as OIC.

i) Make such enquiry in the facts of the case as may be necessary.

ii) Collect all the relevant files, documents, rules, notifications from the concerned section at Head Office/Branch Office.

iii) Prepare a report answering para wise all the points raised in the plaint/petition and giving such additional information as is likely to strengthen the case.

iv) Contact the advocate with the said report and material.

v) Get prepared suitable written statement/reply in consultation with advocate and file in court and send a copy duly signed by OIC and the advocate at Head Office.

vi) Assist the advocate in preparation and conducting of the case and always keep himself aware with the dates fixed in the case, its stage and progress.

vii) Attend the court along with advocate on the each date of hearing.

viii) Appraise Litigation Section in Head Office as well as the Section/Branch concerned of the development in the court on the date of hearing in the Performa prescribed.

ix) Keep record of amount spent by way of legal fee. fee to advocate and other allied expenses including expenses incurred on traveling etc.

x) Send the certified copy of the order/ judgment along with his report and opinion of

the advocate for further action to be taken. It should be ensured that no time is wasted in applying and obtaining certified copies, making report, obtaining opinion and in communication.

xi) In case of transfer of the OIC, he/she shall hand over the brief of the case and also relevant record to the successor and the successor shall be deemed to be OIC of the case.

xii) In case he/she is also appointed OIC on behalf of the State Govt., he/she should keep informed the State Govt, and Govt. Advocate of the development and take similar action as he/she is expected to do as OIC of RFC.

xiii) To sign complaints, written statements, vakalatnamas affidavit and all other documents/papers relating to legal proceedings if he/she is the authorised officer for the purpose otherwise get the same signed from the officer authorised for the purpose.

xiv) The OIC shall be responsible for pursuing the case effectively and ensuring that timely action is taken

xv) As soon as the case is decided, the OIC shall intimate the decision to the DGM (LAW)/ DGM (FR) and the Branch Manager and will also obtain certified copy of order/ judgment from the court concerned and shall forward the same along with comments and opinion of Advocate, if decided against the Corporation without any further delay.

xvi) The OIC will render himself liable for disciplinary action if he/she is found negligent or careless in any way in discharging his aforesaid duties.

m) Appointment of Advocate

The appointment of advocate for conducting the case will be as under

- i) In High Court cases, an Advocate will be appointed out of the panel of lawyers approved from time to time.
- ii) In the court of District Judge and below an Advocate will be appointed at Branch level Out of the list of panel of lawyers approved by Head Office.

NOTE:- if the OIC/Branch Manager/DGM (R)/DGM(LAW)/GMs considering the importance of the case, decides that some senior and specialized lawyer may be engaged to safeguard the interest of the Corporation, he should submit proposal to ED/CMD for consideration and approval.

n) Fees to Ad'iH'aU'S

the fees to advocates for conducting/defending court cases filed by or against the Corporation will be payable on the basis of nature of the case as under:

S.No	Nature of case	Name of court	Amount involved In civil suit/application	Limit of fees(Rs.)
1	Civil suit/application u/s 31(i) &31 (i) (aa) & 32 of SFCs Act for recovery of Corporation dues	In any civil court	a) Upto Rs. 50,000/- b) 50,001 to 1.00 lac c) 1 Inc to 2 lac	1000/- 1500/- 2000/- 2500/- 3000/-
2	Execution of decree	Do	50% of fees as admissible for civil suit shall be paid	
3	Declaratory suits (Temporary Injunction/Permanent Injunction)	In the court of Munsif Magistral	Generally upto Rs. 450/- but in any case not exceeding Rs. 600/-	
4	In any other Misc. suit. Appeal. Revision or Application	In the court of Chief Judicial Magistral	Generally upto Rs. 600/- but in any case not exceeding Rs. 1200/-	
5	In any criminal matters	In any lower court.	Generally upto Rs. 600/- bui in case not exceeding Rs. 1000/-.	
6	Any Misc. Application/ Appeal /Revision/ Civil wrif' Special appeals including criminal matters	In High court or Supreme Court	As settled with the advocate, generally upto Rs. 2500'- but not more than Rs. 3500/- . In case fees exceeds Rs.3500/- . prior approval of CMD will be necessary	
7	Any application, suit or matter filed or transferred from the District Court	In the DRT, Jiapur	-	Rs. 21007- +10% clerkage actual expenses

o) Approval of fees

Authority for approval of fees of advocates will be as under :

- A)** Manager/Dy. Manager/In charge Branch is authorised to pass and pay the fees as per the norms mentioned at para 4 above in connection with civil suits/application/Misc. Revision application which are filed/pending in civil court i.e. upto the level of Distt, Judge except the cases in High Court or supreme Court.
- B)** It is further prescribed that all pending bills of advocates for all cases may be settled as per above norms and in case where advocates don't agree to the fees as per revised norms, his fees may be settled as per earlier norms with the prior approval of GM-Cum-Secretary and at the same time his name may be excluded from the panel of advocates and no case may be entrusted in furture to such advocates.
- C)** The fees in cases of High Court & Supreme Court shall be approved and paid as under:

i)	Upto Rs. 2500/-	DGM(Law)
ii)	Upto Rs. 3500/-	GM(s)/ED
iii)	Upto Rs. 3300/- + 10% clerkage for High Court, Jodhpur	DGM(R), Jodhpur
iv)	Above Rs. 3500/-	CMD

p) Import an; decisions

The Supreme Court of India and various High courts pronounced judgement or the various issues concerning to the SFCs Act. These verdicts should be kept handy by the OIC and Law Officers. Some important decisions are briefly highlighted as under:

Important Decisions in brief

- i) Hon'ble Rajasthan High Court in the case of M/s Mohata Kelts Vs. R.F.C. - S.B.CW.P. No 1674/91 held that the question as what amount is due against the borrower is always a question of fact which can not be agitated or decided in the extra ordinary jurisdiction under Articles 226 of the Constitution. (Copy of circular already circulated vide Litigation Circular No. 11/96-97 dated 20.11.96)
- ii) In the matter of Orissa State Financial Corporation and another Vs. M/s Hotel Jogendra. The Hon'ble Superime Court of Inida held that the loanees defaulted in the repayment of loan and took indulgence of the Court to delay the repayment the dues/ Dilatory tactics defeat the public policy and the court process becomes an instrument of abuse. The court will not help such loanees. (Copy of the above judgment already been circulated vide our Circular Dated 23.7.1996.
- iii) The Supreme Court of India in the matter of Karnataka State Financial Corporation Vs. Micro Cast Rubber & Allied Products (P\ Ltd. & Others held that :-

Action of the State Financial Corporation in exercise of powers u/s 29 of the SFCs Act, 1951 not liable to be interfered with if it has acted broadly in consonance with the guidelines issued by the Supreme Court of India in the matter of Mahesh Chandra Vs. Regional Manager ,U.P. Financial Corporation & Others J.T> 1992(2) SC 326 - AIR 1993sc935

Judicial review is confined to two situations viz.

- (i) there is a statutory violation on the part of the Slate Financial Corporation.
- or**
- (ii) where the State Financial Corporation acts unfairly.

while exercising its jurisdiction under Article 226 of the Constitution, the High Court does not sit as an appellate authority over the acts and deeds of the State Financial Corporation. (Detailed decision has already been circulated vide litigation circular No. 8/96-97 dated 25.7.1996

(v) The Hon'ble Supreme Court of India in the matter of A.P. State Financial Corporation Vs. M/s CAR Re-Rolling Mills. AIR 1994 SC 2151 held that the Financial Corporation is entitled to take recourse to the remedy available to it under section 29 of the SFCs Act even after having obtained an order of a decree after invoking the provisions of Section 31 of the Act but without executing the decree/order.

v) The Orissa High Court in the matter of Lokanath Sahu Vs. Orissa State Financial Corporation - AIR 1994 ORISSA 165 held that for enforcement of the claim of the State Financial Corporation property of guarantor could be attached and sold in spite of facts that guarantee was executed before introduction of Section 31(IXaa) of the SFC Act.

vi) The Supreme Court of India in the case of Maharashtra State Financial Corporation Vs. Jaycee Drugs and Pharmaceuticals Pvt Ltd.. (1991) 1 JT (SC) 524 has held that the object underlying section 31 and 32 of the SFCs Act appears to be that parliament intended to place the surety on the same footing as the principal debtor in the matter of enforcement of the claims of the Financial Corporation so as to enable the Financial Corporation to obtain relief against the property of the principal debtor as well as the surety.

vii) The Supreme Court in the case of Gujarat State Financial Corporation Vs. Natson [manufacturing](#) Company Pvt. Ltd. - AIR 1975 SC 1751 held that the, substantive relief in an application Under Section 31(i) is something akin to an application for attachment of property in execution of a decree at a stage posterior to the passing of the decree.

viii) In the matter of Uttar Pradesh Financial Corporation Vs Gem Cap (It Ltd -AIR 1993 SC 1435 held that the Financial Corporation is an instrumentality of the State created under the State Financial Corporations Act, 1951. The said Act was made by the parliament with a view to promote industrialization of the States by encouraging small and medium industries by giving financial assistance in the shape of loans and advances, repayment within a period not exceeding 20 years from the date of loan. We agree that the Corporation is not like an ordinary moneylender or a Bank, which lends money. It is a lender with a purpose - the purpose being promoting the small and medium industries. At the same time, it is necessary to keep certain basic facts in view. 'The relationship between the Corporation and the borrower is that of creditor and debtor. The Corporation is borrower is that of creditor and debtor. The Corporation is not supposed to give loans once and go out of business. It has also to recover them so that it can give fresh loans to others. "The Corporation no doubt has to act within the four corners of the Act and in furtherance of the object underlying the Act. But this fact or cannot be carried to the extent of obligating the Corporation to revive and resurrect every sick industry irrespective. of the cost involved."

In a matter between the Corporation and its debtor a writ court has no say except in two situations:

- (a) there is a statutory violation on the part of the Corporation or
- (b) where the Corporation acts unfairly.

ix) In the case of M/s Vikram Storing & Linkage (P) Ltd. Vs. State of Haryana & Others AIR 1991 P & 1197. the vires of the Sec. 32 (G) had been challenged on the grounds that the recovery certificate had been issued without providing an opportunity of hearing or notice to the industrial concerns, remedy is discriminatory and if an opportunity had been given to the petitioner : he would have satisfied the Corporation for not adopting such a harsh method. The Hon'ble High Court has dismissed the same and held that legislative object of providing this section is to avail speedier remedy and upheld the validity of the section.

x) The Hon'ble Supreme Court in the matter of M/s Isha Marbles Vs. Bihar Stale Electricity Board & Anrs_ held that auction purchaser who purchase the property from the financial Corporation in open auction is not liable to the dues of original borrower in respect of Stale Electricity Board etc.

xi) In the matter of Abdul Mobin Ansari Vs. Maharashtra State Financial Corporation (AIR 1993 Bombay 48) it has been held that section 32 of SFCs Act is nothing but an execution proceedings.

xii) In The matter of Magan Lal Vs. Jaiswal Industries AIR 1989 SC 2113 the Hon'ble Supreme Court has observed that application under section 31(1) of the SFCs Act cannot be treated as a plaint for the purposes of payment of court fee.

xiii) In the matter of M/s Hotel Seeking & Others Vs. kerala Financial Corporation reported in JT 1999 (9) SC 440_ the Hon'ble Supreme Court has decided an important question of law with regard lo applicability of provision of Section 34 of Civil procedure Code in the proceedings initiated by Financial Corporation s U/S 31 of SFCs Act, 1951. The Hon'ble court that the loance unit will have lo pay the interest as per agreement executed with financial Corporation. (Copy of the detailed decision has already been circulated vide Litigation Circular No. 57/2000 dated 22.01.2000)

xiv) In the matter of State Bank of India Vs. Yasangio Venkatesware Rao reported in JT 1999 (1)SC 145 the Hon'ble Supreme Court of India has held that where the Bank loan has been obtained against mortgaging the security and parties have been entered into the contract under Contract Act, 1872, the court cannot interfere and reduce the interest, as that is a matter of contract between parties. The mortgaging of a property is with a view to secure the loan and has no relation with the quantum of interest to be charged. (Copy of detailed decision has already been circulated vide limitation Circular No. 53/99 dated 7.10.1999)

xiv) In the matter of Sitani Textiles and Fabrics (P) Ltd.. Vs. Asstt. Collector of Customs and Central Excise and Another it has been held by the Andhra Pradesh High Court that in the case of secured debt, the rights of secured creditor prevail over the excise dues of the Excise Department. The secured creditor will have preferential claim even against the demand of Central Excise duty by the Government

A mortgage is a transfer of an interest in immovable property. The owner of The bundle of rights transfers some of those rights to the mortgagor (sic mortgagee) and the remainder of them still with him. The transfer of interest under mortgage is less than ownership, which continues with the mortgagor. The characteristic of a mortgage is that it transfers an interest in immovable property. Therefore, the mortgagee has an interest,

which is less man ownership, and therefore a mortgage has a preferential right over

other unsecured creditors.

In view of a transfer of an interest in immovable property the mortgagee has a special interest in the property and so long as his claim is not satisfied no other creditor of the mortgagor has a right to lake away the property or its price.

The Government cannot claim preferential right for recovery of its excise duty as no charge lies on the property for recovery of the duty. In other words, excise duty is not a secured debt, as for recovery of which no charge lies on the property.

The Industrial Development Corporation being a secured creditor has preferential claim even against demand of Central Excise duty of the Government.

The Stale Financial Corporation Act, 1951 is a special enactment whereas the Central Excises and Salt Act is a general enactment. However, in view of Section 46-B. the State financial Corporations Act prevails over the other enactments. (Copy of detailed decision has already been circulated vide Litigation Circular No. 52/99)

xvi) In the matter of Delhi Financial Corporation Vs. B.B. Behal the Supreme Court has held that the relationship between the borrower and the financial Corporation is one of the Creditor and the Debtor and that the transaction of advancing loan is covered by the terms of the agreements. The Creditor cannot be compelled to forgo part of its claim of interest on ground of hardship of a debtor. The Financial Corporation is a statutory institution and it carries of its activities by borrowing amounts. It is far beyond the powers of the court of compel a creditor to forgo part of its claim of interest on the ground of hardship of a debtor. This will upset financial equilibrium and it will create financial crisis making the financial corporation non-viable.

The Supreme Court has further held that order of recovery passed by the executing court in proceeding u/s 31 of the SFCs Act has become final and High Court has no right to interfere in it and High Court cannot stay the sale of mortgaged property passed in executing proceedings. (Copy of detailed decision has already been circulated vide Litigation Circular No. 51/99 dated 15.9.99)

xvii) In the matter of M/s Agrawal Dying Industries Vs. RFC & Others "the National Consumer Disputes Redressal Commission. New Delhi has categorically observed that the relationship between RFC and the loanee is that of borrower and debtor, as such the Consumer Forums do not have any jurisdiction over the affairs of Corporation. (Copy of detailed decision has already been circulated vide Litigation Circular No. 48/99 dated 22.06.99)

xviii) In the matter of Haryana Financial Corporation & Anr Vs. M/s Jagdamba Oil Mills & And reported in JT 2002 (SC 482), the Hon'ble Supreme court has decided rights of the Corporation under the provisions of Section 29 of the SFCs Act. While discussing this case the guidelines issued in Mahesh Chandra Vs. UP Financial Corporation & Ors (1993 (2) SCC 279) has been considered contrary to the letter and the intent of Section 29 of the SFCs Act, the Hon'ble Court expressed the view that the said observation in Mahesh Chandra's case do not lay down the correct law and the said decision is overruled.

It has also been reiterated by the Hon'ble Court in reference to the judgment of U.P. Financial Corporation V/s Gem Cap (India) Pvt. Ltd., & Ors (1993(2) SCC 299) that for the purpose of this case the power of the court while reviewing the administrative action is not that of an Appellate Court. The Corporation is an autonomous statutory body. The views it forms and decision it takes are on the basis of information in its possession and the advice it receives and according to its own prospective and calculations. Unless its action is mala fide, even a wrong decision by it is not open to challenge. It is not for the courts or a third party to substitute its decision.

In reference to the case of U.P. Financial Corporation & Ors, Vs Naini Oxygen & Acetylene Gas Ltd., and Anr (1995(2) SCC 754), in commercial matters the court should not risk their judgments for the judgements of the bodies to whom that task is assigned. The views expressed by the Hon'ble court and earlier decision titled as Kamaiaka Slate Financial Corporation V/s Micro Cast Rubber & Allied Products Pvt. Ltd. (JT 1996 (6) SC 37). the Hon'ble Court decided that the scope of judicial review-is confined to two circumstances i.e. (a) where there is statutory violation on the part of the Slate Financial Corporation Acts unfairly i.e. unreasonably. Similarly, the courts other than the High Courts are not to interfere with action under Section 29 of the Act unless the aforesaid two situations exists,

Procedures
And
Guidelines

Follow-up & Recovery

FR

FOLLOW-UP & RECOVERY

1.1 The activity of follow-up starts immediately after sanction of loan. This activity consists of two stages:

- (a) Follow up during project implementation stage, where it is called "Project Monitoring"
- (b) Follow up in post implementation stage where it is called "follow up"

1.2 What actuality post implementation follow-up is:

Post implementation follow-up means dealing with all the problems of implemented and/or abandoned projects. It commences immediately after the project has been implemented (or has been abandoned).

1.3 Follow-up may be for the assisted units as a whole or for an individual unit, as under:-

- (a) General follow-up or group follow-up is done by categorising various types of units assisted by the Corporation in particular groups on the basis of Corporation's needs so as to chalk out a general strategy for dealing with them.
- (b) Follow-up of each individual unit by chalking out strategy for individual unit in accordance with the situation faced by it and initiation of action within the framework and procedures laid down by the Corporation.

1.4 Activities involved In follow-up

The object of follow-up is to see that the assisted units perform well, leading to timely recoveries of Corporation dues. The activity of follow-up includes the following:-

- (a) Follow-up of a unit for knowing its health through:
 - i) Periodic progress reports,
 - ii) Inspection of the unit and
 - iii) Obtaining report from Nominee Director vis-a-vis frequent visits of recovery teams.
- (b) Recovery of dues:
 - i) By timely intimation of amount due and taking action for its recovery.
 - ii) By taking suitable action in case of defaulting units for
- 1.** Postponement, deferment and refixation of instalments or reschedulement, if default is due to genuine reasons.
- 2.** Initiation of legal action and taking over of assets and their disposal for willful/chronic defaulters.
- (c) In case of closed units/abandoned projects, taking action for their revival and rehabilitation:
 - i) By revival in the hands of original entrepreneur.
 - ii) By revival through change of management, take over of assets and their disposal.
 - iii) Revival/rehabilitation by grant of further financial assistance under Rehabilitation Scheme or normal scheme to the original or new entrepreneur.
- (d) Subsequent permissions & other matters:

- i) Grant of charges pari-passu, second or subsequent charges.
- ii) Approval of change in constitution of assisted units
- iii) Dealing with any other problems/issues connected with projects (covered under follow-up).

1.5 "Responsibility for follow-up"

Basic responsibility of follow-up and recovery from assisted units is that of the Branch. However, if there is any problem, it may be referred to the General Manager or Dy. Gen-Manager concerned and or Manager Deputy Manager (F& R) at the Head Office. Each Branch has an assigned Manager/Deputy Manager (F& R) in HO.

1.6 Full support and effective supervision over F& R work of the Branch office is to be exercised by Regional Office. Particular cases of closed units and units having over dues more than Rs.1.00 lac are to be followed-up by Deputy General Manager (Region).

1.7 Delegation of Powers"

Powers regarding various matters relating to F& R (Such as postponement, deferment and reschedulement of principal and/or interest, legal action and take over of assets, sale of assets, grant of charge and approval of change in constitution of the assisted units) have been delegated to various officers at Branch. Region and Head Office Nature and extent of delegation of powers relating to above matters for loans above Rs.50,000 and for loans upto Rs. 50.000 are given in Schedule 3/1 (FR)& 3/2 (FR) respectively

1.8 Distribution of F& R work in Branch.

Branch In charge shall distribute cases pertaining to specified areas among all officers of the branch. However it will be subject to recovery strategy from time to lime.

1.9 Opening of F&R file for every unit

To ensure follow up of every case, anew file of F&R should be opened for each assisted unit. When the unit has implemented its project and project monitoring file has been transferred to F&R Cell/And in case of abandoned project when final letter has been issued, this F&R File shall continue to be maintained till the account is fully cleared by the party and the documents are released to it. Only after recording a note to this effect on this file, it will be consigned to records.

Note:- Project monitoring file, when transferred to F&R cell should also be kept along with F&R File.

1.10 F&R File of a unit will pave two volumes:

VOLUME-I:- For basic data sheet and quarterly status report sheets; and

VOLUME-II :- For correspondence including progress report, inspection report etc. It will also have a Note Sheet File for recording routine action etc. taken by Branch Manager/Deputy General Manager (Region)

1.11 Contents of Bask & Quarterly Sheets

Basic Sheet will have basic information like name of the unit, factory & office addresses, names of directors/ partners/proprietor, contact telephone Nos, telegraphic addresses, details regarding assistance given and utilized, sanction of refinance facility, subsidy, effective sanction, date of commencement of commercial production and repayment schedule as per agreement etc. (Proforma No. FR-I)

1.12 Quarterly Sheets shall be prepared for each unit in Proforma FR-2 in which details like amount fallen due, payments received, position of default, follow up actions taken up with the unit and the results of the efforts etc. (including inspection as per norms) should be indicated clearly every quarter,

1.13 Quarterly Status Sheet will reveal the unit's health, recovery of dues (quarterly), problems faced by the unit (if any) and necessary action to be taken. (Correspondence regarding action taken etc. would be in Volume-II)

1.14 Quarterly Sheets must be prepared even if a unit is a regular payer.

Note:- If recoveries are regular, then all the details may not be necessary. But if satisfactory recovery is not there, quarterly sheet will be a detailed one giving complete information.

1.15 In-charge of F&R Cell in the Branch will be responsible for these (Basic and Quarterly) Sheets. These sheets will be examined and analysed and remarks/recommendations would be entered by Manager/Deputy Manager (Branch), Deputy General Manager(Region) would also countersign the quarterly sheets and offer his comments wherever necessary. And also the FR officials visiting from HO on random basis.

1.16 Preparation of Quarterly Status Report Sheet

The Quarterly Status Report Sheet shall be prepared on the basis of following:

- (a) From the information gathered during the visits of the units by the officials of the Corporation.
- (b) From the information given in periodical reports and returns by the units. .
- (c) Inspection reports of the officers visiting the units.
- (d) Reports of the Nominee Directors' if any.
- (e) Position regarding recoveries action for timely recoveries and amount recovered

1.17 Almost all details required for the purpose of preparation of quarterly sheets shall be available from the above documents, which shall be filed in the F&R File of each unit maintained at Branch Office.

1.18 Analysis of Information Submitted - Action Plan

The analysis of the reports and information collected through the documents as stated at Para 1.16 shall enable the officer in-charge, F&R Cell posted at Branches and Dy. Manager (Branch) to decide about the further line of action to be taken in case of a particular unit,

1.19 Reports and returns from Assisted units

Following reports and returns shall be called from the units on regular basis:

- (a) In case of Companies, Annual Reports of:-
 - i) Directors; and
 - ii) Auditors

In other cases audited balance sheets

- (b) Annual reports on the working results of the unit.

(c) Half yearly progress reports in the prescribed Proforma from the units having sanctioned amount more than Rs. 10 lacs (Proforma No. FR-2A).

- (d) Additional information from defaulting units.

1.20 Timely submission of returns is to be ensured (we have already incorporated a condition to the effect in the standard terms and conditions of loan sanction letter). The report submitted by such units should be analysed by Asstt. Manager/Dy. Manager (FR) at Branch and put up to Manager for appropriate and decision. The Branch Manager should invariably send this report to H.O.(FR Section) through DGM(R) concerned with his comments on the working of the unit along with the copy of Balance sheet and Profit & Loss A/c.

1.21 Reports on the working results of units should be called from the units regularly once in a year (Proforma No. FR-3) Such a report is to be submitted by each unit within a period of three months from the date of closure of its accounts (i.e. accounting year). If considered necessary a report in the same Proforma may be called from a defaulting unit on quarterly basis.

1.22 Inspection of Units

Inspection of a unit as per category shall be done by the officer concerned as per norms prescribed vide Schedule 3/3) for loans above Rs.50,000/-) and 3/4 (for loans upto Rs.50,000/-). This inspection report should be analysed and follow-up action taken. Special care should be taken by Dy. Manager/Manager Branch to see that inspections of closed and defaulting units are carried out strictly as per the prescribed norms and inspection reports are submitted in time to him/others as per prescribed procedures.

ACTION FOR TIMELY RECOVERIES

1.23 Due Date Register

Every Branch shall maintain due date registers (No. R-21 and R-22) to help and assist in preparation and despatch of intimations to the assisted units in time

1.24 It would be the responsibility of F&R Cell at Branches to keep a constant watch over the due dates of principal & interest and to see that intimations to the assisted units reach them at least 15 days before the due dates. The Accounts/Computer Section shall ensure timely dispatches of information of interest to BOs.

1.25. Follow-up of intimations

If payments are not received from the units on due date, concerned officer incharge of the case file should contact the promoters next day on telephone and/or in person or may send a letter (proforma No. FR-4) advising them to make the payment of the Corporation dues without any further delay. Assistance of DICs (in exercising their influence) may be utilised for purpose of timely recoveries (No Stoppage of concessions is to be requested at this stage).

1.26 If the payment is not received even after a period of 15 days from the due date, final reminder (Proforma No. FR-5) should be sent to the concern, to make the payments. If payment is not received even then, the unit may be categorised as "new Defaulting Unit" and procedure for recovery indicated for such a unit should be followed.

FOLLOW - UP WITH DEFAULTING UNITS

1.27 New defaulting Units

New defaulting units are those units, which did not have any over dues as at the preceding year but have committed default during the current financial year.

1.28 Dy. Manager (F&R)'Asstl.Manager (F&R) must visit such units in the month of its default for discussions with the promoters regarding repayment of Corporation's dues. Such visits may continue for two months more and if default persists even after understanding had been reached, the matter should be reported to the Branch Manager with a proposal for further action. The Branch Manager may then further discuss the matter and if necessary, visit the unit and try to reach an understanding for repayment of Corporation dues, failing which suitable action may be taken (treating the unit as chronic defaulting one) so that the default does not persist any more.

1.29 Special Attention to Defaulting Units

All cases of defaulting units (i.e. units having over dues) as at the end of preceding year, also of new defaulting units should be regularly attended to for effecting timely recoveries. Special attention shall have to be given to chronic defaulting units (i.e. units which are willful defaulters and which did not pay anything during last year); new defaulting units and closed units, too.

1.30 Progress of recovery from units in default, as per the understanding reached or otherwise, should be watched regularly to ensure payments from them as per schedule/understanding. Units having overdues for more than Rs. 1.00 lac require a close watch and regular and vigorous follow-up on the part of officers posted at Branch.

1.31 Chronic Defaulting units

Chronic defaulting units (i.e. cases of willful defaulters) and other units which require close attention as also regular and vigorous follow-up. This category shall include the following type of units-

(a) Willful defaulters i.e. those units whose balance sheet shows adequate funds but are unwilling to pay or have not been making payment of the Corporation's dues or have made preferential payment to unsecured creditors.

(b) Cases of units which are to be considered for initiation of legal action as per procedure prescribed (in a separate Chapter).

(c) Cases of units having over dues of more than Rs. 1.00 lac as at the end of previous year/last month.

1.32 As the cases of chronic defaulting units are of serious nature, the Branch Manager himself should follow-up or supervise personally their follow-up. He should see that quick and rapid efforts are made and decisions expedited for fast recovery.

1.33 For dealing with the chronic defaulting units, the officer concerned should take following steps:

(a) He should discuss with the promoters of such units as to how he (promoter) is proposing to make the payments of the Corporation's dues. For this purpose a registered letter to the unit should be sent (proforma No. FR 5),

(b) After a thorough discussions with them he may take proposal from the unit (as per the discussions) with regard to the repayment. On receipt of the proposal, from such a borrower, a suitable action should be initiated by the officer for deferment, postponement, reschedulement of loan or for taking legal action or initiating any other course as per prescribed procedures, which he may deem fit for regular recoveries from such units.

(c) Such units should be continuously & regularly visited or inspection of such units should be carried out on regular intervals as per norms) and it should also be seen that the payments are received from such unit as per the commitments and understanding reached.

(d) Wherever the Manager/Dy. Manager (Branch) finds that a unit is not meeting its commitment and reason for not meeting the same is not genuine, then he may initiate suitable action, preferably as follows:

i) A letter may be issued to the concern advising him to make payment as per commitment within a period of 15 days (Proforma No. FR-6).

ii) If the payment is not received as per the commitments despite the reminder, the Manager/Dy. Manager (Branch) should send a Registered A.D. Notice asking the concern to make payment of the overdue amount within a period of 15 days. (Proforma No. FR-7)

iii) If the payment is still not received and no reply is received as to how they propose to make the payment, reasons for failure to stick to commitment and any understanding regarding clearance of the overdues could not be reached, the Manager/Dy. Manager (Branch) should inspect the unit and appropriate action be taken with regard to initiation of legal action etc. and/or for deferment as per procedure laid down.

iv) Wherever the Branch Manager feels that the unit is not in a position to meet its commitment because of genuine reasons, he may again discuss the matter with the entrepreneur in detail and take suitable measures for recovery of the Corporation's dues as per the procedure laid down for deferment, postponement and or rescheduling of loans, if so required and justified.

TRANSPORT LOANS IN DEFAULT

1.33A The Transport Department, Govt. of Rajasthan, Jaipur vide its letter No. Pari/Niyam(50) 77 Part-III 18963-94 dt. 13.7.1983, has advised all RTOs and DTOs of Rajasthan to obtain NO OBJECTION CERTIFICATE from RFC (concerned Branch Office) before issuing or renewing a permit of a vehicle (which is hypothecated to the Corporation) under sub section 5A of Section 3-A of the Motor Vehicles Act.

1.33B In case of Transport Accounts in default the Branch Manager will send a letter (in proforma 5A) in the month of January, April, July and October each year to the concerned RTO/DTO (where the vehicle has been registered) requesting him not to renew or issue fresh permits for other routes to those vehicles.

1.33C In case the permit is not to be renewed, the Branch Manager may in such cases of defaulting units also write letter (in proforma No. FR-5A) to the concerned DTOs requesting them not to renew the Tax token of the vehicle

1.34. Other defaulting Units

Case of other defaulting units should also be pursued through letters, visits and personal discussions so that they start making payment at least as per their net cash accruals. A letter should also be sent to each such defaulting unit as at the beginning of the year. (Proforma No. FR-5)

1.35. All Units to be attended :

Efforts should be made to ensure that no case of defaulting unit (old or new) should remain pending for decision for more than three months from the occurrence of default Decisions regarding deferment, rescheduling, legal action or any other action be taken by the competent authority. This would imply that position of every unit has been analysed and suitable decision has been taken once a quarter.

1.36A It should be the effort of all Branch staff to ensure that the maximum number of units should start making payments immediately on regular basis as per their expected net cash accruals.

1.36B Legal Action for dishonoring of Cheques -

Whenever loanee concern gives PDCs under different loan schemes which later on are returned unpaid resulting delay in the process of recovery. A legal notice giving 15 days time to be given to deposit the entire amount equivalent to the bounced cheques failing which action under Section 138(b) of the Negotiable Instrument Act is to be taken.

1.37 Our assisted units may be divided in two parts viz. 'Good Re-payer' or 'GOOD RE-PAYER GROUP' and 'Not Yet' or '*NOT YET GOOD RE-PAYER GROUP*

1.38 Good Re-payer Group:

Good Re-payer Group (GR) are those, who are making timely payments to the Corporation or those units who are not in a position to make timely payment to the Corporation because of some genuine difficulties, but an understanding has been reached with them about the mode in which they propose to make payment of the Corporation's dues and the same mode is being regularly followed by them on monthly or quarterly basis (on the basis of net cash accruals).

1.39 Not Yet Good Re-payer 'Group

Not yet Good Re-payer 'Group (NYGRG) consists of those defaulting units which are not making payments of the Corporation's dues and no understanding has been reached about the payment from them.

1.40 It should be the effort of the Manager/Dy. Manager (Branch) and Dy. Manager/Asstt. Manager (F&R) posted at Branch to give due recognition to Good Borrowers and make available to them all assistance within the norms fixed by the Corporation. It should be our effort to encourage maximum number of units to come under GOOD RE-PAYER GROUP.

1.41 Genuine Defaulters (Units in Difficulty)

In cases of units in difficulty, whether defaulting one or otherwise, the officer concerned at Branch Should look into and analyse, if the unit is really in difficulty on account of reasons beyond its control or other genuine reasons The line of action for such units may be the following:-

- (a) Postponement, deferment or reschedulement.
- (b) Revival, rehabilitation by providing further assistance under normal schemes of the Corporation or under the Rehabilitation Scheme.
- (c) Revival of a closed unit through induction of a financial partner or sale to another entrepreneur with the help of original entrepreneur or by take over of assets and their disposal

1.42 Willful Defaulters

In cases where the units are not in difficulty, same are to be considered as willful defaulters as not cooperating with the Corporation for reaching an understanding regarding payment of Corporation's dues. The line of action for such units may be as under:

- (a) Using influence of General Manager. DIC and others, also stoppage of concessions and facilities.
- (b) Using influence of Bank concerned as also freezing concern's Bank account.
- (c) Initiation of legal action and issue of legal notice U/S 30 of SFCs Act, 1951
- (d) Take over of assets U/S 29 of SFCs Act, 1951 and their disposal.

OVERALL REVIEW & FOLLOW-UP

1.43 FRC Committee

Every Branch shall have a Follow-up & Recovery Committee (FRC) which will meet on every Monday. The following shall be the members of the Committee:

- (a) Branch Manager
- (b) Dy. Manager/Asstt Manager dealing with project monitoring at Branch.
- (c) Dy. Manager /Asstt. Manager (F&R) at Branch (i.e. officer responsible for follow-up and recovery).

Note:- FRC shall also function as Project Monitoring Committee (PMC) for review of cases & matters relating to projects under implementation.

1.44 The primary objective of the Committee is to review cases requiring special attention and to chalk out action plan to deal with them as a group or individually. Each case shall be put up for consideration of Committee by In charge F&R Cell at Branch.

1.45 The functions of the Committee relating to Follow-up & Recovery shall be as under-

- (a) To review cases of new defaulting units (if default persists for more than a month).
- (b) To review cases of chronic/willful defaulting units.
- (c) To review cases of closed units (specially cases of units where assets are in possession)
- (d) To review cases of revival and rehabilitation of sick and closed units (under Rehabilitation Scheme or otherwise).
- (e) To review cases of defaulting unit paying on monthly basis and of other defaulting units in general.
- (f) To review cases in which legal action has been initiated,
- (g) To monitor, in general progress of recovery and follow-up (of assisted units).

MIS FILES

1.46 For Officers at Branch

Each Officer (including Branch Manager) made responsible for follow-up and recovery as per para 1.8 shall keep one MIS (F&R) file (for cases relating to him) which will contain the following:-

- (a) List of cases of defaulting units which did not pay any amount during the preceding year (proforma No. MIS (FR-1).
- (b) List of other cases of defaulting units having over dues more than Rs. 25,000 and upto Rs. 50,000 over Rs. 50,000 and upto Rs. 1.00 lac and over Rs. 1.00 lac (Proforma No. MIS (FR-2).
- (c) List of other cases of defaulting units as at the end of preceding year (Proforma No. MIS (FR-3).
- (d) List of new defaulting units i.e. units which were not in default as at the end of preceding year but have committed default during the current year (Proforma No. MIS (FR-4).

Note :-

1. In lists at (a), (b) (c) and (d) mention should also be made about defaults in payment under Rehabilitation loans scheme and interest Free Loans etc. (Different accounts of unit should be entered at one place).

2. In case of transport loans type of vehicle (Bus. Truck etc.) and Vehicle No. alongwith promoters details should also be mentioned.

(e) List of cases in which recommendation has been sent for stoppage of concessions & facilities (Proforma No. MIS (FR- 5).

(f) List of cases in which legal action is to be initiated or legal notice has been issued (Proforma No. MIS (FR-6).

(g) List of cases in which payments are being received on monthly basis (or in some other mode) due to postponement, deferment or informal reschedulement (Proforma No. MIS (FR-7).

(h) List of closed units (Proforma No. MIS (FR-8).

(i) List of units whose assets are in possession of the Corporation (Proforma No. MIS (FR-9)

(j) List of sick and closed units (bank wise in which nursing/rehabilitation programme is under consideration under Rehabilitation Schemes or normal schemes or otherwise (Proforma No. MIS (FR-10).

(k) (i) Cases of claims settled account in which recovery received and expenses incurred.

(ii) List of units where action has been initialed u/s 31 (I)(aa) and or 32-G and also 31 (I) aa and 32 G cases and decreed cases along with their position as on date.

(l) Extract of cases in which FIRs have been lodged with the police authorities, Proforma No. MIS (FR-12).

(m) Extract of Court cases relating to assisted units (Proforma No. MIS (FR-13).

(n) Extract of cases of interest Free Loan (as per Proforma No. MIS(FR)14).

(o) Extract showing assisted units industrial area wise (RIICO and others) and Tehsil-wise (Proforma No. MIS(FR- 15).

(p) Extract showing assisted units bank wise(Proforma No. MIS (FR)-16).

Note :-The MIS files as mentioned above shall be prepared in each financial year at its commencement in the month of April and be updated from time to time during the year.

1.47 For Branch

In addition to above one Branch MIS file shall be maintained by Branch Manager:

(a) Industrial area-wise (RIICO/ others and Tehsil-wise lists of units assisted by the Corporation (Proforma No. MIS (FR-17)

(b) Extract of assisted units bank-wise (Proforma No. MIS(FR-16).

(c) List of cases in which FIRs have been lodged with the police authorities (Proforma No. MIS (FR-18).

(d) List of court cases relating to assisted units (Proforma No. MIS(FR-19).

(e) List of cases of Interest Free Loans (Proforma No. MIS (FR-20). If a unit is not an assisted unit (term loan) such cases will be excluded in the list by Branch Manager.

1.48 For DGM (Region)

Dy. General Manager (Region) shall maintain MIS files with him one for each branch falling in his jurisdiction. These files shall contain the following lists/information:-

- (a) List of defaulting units having overdues of Rs. 1.00 lacs and also a separate list of cases where sanction is more than Rs. 1.00 crore, for effective monitoring propose (Proforma No.MIS (FR)-2).
- (b) List of closed units (Proforma No. MIS (FR>8).
- (c) List of units whose assets are in possession of the Corporation (Proforma No. MIS (FR)-9).
- (d) List of units for nursing/rehabilitation under Rehabilitation Schemes and other schemes (Proforma No. MIS (FR) -10).
- (e) List of units in which FIR lodged with police authorities (Proforma No. MIS (FR-18).
- (f) List of court cases related to assisted units (Proforma No. MIS (FR-19).
- (g) Information regarding targets of recovery, overdues at the end of the year.
- (h) Monthly progress of follow-up and recovery showing amount recovered, overdues, rescheduement, approval of change in constitution, grant of charges. Interest Free Loan. Recovery in CGS claims paid account and units commencing production as per MR-4 i.e. acopyofMR-4 may be kept in this file.

1.49 DGM (Region) shall also maintain one file for the Region as a whole containing consolidated information regarding items mentioned at para 1.50.

1.50 For Manager (F&R) /DM(F&R) at Head Office

Manager (f &R) at Head Office and Dy. Manager (F&R) at Head Office shall also maintain MIS files, as maintained by DGM (Region) and Branch Manager respectively.

1.51 Recovery Targets

Every year in the month of April recovery targets shall be fixed on the Regional basis and then within the region for each Branch

1.52 To facilitate fixing of targets on realistic basis, each Branch will send following information to F&R Section upto 10th of April every year:

- (a) Amount overdue at the end of preceding year.
- (b) Balance outstanding as on 31st March and of the preceding year.
- (c) Principal amount expected to fall due at the close of the year from industrial units.
- (d) Interest expected to fall due during the year on the above balance outstanding from the industrial units.
- (e) Amount expected to fall due in transport and DG Set Loan cases (amount of which will fall due in these loans accounts in which as per the assistance scheme of the Corporation monthly payment is expected).
- (f) Amount expected to be disbursed during the year (current year) and expected interest income from the same.

1.53 F&R Cell at Branch would maintain a register (R-35) for amount due and received in each quarter.

1.54 General

It would be the responsibility of Dy. General Manager (Region) to ensure regular system of follow-up of all units specially the defaulting units and the closed units as per prescribed procedures so that the achievements of the recovery target are also be ensured by them, besides revival of closed units.

1.55 Attainments and achievements of recovery target, as also revival and rehabilitation of sick and closed units would carry maximum weighthage in evaluation of performance of all the Branch/Regional Office.

1.56 In cases of loans upto Rs. 50000 the correspondence parties should generally be done with in Hindi only.

1.57 Measures for encouraging regular payments

i) In order to encourage regular payment by assisted units, a rebate in the rate of interest charged as a percentage of amount outstanding as may be decided from time to time may be allowed if the amount due is paid on due date by draft or by bankers cheque or local cheque and, one week before the due date if paid by outstation cheque. If the dues are not paid on due date, but cleared in the same quarter in which the amount has fallen due (provided there are no earlier overducs (the rate of liquidated damages/penal interest in case of default is relatively lesser percentage, then the rate if the default persists as given below:

		Loss	
		Upto Rs 2 Lacs	Above 10 Lacs
(a) If the dues are cleared in the same quarter in which amount has fallen due (provided there are no earlier over dues)	Nil	above Rs 2 Lacs but not exceeding Rs 10.00 Lacs 2% p.a. plus interest tax if any	3% p.a. plus interest tax if any
(b) Other cases	Nil	3% p.a. plus interest tax if any	5% p.a. plus interest tax if any

iii) Benefits as at (i) & (ii) above shall be given by Branch Manager as and when required to

do so at the end of each financial year having calculating the rebate, manually, if otherwise not given by computer.

1.58 In order id ensure effective follow up and to facilitate decisions about the line of action every Branch & Regional office and HO would have a default review committee which would review each case of assisted unit in default. The scope and constitution of Default Review Committee (DRC) would be as under

(a) To review the case of default upto Rs. 15.00 lac

- i) Manager/DM(I/C) Branch Chairman
- ii) AM/DM Project monitoring at BO Member
- iii) AM/DM(FR) Convenor

(b) To review the cases of default above Rs. 15.00 lac to RS.50.00 Lac

- i) DGM(R)Chairman
- ii) BM of the concerned Branch Member
- iii) DM/AM FR of the concerned Branch Member
- iv) Manager/DM at the R.O Convenor

(c) To review cases of loans above Rs. 50.00 lac and if there is continuous default in four quarterly instalments by the unit then irrespective of the amount of default such cases would be reviewed by the HO level Default review committee. This review would be the 2nd review and all these cases would have been initially reviewed in

the Branch level/Regional level Defaulting Review Committee. The following shall be the members of the HO Default Review Committee:

- 0 GM(D)
- U GM(A/C)
- U Incharge (ARRC),
- lv GM(Accounts)
- v) DGM(FR)

Chairman

Member

Member

Member

Convenor

d) A review not for cases above Rs. 100.00 Lac will be placed before CMD for perusal.

1.59 The above committee shall meet once in a month. The minutes of the meeting of the above committee shall be sent to DGM(FR) at 110 by the concerned Convenor every month.

1.60 The unit in which dues are more than one crore and has been classified as doubtful assets or loss assets of in which suit has been filed are to be reviewed and updated on 30th Sept. and 31st March every year and sent to HO for review.

REFIXATION, POSTPONEMENT, DEFERMENT & RESCHEDULEMENT OF LOANS

GENERAL

2.1 Repayment may be difficult when there are cash losses etc. for valid reasons. F&R File would show how and what type of default is there. The analysis of the file would show whether

- (a) The unit is a genuine defaulter i.e. in difficulty and unable to pay due to genuine/valid reason, or
- (b) It is a willful defaulter i.e. it is running and earning but not making repayment of Corporation's dues in spite of cash accruals.

2.2 For the units falling in first category (genuine defaulter) assistance of the following types is to be considered depending on requirement/merit of each case, for which the party should apply to the Branch Office (Proforma No. FR-8).

- (a) Refixation of instalment : For projects which are already completed and are in production, after cancellation of unavailed amount, the instalments are to be refixed.
- (b) Postponement: Party requests before due date to meet to overcome temporary genuine difficulties.
- (c) Deferment: Amount already due but not paid.
- (d) Reschedulement:

Either of principal or of interest or of both, which are to be recovered in further and the entire schedule of repayment is to be revised.

PROCEDURE REGARDING RE.FIXATION

2.3 Refixation of instalments of Principal

Refixation of instalments is to be done as soon as the unit comes into production. When the file is transferred from Project Monitoring Cell at Branch to FR Cell, then first of all Incharge, FR Cell should ascertain as to whether the balance unutilised loan of the unit has been cancelled or not and whether steps have been taken by the Project Monitoring Cell with regard to the refixation of the instalments on the basis of amount utilised by the unit.

2.4 In case where the project has already been implemented fully or to the extent that even if the part of the scheme is approved, the viability of the project shall not be adversely affected, the unavailed loan may be cancelled (on request of the party or otherwise after giving a notice) and instalments may be refixed simultaneously.

2.5.1 There may be cases in which the unavailed sanction was not cancelled earlier; such left out cases should be attended when they come to the notice of the Incharge, FR Cell at Branch. In all such cases refixation should be done suo-motto giving retrospective effect.

2.5.2 Normally refixation is not to be done (even after cancellation of the unavailed loan) if the date of repayment is only 2 years ahead, because the defaulting unit may request at this juncture for the benefit of the concessional rate of interest retrospectively. However, in case the concern commits to make payment of the entire loan within LDR. refixation should be allowed retrospectively.

2.5.3 As a result of refixation allowed retrospectively, the account of such concerns may be recast manually and the benefit of interest & penal interest with compounding effect should be allowed. However, no refund should be allowed to the party.

2.6 While refixing the instalments, the party should be persuaded for clearance of overdue amount in full or in part and for the remaining overdue an understanding must be arrived at for its clearance in suitable instalments within LDR.

2.7 The order of reflation of instalments shall be conveyed to the party (Proforma no. FR-19). However, no modification deed is required to be executed after refixation of instalments but the consent of the party should invariably be obtained on refixation and refixed instalments should thereafter be fed to the computer.

GUIDELINES ON POSTPONEMENT

2.8 What Postponement Means:

Postponement means, postponing for a short period of one or two instalments, or one annual instalment of principal or interest or both, which have not yet become due. When a party applies before the due date for postponement of such amount (which is to fall due) due to genuine difficulties, such requests may be considered for postponement by competent authority.

2.9 Period of Postponement

Postponement is simply to tide over the temporary difficulties being faced by a unit and for which the unit as a good borrower, applies in advance. The period of postponement should not be generally more than three months so that the postponed amount is paid before the interest instalment becomes due. In genuine cases, however, where the difficulties are of a serious nature and for slightly longer period, postponement may be for a maximum period of 6 months or up to the end of the current financial year, whichever is longer.

2.10 Procedure to be followed

When a unit approaches the Corporation before the due date, that due to certain difficulties, it is not in a position to make repayment of Corporation's dues and proposes a definite mode of repayment to the Corporation, the matter should be examined (if necessary discussed with the party) by Deputy Manager/Assistant Manager (F&R) at Branch, especially from the point of view whether the unit is facing genuine difficulties of a short term nature and if so, the period in which it will be able to pay these dues along with the current dues.- He will then prepare the 'proposal' with all relevant details and report the case to Branch Manager for a final decision (by competent authority) with regard to postponement of the amount and its mode of repayment.

2.11 After the decision has been taken regarding postponement of instalment(s) of loan or interest or both, the same should be conveyed to the concern by a letter (Proforma No. FR-10)

2.12 Corresponding entry of such postponement and mode of repayment (of the amount) shall be made in the ledger account of the unit (On the basis of copy of order issued as above).

2.13 Rate of Interest for Postponement: The rate of interest to be charged from the unit for such postponement shall be the rate of interest as per the agreement. However, if the postponement is beyond the last date of repayment the rate of interest as prevailing at the time as the documented, whichever is higher should be charged.

2.14 If the unit commits default in payment of the postponed amount, the postponement order shall stand withdrawn (or ineffective) and default rate of interest shall be charged as per original agreement.

GUIDELINES ON 'DEFERMENT'

2.15 Deferment defined

Deferment of interest or of principal or of both, simply means non-recovering the amount on due date or at that time without any facility of concession in interest

2.16 Cases of deferment may be of the following types:

(a) Short-term deferment

To tide over temporary difficulties In such cases, the overdue amount can be cleared (along with regular instalments of principal and interest) in the same financial year or within six months from the date of deferment, whichever is later. For such deferment either The party might have approached after due date or an understanding has been reached at the initiative of Corporation's officials.

(b) Long-term deferment

Cases in which informal reschedulement (followed by formal reschedulement) is not possible because of uncertainties about future cash generation (may be on account of market conditions or other wise) In such cases, where the Party on account of genuine difficulties is not able to pay on monthly or regular but only on adhoc basis or even cannot make payment) the overdue amount may have to be deferred. In such cases of genuine defaulters no legal, action or action regarding stoppage of concessions & facilities is to be taken. However, efforts should be that these units also start paying on regular periodicity (Monthly or other wise)so that these may be considered for reschedulement.

Note:-In other cases of defaulting units, where default is not due to genuine reasons but these fall in category of willful defaulters, action regarding stoppage of concessions/facilities, legal action etc. should be taken.

2.17 Important

Non-action in recovery would not imply deferment facility. It is to be clearly understood that 'deferment' is a consideration in recognition of the difficulty faced by a unit which is not a willful defaulter.

2.18 Period of Deferment

If a unit is facing difficulties and is not in a position to make payment as per the commitment, payment should be secured in instalments (regularly or adhoc) considering its net cash accruals.

2.19 In case of short-term deferment, the period of deferment should not be more than 6 months or up to the end of current financial year, whichever is later. In case of long-term deferment, the period should not be:-

(a) More than two years and/or

(b) Beyond the last date of repayment without prior approval of the Competent Authority.

2.20 Rate of Interest for Deferment

In case of deferment of loan no benefit in interest is to be given and the interest rate shall be as per the provisions of agreement.

2.21 If however, deferment in case is followed by informal & formal reschedulement, the question of documented rate of interest from the date the unit paid in monthly instalments (with reference to date of order regarding deferment) may be considered.

2.22 Procedure for Deferment

The defaulting units must be persuaded to make payment in monthly instalments. If the difficulties faced by the concern are not likely to last long so as to enable to pay its future dues of interest and instalments in time, only deferment of recovery for a short period should normally be considered, Each case of deferment should (within 30 days of occurrence of default) be put up with a proposal by Assistant Manager/.Deputy Manager (F&R) at Branch for a decision by competent authority. A decision at Branch level should not normally take more than 30 days and in other cases the period may be up to two months or so.

GUIDELINES FOR RESCHEDULEMENT

2.23 Reschedulement of principal or interest or both means rescheduling the entire repayment schedule (including funding of Interest, if necessary) with facilities of concession in interest.

2.24 Factors to be Considered

While considering the request for reschedulement. the decision taking authority should keep the following factors in view:

(a) Whether the reasons for default in payment were/are genuine and beyond the control of entrepreneur cases. Factors of this nature could be, like power cut, interruption in power supply affecting production, change of market conditions due to factors beyond the control of entrepreneurs, shortage of raw materials, natural calamities resulting in the damage of assets of the unit, hereby affecting production, delayed implementation of the project on account of delayed supply of plant & machinery by the suppliers etc. and due to unforeseen but genuine obstacles in reference to implementation of project.

(b) Working results (including net cash accruals) of unit for 2 preceding years and current year up to the previous month (of request) based on its annual report, balance sheet and cash flow statements.

(c) Accumulated losses based on net cash accruals and anticipated cash generation in future.

(d) Amount paid by the concern during the previous year and during the current year (up to the previous month).

(e) Whether the party has cleared or is likely to clear by the end of the current financial year, 50% of the amount overdue

(f) Whether only principal amount is overdue and the party has cleared interest overdues.

(g) Whether the party will be in a position to adhere to the revised schedule considering its anticipated cash generation and profitability in future.

(h) Whether the project is under implementation or it has faced difficulties during implementation due to reasonable genuine grounds.

(i) whether the party had paid amount monthly or otherwise, more or less according to the understanding reached in the past.

(j) Whether the case is of a sick or closed unit, which has also applied for assistance under revival schemes.

(k) Whether any legal notice has been issued (or legal action initiated) or case is of a unit against which action is pending in any court of law (legal notice may be withdrawn if the entrepreneur has paid 50% of the overdue on the date of legal notice or some amount has been paid and for remaining amount an understanding has been reached).

2.25 Period of Reschedulement

No amount should normally be rescheduled beyond the last date of repayment. If, however, due to genuine reasons it is considered necessary and reasonable, it should be done by the competent authority after considering all above factors in view.

2.26 While re-scheduling the loan the amount to be repaid by the concern should be fixed on the basis of the expected cash accruals of the concern from the year to year i.e. the reschedulement can be of the same amount for every month or quarter, or year till the loan account is cleared or it can also start with a lower amount which can be increased with the period of time.

2.27 In respect of projects Under Implementation In case of projects under implementation, normally there should be no need of reschedulement as the preoperative expenses are included in the project cost. However, in cases where the project has been delayed and gestation period is over, reschedulement may be necessary (overrun may be met out with further financial assistance).

2.28 If the difficulties are of short nature only deferment or postponement may be considered. In other cases, where the unit has faced difficulties in implementation within time schedule, due to reasonable and genuine grounds, reschedulement may be considered, if it helps bringing the unit into production. Procedure for reschedulement of loan in such cases will also be the same as for reschedulement of loan in cases of projects already implemented. However, reasons for considering reschedulement should be recorded on the file.

2.29 In case of closed units.

In case of closed units reschedulement may be considered if it helps in reviving the unit in the hands of original promoter. (may be with the inclusion of a new partner).

2.30 The procedure of reschedulement of such cases shall also be the same as applicable in case of running units.

2.31 Procedure for Reschedulement of Loan In case of units in production and which are in default due to genuine difficulties payments should be secured from them in suitable monthly instalments, depending upon their net cash accruals.

2.32 Some units may also apply before due date or immediately after due date for reschedulement because of genuine difficulties. This will also include cases of projects under implementation or cases where units have recently come into commercial production. In such cases, though the unit may not be in a position to pay in monthly instalments in near future, but the future date and mode of repayment should always be worked out after discussions with the party.

2.33 Where the instalments (monthly or quarterly) are to be recovered in near future, normally informal reschedulement should be done first so as to ensure that the party will be able to meet its commitments. When the party meets its monthly/quarterly commitments for at least 6 months or at least 50% of its overdue (Over dues as on the date of informal reschedulement) whichever is earlier, the formal/regular reschedulement order should be issued.

2.34 formal or formal reschedulement should be done only after recording factors/reasons on the basis of which reschedulement is considered necessary and advisable.

2.35 Preparation of Proposal for Reschedulement

On receiving party's request for reschedulement proposal (as per Proforma No. FR-11) Should be put up by Assistant Manager/Deputy Manager (F&R) to Branch Manager for a decision by competent authority. If a decision is to be taken at the branch level it should not normally take more than .10 days and in other cases also (where case is to be sent to Regional office or Mead Office for a decision), it should also not take more than 30 days at Branch and another 30 days at the decision making level (Head Office/Regional Office).

However while forwarding the proposal to RO/110. the following action are to be taken by BO

- 1 Every proposal submitted to R.O./H.O. for reschedulement should be by the Branch Manager's recommendations in the prescribed proforma with party's request.
- 2 In matters falling within the competence of Regional Office, orders regarding reschedulement should normally be passed on the Branch file itself by Dy. GM(R) during his visit/camp in the Branch. R-38 need not be maintained at Regional Office.
- 3 In case of R-38 maintained at Branch Office all reschedulement including those done by the Regional Office/Head Office should be entered and followed up.
- 4 Order regarding reschedulement (informal/formal) is to be conveyed by the Branch to the party, copy of which should also be sent to R-O. / H.O. which had approved the reschedulement.

2.36 The quantum of monthly instalments as per net cash accruals of the unit may be proposed different (or more) than the amount mentioned in party's request, if the decision at branch is for higher amount of monthly instalments, against which if the party has any grievance, the promoters of the unit may appeal to the next higher authority at Regional or Head Office Level for appropriate decision as per its NCA and difficulties being faced by the unit. However, the party should not wait for the decision in appeal, but should start paying as per the decision conveyed by the Branch.

2.37 Informal Reschedulement

It may be necessary to watch the behaviour of the party for some time in meeting its commitments and, therefore, informal reschedulement is to be accepted before grant of formal reschedulement. In such case the party shall be intimated of the decision of informal reschedulement (Proforma No. FR.12).

2.38 Effective Date of Reschedulement

The decision on the request of the loanee for reschedulement should be taken within a maximum period of one month's time, and its effect be given w.e.f the date of request of the loanee.

2.39. Rate of interest

Interest shall be charged as under:

- (a) Documented interest (as fixed for regular loan) from the date of reschedulement if not beyond the last date of repayment). (Formal order of reschedulement may be issued afterwards and made effective from an earlier date when the unit started making payment on monthly or quarterly basis etc.).
- (b) Default rate of interest up to the date of reschedulement (effective) except that the Documented rate of interest may be charged for the period, the unit remained closed (closed units may be verified by power bills and sales tax assessment orders).
- (c) For period beyond the last date of repayment, prevailing rate/documented rate whichever is higher" of interest is to be charged unless otherwise decided by the CMD.

2.40 Waiver of Penal Interest.

As regards waiving of penal interest (already debited), the extent of concession and facility should be determined by computing the funds available for repayment.

(a) Computing Funds available for Repayment

The funds available for repayment can be determined by adding the following figures on yearly basis.

- i) Net Profit/Loss during the year.
- ii) Depreciation as also investment allowance, if any
- iii) Provision for intangibles, if any, i.e.. pre-operative/preliminary expenses/write-off.
- iv) Bad debts, if provided and
- v) Interest on term loan (including unsecured loans) shown in P&L Account.

(b) Guidelines for waiver of Penal Interest.

- i) If the available funds for repayment are in minus, the request for waiver of penal interest be considered for the year(s) it is in minus.
- ii) In case in particular year the available funds are in plus, but the unit has made repayments to the Corporation equal to or more than the funds available for repayment the request for waiver of penal interest can be considered favorably.
- iii) If the repayments made to the Corporation are not equal to the available funds but are around or more than 75% of available funds, waiver of penal interest can be considered upto 50% of the penal interest charged during the year provided it is not a willful default.
- iv) Where payments made are less than 75% of the available funds, the request for waiver of penal interest is to be discouraged for that year.
- v) In any case the extent of penal interest waiver is to be limited to the amount of interest outstanding at the beginning of the financial year.
- vi) To have a check over pendency and opening of past cases, request for waiver of penal interest for a period earlier to three complete financial years should not be considered in respect of those units which are in operation for more than one year. However, in a special case where LDR has already expired and the party wants to square-up the account fully, the request for waiver of penal interest for the entire period of loan can be considered by CMD (Upto Rs. 5.00 lacs of waiver) and by Board (beyond Rs. 5.00 lacs).
- vii) All requests for waiver of penal interest are to be finally decided at HO except cases falling within the jurisdiction of Empowered Settlement Committee or the IR.S Scheme.

2.40A Benefit in interest/penal interest considered during the currency of loan shall be allowed if the balance outstanding in the loan account alongwith future interest is paid on due dates as per reschedulement considered and agreed. In such cases the credit for an amount equal to interest/penal interest considered for waiver shall be given in the last payment.

Note:

The waiver of liquidated/damage/penal interest if considered on merits of the case at a later stage the rate of waiver of penal interest/liquidated damages in such cases shall not exceed the rate by which the rate of interest plus rate of liquidated damages exceeds the normal lending rate of interest of the Corporation.

2.41 Formal Order of Reschedulement

Formal order of reschedulement of loan (and interest) and standard terms and conditions are to be conveyed to the units (Proforma No. FR-13).

2.42 It shall be an essential condition of repayment that in case the party does not adhere to the revised schedule, the Corporation shall be at liberty to revert to the original schedule and in that case the loanee

concern shall also be liable to pay default rate of interest on the amount of overdue as per original interest rate structure. (case of genuine default in revised schedule due to sufficient and adequate reasons may be considered on merits).

2.43 Rate of interest to be charged for different periods of reschedulement should also be clearly indicated in formal order of reschedulement

2.44 Once a decision with regard to the reschedulement has been taken in case of a unit, the amount which fell due and could not be paid as per original schedule, will not be reflected as overdue amount in the statement of overdues. However, the amount overdue as per revised schedule shall be shown as overdues in the statement.

2.45 Accounting Effect of Reschedulement

Simple exchange of communication by way of letter would be sufficient in place of execution of deed of modification. The formal order of reschedulement should be prepared in two copies and handed over to the authorised representative of the concern. The original copy should be taken back from the borrower after obtaining his signatures in confirmation of its acceptance. This letter (original should be kept with the original loan documents and copy of the same should be sent to the Accounts Cell of the Branch for giving necessary effect in the books of accounts for feeding the revised repayment schedule/rate of interest in computer books. As far as possible this order of reschedulement should be handed over in person to the authorised representative so that the confirmation copy can be taken immediately and effect given immediately. However, in the circumstances where it is not possible to handover the original order in person this communication should be sent by post and it should be mentioned in the order that in case confirmation is not received back from the authorised representative within 15 days it would be presumed that the reschedulement is not acceptable to the borrower and RFC should proceed accordingly.

2.46 Earlier Cases

All the above stipulations, relaxations, procedures etc. shall be applicable not only in cases where payment in instalment is agreed there after but also in those cases where the instalments have been agreed to in the past (in pursuance of earlier decisions) or where the party is paying in monthly instalments or otherwise as per the understanding reached earlier.

2.47 Default after Reschedulement

Once reschedulement has been conveyed to the party but it somehow does not adhere to the revised schedule, action should be taken as under;

- (a)** Notice to the party (Within 15 days of occurrence of default) to pay its overdues within 15 days failing which the Corporation shall revert to its original schedule. (Proforma No. FR-15)
- (b)** If the party does not clear its overdues within the stipulated period further action should be taken as in case of fresh defaulting units, considering the various factors including genuineness of reasons for non payment in time.
- (c)** We may also revert to original schedule in case the reasons are not genuine and the unit is a willful defaulter.

Action in regard to closed units

CLOSED UNITS

3.1 Closed Units are those in which no production activity is being carried out for a considerable period of time (3 months or more) and it is not expected that production will commence in near future due to difficulties being faced by unit. This will also include cases of abandoned projects.

3.2 Identification of closed Units and Reporting

Identification of the Closed Units is a constant and regular process. However, these may be identified every year during first quarter of Financial Year (April to June). The officer at the Branch should, through progress reports, and also during the course of their visit to various areas, locate those assisted units which are lying closed. Intimation of such units should be sent to Head Office (F&R Section) with a copy to DGM (Region) (Proforma No. FR-16)

3.3 As soon as a closed unit has been identified (including the project abandoned at the stage of implementation) the unit should be thoroughly inspected in details by AM/DM (F&R) at branch as per prescribed norms (vide Schedule 3/3) and a report (along with inspection report) be submitted to Branch Manager/Manager DM(Branch) if empowered to take suitable action in such cases should take immediate action otherwise the case be forwarded to the competent authority with his recommendations with a copy to the Manager (F&R) at HO /Dy. Gen. Manager(Region).

REVIVAL AND REHABILITATION OF CLOSED UNITS

3.4 Revival and rehabilitation of sick and closed units in the hands of original entrepreneurs is an important task, on the part of officers involved in the activity of follow-up and recovery. The responsibility is all the more on the shoulders of Branch Managers and officer of F&R Cell at Branch.

3.5 As far as possible efforts should be made to revive the unit in the hands of original promoters. Wherever it is felt that the unit can be run and managed well by the same management (by retirement/inclusion of some partners if necessary), the Asstt. Manager/Dy. Mgr.(F&R) at Branch should call the promoters and discuss with them in details the possibilities of revival and should make a detailed assessment of the assistance required, if any, for the purpose.

3.6 The package of assistance may Include the following:

(a). If the unit is closed due to dispute in partners, retirement of existing partners and if necessary inclusion of new partners may be permitted. If required, the partners may be called for discussion for solving their disputes and a settlement.

(b). In certain cases inclusion of a financial partner may help in solving the financial difficulties if any. The party may be advised and permission may be granted for inclusion accordingly.

(c) If tile unit is closed down due to shortage of working capital, the bank may be requested and pursued for adequate working capital limits

(d). Part amount of Corporation loan undisbursed may be considered for disbursement as per norms (if necessary with the permission of competent authority), if it is likely to help the unit in its revival and re-commencement of production.

(e). If additional financial assistance for fixed assets or margin for working capital is required, the same may be considered:

i) Under normal scheme if only for fixed assets or

ii) Under revival Scheme if it is also for margin for working capital or 100% finance for additional fixed assets or both.

iii) Under margin money scheme for sick unit of Slate Government in such cases complete nursing programme will have to be prepared in association with the bankers of the units. After discussions with the party (and Bankers), the party be advised to submit the application with details if it is keen in revival.

(f) Reschedulement of loan may also be considered as per prescribed procedure along with package of assistance extended to the unit, for revival in original hands. If the unit require further gestation period the same may also be considered and revival shall be made even beyond the last date of repayment (for which approval of the competent authority shall be obtained).

3.7. Manager/Dy. Mgr. (Branch) will study the case thoroughly and finalise his recommendation as to how and by which of the assistance stated above (one or more of them) the unit can be revived.

3.8 On arriving at a conclusion of the quantum and type of assistance to be provided to the concern, the Branch Manager should take steps as per prescribed procedures and try to make available the assistance to the concern as early as possible for its revival.

3.9 Once the revival scheme has been prepared and revival assistance extended to the concern then. Branch Manager should regularly follow the progress made by the unit from time to time.

3.10 Revival in other Cases

If, after inspection and discussions with the promoters of the project, Officer at Branch comes to a conclusion that it is not possible to revive a particular unit in the hands of original promoter, then such cases are to be put up by DM/AM (F&R) to Branch Manager with specific recommendation (mentioning alternatives) for decision further action. If Branch Manager is not empowered to take a decision he will send the case to Regional Office or Head Office (F&R Section), as the case may be , for decision. Further action is to be taken as per the directions received from the competent authority. These steps may include initiation of legal action, issuance of legal notice, take over of possession of assets and their disposal etc. (as per procedure being prescribed under these heads), so that the idle assets can be put to productive use by the purchaser. Efforts should be made to take assistance from me original promoter for disposal of assets with his consent after take over by the Corporation.

3.11 General

"Efforts should be made expeditiously for revival of closed units"

3.12 The governing guidelines for closed units closely linked with recovery of subsidy are as under

- (a)** If the applicant his obtained subsidy by misrepresentation or by furnishing false information.
- (b)** The unit goes out of production within five years (except for short period extending upto six months due to reasons beyond control).
- (c)** Where the unit fails to furnish prescribed statement.
- (d)** Where the unit violates any covenant of the agreement executed.
- (e)** Where the unit has received subsidy but does not come into production within the specified period as per scheme.

(f) As the State Capital Investment Subsidy Scheme, 1990 does not provide for creation of charge over the assets being financed by the Corporation except an agreement in the form No.6, the retention of documents after repayment of loan of the Corporation in full is not legally correct. Therefore, the documents should be released in favour of the persons entitled to receive the same in cases where the loan of the Corporation has been paid fully by the borrower. Accordingly, documents are not required to be retained even if the prescribed period of five years after commencement of commercial production as envisaged in the State Capital Investment Subsidy Scheme, 1990 has not been completed.

3.13 In case of defaulting units action for recovery of subsidy is to be initiated under the PDR Act as an arrear of Land Revenue as envisaged in the State Capital Investment Subsidy Scheme, 1990 recovery of subsidy is to be initiated under the PDR Act

3.14 In other cases not covered under the State Subsidy Scheme, 1990, the recovery of subsidy is to be insisted upon as per the terms and conditions of subsidy documents and accordingly, the original documents are not to be released as charge over assets had been created for subsidy as well, as prescribed under the Central Capital Investment Subsidy Scheme, 1971.

Legal Action**BEFORE LEGAL ACTION**

4.1 A decision for initiation of legal action against a unit may be taken provided the conclusion is that:

- (i) The unit is a willful defaulter and avoiding Corporation's payments even though generating cash surplus or
- (ii) The unit has come to such an adverse position that it is quite impossible to revive with the same management:

4.2 Stoppage of Concessions and Facilities and Freezing of Bank Account:

Before a final decision for initiation of legal action is taken and legal notice issued in cases of willful defaulters the following steps should normally be taken:

- (a) If the wilful defaulter does not start making payments or no understanding has been reached regarding clearance of overdues/payments. Manager/Dy. Manager (Br) should not hesitate in using the influence of General Manager, D1C. Collector of the District and other District authorities. with an objective to pressurise wilful defaulting units to make payment of the Corporation dues. If necessary. General Manager, DIC may be requested (after taking approval from the competent authority as per delegation vide Schedule 3/1 and 3/2 and other district authorities for stoppage of concessions and facilities (like allocation of scarce raw material, issuance of price preference certificate for Government purchase, in issuance of essentiality certificate for exemption from octroi duty and payment of power subsidy etc to such units in terms of Stale Government Circular No. F, 10(16) Industries 11/82 dated 1.4.1983 (Schedule 3/5) (Proforma No. FR 17).
- (b) Influence of Bank concerned and lead bank authorities should also be fully utilised for creating pressure on the assisted unit to make payment of the Corporation dues. If necessary the Bank may be requested to freeze concern's bank account (Proforma No. FR 18)
- (c) The sales tax scheme has the clause 6(b)(i) - The benefit sanctioned under this scheme shall be liable to be suspended where an industrial unit makes two defaults, after two years of commencement of production in making repayments of the loan obtained from the Financial Institution of the State.

The above provision can be used as an instrument in favour of the Corporation for forwarding the cases of defaults to DLC/SLC to stop facilities for sales tax incentive to the concerned unit.

LEGAL ACTION

4.3 If the action with regard to stoppage of concessions and facilities and freezing of Bank Account has not resulted in pressure on the unit, the matter with regard to the initiation of legal action for recovery should be considered in the following cases:

- (a) Where the unit has not paid:
 - i) Any installment of principal for more than one year; and
 - ii) Any amount towards principal/interest or both, during the previous year and the current financial year.
- (b) Where the overdue amount is more than 25% of the loan outstanding and there is default in payment of principal sum also.

- (c) Where the unit is lying closed or the project has been abandoned during implementation for more than three months and there are no chances of its revival or completion in the hands of original promoters.
- (d) Where the promoters have illegally entered into sale agreement (of assets of units) with another person without permission of the Corporation.
- (e) Where the unit has been disposed off without consent of the Corporation or is lying closed due to serious differences amongst partners and one of them requests the Corporation for taking further action and the dispute could not be resolved.

4.4 Initiating Legal Action

In cases where legal action is to be initiated, a letter should be sent by Registered A.D. before placing the same to the competent authority (Proforma No.FR19) asking the party to clear the overdues within a period of 15 days failing which legal action would be taken.

4.5 Proposal for Legal Action

All cases, where legal action is to be taken should be placed before or sent to the competent authority (Preforma No. FR-20) for seeking permission for initiation of legal action and issuance of legal notice under section 30 of the SFCs Act, 1951.

The officer concerned and BM/Dy GM(R) are to necessarily comment on the following aspect while forwarding proposals to competent authority for initiating legal action.

- i) Probability of recovery of dues from the original borrower by initiating legal action.
- ii) Probability of early sale of unit if unit is ultimately taken over.
- iii) The likely watch and ward cost on take over.
- iv) Chances of recovery by following other alternate mode of recovery without taking possession.

4.6 In case Branch authority DM(F&R)/ Branch Manager feels that legal action should not be taken in particular case because of the following or any other reason the case should be reported to next higher authority:

- (a) Unit is running and started making partial payment on the basis of its net cash accruals.
- (b) Project has not been implemented fully & promoter intend to implement the same and an understanding has been reached with regard to payment of Corporation dues.
- (c) Unit has commenced production or is a sick unit and is under consideration for revival purpose.

4.7 Decision and issuance of Legal Notice: In cases, where permission for initiation of legal action has to be given by authorities at Region/Head Office, decision with regard to initiation of legal action should be conveyed to Branch Manager (Proforma No. FR 21)

4.8 As soon as a decision to initiate legal action has been taken, the Dy. Manager/Manager (Br.) or Dy. Manager (F&R) at Branch (if empowered to issue legal notice) should issue legal notice to the unit within a period of 7 days (Proforma No. FR 22) giving normally 30 days time (not less than 15 days time in any case) to the unit with a copy to the banker of the unit. An entry regarding decision and issuance of legal notice should be made in Register for legal action (R32).

4.8(A) The Branch Manager and legal notice issuing authority is to ensure that legal notice which is quasi-judicial proceeding is left with no ambiguity. In case a unit is having more than one account, break up of principal, and interest and other money for each individual account is to be given including the seed capital account if any. All columns/blank spaces should be filled in before signing the notice.

4.9 Serving of legal Notice

Legal notice should be served on party as under

- (a) One copy to be sent by Registered A.D at official address of the unit
- (b) One copy to be pasted at Factory (Industrial unit) gate and office copy should be got signed by two witnesses.
- (c) Copies to all promoters by Registered A.D. at their individual address.
- (d) Guarantors of loanee
- (e) DGM(R)
- (f) DGM(FR) HO

Each notice to a separate addressee shall be signed separately. The legal notice issuing officer will indicate the name and address of the branch concerned.

4.10 Credit guarantee claims - (deleted) **PROCEDURE FOR FURTHER ACTION**

4.11 Withdrawal of Notice

If the party approached the Corporation and makes partial payment of the Corporation dues and some understanding has been reached regarding clearance of the overdues, the matter may be put up by F&R Cell at Branch to Branch Manager or sent to competent authority for withdrawal of legal notice (Proforma No.FR-23).

4.12 On receipt of the proposal the competent authority after considering the proposal, if feels necessary, may advise the Branch to watch the performance of the unit for some time more or if it is satisfied that the concern shall meet its commitment may allow the Branch Manager to withdraw the legal notice but it is should normally be only after the unit has paid at least 50% of overdues as on the date of legal notice.

4.12A The unit has paid the amount as per health code category for withdrawal of legal notice and consented for monthly payment.

4.12B If in the opinion of the Branch Manager, the unit is not in a position to pay the amount equal to 50% of overdues on the date of issue of legal notice, minimum payment at least to the following extent to be insisted upon for withdrawing the legal notice:

Category of Account	Minimum down payment (% of amount outstanding as on as on date of legal notice	Monthly payment after receipt of minimum down payment after allowing gestation period of one month % of outstanding on the date of legal notice.
Loss Assets	5%	1%
Doubtful Assets Category 'B'	10%	2%
Doubtful Assets Category 'A'	15%	3%
Standard & substandard Assets	20%	3%

Note: Amount to be fixed in multiples of thousand However, in the cases of Granite and mini cement plants, if the defaulting loanee deposits 10% of outstanding mentioned in legal notice, in two instalments within two months by postdated cheques, then legal notice may be withdrawn and reschedulement may be considered.

However, if in the opinion of Branch Manager, the matter needs relaxation i.e. to accept payment less than the % mentioned above, the matter should be referred to HO (FR section) for taking appropriate action. The above monthly payment may continue to be made by the loanee till such time the account is regularised by clearance of entire overdue or by accepting reschedulement proposal by the competent authority.

In case this schedule is not adhered to, the Branch shall proceed for initiating legal action against the party by issuing fresh notice u/s 30 of the SFCs Act.

4.13 The permission for withdrawal of the legal notice may be given by the competent authority (Proforma No FR-24).

4.14 Once a decision has been taken for withdrawal of the legal notice, the Branch Manager may inform the party. Copies of such a letter should be sent to the GM.DIC, concerned bank, and other Institutions if they have been requested to stop the facilities given to the concern with a request that they may start giving facilities to the unit.

4.14A Legal Action for dishonoring of cheques

Action may be taken as per para 1.36B.

4.14B Premium on prepayment of principal instalments in cases where Legal notice has been issued

In case where legal notice is issued and in compliance thereof, the loanee concern desires to clear or clears the entire outstanding amount within 45 days from the date of issue of legal notice, an amount equivalent to 50% of the premium amount as calculated on prepayment of principal instalments in the manner prescribed in chapter No 12 would be charged as premium from the date of such pre-payments.

It is pertinent to mention that 50% premium would be charged only in case the loanee concern clears the entire outstanding. If entire outstanding amount is not repaid by the loanee concern and part prepayment is made, 100% premium would be chargeable.

4.14C Recovery of dues from personal guarantee/collateral security of guarantor/mortgagor

The legal avenues by using 31(1)(aa) should be explored for filing application u/s 31(1)(aa) in the competent court it is essential to issue of legal notice to the each mortgagor guarantor and the loanee units.

It is obligatory on the part of Corporation to issue legal notice u/s 30 of SFC Act, 1951 read with Section 29 and Section 31, 46-R of SFC Act, 1951 and Section 58 and Section 69 of Transfer of Property Act, 1882 to the Mortgagor Guarantor before filing application 31(1)(aa) before the Court of Law. A proforma of legal notice has been devised and henceforth legal notice will be issued in the prescribed format to the time to make the payment of Corporation dues, failing which application u/s 31(1)(aa) may be filed on expiry of notice period.

For issuing notices to mortgagor/guarantor etc. only one form shall be used and its photocopies shall be got prepared for despatch to various other addresses. However, each notice to a separate addressee shall be signed in pen separately. The issuing office will indicate the name and address of the Branch concerned.

It is clarified that for take-over of mortgaged assets regular legal notice as per PG proforma No FR/22 is to be served on promoters, but their guarantors will be served with the newly designed notice. Legal notice in format-22 will bear the same number as per the number of newly designed notice for the guarantors.

4.15 Take over of possession of Assets

In case the possession of the assets is to be taken over it should be taken over, in accordance with the procedure laid down for this purpose.

4.16 Disposal of Assets

The fixed Assets of the unit in which the possession has been taken over are to be disposed off as per the procedure laid down under the head "Disposal of Assets".

(Follow-up & Recovery)

Recovery of dues of the Corporation u/s 29,31(I)(aa),32-G of the SFCs Act.

4A.1 Till 1985, the Corporation was empowered to recover its dues from the borrower, guarantor or any other surety as under only:

- i) Under Section 29-The Corporation has right to take over management or possession or both of the industrial concern as well as the Collateral security for transferring by way of lease or sale and release the property pledged, mortgaged, hypothecated or assigned to it in case the borrower fails to comply with the terms of its agreement with the Corporation.
- ii) Under Section 31 & 32 - Recovery of dues of the Corporation from the industrial concern by filing an application in the court of Distt. Judge and attachment of the mortgaged property U/S 32.
- iii) Recovery of the Corporations dues by filing civil suit in the cases where no action is permissible under the provisions of the SFCs Act.

4A.2 After the amendment to the State Financial Corporations Act the Corporations have been empowered to recover their dues as an arrears of land revenue and Section 32-G has been added in the Act which provides that where any amount is due to the Financial Corporation in respect of any accommodation granted by it to any industrial concern, same can be recovered as an arrears of land revenue. Further it has also been provided that the State Government shall specify the procedure to be prescribed to recover the amount in the same manner as an arrears of land revenue. Accordingly the State Govt., authorised GM (D)/DGM<R). RFC to issue certificate of demand in the prescribed format to the District Collector concerned for recovery of dues of the Corporation. The Corporation can undertake recovery of its dues under the provisions of Section 32G of the SFCs Act in the following cases:-

- (a)** Deficit cases in which civil suit for recovery of the deficit have not been filed against the promoters and/or guarantors.
- (b)** In the cases where taking over Possession of the unit U/S 29 of the SFCs Act is either difficult or not possible in the opinion of the Corporation after recording the reasons in writing as to why the possession of the unit U/s 29 is not possible.
- (c)** In the cases where the units are set up in rental premises and not paying dues of the Corporation with a view to avoid further complication as regard to watch and ward of assets and storing problems thereof.
- (d)** In the cases where assets of the unit are not easily saleable if possession of such assets is taken over or the expected realisable value of the assets is much less than the amount due and the Corporation is having adequate collateral security.

4A.3 When the decision is taken to invoke the provisions of Section 32-G of the SFCs Act. the steps slated below are required to be taken by the field offices for initiating recovery under the provisions of Section 32 G of the SFCs Act:

4A.4 A notice shall be issued to the borrower and its directors/partners/guarantors and/or mortgagor/guarantors under the provisions of Section 30 asking them to make payment of the dues failing which legal recourse U/s 32- G of the SFCs Act Shall be taken. It is very much necessary to indicate the provisions of Section 32-G under which we want to take legal recourse hence notice (FR-22) may be amended according to the requirement of the Section and mode of recovery.

4A.5 The officer authorised by the Board of Directors and notified in the Official Gazette will send requisition in prescribed format to the Collector.

The following documents are to be attached

- i). Copies of the loan documents.
- ii). Notice issued U/s 30 of the SFCs Act making specific mention about enforcing the provisions of Section 32- G of the Act. which is as under

Section 32-G

Recovery of amounts due to the financial Corporation as an arrear of land revenue:

Where any amount is due to the Financial Corporation in respect of any accommodation granted by it to any industrial concern the Financial Corporation or any person authorised by it in writing in this behalf, may without prejudice to any other mode of recovery, make an application to the State Government for the recovery of the amount due to it. and if the State Government may specify in this behalf, is satisfied, after following such procedure as may be described, that any amount is so due. it may issue a certificate for that amount to the Collector and the Collector shall proceed to recover that amount in the same manner as an arrear of land revenue.

- iii) Copy of the Statement of account duly certified in reference to Section 44 of the SFCs Act which should invariably bear the following certificate;

CERTIFICATE

"It is a true copy of such entries which are contained in one of the ordinary books of the Corporation and was made in the usual and ordinary course of business, and that such book is still in the custody of the Corporation.
"

4A.6 This certificate shall be dated and signed by the principal Accountant or Manager of the Financial Corporation. His name and official designation should also be exhibited in the certificate. Officer-in-charge in each and every case should be appointed as per instructions.

4A.7 On receipt of Requisition of Demand from the Branch Office/Dy.General Manager(R), or authorised officer of the Corporation shall issue a notice to the defaulter industrial concerns/borrowers/guarantors and sureties along with a copy of demand notice sent by the BO and shall call him/her to submit objection for correction, amendment within 15 days time.

4A.8 In case no objection Certificate is received for correction/amendment in the figures of demand, the DGM(R) or officer authorised shall finally pass an order either rejecting the objection or modifying it and shall forward a certificate of demand to the District Collector in the prescribed format To recover the amount due to the Corporation in the same manner as an arrears of land revenue under the provisions of Rajasthan Land Revenue Act. 1956 read with the Rajasthan Land Revenue (Payments, Credits, Refunds and Recovery) Rules. 1958.

In this respect the Law Chapter (Litigation) may also be referred.

ASSETS VOLUNTARILY HANDED OVER, MUTUAL SALE.

PROCEDURE REGARDING TAKE OVER OF ASSETS

5.1 Assets Voluntarily handed over

Wherever The promoters of a unit show their inability to run the project due to certain constraints at their end and offer assets for take over of possession by the Corporation (so as to facilitate a change in management) the Branch Manager may agree to such a proposal and initiate action for take over of the possession of assets.

Wherever the promoter of a unit makes a request to sell the assets of the unit, BM/DGM(R) may agree to such request and invoke Section 39/29 provided the takeover is in the interest of the Corporation. As such the Corporation is under no obligation to take over any unit into possession particularly when it is unviable and chances of disposal are bleak.

5.2. Sale of fixed assets with the mutual consent of the loanee and the purchaser

In the interest of continuity and smooth operation of industrial units and also as a measure of prevention from incipient sickness of the industrial units. Corporation can consider approval of the sale of the Industrial units as a whole on the mutual consent of the loanee as well as prospective purchaser. Such requests would be considered on the following conditions:

1. Such sale would be approved with the mutual consent of the original borrower and the prospective purchaser.
2. The sale price of fixed assets shall in no case be less than the amount outstanding in the loan account of the original borrower of the Corporation.
3. As and when the proposal for sale of assets with mutual consent is received with keenness amount which shall be 5% of amount outstanding from purchaser, the proposal be processed and the amount so received be kept under 'sundry' of prospective purchaser. The proof in support of networth, credit worthiness and details of immovable properties shall also to be obtained.
4. After issuing of sale approval letter, the initial deposit amount shall be deposited by the purchaser party within 15 days time. Tripartite agreement should be concluded within month's time from the issue of sale approval letter.
5. On execution of documents, the amount in sundry be transferred to the purchaser's account i.e a new account be opened in the name of the purchaser closing the original loanee's account.
6. In case the purchaser backs out after issue of sale approval letter, the keenness amount shall stand forfeited and will form income of the Corporation.
7. Legal action, if any, in the process against the original borrower shall not be halted merely for filing a request of mutual sale.
8. While approving the mutual sale credit-worthiness is to be adjudged by the concerned Branch Manager. IN case there being any collateral security/personal guarantee of outgoing promoter that be substituted by matching guarantee. Banker's NOC where second charge/pari passu charge has been credited is to be obtained.
9. The copy of agreement reached between the original loanee and the would be purchaser shall be made part of the tripartite agreement.

Stamp duty on mutual transfer is to be borne by the purchaser party.

10. Since charge credited on mortgaged assets will stand redeemed the moment transfer of assets is allowed hence it is necessary to recreate the mortgage/hypothecation/ charge on the assets being mutually transferred.

NOTE:

- i) RFC would not be responsible for the liability of any other financial institution/ organisation holding charge over the fixed assets of the unit. This liability would either be undertaken by the prospective purchaser or the original borrower should submit NOC/No dues from the Institutions having charge over the fixed assets so transferred.
- ii) At least 33% of the amount outstanding would be deposited to RFC by the prospective purchaser as initial deposit and the remaining amount can be allowed to be repaid in a maximum period of 5 years with a moratorium period of six months from the effective date of mutual sale. However, if any relaxation is required the proposal with justification shall be sent to MD.
- iii) The rate of interest on the amount recoverable shall be the documented rate of interest as per the provisions of loan agreement entered into with the original borrower or the current rate Of interest of the Corporation whichever is higher (even after expiry of the last date of repayment).
- iv) In case of default in payment of instalment of principal and interest, liquidated damages/penal interest as applicable from time to time is to be charged.
- v) That no benefit on account of re-fixation of waiver of penal interest etc. will be allowed by the Branch Manager and Dy.General Manager(R) while exercising the above powers. However, cases in which benefit on account of re-fixation or waiver of penal interest is proposed to be given then such cases should be forwarded to HO in the prescribed format along with clear cut comments and recommendations of the Branch Manager and Dy.Gen. Manager(R) for taking decision.
- vi) That the Joint Finance cases will be decided at HO.
- vii) That the balance outstanding would mean total balance outstanding in all the loan accounts of the concern as on the date of mutual sale.

5.3. Delegation of Powers

Cases in which the balance outstanding in the loan account(s) of the concern is upto Rs.5.00 lakh (as on the date of mutual sale)	Branch Manager
Cases in which the balance outstanding in the loan account(s) of the concern is above Rs.5.00 lakh and upto Rs.20.00 lakh (as on the date of mutual sale)	DGM(R)

5.4 Sale of part assets either with mutual consent of the loanee and the prospective purchaser or by enforcing Section 29 of the SFCs Act, should be avoided as far as possible. All-out efforts should be made to sell part assets on cash-down basis. If, however, it is decided by the competent authority to consider the part sale of assets on deferred payment basis, the same should be considered with the following conditions:-

- i) The charge of the Corporation on the remaining assets shall be released only when the sale proceeds of the part assets sold on deferred payment are realized in full

- ii). The condition of collateral security equivalent to the amount of deferred

payment should invariably be stipulated if the pan assets consists of plant & Machinery or movable assets.

5.5. Even entire or substantial change in management by way of transfer of share holding or by retirement of all or majority of Directors will be treated as change in management rather than mutual sale in all the company case unless the units is taken over in possession and sold.

5.6. Other Cases of take over

For other cases of take-over of assets of a unit (closed or otherwise) Branch Manager should ensure that the legal notice has already been issued to the concern under section 30 of the SFCs Act, 1951 and the notice period has also expired

5.7(a) After the expiry of the legal notice the Deputy Manager/Manager (Branch) should ensure before proceeding for lake over of the possession of the assets that necessary authority or permission has been received from the competent authority allowing to take over the possession of assets under Section 29 of the SFCs Act.

b). For permission to take over assets, a proposal shall be put up by the concerned officer to Branch Manager, who shall either take a decision himself if empowered otherwise forward to Deputy General Manager (Region) and /or Dy. General Manager (F&R) H.O. for a decision (Proforma No. FR-25) If a decision is to be taken at the Branch level, it should not normally take more than 10 days and in other cases, the proposal should be sent within 7 days so that a decision at Regional Office/H.O. may be taken within a month. The permission by Regional Office/H.O shall be communicated to Branch Manager within 3 days of decision (Proforma No. FR-26)

c). If the permission for take over of assets has been granted, the Branch Manager should either himself takeover the assets or authorize DM/AM of the Branch for the purpose considering the nature of case (Proforma No. FR-27).

d). In respect of closed units, we have to act within two constraint i.e. our security should not be jeopardized and the cost of watch and ward should be minimum and such units should not remain attached to RFC for a longer period.

Within these constraints, we should have priority in following manners for take over of possession of units in order of our involvement:

- i) No delay should be made in taking over the possession of the abandoned project as it is neither in the interest of the entrepreneurs nor in the interest of RFC to allow such project to remain un attended. Sooner we take the possession lesser the chances of deficit in sale.
- ii) Units located in developed and prestigious areas where the proportion of investment in Land & Building is substantially higher (more than double) then that of machinery.
- iii) Units having good marketing scope and where entrepreneurs interest has been observed. This can be judged by the inflow of the application and the enquires being made by the entrepreneurs for applying for fresh loan or purchase of units.
- iv) Units closed mainly on account of dispute in management, or on account of lack of financial resources with the original borrower.
- v) Units having fast changing technology, in such units, it is felt that if such units are allowed to remain unattended the market value will go down substantially by passage of time.

Note:

It is pertinent to reiterate that in all these categories first priority be given respect of those units where our involvement is higher.

(Follow-up & Recovery)

CHANGE IN CONSTITUTION OF ASSISTED UNITS

6.1 Assisted units of the corporation may like to make changes in their constitutions, either in form or in persons of the following types:

i). Change in form of-

(a) From proprietorship to partnership.

(b) From proprietorship or partnership or joint Hindu family to company (Private limited or public limited).

ii) Change in persons :

(c) Inclusion or/and retirement of partner's in case of a partnership firm.

(d) Change in directors of a company with intention to change *in management*

6.2 Request for Change In Constitution

All applications with regard to change in the constitution of assisted units may be obtained (Proforma FR-43) at the concerned Branch where the loan account of the unit is maintained.

TYPE OF REQUESTS

6.3. Change from proprietorship to partnership/inclusion of partners:

Wherever a unit intends for change in its constitution from proprietorship to partnership or a partnership firm intends to include one (or more) partner(s) the credit worthiness of incoming partner(s) should be investigated into thoroughly.

6.4 It should be ensured that by inclusion of the partners, the assisted concern is going to be benefited by way of further inclusion of capital, management expertise, technical expertise or otherwise is to help the unit in improving its functioning. These aspects need satisfactory answers before permission for inclusion of partners is given or change is accepted by us.

6.5 Retirement of partners

For taking a decision in a case where the request for retirement of partners without any proposal for inclusion of partners (in place of retiring partners) is received, the impact of the proposal on the financial position of the concern should be examined. It may be seen that by making payment to the retiring partners there must not be an outflow of funds which may result adversely in smooth working of the unit. By allowing retirement of partners the liquidity position of the assisted units should not be adversely affected, wherever it is proposed to make full payment to the retiring partners then, sources of finance for such payment should also be analysed.

6.6 Retirement and inclusion of partners

Wherever a proposal is received with regard to the retirement as well as inclusion of partners, then the decision taking authority should study the position of capital to be withdrawn by the retiring partners and capital which is proposed to be brought in by the incoming partners. There should be balance in capital which the incoming and outgoing partners are bringing/taking by inclusion/retirement of partners. Further the background of incoming partner should also be considered. In case where managing partner or main partner changes, the credit worthiness of the incoming partner may be investigated into by the BO.

6.7 Change In constitution from proprietorship partnership joint Hindu family to private Ltd. public Ltd. companies.

While considering the request for change in the constitution of the firm proprietorship, partnership and joint Hindu family units to private or public limited companies the decision should be based on the following factors:

(a) The Memorandum & Articles of Association of the proposed company should be studied and it should be seen that no such clause is incorporated in it which may adversely affect the interest of the corporation.

(b) The capital structure of the company should be thoroughly studied and it should be seen that the proposed subscribed capital should not be less than the capital presently involved in the business.

(c) Details of the shareholders and the promoter directors as also the credit worthiness of the proposed directors and their competence to run the unit should also be examined.

6.8. Change of Directors in a Company

Wherever in case of a private limited or a public limited company and one or more directors on the Board of Directors are to be changed with the intention to change the management (i.e. the incoming directors and their friends and members intend to hold the majority shares in a company) such a change should be accepted by us only when we find that the company will get advantage due to change of management. The creditworthiness, technical and management competence of the directors who intend to come in should also be studied thoroughly.

By change in directors if 50% or more of total share holding of company is also changed then such change would be deemed as change in management and such change may be approved only with the condition that incoming directors would require to pay 25% of the total outstanding as initial payments and balance within a period of 5 years or within the period upto last date of repayment whichever is earlier provided however in case LDR has already expired then suitable repayment period can be considered by the approving authority.

6.8(a) While considering for induction of Directors in the company, documents relating to personal property must be obtained and submitted to the competent authority. In case the incoming Director does not possess/own any property (even joint property), the same should be brought to the notice of the competent authority. While issuing orders for induction, it should be specifically mentioned that copies of the title deeds should be submitted or an affidavit should be obtained while executing necessary documents for induction of Directors. The affidavit should contain that whenever the properties are to be acquired by them, the photocopies of the title deeds of the same will be submitted to the Corporation, during the currency of the loan".

6.8(b) The entire or substantial change in Directors by transfer of share-holding in a company will be termed as change in management and approval for such change in management will be made with the following stipulations:

i) While approving the change in management it should be essentially ensured that the incoming management has paid at least 25% of the balance outstanding as at the beginning of the financial year in all the accounts if the unit is having more than one account) in the year in which the change is requested along with the amount that has fallen due during the year (after adjusting the amount paid during the year, if any). The remaining balance amount should be paid within the LDR provided in case the LDR has expired or going to expire within 3 years; then on request of the party suitable enhancement in repayment period by extending LDR upto 2 years can be considered by approving authority.

ii) The antecedents, credentials and competence of the incoming directors shall be verified together with the creditworthiness from their respective bankers to ensure that the company and the finance made available by the Corporation is in competent hands.

iii) The personal guarantee of the out-going directors may be retained wherever considered appropriate and necessary, during the currency of the Corporation loan.

- iv) The personal guarantee of all the incoming directors shall be obtained. If need be, collateral security may also be obtained.
- v) The rate of interest shall be documented rate of interest or prevailing rate of interest, whichever is higher, from the date of effective the change in management.
- vi) The required documents shall be got executed within one month of the date of communicating the approval for change in management

FACTORS TO BE CONSIDERED FOR APPROVAL OF CHANGE IN CONSTITUTION

6.9 The following factors are to be considered while approving the change in constitution of a unit.

- (a) Reasons for concerns request for making a change in its constitution.
- (b) Advantage which the concern is going to get from the proposed change.
- (c) Present financial position of the concern and the financial position after their proposed change is carried out.
- (d) Expertise which the unit may get on approval of the proposed change in constitution i.e. advantage by way of availability of better technical, management or other competence or financial help.
- (e) Impact on the liquidity position of the concern due to acceptance of the change in the constitution.
- (f) Credit worthiness of the persons coming as partners/directors in the assisted unit,
- (g) Position of the loan account of the concern with the Corporation

POSITION OF CORPORATIONS'S LOAN ACCOUNT

6.10 While taking decisions with regard to permission for change in the constitution of an assisted unit, the position of its loan account with Corporation may be ascertained.

6.11 If in the opinion of the Branch Manager, unit is a wilful defaulter, request should not be considered till the corporation dues are paid in full.

6.12 in case where the unit is facing genuine difficulties and proposed change is expected to provide help in improving its functioning, the same may be accepted after reaching an understanding with regard to repayments of the corporation dues after recording specific reasons for acceptance of such a request even though the account was irregular.

PROCEDURE FOR APPROVAL OF CHANGE IN CONSTITUTION

6.13 On receipt of application for change in constitution of the assisted units, if any officer at Branch is competent to take decision, such a decision should be taken within a maximum period of 30 days from the date of receipt of request. For this purpose, proposal shall be prepared (Proforma FR-44).

6.14 Where the decision is to be taken by an authority other than at the Branch, the application should be forwarded to the competent authority within a period of 15 days from the date of receipt of such a request.

The acceptance of allowing the change in the constitution of the assisted units should be conveyed to the concern by an officer not below the rank of Deputy Manager (Proforma No. FR-45). The copy of letter should be sent to Branch Office for information and further necessary action.

6.16 Change in constitution or partners/directors shall be effective only after the unit has executed modification deed (Proforma No. FR-46).

6.17 Approval of other institutions

While accepting the change in the constitution of assisted units, the competent authority should see that permission is obtained from the other participating institution which is assisted the unit in setting up its project.

These may be as under:

Permission from the concern's Bankers or other financial institutions if any, which also provided them term loan for fixed assets.

(Follow-up & Recovery)

GRANT OF CHARGES - SECOND/SUBSEQUENT/PARI PASSU CHARGES

GRANT OF CHARGES

7.1 Request for acceptance of charges

Request for acceptance of second/subsequent/ pari passu charge over the fixed assets of an assisted unit may be obtained at Branch (Proforma No.FR-47) where the loan account of the unit is maintained.

7.2 It will be the responsibility of the Branch Manager to monitor that units get adequate working capital facilities from the bank at the stage when the project is nearing completion.

NORMS FOR PROCESSING THE REQUEST FOR SECOND/SUBSEQUENT CHARGE

7.3 While considering a request for second/subsequent charge the competent authority should keep following factors in view :

- (a)** The second charge or subsequent charge should be given to the financial institution, if the unit is going to get additional benefit from the institutions requiring second charge over the assets. Such a benefit may be like early or quick sanction of term loan to meet the further requirement of fixed assets of the unit, subject to this satisfaction, second charge should be permitted without any delay. All such requests should be decided within 7 to 10 days maximum if a decision is to be taken at Branch level.
- (b)** Wherever a bank or financial institution sanctions further loan for expansion purposes, in such cases while giving second charge over the assets financed by the corporation, we may also insist for second charge on the fixed assets to be created from the assistance of the concerned institution.
- (c)** The Corporation shall allow second charge on the fixed assets of the assisted units of the Corporation to the commercial Bank in lieu of their agreeing to provide working capital finance to the Corporation's assisted units, as a matter of course irrespective of the fact that whether or not they are overdue in the existing loan account.
- (d)** Second charge should be given to a Bank freely and without any delay in cases of unit which are good borrowers with the Corporation.
- (e)** Unit requesting for second/subsequent charge in favour of a institution if it is defaulting one should be considered in its favour with the clear indication of dues position to banks.
- (f)** It should be ensured that the Bank or other financial institution requiring second charge for working capital will obtain a NO OBJECTION CERTIFICATE from the Corporation initially and every year before grant/revision of facilities extended to the loanee concern.

NORMS FOR PROCESSING OF REQUEST FOR PARI PASSU CHARGE

7.4 The competent authority may consider request for creation of pari passu charge over the fixed assets of the assisted units when the other financial institutions are extending financial assistance for creation of further fixed assets by the unit. While considering the request of an assisted unit for such charge, following aspects should be considered :-

- (a)** Pari passu charge may be given to other financial institutions, if the unit seeks financial assistance (additional finance) for creation of further fixed assets for balancing equipment or for the purpose of expansion, diversification and /or modernisation of the unit

(b) While considering permission for pari passu charge it should be ascertained by the competent authority that in granting pari passu charge, terms & conditions of sanction of loan to the unit by the sanctioning authority are in no way violated or corporation's interest is adversely affected.

(c) While permitting pari passu charge, it should be ascertained that if a charge has been created against the investment subsidy provided to the unit through this corporation, then the charge so created shall also rank pari passu to the corporation and other financial institution charge over the fixed assets of the assisted units.

(d) While granting the permission for pari passu charge in respect of units having availed financial assistance/loan under GB Schemes the following guidelines are to be followed.

i). Pari Passu charge for availing WCTL for other term lending institutions/bank shall not be considered .

ii). Pari Passu charge for availing other term loan may be considered by enhancing the security debt ratio as under.

A. In case, the company/concern has availed the financial assistance under Gold Card/Silver Card Scheme, the security debt ratio may be enhanced to 2.10 : 1 as against 2:1.

B. In cases where the financial assistance has been availed under other schemes of good borrower the security debt ratio may be enhanced to 1.6 : 1 as against 1.5:1.

PROCEDURE FOR PROCESSING REQUEST

7.5(a) A proposal for considering grant of charge shall be prepared by the officer concerned (Proforma No.FR-48)

(b) The request of the unit should be considered by the Branch Manager, to the maximum within a period of 15 days, if he is authorised to do so. If a decision is to be taken by an authority other than at Branch, the request along with comments and recommendations of Mgr./DM (Branch) should be forwarded to the competent authority within a period of 10 days from the receipt of the request.

7.6 The competent authority should normally take decision in such cases within a period of 15 days from the date of receipt of such requests duly recommended by the Manager/DM (Branch).

7.7 Permission for creation of Charge Permission for creation of charge shall be conveyed to the unit (Proforma No.FR-49).

7.8 Standard terms and conditions for grant of charge be conveyed to the unit (Proforma No.FR-50).

7.9 In addition to the standard terms and conditions, any other condition is required to be incorporated, the same may be incorporated along with the standard terms and conditions.

7.10 It should be an essential condition of grant of permission for creation of pari passu/second charge that any of the participating financial institution if revise the repayment schedule, it should be done with the mutual consent of all the financial institutions.

7.11 Tripartite Agreement

The letter of permission for second/subsequent /pari passu charge should contain that the participating institutions and the unit shall have to enter into a tripartite agreement, (say within a period of 30 days). The proforma of the tripartite agreement to be got executed is enclosed as (Proforma FR-51).

7.12 Recording of Charges

The entry of charge created shall be made in the register of memorandum of execution or documents to be maintained at Branch/HO (Documentation Cell).

GENERAL

8.1 It is an essential condition of sanction of loan in case of fire prone industries (as given in schedule 3/S) and transport vehicle that the assisted unit should keep its assets adequately insured against fire till the currency of the loan.

8.2 Branch Office has to watch and ensure that the assets of the assisted units are through out kept insured and the insurance policies are timely renewed during the currency of the loan.

8.3 It is the responsibility of the BO to see that none of the assets assisted by us remains uninsured (in any period of time).

As per our policy all out efforts should be made to see that assets are kept insured continuously during the currency of loan.

8.4 Insurance Records

The details of every policy issued by the Insurance Company insuring the fixed assets of assisted unit is to be entered in the quarterly status sheet of the unit.

8.5 Every Branch shall keep an insurance intimation register like due date register. In this register month-wise details of the insurance policy expiring shall be maintained to facilitate timely intimation to the assisted units for renewal of their insurance policies.

8.6 Renewal of Insurance Policies

Every assisted unit is to be sent an intimation (Proforma FR-52) for renewal of insurance so as to reach at least 15 days in advance of the expiry of insurance policy so that insurance policy may be got renewed before the date of expiry.

8.7 Procedure for Renewal

In case the insurance policy is not renewed upto the date of expiry a notice (Proforma FR-53) should be sent to the concern giving 15 days time to get the policy renewed. This may be stated in the letter that in case of failure in getting the policy renewed in the stipulated period the policy shall be got renewed by the Corporation and expenses so incurred in renewal shall be debited to their loan account.

8.8 If even after issuance of such a notice, the policy is not got renewed then the BO should get

the policy renewed from the same company to which the previous insurance policy belongs and debit the amount of premium and also liquidated damages (equal to the premium amount) to the loan account of the concern. Intimation about it should be sent to the unit also (Proforma FR-54).

8.9 A Proper record of insurance of assets should be kept by the BO and it should be updated every month.

NOMINEE DIRECTORS ON THE BOARD OF DIRECTORS OF ASSISTED UNITS

GENERAL

- 9.1** One of the important features in building up of sound relationship between financial institutions and the promoters (management) of the assisted units is the nomination of directors by the financial institutions on the Board of Directors of assisted units (Companies).
- 9.2** RFC, under the provisions of SFCs Act. 1951 and by virtue of terms & conditions of loan sanction letter, can nominate directors on the Board of directors of the assisted units.
- 9.3** Guidelines regarding nomination and functioning of nominee directors on the Board of directors of assisted units shall be as enumerated in the following paragraphs :

NOMINATION OF DIRECTORS

- 9.4** In which units and whom to nominate as Director:

In the following types of units (companies), the Corporation would generally nominate its directors:

- (a) In all cases of joint finance cases irrespective of default or timely payments.
- (b) In units (companies) where the quantum of default is more than Rs.5 lacs as on the 1st April of the year.
- (c) In cases of joint finance units (companies) nominee director would not be below the rank of DGM.
- (d) In other cases, officers below the rank of DM would not be appointed as nominee directors.
- (e) Generally the ranks of officers, who can be appointed as nominee directors, would be as under

Overdue uptoRs. 10 lacs	Dy. Managers
Overdue above Rs.10 lacs and upto Rs.15 lacs	Managers
Overducs above Rs. 15 lacs	DGMs and above.

- (f) While appointing nominee directors, the available number of officers and the number of units (companics)in which they are to be nominated would be kept in view.
- (g) Attempts would be made to nominate officers working at the place where the registered office of die company is situated.

9.5 Authority to Nominate

Authority to nominate directors on the Board of directors of assisted units (companies) rest with the CMD of the corporation. The cases would be processed by FR section at HO.

9.6 Appointment of Nominee Director

The appointment of nominee directors on the Board of company (assisted unit) shall be conveyed to the officer/persons nominated by a registered letter (Proforma No FR-55) with a copy to Branch. The company shall also be informed (along with a copy of the above letter) by a registered letter (Proforma FR-56) These letters will be issued by Manager (FR) at HO.

- 9.7** In case of a change in the nominee director, a registered letter (Proforma FR-56) should be sent to the company by Manager (FR) withdrawing the earlier nomination and appointing another person with a copy to the concerned officer (earlier nominee director as well as new nominee

director) and Branch concerned. If the withdrawal is not accompanied by the substitution a simple withdrawal letter is to be sent as above (Proforma FR 57).

9.8 Action by the officer Nominated

On receipt of the letter of nomination to act as a nominee director on the Board of directors of an assisted unit (company), the officer concerned should immediately send a letter of consent along with other documents as required under the Companies Act, 1956 (Proforma of the same will be sent along with the letter of nomination to the officer) so that the same may be filed by the company with the Registrar of Companies of the State, (in which the registered office of the company is located) within 30 days of nomination as per the provisions of Sec.264 of the Companies Act, 1956.

9.9 Duties and Functions of Nominee Directors

The nominee director is appointed mainly to safeguard the interests of the financial institutions. His important duties, responsibility and functions are as under:

- (a) The primary role of a nominee director would be to ensure that the unit (company) makes timely payments to the RFC of its dues and in case of overdues these are reduced/cleared as quickly as possible.
- (b) To assist in quick decision making by the company, so as to enable it to attain its corporate goals.
- (c) To see that the company carries out its obligations as per provisions of the relevant status.
- (d) To ensure that performance of the company is reviewed regularly in the Board and the company also pays its dues to the financial institutions in time.
- (e) It would not be necessary for the nominee director to attend the Board meetings of a company, if such company has been making timely payment to the RFC.

9.10 Board Meeting

The nominee director should see that meetings of the Board of Directors are held as per the provisions of the Companies Act. 1956.

9.11 Efforts should be made by the nominee director to attend the meetings of the board of the company held from time to time. In case he is unable to attend a meeting, he should inform (proforma FR-58) the registered office of the company prior to the date of the meeting. Further if there are any vital items to be discussed in the meeting, he may send his views on such items or request the company to defer them for the next meeting.

9.12 Report by Nominee Director

Within 7 days of the meeting of the Board of directors of the company, the nominee director should send a report (Proforma FR-59) about;

- (a) Whether he had attended the meeting
- (b) Important items discussed and decision taken and
- (c) progress of the unit and position of repayments.

9.13 The report is to be sent to DGM(R) with a copy to concerned Branch Manager.

9.14 Nominee director should also report about any other important matter to HO promptly, whenever it comes to his notice or as and when required to do so.

9.15 Legal Protection to Nominee Directors

There are legal provisions in the SFCs Act, 1951 and the Companies Act, 1956 which afford general indemnity to a nominee director for wrongs which may arise out of any act of commission or omission done in good faith. Some important provisions in this regard are:

- (a) A nominee director, shall not incur any obligation or liability by reasons only of his being a director or for any thing done or omitted to be done in good faith in the discharge of his duties as a director or any thing in relation thereto.
- (b) A nominee director is not liable for retirement by rotation and shall not be taken into account for computing the number of directors liable for such retirement
- (c) No suit prosecution or other legal proceedings shall lie against any director of any industrial concern by the Corporation for any thing which is in good faith done or intended to be done by him as a nominee director.

FEE AND EXPENSES

- 9.16** Any remuneration received by a nominee director as a director on the board of a company on behalf of the Corporation or fee for attending the meetings of the board of the company should be deposited by the nominee director with the corporation (HO or the BO where he is posted),
- 9.17** Expenses incurred for the purpose of attending a meeting i.e. TA and DA will be paid to the concerned officer (nominee director) as per the rules of the Corporation.
- 9.18** If the Company bears the expenses of travel in higher class and better accommodation is provided, the nominee director (officer concerned) may avail himself of the hospitality so extended, but in such cases he will be entitled for the DA only as per rules.

ACTION AT HO

- 9.19** Reports of the nominee directors would be examined initially by the DM (FR) or any other officer/appointed for this purpose and his analysis reports would be sent to the concerned officers in the FR who are responsible for ensuring follow up of such units.

(Follow-up & Recovery)

CREDIT GUARANTEE SCHEME (FOR SSI UMTS)

FR-10

COVERAGE OF UNITS UNDER CREDIT GUARANTEE SCHEME

Presently this scheme is not in operation hence
deleted.

(Follow up & Recovery)

FR-

11

INTEREST FREE LOANS TO INDUSTRIES

11.1 GENERAL

The Government of Rajasthan has authorised the Rajasthan Financial Corporation for grant of Interest Free Loan under the "Interest Free Loan to Industries Scheme. 1976. 1985 and 1990" in favour of the Small Scale Industrial units excluding loans upto [Rs.25.000/-](#) for which sanction is to be issued by District Industries Center. Interest Free Loans to industrial units other than SSI is to be sanctioned by RIICO.

Presently, no scheme of Interest Free Loan is in force. Therefore, provisions regarding this scheme are deleted. For reference Schedule No.3/6. 3/6A (for scheme of 1976 and 1985) and Schedule No.3/6B (for scheme of 1990) may be seen.

SALIENT FEATURES OF THE SCHEME

11.2 The Government of Rajasthan has formed a scheme of Interest Free Loans to Industries with a view to promote the growth of industries in the State for grant of interest free loans to industrial units in consideration of Rajasthan Sales Tax/Central Sales Tax paid by them. A copy of the scheme as formulated and issued by the Government is given at Schedule 3/6(FR) Schedule 3/6(A) (FR), Schedule 3/6(B) FR.

11.3 Commencement Duration and Applicability

The scheme came into operation from 1.4.1976 and remained in force upto 31st March, 1984 further from 1.4.1985 and from 1.4.90 to 31.3.1995 for such period as may be decided from time to time.

11.4 Eligibility

Industrial units (both assisted and non-assisted) are eligible for grant of interest free loan under the scheme. It should either be a new unit, or an existing unit, having extended during the period 1.4.1976 to 31.3.1984, or during the period from 1.4.1985 to 4.3.1987 and during 1.4.90 to 31.3.1995 (for scheme 1.4.90 to 31.3.1995 refer schedule 316 (B). Under 1990 Scheme, Sick units are also eligible.

11.5 Amount of Loan

An industrial unit eligible under the scheme shall be entitled in any one assessment year for, grant of Interest Free Loan not exceeding the amount of Central Sales Tax/Rajasthan Sales Tax paid by it during the previous year on the sales of its finished goods. The total amount of interest free loan to be given to a unit during the total period (5 years) shall not exceed 8% of the value of fixed assets of the unit under the Interest Free Loan to Industries Scheme, 1976 and shall not exceed 25% of the value of fixed assets under the Interest Free Loans to Industries Scheme, 1985. Under the 1990 Scheme, extent of the Interest Free Loans in terms of Sales Tax paid varies from 50% to 90%.

In case of an existing unit undertaking substantial expansion, the amount of interest free loan to be granted shall be equal to the difference between the Sales Tax paid by it in the year preceding (or in which expansion takes place) and the sales tax paid in the year in respect of which interest free is claimed.

11.6 Purpose of Loan

- (a) For creation of fixed assets, or
- (b) For the repayment of loans taken and interest thereon for creating fixed assets for the establishment of a new unit in Rajasthan, or
- (c) For the expansion of an existing industrial unit.

11.7 Security

The loan shall be secured by creating a charge on the fixed assets of the industrial unit as under:

- (a) Second charge in case of RFC/Bank assisted unit (term loan)
- (b) First charge in other cases

Note: Where necessary collateral/personal guarantee may be taken.

11.8 Repayment

The interest free loan shall be repayable as per scheme in force.

11.9 Interest in case of default

- a) The defaulting unit shall pay interest on the amount remaining unpaid from the due date to the date of repayment @24% per annum or such revised rates as may be fixed from time to time by the State Government.
- b) If three successful instalments of loan are not paid on the due dates, the entire amount of loan remaining unpaid shall be recoverable in lump sum with interest @ 15%p.a.
- c) In case where the interest free loan is obtained by misrepresentation of facts, the entire amount of loan remaining unpaid shall be recovered in lump sum with interest @ 18% p.a. as arrears of land revenue under the Rajasthan Land Revenue Act or as dues of State Financial Institutions.
- d) All expenses in connection with the preparation of legal documents, including stamp duty and other incidental charges shall be borne and paid by the industrial unit.

PROCEDURE FOR PROCESSING INTEREST FREE LOAN APPLICATIONS

11.10 How to apply

The applications for interest free loan will be obtained by Branch Offices in the prescribed loan application form (FR/IFL-1) in triplicate.

11.11 Registration of Applications at Branch Office

Applications received at Branches shall be registered and entered in register (R-I) means for regular loan. Purpose of loan should, however, be mentioned against Col. No.7 & 8(which will not be required for such loans).

11.12 Application for such assistance shall accompany supporting documents/papers as per prescribed list (FR/IFL-2).

11.13 The applications shall be thoroughly scrutinised as per the provisions of the scheme in Branches and an Appraisal Note as per proforma FR/IFL-3 for sanction of loan shall be prepared at Branch and forwarded in duplicate to HO within a period of 30 days from the receipt of the application.

11.14 Applications lying pending at Branch for a period exceeding 30 days shall be prepared in proforma of Branch Review (BR-I) and sent to Manager (FR), HO specifying reasons for pendency.

11.15 Registration and Sanction of Loans at HO

After receiving loan applications from Branch Office at HO, (FR Section) these would be entered into the register (R-64).

11.16 If the application is found complete in all respect and proposal forwarded by the Branch Office is otherwise found in order, the case will be submitted to the Managing Director for necessary order.

11.17 Issue of Sanction Letter

Sanction letter as per proforma (FR/IFL-4) along with terms & conditions (FR/IFL-5) and a list of documents/information required from the industrial concern before execution of loan documents (FR/IFL-6) shall be issued to the industrial unit and a copy of the same along with one set of application shall be sent to the Branch Office for necessary further action at their end.

11.18 Execution of Documents

On completion of necessary formalities, (including realisation of Service charges as applicable for normal loans), the concerned Branch shall take further action for execution of the documents for creating further charge. Besides agreement (as per proforma FR/IFL-7) and guarantee deed for repayment of the loan (as per proforma) FR/IFL-8) would also be taken.

11.19 Disbursement of Loans

Sanctioned loan would be disbursed by the concerned branch after observing the following:

- (a) That the loan is utilised for the purpose for which it has been granted.
- (b) No cash payment of the interest free loan is to be made to an industrial undertaking in advance. If the loan is for creation of fixed assets, action for disbursement of further loan is to be taken as per normal procedure for disbursement of loan.
- (c) If the loan is for repayment of dues of RFC or any other institution, it should be adjusted/set to concerned institution after taking authority and receipt from party.

11.20 A copy of advice of amount disbursed will be sent by Branch to HO (FR section) on the basis of which entries will be made in Application Receipt Register (FR-64) and month wise disbursement and Repayment schedule register (R^65).

RECOVERY OF LOAN

11.21 It shall be the responsibility of the concerned branches to recover the loan granted under the scheme from the industrial undertaking as per the provisions of the agreement.

11.22 Intimation of dues in time and procedure for recovery shall be the same as for normal loans.

- (a) The sanctioning authority may serve on the defaulting unit a written notice calling upon it to pay the amount in default along with interest @ 24% p.a. and other cost and legal charges as the sanctioning authority may have incurred in this connection. Such notice shall be issued by registered post acknowledgement due at the last known address of the defaulting unit or at the registered office in case of a company.
- (b) If the defaulting unit does not pay the amount in default along with interest and other costs and charges as indicated in the notice under clause (a), the sanctioning authority may request the Collector of the district concerned to recover the dues under the Rajasthan Land Revenue Act as arrears of land revenue or may proceed under the State Financial Corporation Act to recover the amount as dues of State Financial Institution.

11.23 Maintenance of Accounts

Separate advice of the amount recovered shall be issued immediately on recovery by the Branch office to DOM (FR) at 110 clearly stating the name of the party and the amount recovered. DGM (FR), HO will then advise Dy. General Manager (Accounts) to remit the amount to the State Government.

11.24 FR Section at HO will maintain a Month wise Disbursement & Repayment schedule Register (R-65) in which unit wise details shall be kept showing the amount to fall due and recoveries effected. A Register (R-66) relating to State Government Accounts shall also be maintained in FR Section.

(Follow-up & Recovery)

EMPOWERED SETTLEMENT COMMITTEES

FR-12

DELEGATION OF POWERS REGARDING EMPOWERED SETTLEMENT COMMITTEE

12.1. With a view to redress me grievances of the entrepreneurs, provide adequate and timely relief and to decide each case on merit Grievance Redressal Committees called Empowered Settlement Committees were set up at the District level, Head Office level and State level.

12.2. THE COMPOSITION OE EMPOWERED SETTLEMENT COMMITTEES :

12.2 (A). District Level Committee (DLC)

(For cases having sanction loans upto Rs.50.000/- me District Level Committee empowered to settle such cases on merit).

Constitution of District Level Committee (DLC) would be as follows:-

(Quorum: 2 including Member Convenor)

DGM(REGION)	Chairman
GM(DIC)	Member
RM/SRM. RIICO	Member
Concerned BM, RFC	Member Convenor

Present Norms of Relief

- i). While negotiating settlement, the amount of settlement should not be less than Principal outstanding amount plus interest on simple rate basis less amount already paid but in-no case the settled amount would be less than the amount of Principal sum outstanding amount on the date of settlement.
- ii). Apart from other factors the present market value of the assets of the industrial concern mortgaged to the Corporation as well as Collateral Security if any should be kept in view.

iii). If a case deserves to be settled on an amount less than the Principal outstanding plus simple interest, the DLC can refer the matter for consideration of Head Office by specifying the grounds along with its recommendation for taking appropriate view by HOLC.

12.2 (B). Head Office Level Committee (HOLC):

(for cases having financial implications upto Rs.20.00 lac including exemption waiver, reschedulement etc.)

(The Quorum shall consist four persons including chairman)

ED, RFC	Chairman
GM(D)	Member Secretary
GM(A/c's)	Member
GM(Loans)	Member
DGM(LAW)	Special Invitee
DGM(Loans)	Special Invitee
DGM(Fin.)	Special Invitee

12.2(C). State Level Committee (SLC)

(for cases having financial implications of more than Rs20.00 lacs)

1. CMD, RFC	Member
2.Chairman, R1ICO	Member
3.MDRICO	Member
4.Director/Commissioner of Industries	Member
5.One of the Director nominated by the Stale Govt.	Member
6.One of the Directors nominated by SIDBI	Member
7.GM(A/c's) RF C	Member
8.GM(D) RFC	Member
	Secretary

(Senior most officer/member of the Committee will be the Chairman of the Committee.)

(Quorum -4 including Chairman)

12.3 Guidelines for registering the case of Grievances.

- i). Requests for settlement before any settlement committee should not be entertained for registration if health code of the account of the unit at the close of previous financial year has been classified as standard/sub-standard.
- ii). If any entrepreneur falling in the above category insist for registration of case for settlement, the request would be forwarded to HO with comments of BM/DGM(R) for taking view on the merit of individual case
- iii). In case of industries like mini cement, granite. CPW unit, salt and Isabgol units the cases can be considered for registration upto sub-standard category with prior permission of the chairman of concerned committee.
- iv). Where the unit is having more than one accounts and is categorised as doubtful or loss the upfront amount shall be 10% of total outstanding in all the accounts.(in no case, the cases of units sold on deferred payment basis should be put-up before settlement committee if the category of the account is standard or sub-standard. In any specific case, on account of some special circumstances, like locational disadvantage, further scope of unit etc. the matter deserve to be put up before the settlement committee, specific approval of the CMD should be obtained irrespective of size of loan/sacrifice.

123(A)Submission of Application:

Application will be submitted to the Member Convener/Member Secretary of the Committee.

12.3(B) Application Fee:

A non-refundable fee will be deposited by the applicant as indicated below:

1. DLC	Rs.500/- per case/grievance. (Rs.250/- for tiny sector unit)
2. HOLC	Rs.2.000/- per case/grievance. (Rs. 1000/-for tiny sector unit)
3-SLC	Rs.4.000/- per case/grievance. (Rs.2.000- for tiny sector unit)

Note: Tiny Sector would mean a unit where investment in plant & machinery is upto Rs.25.00 lac

In case of DLC. Application fee will be deposited with the concerned Branch Office of RFC. In case of HOLC and SLC, the fee will be deposited in Branch Office concerned and or in Head Office of RFC

provided the case is eligible for appeal The Fee deposited will not be refunded. HOLC/SLC may order or may refund in exceptional cases.

12.3(C) Up-front amount:

Along with application fee an up front amount equivalent to 10% of the outstanding amount is to be collected. In appeal cases from IOLC to SLC an up front amount equivalent to 25% of the Principal sum outstanding is to be collected.

12.3(D) Who can approach the Committee

an entrepreneur's request for a OTS or reschedulement or waiver of interest/penal interest etc. has been earlier

i) not approved by the BM. he may approach the DLC subject to monetary limitation set out above.

or

ii) not approved by the HO. he may approach the HOLC without any monetary limit Provided that fresh cases/grievances of OTS can be placed before the respective Committees as per monetary limits. Provided further that grievances/cases of overdues etc. can be placed before the HOLC or SLC. as per monetary limits, but not before the DLC.

12.3(E) Appeal:

In case the applicant is not satisfied with the decision of the Lower Level Committee, he can go in appeal to the next Higher Level Committee. In each case the applicant will be required to deposit the fee as indicated above. An appeal will be filed within 60 days from the date of order of the Committee. However, in exceptional cases, the Committee may waive the limitation period by a maximum of another 60 days. The applicant in the DLC may also file 1st appeal within 60 days to SLC. If not satisfied with order in 1st appeal

12.3(F) Applicant to Appeal in Person

No Advocate, practicing C.A. any person other than the applicant shall be permitted to appear before the Committee on behalf of the applicant. However, in appropriate cases, where applicant is not in a position to personally explain the case, he may be allowed by the Committee to be represented by an authorised person who should not be an Advocate.

12.4. Monthly Meeting:

Agenda for the meeting of the Committee will be circulated in advance (preferably 7 days). The decision of the Committee will be recorded/minuted by the Member Convener/Member Secretary of the Committee. The minutes will be signed by each member of the Committee.

12.5. Pending Litigation:

If a case is already pending in any court/forum, the entrepreneur can approach the Settlement Committee for an out of Court settlement, even without first withdrawing the case from such court/forum. However, the settlement arrived at. if any. would require the withdrawal of the case in the concerned court/forum subject to Court's approval of withdrawal of case etc. and will be recorded as such in the minutes In such cases a requisite up-front amount of the outstanding amount along with registration fee is leviable

12.6. General Points:

The working of the Committee will be subject to the following:-

- a).** The present system of disposal of all other cases except those of OTS & reschedulement & waiver, etc. will continue as per delegation of powers. Cases of OTS /reschedulement. waiver, etc. to be necessarily placed before the Committee concerned.
- b).** If a case has been decided by the Head Office, the same can not be reopened by the District Level Committee (DLC).
- c).** CMD.RFC, can refer any matter to the appropriate Settlement Committee.
- d).** Matters falling under the purview of any Statutory Committee, like Sales-tax Incentive/Deferment, Central Investment Subsidy, Octroi Exemption etc. will not be considered by the Settlement Committee; and
- e).** Decision taken by the District Level Committee can also be reviewed suo-moto by the HOLC.
- f).** If the party is aggrieved against the decision of any Committee, it should appeal to higher Committee without availing relief granted by the lower Committee.
- g).** No appeal shall be entertained by any Committee against the decision taken by the Board of Directors of the Corporation.
- h).** An entrepreneur aggrieved by the order/decision of CMD may also apply for relief to the HOLC but the Committee will be presided by CMD to have a special HOLC meeting for such cases.
- i).** The decision of DLC shall have to be unanimous.

(Follow-up & Recovery) FR-I2A

CLASSIFICATION OF ASSETS & CHARGING OF PREMIUM ON PREPAYMENTS.

12A.1. Classification of Assets

The guidelines of SIDBI provides classification of loans and advances in four categories, based on criteria from time to time for making appropriate provisions applicable as on 31.3.2002.

Category	Criteria for Defaulting Months
Standard	Defaults upto 6 months
Sub Standard	Defaults from 6 to 24 months
Doubtful-A	Defaults from 24 to 60 months
Doubtful-B	Above 60 Months

The Loss assets are to be categorised by the branches in the four particular categories as under

- a)** Loans where assets have been disposed off i.e. deficit cases - **M-1** having no security or guarantee.
- b)** Loans where promoters/assets are not available - **M-2**
- c)** Units in possession where **MRV** is less than 50% of principal outstanding - **M-3**
- d)** Units in possession and put to auction for more than 5 times or units in possession for a period exceeding 3 years and for which no bid received- **M-4**

Rescheduled cases are to be kept under same classification as per original repayment schedule for minimum period of one year from the date of rescheduling. If the payment behaviour is regular then it should be recategorised.

In cases where units have multiple accounts, i.e. more than one account, all the accounts are to be grouped in the lowest category assigned to any one account amongst the multiple accounts of a same unit.

State Govt. Guarantee Loans are to be classified as Standard Account for the purpose of provisioning irrespective of the age of default.

For joint finance cases, the uniform Health Code is to be given by all the participating institutions, and decided by lead institution.

12A.2. Charging of Premium/Pre-payment charges in case of pre-payments of principal Instalments.

The Corporation has started charging premium on pre-payment of principal instalments made by the borrower after 1.3.01. The guidelines for charging premium are given subsequent paras.

12A.2 (1). What should be treated as pre-payment of principal instalments for the purpose of

charging hereunder:

The following shall be considered as pre-payment of principal instalments :-

- a) Pre-payment of any of principal instalment(s) on a date preceding one quarter from the due date(s)
- b) Premature repayment/pre-payment of entire loan outstanding on a date preceding one quarter from the original LDR.

12A.2 (2). Criteria for charging premium :

- (a) If the effective interest rate is less than or equal to the current interest rate, no premium would be charged.
- (b) If the effective interest rate is more than the current interest rate, premium shall be charged at the rate mentioned in the circular.
- (c) All loan cases upto Rs. 2.00 lac shall be exempted from premium.

12A.3. Ascertainment of Premium Amount.

Premium amount chargeable on prepayment of principal instalments shall be as under:-

N	The total period to which principal instalments pertain	Multiplier of interest differential (i.e. effective intt. Rate – current intt rate)
	0-1 Years	0.50
	1.-2 Years	1.00
	2-3 Years	1.50
	3 Years & above	2.00

Note: Interest difference between the effective interest rate and current interest rate shall be multiplied with the above multiplier varying on the period.

The effective premium rate would be : interest rate difference X above multiplier factor.

For example: If interest difference between the effective and current interest rate is 2.50% (17.50% - 15.00%) and principal instalments of 11 quarters of Rs.10,000/-each are being pre-paid. In this case effective premium rate would be 2.50% x 1.50 = 3.75%.

Chargeable Premium would be:

Principal amount being pre repaid $10000 \times 11 = \text{Rs.}110000$ Premium chargeable - $110000 \times 3.75\% = \text{Rs.}4125$

12A.4. Premium amount worked out in the above manner shall be charged debited with effect from the date of making prepayment of principal instalments).

12A.5. Prepayments resulted on account of FR decisions taken at Head Office on record would be outside the purview of the premium guidelines.

12A.6. In deserving and hard cases CMD may consider relaxation in applicability of premium guidelines.

12A.7. Premium on pre-payment of principal instalments in cases where legal notice has been issued :

In case where legal notice is issued and in compliance thereof, the loanee concern desires to clear or clears the entire outstanding amount within 45 days from the date of issue of legal notice, an amount equivalent to 50% of the premium amount as calculated on prepayment of principal instalments in the manner noted at para 1.3 would be charged as premium from the date of such pre-payments.

50% premium would be charged only in case the loanee concern clears the entire outstanding. If entire outstanding amount is not repaid by the loanee concern and part prepayment is made, 100% premium would be chargeable.

12A.8 In case of pre-payment of principal instalments on account of approval of change in management, if the branch office feels that premium on such prepayments may not be charged from the loanee concern, such proposals shall be sent to Head Office with clear cut recommendation along with information

rfc

Procedures

And

Guidelines

Schedules

FR(S)

FR(s)-3/I

(Follow-up & Recovery)

DELEGATION OF POWERS REGARDING FOLLOW-UP & RECOVERY OF LOANS

ABOVE [RS.50.000/-](#)

FR-S

SCHEDULE 3/1

DELEGATION OF POWERS REGARDING FOLLOW-UP AND RECOVERIES FOR LOANS

ABOVE Rs. 50,000

S N O	Item No	AUTHORITY TO WHOM DELEGATED			
		CATEGORY 1 (Loans upto Rs 10 Lacs inclusive transport loan)	CATEGORY II (Loans above Rs.10 Lacs & upto 25 Lacs) CATEGORY III (Loans above Rs 25 Lacs but	CATEGORY IV (Jt. Finance cases)	
I.DEFIRMEN& postponmen					
	(a) Of interest only (for current year only) (b) Principal of current year & interest of current year (c) Principal of current year & interest of current year and	DM(FR)at BO/DM(Br.) BM Mgr.(Br.)/ DGM (R)	DM(FR)at BO/DM(Br.) BM Mgr.(Br.)/ DGM (R)	BM BM Mgr.(Br.y DGM(R)	CMD CMD CMD
II. REFLEXATION					
	(On account of revised sanction of loan after cancellation of unavailed	DM(FR)at BO/ DM(Br.)	Mgr. (Br.)/DGM(R)	DGM(R)	CMD
III.RESCHEDULEMENT (With facility of concession in interest)					
	(a) Only of principal First re-sehcdulement (with extension in 1" year LDR Second re-sehcdulement (with extension of LDR upto 3 years) second & subsequent reschedulement (b) Of principal & interest re-schedulement (with out extension of LDR First re-schedulement (with out extension of LDR upto 2 years	Mgr(Br) DGM(R) GM(D)/GM(WZ) Mgr.(Br.) DGM(R)	Mgr.(Br.) DGM(R) CMD DGM(R)	Mgr.(Br.) DGM(R) CMD GM(Dy.GM (WZ)	CMD CMD CMD CMD

	second & subsequent reschedulement	DGM(R)	GM(D)GM(W Z) CMD	CMD CMD	CMD CMD
IV STOPPAGE OF FACILITIES					
	Declaring of unit as willful defaulter and recommendation of	BM	DGM(R)	GM(D)/GM(W/Z)	CMD

	stoppage of concessions & facilities to GM(DIC)				
V LEGAL ACTION (IN CASES OF DEFAULTING UNITS) A) CLOSED UNITS :					
	(a). To issue notice u/s 30 of SFCs Act (I) For doubtful & loss categories. (II) For other categories (b) To take over possession u/s 29 of SFCs Act (c) To withdraw notice issued u/s 30 of SFCs Act (d) To give back possession of assets taken over u/s 29 of SFCs Act	BM BM Mgr.(Br.) Mgr.(Br.)*	BM Mgr.(Br.) DGM(R) DGM(R) Mgr.(Br.)*	BM DGM(R) GM(D)/GM.(WZ) Mgr.(Br.)* Mgr.(BrO**	CMD CMD CMD CMD
B). RUNNING UNITS:					
	(a) To issue notice u/s 30 of SFCs Act I). For doubtful & loss Categories. II). For other categories (b) To take over possession u/s 29 of SFCs Act (c) To withdraw notice issued u/s 30 of SFCs Act (d) To give back possession of assets taken over u/s 29 of SFCs Act (e) To file civil suit u/s 31 Of SFCs Act	Mgr.(Br.) Mgr.(Br.)/ DGM(R) DGM(R) Mgr.(Br.)* Mgr.(Br.)*	Mgr.(Br.) DGM(R) GM(D) /GM.(WZ) Mgr.(Br.)* Mgr.(Br.)*	Mgr.(Br.) CMD GM(D) /GM.(WZ) Mgr.(Br.)* Mgr.(Br.)* CMD	CMD CMD CMD CMD CMD

Note: For all cases of SC/ST categories loans the power for action u/s 30 of SFC act is pertains with field officer. Bui for action u/s 29 of SFC's Act permission of CMD is necessary.

C) TAKING OVER AND HANDING OVER POSSESSION OF TRANSPORT VEHICLE

S.No.	item	Power delegated to
i).	To take over possession	BM
ii)	To give back possession if 50% or more of the total outstanding is paid and satisfactory arrangement for payment of the balance outstanding is made by the loanee	BM
iii)	To give back possession in case in which more than 25% of the outstanding amount is paid by the loanee and satisfactory arrangement for payment of the balance outstanding is made by two loances.	DGM(R)
iv)	To give back possession in other cases	GM (D)/GM (WZ)
The aforesaid delegation of powers shall be effective from 1.4.1989.		

- * As per health code category after accepting requisite amount
- ** By accepting 25% of outstanding

VII.	GRANT OF CHARGES				
	(Pari passu charges, second charges and subsequent charges over the mortgaged assets:-in a) Second charges and subsequent charges: i) Non-defaulting units ii) Defaulting units b) Pari passu charges	CATEG-ORY-1 DM(FRat BO/DM(Br.) Mgr.fBr.V DGM(R) DGM(R)	CATEG-ORY -II BM DGM(R) GM(D)	CATEG-ORY -III BM GD(D) GM(D)	CATEG-ORY -IV GM(D) CMD CMD
VIII.	CHANGE IN CONSTITUTION i) Non-defaulting units U) Defaulting units	BM DGM(R)	DGM(R) GM(D)	GM(D) GM(D)	CMD CMD

**CHANGES IN THE CATEGORIES OF EXISTING DELEGATION OF POWERS FOR SALE
OF UNITS**

(a) It has been decided that the existing category of loan can be revised in following categories:

CATEGORY-I	Loan upto Rs. 1.00 lacs
CATEGORY-II	Loan above Rs. 1.00 lacs and-up to Rs. 5 lacs
CATEGORY-III	Loan above Rs. 5 lacs A: upto Rs. 10.00 lacs.
CATEGORY-IV	Loan Rs. 10 lacs & upto Rs.30.00 lacs.
CATEGORY-V	Loans above Rs.30.00 lacs and joint Finance cases

(b) Similarly, the extent of deficit which is presently categorised to 15% of amount outstanding, total loss of intt. and loss upto 20% of principal sum has been modified and now deficit should be arrived at by setting aside the amount of penal interest debited in the loan account.

The aforesaid changes will bi added as schedule 3/1 (A) as per Annexure ‘A’. the existing No. VI of schedule 3/1 and 3/2 is hereby deleted.

All concerned are advised lo make a note of the aforesaid policy decisions and ensure quick and expeditious disposal of units under possession of Corporation.

(Follow-up & Recovery)

FR(s)-

3/I(A)

DELEGSTION OF POWERS RETGARDING SALE OF UNITS UNDER POSSESSION.

Schedule 3 1(A)

Delegation of powers regarding sale of units under possession.

Existing clause No. VI of Schedule 3/1 and 3/2 is deleted and this scbe3dule is added as schedule 3/1 (A) to FR Section of PG.

	AUTHORITY TO WHOM DELEGATED			
	Category I	Category II	Category III	Category IV
I(A)Sale of Assets	Loan upto Rs.l.lac	Loan above Rs.l lac & upto Rs.15 lac	Loan above Rs.15 lac & upto Rs.40 lac	Loan above Rs.401ac

(a) Where there is no loss (after setting of the amount of penal interest debited, in the account of original promoter.	DM(I/C) Branch DIC DM (Br.)		DGMfR)	GM(D)
(b) Where loss is upto 15% of the total balance outstanding (after setting of the amount of penal interest, debited in the account of the original promoter)	Branch Mgr.	DGM(R)	GM(D)	CMD
(c) Where sale price covers the principal outstanding	DGM(R)	GM(D)	CMD	Jointly by CMD & one Director nominated by the Board
(d) Where loss of interest. (After setting of the amount of penal interest, debited in the a/c of the original promoter) & loss in principal is limited to 20%	DGMfR)	CMD	CMD	Executive Committee
(e) Other Cases				
(f) Transport loans	DGM(R) in consultation with the Branch Manager concerned irrespective of deficit amount			
(g) In the cases in which the outstanding is upto Rs. 5.00 lac and the assets are under possession from a date prior To 1.4.86 hand where 3 attempts by way of auction have already been made for the disposal of the assets, the final decision for approval of sale will be taken on the spot by a committee consisting of the following officers:				
i) Dy. Gen. Manager (R)	Chairman Member			
ii) Representative of RIICO (not below die rank of RE) or an officer of the Technical cadre of RFC (not below the rank of Dy. Manager)				
iii) One officer to be coopted from among District level officers	Member			
iv) Branch Manager	Convenor			

NOTE:

i) The powers relating to sale of part assets shall vest in the authority as per above delegation presuming that there is no loss and sale price of part assets being sold is equal to MRV assessed by the Corporation Officers.

ii) While approving the sale of assets the concerning authority will also accord permission for filling of civil suits for recovery of deficit simultaneously.

iii) The outstanding included the liability of RIICO under taken by RFC.

iv) The balance outstanding for the purpose of calculation of loss shall be arrived at after setting aside the amount of penal interest debited in the account of the original promoter.

(B)i) The unit which are in possession of the Corporation for a period of more than 3 years (from the date of possession) and where the loan amount is less than Rs.7.50 lac and more than 3 attempts of sale have been made by issuing public notices in the state level newspapers. then the powers to approve the sale shall vest with the DGM(R) irrespective of the amount of deficit on the recommendations of the committee constituted for the purpose.

ii). However, in respect of those units where the principal outstanding is not more than

Rs. 1.00 lac and the offer covers the principal outstanding then the powers to approve the sale shall be vest with the Branch Manager irrespective.

(C)I) Units which have been in possession for more than 2 years and in which atleast 3 attempts of sale have been made by inviting offers in the State Level News papers and in which no offer has been received or the other received has been negligible with relation to the MRV/Outstanding amount such units are to be disposed of in the manner prescribed in the circular as follows:

1. If there is no loss in the principal balance outstanding then the powers to approve the sale in such cases will vest as under: Loan amount upto Rs.1 lac Loan above Rs. 1 lac and up to Rs. 10 lac Loan amount above Rs 10 lac and upto 30 lac For the cases where there is loan amount is above Rs. 30 lac	Branch Manager Branch Manager DGM(R)GM(D) CMD
2. For the case where there is loss in principal (after setting aside the amount of penal interest) the power of approval shall stand as per the delegation mentioned at VI(a) above. If it is found necessary to sell assets in part, than plant & machinery should be sold first and there after the land & building. In case land & building are to be considered for disposing first before the disposal of P & M then such proposals should be referred to H.O for prior approval.	

Note: The provisions of IB and IC shall not apply in the case of Joint Finance Cases)

FR(s)-3/2

(Follow-up & recovery)

DELEGATION OF POWERS REGARDING FOLLOW-UP & RECOVERY OF LOANS UPTO

RS. 50.000/-

FR(S)

SCHEDULE 3/2

DELEGATION OF POWERS REGARDING FOLLOW-UP AND RECOVERIES FOR LOANS UPTO RUPEES 50,000/-

S.No.	ITEM	Authority to whom delegated

I. DEFERMENT AND POSTPONEMENT

a)	Of interest only (for current year only)	DM(BR)
b)	Principal of current year and interest of current year	(BR) Branch Manager
c)	Principal of current year and interest of current year and previous year.	Branch Manager

II. REFIXATION

a).	(On account of revised sanction of loan after cancellation of unavailed amount)	DM(BR)

III. RESUIEDI'LEMENT

a)	Only of Principal	
b).	First reschedulement (without extension in LDR	Branch Manager/ DM(I/C)
	First reschedulement (with extension in LDR upto 2 years), (except Joint Finance Cases)	Branch Manager
c).	Second reschedulement with extension in LDR upto 3 years(except Joint Finance Cases)	DGM(R)

IV. STOPPAGE OF FACILITIES

Declaring of unit as willful defaulter and recommendation of stoppage of concessions & facilities to GM(DIC).	DM(Br.)

V. LEGAL ACTION (IN CASES OF DEFAULTING UNITS)

A. CLOSED UNITS

DM(BR.) Branch Manager Branch Manager Branch Manager
Branch Manager Branch Manager

a)	To issue notice U/S 30 of SFCs Act.	
b)	To take over possession U/S 29 of SFCs Act	
c)	To withdraw notice issued u/s 30 of SFCs Act.	

- d) To give back possession of assets taken over u/s 29 of SFCs Act.
- e) To file civil suit u/s 31 of SFCs Act.
- f) To refer the cases under PDR Act, (U/S 32 of SFCs Act)

Branch Manager

DGM(R)

Branch Manager

DGM(R)

DGM(R)

DGM(R)

B. RUNNING UNITS

- a) To issue notice U/S 30 of SFCs Act.
- b) To take over possession U/S 29 of SFCs Act
- c) To withdraw notice issued U/S 30 of SFCs Act
- d) To give back possession
- e) To file civil suit U/S 30 of SFCs Act
- f) To refer the cases under PDR Act (U/S 32 of SFCs Act)

VI. SALE OF ASSETS

The Corporation vided its Board decision dated 30th November, 1994 has decided to delegate further powers in the areas of sale of assets and has also decided to lower down the concessional rate of interest in such cases. The details in this regard is as summarised below:-

1. FOR CASES OF LOANS UPTO Rs.1.00 lacs:

It has been decided that in cases of loan sanctioned upto Rs.100 lac, the units are to be disposed off on cash down basis. The decision in this regard has to cash down basis. The decision in this regard has to be taken on the recommendation of following Committee:

Chairman Member Member Member Member Secy.

- a) OGMi.R
- b) M Designation
- c) Concerned BM
- d) DM/Am(T)ofB.O
- e) DM/AM(FR)ofBO

The Dy. GM(R) may also coopt a member from DIC or RIICO as the case may be.

2. CASES OF LOAN ABOVE Rs. 1.00 lac & UPTO Rs. 5.00 lac

- i) it is proposed that DGM(R) send Branch Managers may make full efforts to dispose

off the assets of above referred units on cash down basis but our present practice for approving the sale on deferred payment basis shall continue wherever it is not possible for us to dispose off the assets on cash down basis.

Chairman Member Member Member Secretary.

ii). In the above cases it has been decided to extent powers to 0% of losses in Principle

sum to DGM(R) and other cases are to be recommended to GM(D) for a decision.

The decision with regard to approval of sale as above shall be taken by Dy. GM(R)

on the recommendation of the Committee comprising of the following:-

- a) DGM(R)
- b) M/DM(R)
- c) HO Representative
- d) BM

The above powers are proposed to be delegated for approval of sale of fixed assets of the unit irrespective of MRV, quantum of loan land deficit amount.

The quorum of these Committees shall remain the same as already detailed din PG in the relevant Chapter for sale of assets of assisted units.

3. FAST MOVING INDUSTRIAL AREAS:

The industrial areas in the State which are fast moving and there is scarcity for availability of land then the initial amount to be recovered against the approved sale price as 100% of the price of the land along with 25% of the balance amount be recovered on cash down and balance on deterred payment basis. In other cases of sale present practice shall be followed.

4. INCENTIVE FOR SALE RATE OF INTEREST TO BE CHARGED :

The Corporation has decided to lower down the rate of interest to be charged from the purchaser of the units under Corporation's possession by 1% p.a. on the concessional rate of interest which is being charged at present on the loans under respective Corporation's loan scheme⁴ wherever the fixed assets of the unit is purchased on deferred payment basis. The reduction in interest rate is applicable for cases upto Rs. 5.00 lac. With the above delegation of powers and lowering down the rate of interest as detailed, above, it is enjoined upon all concerned to make full efforts for disposal of fixed assets of maximum number of units which are in the Corporation's possession.

VII GRANT OF CHARGES

(Pari passu charges, second charges and subsequent charges over the mortgaged assets:-

DM(I/C)DIC/DM(BR) DM(I/CVDIC/DM(BR)

Branch Manager

a) Second charges and subsequent charges:

I) Non-defaulting units

II) Defaulting units

b) Pari passu charges

VIII.	CHANGE IN CONSTITUTION Non-defaulting units	DM(1/C)/DIC/DM(BR)
IX.	FURTHER ACTION FOR RECOVERY OF DEFICIT: a) For filing civil suits.) in all cases irrespective of deficit amount) b). For declaring a debt as bad and doubtful of ~~recovery and adjustment of CGS claim~~	Branch Manager DGM(R)
X.	WRITING OFF DEBT AS BAD DEBTS : i) Cases loans where amount to be written off is upto Rs. 10000/- ii) Other cases of loans where amount to be written off is above Rs. 10000/-	DGM (R) GM (D)

Note :

- i) The superior officer shall also have to powers delegated to subordinate officer as above.
- ii) The above powers shall be exercised in accordance with the guidelines prescribed separately.

NORMS & PROCEDURE FOR INSPECTION OF ASSISTED UNITS

SCHEDULE-3/3

NORMS AND PROCEDURE FOR INSPECTION OF ASSISTED UNITS

(For loans above Rs. 50,000/-)

Assisted units of the Corporation need to be visited/inspected on regular basis for (i) knowing the health of units.(ii) Assisting in solving difficulties being laced by the unit, if any and (iii) for recoveries.

The guidelines has of late been changed. The present guidelines are as under:

I. TRANSPORT LOANS

a) Non defaulting units:

Checking of Vehicle/ registration certificate once in a year by DM/AM(FR) at Branch.

b) Defaulting units:

- i) If the party docs not rum up with in a month inspite of intimation/notice from the Branch, the local transporter should be contacted and visited in the month subsequent to the month of default and this may be continued till the loan account is regularised or settlement regarding payment of dues has been made.
- ii) In case of outside transporters, a visit as above may be made within 3 months after the month of default and shall be continued once in a quarter till account is regularised or an understanding has been reached as to how concern proposes to make payment of Corporation dues.
- iii) If the transporter defaults in payment of 6 monthly instalments, he should be finally approached, before the legal notice is issued and vehicle is to be taken into possession unless the default is cleared to desirable extent.

II. INDUSTRIAL LOANS

a) Non defaulting unit i) loans uoto Rs.10 lacs DM/AM(FR) at Branch Branch Manager ii) Loans above Rs.10.00 lacs and upto Rs.30.00 lacs: DM/AM(FR) at Branch Branch Manager iii) Loans above Rs.30 lacs Branch Manager. DGM(R) b) Defaulting Units: i). Overdues above Rs S.lacs Branch Manager DM(FR) at Branch Office DGM(R)	Norms for inspection 25% of total non defaulting units once in a Year 50% of total non defaulting units once in a Year Every unit once in 6 Months Detailed inspection of 25% of units once in a year. 10% of units once in year. Every unit once in a half year. Detailed inspection once in a year. Every unit once in a quarter Detailed inspection of 20% units in a year.

Overdues over Rs. 1 00 lacs but less than Rs.5.00 lac:	Every unit once in a year, detailed inspection of 20% of the unit once a year.
Branch Manager	Every unit once in a month, detailed inspection of 50% of the unit once in a year
DM/AM (FR)at Branch	
DGM (Region)	Every unit during his visit to Branch once in a year. Detailed inspection of 10% of the units once in a year. (100% of top 20 units in every branch of the region)
iii). Defaults below Rs.1.00 lac where default is also in Principal amount:	50% of units once in a year
Branch Manager	Every unit once in a month. Detailed inspection of 25% units once in a year.
DM/AM(FR) at Branch	

III. CLOSED UNITS:

DM/AM(FR) at Branch	To be inspected immediately on receipt of the information that the unit is lying closed.
	Detailed inspection at the time of

IV. JOINT FINANCE CASES:

DGM(R)	Detailed inspection once in a year
Manager(Br)	Detailed inspection once in a year.

V. UNITS IN POSSESSION:

DM/AM(FR) in Branch	Once in a quarter
Branch Manager	Once in a year

Note: Fixed Assets are to be verified and report be sent to H.O. in April every year

Proforma for inspections:

Proforma as under shall be used for the purpose of various types of inspections:

i) For visit to a transport loanee	FR/Insp-1
ii) For inspection (visit) of units	FR/Insp-2
iii) For detailed inspection of units:	
For loans to SSI units and medium-scale units	FR/Insp-3
iv) For inspection of closed units	FR/Insp-4

Submission of inspection reports:

a) Officers of the Branch (other than BM) will give their inspection reports within 15 days to the next superior officer of Branch.

- b) Branch Manager will send his inspection reports to Manager (FR) at HO/DGM(R) within 15 days.
- c) DGM(R) will give his inspection reports to GM within 15 days of his return from tour.

GENERAL

Programme of inspections should be prepared in a way so that inspections are spread over and there is no duplication in inspections by officers of branch

FR(s)-3/4

(Follow-up & Recovery)

NORMS & PROCEDURE FOR INSPECTION OF ASSISTED UNITS FOR LOAN UPTO

50,000/-

1. Norms for inspection shall be as under

Notes for	a) Non defaulting units: DM/AM(FR)	Norms of visit inspection 15% of total non defaulting units once in a year
	b) Defaulting units as on 31 st March of the preceding year i) DM/AM(FR) ii) In case of units making two or more defaults in principal, detailed inspection shall be	Every unit once in a quarter till the default is regularised. Once in a year till the default lasts
	iii) In case where 3 or more default in principal have occurred and a legal notice is to be issued, the unit must be inspected in detail again by DM/AM(FR)	
	iv) Where the assets of a running unit or a close unit are to be taken in to possession the Branch Manager himself shall inspect the unit with a view to explore possibilities of payment of overdues or revival or close unit in the hands of original or new	
	c) These units must be visited by AM (FR) in the month of first default and then monthly visit may continue till the account is regularised or understanding has been reached regarding the clearance of the overdues amount. If default is not cleared and no understanding has been reached, the DM (FR) shall also visit the unit in the month	

inspection/visit and inspection shall be in the proforma No.DIC/FR-1 and D1CPR-2 respectively. These notes shall be submitted by AM/DM (FR) to Branch Manager RFC within 7 days of inspection.

COPY OF STATE GOVERNMENT CIRCULAR NO.F.18 (16) IND. 11/82 DATED 1.4.1983 REGARDING STOPPAGE OF CONCESSION AND FACILITIES BY STATE AGENCIES TO WILFUL DEFAULTING UNITS.

FR(S) SCHEDULE 3/5

COPY OF STATE GOVERNMENT CIRCULAR NO.F.18 (16) IND. 11/82 DATED

1.4.1983 REGARDING STOPPAGE OF CONCESSION AND FACILITIES BY STATE

AGENCIES TO WILFUL DEFAULTING UNITS.

The State Government provides various concessions and facilities to industrial units with a view to help and promote industrial ventures in the State. Rajasthan Financial Corporation, Rajasthan Industrial Development and Investment Corporation and Khadi and Village Industries Board provides term loans etc. to such units. However, it has been noticed that some of the industrial units willfully avoid making payments of dues to lending Corporation/Board. It has been decided that strict action needs be taken against such willfully defaulting units. As a part of this policy, concessions of the following types will stand denied to such defaulting units:-

- a) Allocation of raw materials of scarce raw materials by Director of Industries/Rajasthan Small Industries Corporation.
- b) Price Preference Certificate for Government purchases by Industries Department.
- c) Recommendations of Director of Industries for issuance of Import License.
- d) Issue of essentially certificate.
- e) Power subsidy by Industries Department.
- f) Sanction of new plots
- g) Sanction of loan by financial institutions/Directorate of Industries.

The above concessions will be stopped by the concerned Government Department Corporation/ Board on the basis of a certificate by General Manager, District Industries Centers to the effect that such units were willful defaulters and action, therefore, needs be taken in terms of this circular.

A willful defaulter will be one who has necessary funds/profits but who is deliberately not paying back the dues in time to the financing institutions. The list of willful defaulters will be initially prepared by the General Managers of District Industries Centers and the defaulting units whose total outstanding is up to Rs.1.00 lac or land holding upto 2 acres will be ratified by Director of Industries. The Director of Industries after providing the List of willful defaulters' upto the above limit will issue necessary instructions for recovery and follow up at his own level. Cases of above Rs.1.00 lac or involving land above 2 acres may be ratified by the Managing Director of respective Corporation. The Managing Directors of the Corporations will ratify the cases sent to them by the General Managers of District Industries Centers through the Director of Industries and they will intimate action at their level for recovery of outstanding dues.

It will be the responsibility of General Managers of DICs to keep a vigilant eye about recoveries and bring me cases of willful default to the notice of the appropriate authority. The provision of this circular should be strictly followed.

FR(S)

SCHEDULE 3/6

SCHEME OF INTEREST FREE LOANS TO INDUSTRIES, 1976

The Government of Rajasthan, with a view to promote the growth of industries in the state are pleased to announce this Scheme of Interest Free Loans to industrial units in consideration for the sales tax paid by them.

1. Short Title

This scheme may be called "The Rajasthan Interest Free Loans to Industries Scheme,1976"

2. Commencement, Duration and Applicability

The scheme becomes operative from the 1st April,1976 and shall remain in force upto to 31st March,1984 and for such further period as may be decided by the Government from time to time.

3. Definitions

In this scheme, unless the context otherwise requires:

a). Fixed Assets means investment in building, plant & machinery in an industrial unit, and

total fixed assets shall be computed as under:

i) Buildings

Actual amount spent for the factory building and reasonable accommodation for office, library, godown, garage, canteen and boundary wall, excluding the cost of labour quarters; and any other residential accommodation.

ii) Plant & Machinery

The actual cost of machinery and plant erected at site, including jigs and moulds, transport charges, demurrage and insurance premium.

iii) Transports

The amount invested on goods carriers to the extent they are actually used for transport of raw-material and marketing of finished goods.

b) Industrial unit means any undertaking in the State of Rajasthan engaged or proposed to

be engaged in manufacture, preservation or processing of goods and shall include any industrial business or enterprise undertaken or conducted by any person or body of personnel, a cooperative society or an association, but does not include the following :

1. Flour Mills, other than roller flour mills.
2. Rice mills (huller type), pulses and cereal mills, spice mills.
3. Photographic studios other than Cinematographic units.
4. Manufacture of ice cream, ice candy and ice fruits
5. Laundry
6. Tailoring, other than manufacture of readymade garments
7. Repacking of medical and toilet goods
8. Production of firewood and charcoal
9. Decorticating, expelling, crushing, roasting, parching, frying oil seeds and coloring, decolouring and scenting of oil.
10. Preparation of bread other than by mechanised bakery.

- c) "New Unit" means any new industrial unit which obtains industrial license from the Government of India or registration from Director General of Technical Development or No. Objection Certificate or Provisional SSI registration from the Industries Department or permission of the Textile Commissioner which is necessary for textile mills between 1.4.76 and 31.3.1984 or unit which might have obtained the Industrial License/Registration/ No objection Certificate/ Permission, as mentioned above, prior to 1.4.76 but which has gone into production after 1.4.76.
- d) "RIICO" means the Rajasthan Stale Industrial Development and Investment Corporation Ltd, with its registered office at Udyog Bhawan, Tilak Mark, Jaipur-302005.
- e) "RFC means the Rajasthan Financial Corporation with its registered office at Udyog Bhawan, Tilak Marg, Jaipur 302005.
- f) 'Substantial Expansion" means increase in production capacity of an existing industrial unit by not less than 25% of its installed capacity as on 31.3.1976.
- g) "Installed Capacity" means:
 - i) Installed capacity as mentioned in industrial license issued by the government of India, and
 - ii) in all other cases the installed capacity as may be determined by the Director of Industries, Rajasthan.

4. Eligibility

The following industrial units set up in Rajasthan shall eligible for grant of interest free loan:

- a) a new unit
- b) an existing unit which has carried out substantial expansion during the period from 1.4.1976 to 31.3.1984.
- c) an industrial unit for which industrial license or no objection certificate or SSI provisional registration or permission of the Textile Commissioner which is necessary for textile mills has been obtained prior to 1.4.1976 but which started actual civil work for setting up the plant after1.4.1976.

5. Sanctioning Authority

Subject to the provisions this scheme interest free loan may be sanctioned by:

- a) Managing Director, Rajasthan State Industrial Development & Investment Corporation Ltd, Jaipur to medium scale and large scale industrial units.
- b) Managing Director, Rajasthan Financial Corporation to small scale industrial units but excluding loan upto Rs.25.000.
- c) Loans upto Rs.25.000 will be sanctioned by a committee consisting of the following officers of the District Industries centers:

i).	Joint Director, Industries, incharge District	Convenor
	Industries Center where there is no Joint Director.	
ii).	Dy. Director (Infrastructure) Engineer of the RIICO.	Member
	Jaipur, where there is no Dy. Director (Infra).	
iii)	Branch Manager, Lead Bank of the DIC	Member
iv)	Dy. Director (Credit) (Branch Manager, RFC)	Member
	Secretary	

6. Grant of Interest Free Loan

a). Subject to the terms & conditions laid down in this scheme, the sanctioning authority in any one assessment year grant to an industrial unit eligible under article 4, an interest

free loan exceeding the amount of Central sales Tax and Rajasthan Sales Tax paid by it during the previous year in the sale of its finished goods the concession shall be available for a period of 5 years.

b) In the case of an existing unit and undertaking substantial expansion the amount of interest free loan to be granted under this scheme shall be equal to the difference between the sales tax paid by the unit in the year preceding the year in which expansion takes place and the sales tax paid in the year in respect of which the interest free loan is claimed.

c) The amount of interest free loan sanctioned shall not exceed 8% of the value of the fixed assets of the unit in any particular year.

d) Actual disbursement of loan will start from the year 1977-78. Explanation: "Assessment year" a previous year have the same meaning as assigned to the under the Rajasthan Sales tax Act, 1954.

7. Procedure for grant of loan

a) An industrial unit may apply to the sanctioning authority for grant of interest free loan on the form appended to this scheme enclosing a certificate to be obtained from the Commissioner, Commercial Taxes Department in regard to the Central Sales Tax and Rajasthan Sales Tax paid by it during the previous year and other documents as may be prescribed by the sanctioning authority.

b) The sanctioning authority may ask for any additional information to be furnished before granting loan as it may deem fit and require the applicant to file affidavit in support thereof.

c) The industrial unit to which interest free loan is sanctioned shall be required to enter into an agreement as may be prescribed by the sanctioning authority and also furnish adequate security to satisfaction of the sanctioning authority.

8. Purpose for which loan is available

The interest free loan under this scheme shall be admissible to industrial units for the purpose of creating fixed assets or for the repayment of loans taken and interest thereon or for creating fixed assets for the establishment in Rajasthan of a new unit or for the expansion of an existing unit.

9. Term and conditions of loan

Without prejudice to the discretion of the sanctioning authority to impose any specific stipulations, all loans under this scheme shall be subject to the following terms and conditions.

a) The loan shall be utilised for the purpose for which it is sanctioned.

b) It shall be repayable in five yearly equated instalments commencing from the sixth year of the date of disbursement of the loan.

c) The loan shall be secured by creating first or second charge on the fixed assets of the industrial unit where necessary collateral security/personal guarantee may be accepted.

d) Until the loan is repaid in full, an industrial unit shall not;

i) Sell or otherwise dispose of or lease out wholly or in part or affect any change in its ownership of the fixed assets:

- ii) Close or shift to a new locations, or
 - iii) Change the name and lot constitution without obtaining prior written permission of the sanctioning authority at least 30 days prior to the contemplated event.
- e) If an industrial unit, which has obtained interest free loan.
- i). Stops normal production for a period exceeding six months during any year while the loan amount or part thereof is still due for repayment, or
 - ii). Violates conditions(d).
- f) The defaulting unit shall pay interest on the amount remaining unpaid from the date of default to the date of repayment at the rate of 15% per annum or such revised rate as may be fixed from time to time.
- g) If the amount of an instalment is not paid on due date, the entire amount of loan remaining unpaid shall be recoverable in lumpsum with interest @ 15% p. a.
- h) All expenses in connection with the preparation of legal documents, including stamp duty and other incidental charges shall be borne and paid by the industrial unit.

10. Action on breach of terms & conditions etc

- a) The sanctioning authority may serve on the defaulting unit a written notice calling upon it to pay the amount in default along with interest @ 15% per annum and other costs and legal charges as the sanctioning authority may have incurred in this connection. Such notice shall be issued by registered post acknowledgement due, at the last known address of the defaulting unit or at the registered office in the case of a company.
- b) If the defaulting unit does not pay the amount in default along with interest and other costs and charges as indicated in the notice under clause (a) the sanctioning authority may request the Collector of the district concerned to recover the dues as arrears of land revenue or under the Public Demand Recovery Act.
- c) Without prejudice to the action which the sanctioning authority may take under clause (a) or (b) it may in the event of continued non-payment of the dues take steps in its discretion to sue defaulting unit in a court of law and in case the defaulting unit is a company registered under companies Act, 1956 move to the court for the winding up of such company.

11. Saving

Nothing contained in this scheme shall be construed as creating any right in an industrial unit to claim a interest free loan. If the Government have entered into a special agreement with any industrial unit about the refund of sales tax, wholly or partly, such a case shall not be governed by the provisions of this scheme.

(Follow-up& Recovery) **FR(s)-3/6A**

SCHEME FOR INTEREST FREE LOANS TO INDUSTRIES, 1985

Schedule 3/6A

scheme for interest free loans to industries, 1985

GOVERNMENT OF RAJASTHAN INDUSTRIES (GR.I) DEPARTMENT No.F.5(18)Ind/I/85

The Managing Director Rajasthan Financial Corporation, Jaipur.

Sir.

I am directed to say that the Scheme of Interest Free Loan to Industries. 1976, which was in operation with effect from 1.4.1976 to 31.3.1984 was extended with effect from 1.4.1985 vide the State Government Communication No.F-5(72) Ind/I/83 dt. 21st April, 1985. Since then certain clarifications have been sought from various quarters. In order to set at rest all doubts in regard to this scheme, the following clarifications are hereby issued ;

1. The Scheme shall be called the Rajasthan Interest Free Loans to Industries Scheme. 1985
2. The Scheme becomes operative with effect from 1st April, 1985.
3. Definitions:
 - a) "New Industrial Unit" means an industrial unit which commence commercial production during 1.4.1985 to 4.3.1987 but will not include:
 - i) an industrial unit established by transferring or shifting or dismantling an existing industry; and
 - ii) an industrial unit established on the site of an existing unit manufacturing similar goods.
 - b) "Effective steps" means where Government of India's approval in terms of Letter of Intent /C.G. Clearance/Foreign Collaboration Approval/D.G.T.D. Registration/Stat Government's approval in terms of SSI registration and either allotment of land or any other infrastructure facilities or a sanction for financial assistance from a Financial Institution or Bank has been secured.
 - c) "Substantial Expansion" means increase in the value of fixed capital investment by not less than 25% of the net fixed assets of the existing project as on 31.5.85 and accompanied by an increase in production of at least 25% in the original licensed/ registered capacity as on 31.3.85.
4. **Eligibility:** The following industrial units set up in Rajasthan shall be eligible for grant of Interest Free Loan:
 - a) a new unit;
 - b) an existing unit, which has carried out substantial expansion and started commercial production on the expanded capacity during the period from 1.4.1985 to 4.3.1987.
 - c) a new unit which has taken effective steps between 1.4.1985 and 4.3.87 and commenced commercial production prior to 31st March,1990.
 - d) an existing unit which has taken effective steps for substantial expansion in the period 1.4.1985 to 4.3.1987 and has completed the substantial expansion and commenced commercial production thereon prior to 31st March.1990.
5. The Interest Free Loan will be sanctioned to the eligible industrial units being, established or expanded in Rajasthan from 1st April.1985 as per the following scale:

a) Large scale Industries	8% of the fixed assets subject to a maximum of Rs.50 lacs.
b) Medium scale Industries	15% of the fixed assets subject to a maximum of Rs.50 lacs.
c) Small scale Industries	25% for the fixed assets subject to a maximum of Rs.50 lacs.
d) Pioneering Industries (First industry in Development Block with capital investment of 1.5 crore or more on fixed assets.	As per scale indicated in (a) & (b) subject to a maximum of Rs.1 crore.
e) Prestigious Industry (having a fixed capital investment of more than Rs.25 crore or a pioneering Industry with an investment of more than Rs.10 crore.	As per the scale indicated in (a) above subject to a maximum of Rs.1.5 crore.

The
total

amount of Interest Free Loan sanctioned / to be sanctioned to an industrial unit shall not exceed the limits indicated above during the entire period of 5 years.

Yours faithfully,

Sd/-

(Anirudh Krishana)

DY. SECRETARY TO GOVERNMENT.

SCHEME FOR INTEREST FREE LOANS TO INDUSTRIES. 1990.

SCHEDULE 1/6B

GOVERNMENT OF RAJASTHAN

INDUSTRIES (GR-I) DEPARTMENT

No. F.5 (15)Ind/I/91 Jaipur. Dated : 21st Feb. 1992

INTEREST FREE LOANS SCHEME FOR INDUSTRIES, 1990

The State Government, with a view to promote the growth of Industries in the State, are pleased to announce the following scheme of interest free loans to industries in consideration for the Sales Tax paid by them:

1. Short Title:

This scheme may be called "The Rajasthan Interest Free Loans to Industries Scheme, 1990."

2. Commencement, duration and applicability:

The Scheme shall be operative w.e.f. 1st April, 1990 and shall remain in force upto 31st March, 1995.

3. Definition:

In this scheme, unless the context, otherwise requires

a) "Diversification" means launching of a new product line under the same company, firm or partnership provided that the total fixed capital investment in such a diversification exceeds at least 25% of the value of the net fixed assets of the original project.

b) "Fixed Assets" means investment in Land, Building, Plant & Machinery in an industrial unit. "Total Fixed Assets" shall be computed as under:

I) Building: Actual amount spent for the factory building and reasonable accommodation for office, library, Godowns, Garage. Canteen and boundary wall excluding the cost of labour quarters and any other residential accommodation. Building under construction (capital works in progress) will also be considered as part of assets for computing eligible limit of Interest Free Loan.

II) Machinery and plant: The actual cost of plant and machinery erected at site and under installation including the value of Railway siding. Mining Machinery and Research & Development Machinery and the cost of productive equipment such as tools, jigs and moulds DG Sets etc. provided expenditure on fixed assets is indicated in the published Balance Sheet. In cases where balance sheets are not published, the figures of unpublished Balance Sheet/Annual accounts duly certified by a firm of Chartered Accountants shall be accepted.

III) Transport: The amount invested on goods carriers which are registered as private carriers to the extent they are actually used for transport of raw-materials and marketing of finished goods.

"Pre-operative expenses" capitalised under the various heads of fixed assets shall be allowed to the extent of estimates of the Project Reports or the actual, whichever is less. In the cases of Small Scale Industries, which do not prepare any project reports, the pre-operative expenses shall be limited to 5% of the gross block subject to such expenses having been actually incurred. If the actual expenses are less than 5% it shall be restricted to the lower figure."

c) **"Industrial Unit"** - means any undertaking in the State of Rajasthan engaged or proposed to be engaged in manufacture, preservation or processing of goods and shall include any industrial business or enterprises undertaken or conducted by any person or body of persons, a co-operative society or an Association but does not include the following:

- I) Flour Mills, other than Roller Flour Mills.
- II) Huller Type Rice Mills, Pluses and Cereal Mills.
- III) Photographic studies other than Cinematography unit.
- IV) Manufacture of Ice Cream, Ice Candy & Ice Fruits.
- V) Laundry
- VI) Tailoring other than manufacture of readymade garments.
- VII) Repacking of any goods including medicines, toiletries, pesticides, herbicides, edible products
- VIII) Production of fire wood and char coal excluding coal- bricketing units.
- IX) Decorticating. Roasting. Parching, Frying Oil Seeds and Colouring Decolouring and scenting of oil.
- X) Oil extracting industry except by solvent extraction process and composite plants with extraction and refining facilities.
- XI) Preparation of bread, biscuits & bakery products other than by mechanised bakery.
- XII) Ordinary bricks
- XIII) Hotel. Motel, Restaurant & Catering for eating places.

d) **"New unit"** - means a new industrial unit which goes into production at any time during the period from 1/4/1990.

e) **"Pioneering unit"** - means the first new industrial unit established in any panchayat Samiti of the State During the period of this scheme in which investment in fixed capital exceeds Rs.3.00 crore and the minimum permanent employment is 100 persons.

f) **"Prestigious unit"** - means a 'New Industrial Unit first established in any Panchayat Samiti of the State during the period of this scheme in which investment in fixed capital exceeds Rs.10.00 crore with a minimum permanent employment of 250 persons or a new industrial unit having a fixed capital investment exceeding Rs.25.00 crore and with a minimum permanent employment of 250 persons.

g) **"Very prestigious Unit"** - means a new industrial unit established in the State during the period of this scheme in which investment in fixed capital is Rs. 100.00 crore or more.

h) **"RIICO"** - means the Rajasthan State Industrial Development & Investment Corporation Limited with its registered Office at Udyog Bhawan. Tilak Marg. Jaipur-5.

i) **"RFC"** - means the Rajasthan Financial Corporation established under the provisions of the State Financial Corporation Act. 1951 with its registered office at Udyog Bhawan, Tilak Marg. Jaipur-302 005.

j) **"Sick Industrial Unit"** means -

i) an industrial unit which has incurred cash losses in two previous complete accounting years and is likely to continue to incur cash losses in the current year and has erosion on account of cumulative cash losses to the extent of 50% or more of its net worth and being potentially viable is taken up a Central or State Level Financial Institution or a Bank under programme of Rehabilitation. Or,

ii) an industrial unit which is declared sick by the Board of Industrial and Financial Reconstruction under the provisions of the sick Industrial Companies (Spl. provisions) Act. 1985 and which is taken up by a Central or State Level Financial institution or a Bank under a programme of rehabilitation, on

iii) a closed industrial unit which is taken over and sold during the operative period of this scheme to a new management by RIICO or RFC.

k) **"Substantial Expenses"** - means increase in the value of fixed capital investment by not less than 25% of the net fixed assets of the existing project and accompanied by an increase in the production to the extent of atleast 25% of licensed/registered capacity.

l) **"Installed capacity"** - means:

i) installed capacity as mentioned in the Industrial license/permission issued by the Government of India. Textiles Commissioner, Bombay and or Memorandum filed by the Industrial unit with the Govt. of India, Ministry of Industry and;

ii) in all other cases the installed capacity as may be determined by the Director of Industries. Jaipur.

4. Eligibility: The following industrial units set up in Rajasthan shall be eligible for grant of interest free loan:

1. a new unit

2. an existing unit which has carried-out substantial expansion/diversification and started commercial production during the period from 1.4.90 to 31.3.95.

3. a sick unit provided that a new unit or an existing unit which has carried-out substantial expansion shall not be eligible for Interest Free Loan if it avails of the benefit of any of the Sales tax incentive/Deferment Scheme. Provided further that any industrial unit entitled to the benefit of Interest Free Loan under this scheme as well as to the benefit under the incentive schemes of 1987 and 1989 may choose any benefit either of Interest Free Loan or exemption from tax or deferment of tax under either of three schemes and once it opts for one benefit under one scheme, it shall be debarred to claim other benefits under other two schemes.

5. Sanctioning Authority: Subject to the provisions of the scheme, the Interest Free Loan shall be sanctioned by:

1. the Managing Director. Rajasthan State Industrial Development and Investment Corporation Ltd. to the industrial units financed by RIICO or the Central Financial Institutions or Banks or to the units for which RIICO is the lead financing institution excluding the loans upto Rs.1.00 lac.

2. the Managing Director, Rajasthan Financial Corporation to industrial units financed by RFC or to the units for which RFC is the lead financing institution excluding the loans uptoRs.1.00 lac.

3. A committee consisting of the following for loans uptoRs.1.00 lac:

i)	i) General Manager Incharge, DIC	Convenor
ii)	ii) Regional Manager, RIICO	Member
iii)	iii) Branch Manager of the lead Bank in the DIC	Member
iv)	iv) Functional Manager (Credit)	Member
v)	v) Branch Manager, Rh -	Secretary

6. **Quantum of Interest Free loan:** An industrial unit winch n granted eligibility certificate

under this scheme, shall be entitled for Interest Free Loan in lieu of Sales Tax paid by it in accordance with the following table:

Quantum of Interest Free Loan under the Scheme

s N o	Type of units	Extent of the IFL in terms of sales Tax paid by the unit	Maximum grant in terms of percentage of Fixed Capital Investment (FCI)	Maximum time limit for availing exemption from Tax.
1	New units	75% of total tax paid	100% of Fixed capital investment in case of medium and large scale units and 125% of FCI in case of small scale units.	Seven years.
2	Units going in for expansion or	60% of total tax paid	100% of additional Fixed Capital Investment	Seven years.
3	Sick units.	50% of total tax paid	100% of Fixed Capital Investment in case of medium and large scale units and 125% of FCI in case of small scale units.	Seven Years
4	New units producing pollution control/ equipment/ Pioneering units/ prestigious units.	75% of total tax paid	100% of Fixed Capital Investment	Nine Years
5	New very prestigious units.	90% of total tax paid	100% of Fixed Capital Investment	Eleven Years
6	New units set up by NRI's. A units set up by a nonresident Indian would mean an Indl, Unit in which an NRI has atleast 40% equity brought in by exchange of the total equity ;of the Indl. Unit.	90% of total tax paid	100% of fixed capital investment	Eleven Years
7	100% EUO(New)	90% of total tax paid	100% of Fixed Capital Investment	Eleven Years

NOTE:

1. The total amount of IFL mentioned in column 3 above shall be subjected to further limit of percentage of fixed capital investment and limit of years mentioned in column 4 and 5 respectively.
2. In case of units going in for expansion or diversification the IFL under this scheme shall be available only on the sales of the goods of expanded production or diversified production, as the case may be.
3. In case of units going in for expansion or diversification with increase in the value of Fixed Capital Investment by not less than 100% of the net fixed assets of the

existing project and accompanied by an increase in the production to the extent of at least 100% of the original for IFL upto 75% of the total tax paid subject to the limits mentioned in columns 4 and 5 above.

4. In case of New Very Prestigious Electronic units given in Annexure 'A', the amount of IFL shall be equal to the total tax paid and the maximum time limit of the benefit for such units shall be 11 years.

7. Procedure for grant of Loan:

a). An industrial unit may apply to the sanctioning authority for grant of interest free loan in the form 'A' appended to this scheme, enclosing a certificate to be obtained from the Commercial Taxation Officer concerned in regard to the Central Sales Tax and Rajasthan Sales Tax paid by it during the previous year and other documents as may be prescribed by the sanctioning authority:

Explanation: For the purpose of determining the amount of loan under this scheme, the expression "Tax Paid" shall not include:

a) The amount of arrears of tax whether assessed or not relating to the period prior to the year for which loan is to be sanctioned, and:

b) The amount of interest and penalty and composition money.

c) The sanctioning authority may ask for any additional information as it may deem fit, to be furnished before granting loan and require the applicant to file affidavits in support thereof

d) The industrial unit to which interest free loan is sanctioned shall be required to enter into an agreement as may be prescribed by the sanctioning authority and also furnish adequate security to the satisfaction of the sanctioning authority.

8. Purpose for which loan is available:

The interest free loan under this scheme shall be admissible to industrial unit for the purpose of creating fixed assets or for the repayment of the loan taken from financial institutions/Banks and interest thereon (including penal interest) or for creating fixed assets for the establishment in Rajasthan of a new unit or for the expansion of an existing industrial unit or for the revival of sick unit. The interest free loan could also be utilised towards payment of cost of land including development charges.

9. Terms & conditions of loan and action on Breach of terms & conditions:

Without prejudice to the discretion of the sanctioning authority to impose any specific stipulations, all loans under this scheme shall be subject to the following terms and conditions:

a) The loan shall be utilised for the purpose for which it is sanctioned.

b) The loan shall be utilised within a period of one year. The loanee shall furnish utilisation certificate to the disbursing agencies within 3 months from the date of utilisation. In cases where the loans are adjusted by the disbursing agencies towards its own dues or the financial institutions, the utilisation certificate shall be issued by the concerned organisations in whose favour the adjustment is made.

c) The loan shall be repayable in five equal yearly instalments and first instalment shall be payable within a period of thirty days from the date of expiry of eligibility certificate and the subsequent instalment shall be repayable at the interval of one year

d) The loan shall be secured by creating 1st or 2nd charge or the pari-passu charge on the fixed assets of the industrial unit. Where necessary collateral securities/personal guarantees may also be obtained. Alternatively, guarantee from Nationalised Bank/scheduled Bank may also be accepted.

e) Until the loan is repaid in full, an industrial unit shall not;

i) Sell or otherwise dispose off or lease out wholly or in part or effect any charge in the ownership of the fixed assets.

ii) close the unit for more than six months or shift to a new location, or,

iii) change the name and /or constitution without obtaining prior written permission of the sanctioning authority atleast 30 days prior to the contemplated event.

f). If an industrial unit which has obtained interest free loan:

i) stops normal production for a period exceeding six months during any year while the loan amount or part thereof is still due for repayment, or

ii) violates any condition of the loan agreement under the scheme.

iii) If penalised for avoidance or evasion of tax or any case of avoidance or evasion of tax is pending against it at any forum of hearing;

The whole of the amount outstanding on the date of occurrence of such event shall become immediately recoverable from the unit as arrears of land revenue under the Rajasthan Land Revenue Act or under the PDR Act/dues of State Financial Institutions.

g) The defaulting unit shall pay interest on the amount remaining unpaid from the due

date to the date of repayment @ 24% per annum or such revised rates as may be fixed from time to time by the State Government.

h) If three successful instalments of loan are not paid on the due dates, the entire amount of loan remaining unpaid shall be recoverable in lump sum with interest

@ 15%p.a.

i) In case where the interest free loan is obtained by misrepresentation of facts, the entire amount of loan remaining unpaid shall be recovered in lump sum with interest @ 18% p.a. as arrears of land revenue under the Rajasthan Land Revenue Act or as dues of State Financial Institutions.

j) All expenses in connection with the preparation of legal documents, including stamp duty and other incidental charges shall be borne and paid by the industrial unit.

10. Procedure for effecting recovery in case of default:

a) The sanctioning authority may serve on the defaulting unit a written notice calling upon it to pay the amount in default along with interest @ 24% p.a. and other cost and legal charges as the sanctioning authority may have incurred in this connection. Such notice shall be issued by registered post acknowledgement due at the last known address of the defaulting unit or at the registered office in case of a company.

b) If the defaulting unit does not pay the amount in default along with interest and other costs and charges as indicated in the notice under clause (a), the sanctioning authority may request the Collector of the district concerned to recover the dues under the Rajasthan Land Revenue Act as arrears of land revenue or may proceed under the State Financial Corporation Act to recover the amount as dues of State Financial Institution.

11. Savings

Nothing contained in this scheme shall be construed as creating any right in an industrial unit to claim Interest Free Loan. In cases where the Government have entered into a special agreement with any industrial unit about the refund of sales tax, wholly or partly, such a case shall not be governed by the provisions of this scheme.

GOVERNMENT OF RAJASTHAN INDUSTRIES (GR.I) DEPARTMENT

No. F.5(I5)Ind/I/91 Jaipur, Dated 7th March.96

The Director of Industries Rajasthan, Jaipur.

Sub : Interest Free Sales Tax Loan Scheme for Industries, 1990

Sir,

I am directed to refer to your note under correspondence on the above mentioned subject and to clarify as follows:-

1. As a matter of fact, it is a logical interpretation that a unit becoming eligible for the benefit of IFSTL or having been granted such benefit during the operative period of the scheme could have the benefit upto the period specified in the scheme.

2. It is clearly mentioned in the clause 4 of the Interest Free Sales Tax Loan for Industries, 1990 that an existing unit, which has started commercial production during the period 1.4.90 to 31.3.95 shall be eligible for grant of Interest Free Loan if such a unit has informed the Start of the Commercial production during the said period, hence the eligibility is established undoubtedly.

Rule 6 also lays down a table in which maximum time limit for availing exemption from tax, has been enumerated. The period prescribed is seven years, nine years and eleven years for separate categories.

3. The scheme has been closed to the effect that the unit going into production after 31.3.97 shall not be entitled to the benefits of this scheme but once a unit has come into the eligibility zone on fulfilling conditions, it will continue to get the facilities for the stipulated years under the scheme. The claims may be disposed off accordingly.

Sd/-

(S.P. RAI)

Copy forwarded to following for information & necessary action

1. The CMD, RFC, Jaipur
2. The MD, RIICO. Jaipur

COMMON POLICY OF RFC & RIICO REGARDING LAND AND DISPOSAL OF ASSETS

FR(S)

SCHEDULE 3/7

COMMON POLICY OF RFC & RIICO REGARDING LAND

AND

DISPOSAL OF ASSETS

Certain matters requiring co-ordination in regard to industrial unite set-up in RIICO land and with RFCs financial assistance have been engaging the attention of both RIICO & RFC. These issues have been examined and the following procedures and guidelines are now prescribed in this regards:

To resolve the problems/difficulties being faced by RIICO & RFC in the matter of sale of assets and sharing of sale proceeds in joint finance cases, the issue was discussed between CMDs of RIICO & RFC- In accordance with the understanding reached in the meeting. RIICO has issued an office order No.RUCO/IPI/P-6/25/11 dated March 18,2000. Henceforth in super session of earlier instructions, the understanding now reached vide RIICO office order, referred above, be implemented forthwith. This order shall substitute Schedule 3/7 of FR PG.

1. RIICO IPI dues

A. Units sold with the condition that dues of RIICO would be paid by RFC.

- i) The Branch Manager should contact RM, RIICO and obtained afresh details of amount payable to RIICO by RFC in respect of sale of units where RFC has undertaken RIICO liability.
- ii) After getting the details of the amount payable, the Branch Manager should make the payment to RM, RIICO, if the amount arrived at is in accordance with the RIICO office order dated 18.3.2000 referred to above.
- iii) It should be ensured that in cases where land is of RIICO and building and machinery are financed by RFC, payments due to RIICO are made before 30th April,2000.
- iv) In those cases where apart from land, shed is also of RIICO and sale proceeds are to be distributed in proportion of MRV/outstanding. prorata amount payable to RIICO to the extent of amount received from the purchaser be passed on to RIICO by 30.4.2000
- v) In case there is some confusion/difference of opinion in respect of any case, such case be referred to HO for taking up the matter with RIICO.

B. Units sold with the condition that dues of RIICO would be borne by the purchaser

In respect of those cases, where sale has been conducted by RFC with the condition that dues of RIICO are to be borne by the purchaser, the purchaser should be persuaded to pay the dues of RIICO according tot he understanding reached with RIICO so as to regularise the matter.

C. Future sales w.e.f. 1.4.2000

For future, the procedure laid down at para No.8 of the above referred office order should be followed and details of the dues payable to RIICO should be obtained and ascertained before conducting the sale so that the purchaser is well aware of the amount payable to RIICO.

II. Joint Sale Cases:

- i) In respect of those joint finance cases, where possession has been taken by RIICO, the Branch should send details of such cases to HO so that the matter can be taken up with RIICO.

ii) In those joint finance cases where possession has been taken and unit sold by RFC, the Branch should send details, like amount of loan sanctioned, disbursed, outstanding as on date of possession, sale proceeds, other expenses, amount received from the purchaser (date wise) etc. to HO so that pro rata share can be remitted to RIICO.

RAJASTHAN STATE INDUSTRIAL DEVELOPMENT & INVESTMENT CORPORATION LIMITED, UDYOG BHAWAN, JAIPUR

No. IPI/P-6/25/11/

Dated : March 18,2000

OFFICE ORDER

Sub : Common matters between RIICO and RFC

RIICO acquires land and develops Industrial Areas. Allotment of plots are made for industrial purposes. The allottee of industrial plot may obtain financial assistance from RFC for construction of building, land, plant and machineries and also for working capital. Some years back, sheds were also constructed by RIICO and allotted on hire purchase basis and RFC provided financial assistance for plant and machinery. As per clauses of lease deed executed between RIICO and allottee, in cases other than sheds the first charge on the land and building is to remain with RFC and second charge with RIICO provided. RFC keeps a specific clause in mortgaged deed that breach of any clause of lease deed shall be treated as a breach of the conditions of their mortgaged deed. But in case the shed is allotted by RIICO then RFC shall have second charge on land and building and first charge on plant and machineries.

In case of default in payment of dues or due to breach of conditions of these deeds either of the two Corporations can take over the possession of premises as per rules and regulations prevailing in the Corporations and dispose off the unit for realisation of outstanding dues. The receipts on account of disposal of defaulting unit is required to be adjusted to satisfy the dues and outstanding of both the Corporation and surplus is returned to party as per rules after considering the claims of other charge holders.

For smooth disposal of such cases office order dated 20.7.83 and 9.5.91 issued with the consent of both the Corporation. Even then there are a number of cases which could not be decided under these orders. In order to sort out the old cases and for deciding the policy for adjustment of realised amount on sale of units the matter was placed before IDC of RIICO in the meeting held on 18.11.98. The Committee authorised the CMD, RFC and MD, RIICO to fix the guidelines for settlement of various issues pertaining to RIICO and RFC.

A meeting was held on 29.2.2000 under the chairmanship of CMD. RIICO where CMD RFC was also present. The issues regarding common matters between RIICO and RFC mentioned below were discussed and approved. Hence the following guidelines shall supersede previous order d3fed 20.7.87 and 9.5.91 and shall be applicable in all pending and new cases. However, the issues already decided and where money has been transferred shall not be re-opened.

1. The cases of outstanding dues of land when RFC is having first charges shall be decided as under:

1.1 Due pertaining to cases auctioned by RFC during 1.4.83 to 30.4.88

RFC shall pay the land cost and outstanding dues (SC. FR & WC) of RIICO before 31.8.2000 calculated as on the date of taking over possession of unit and RIICO shall not charge any interest/penal interest, provided RFC had undertaken to pay liabilities of outstanding dues of RIICO and unit has been sold in deficit. In case unit is sold in surplus and surplus is available with RFC, the interest shall be charged to the extent of surplus from the due date to the date of payment. In case entire outstanding dues as above are not cleared by RFC upto 31.8.2000, interest @ 13% p.a (simple interest) on remaining outstanding amount shall be charged by RIICO with effect from 1.9.2000 to date of payment.

1.2 Dues pertaining to cases auctioned by RFC during 1.5.88 to 31.3.2000

The cases where liability has been taken by RFC to pay dues of RIICO, shall be decided as per 1.1. However, where liability has not been undertaken by RFC, the purchaser (transferee) shall deposit outstanding dues (total dues of old allottee calculated as on the date of take over of unit in possession by RFC) of RIICO, without interest upto 31st August.2000 but RFC shall extend all help in recovery of balance development charges and interest thereon. Thereafter, interest shall be charged @ 18% p.a. w.e.f 1.9.2000 to date of payment.

1.3 The provisions in earlier guidelines regarding charging of premium upto 50% (in case of surplus) of the difference between the old allotment rate and prevailing allotment rate (at the time of auction/sale) from RFC out of available surplus after meeting the liabilities of secured charge holder may be withdrawn. However, the cases previously decided where the amount has been recovered would not be re-opened and all the pending cases would be decided by treating this provision as deleted.

1.4 The proviso of freezing of account of arrears of taken over unit during the period of possession with RFC shall continue.

2. The cases of outstanding dues of land and shed belonging to RIICO sold auctioned by RFC upto 31.3.2000 shall be decided as under

2.1 The cases where liability of payment of RIICO dues is undertaken by RFC

In case of surplus of unit at par, RFC shall pay the balance cost of shed and other dues before 31.8.2000 calculated as on the date of taking over of possession by RFC without interest/penal interest. Thereafter interest @ 13% p.a. shall be payable from 1.9.2000 to the date of payment. However, in case of sale of unit in surplus where surplus is available with RFC as on the date, interest/penal interest shall be levied to the extent of surplus amount. But if the unit is auctioned in deficit, the sale proceeds shall be shared between RIICO and RFC on proportionate basis of market Realisable value (MRV) of assets where MRV of assets is not available in record then the sale proceeds due to auction of unit in deficit shall be distributed in proportion of outstanding dues of both the Corporations.

2.2 The cases where liability of payment of RIICO dues is not undertaken by RFC

The balance cost of shed and other dues calculated on the date of taking over possession by RFC shall be recovered from the purchaser without interest/penal interest from the date of taking over of unit by purchaser to 31.8.2000. In case of failure, interest @ 18% p.a. shall be levied with effect from 1.9.2000.

2.3 The proviso regarding charging of premium upto 50% (in case of sale in surplus) of the difference between the old allotment rate and prevailing allotment rate (at the time of auction/sale) from RFC out of available surplus after meeting the liabilities of secured charge holder may be withdrawn. However, the cases previously decided where the amount has been recovered would not be re-opened and all the pending cases would be decided by treating this provision as deleted.

3. Recovery of concession in development charges allowed at the time of allotment from the cases auctioned by RFC upto 31.3.2000 shall be made as under

3.1 As per RIICO Disposal of Land Rules, 1979 (hereinafter referred to as RIICO Rules. 1979), concession in development charges allowed at the time of allotment is recovered with interest if the plot is transferred prior to 5 years from the date of commencement of commercial production. But in case of auction by RFC of the unit established by members of SC/ST/Electronic units/Ex-servicemen/War widows unit/physically handicapped persons/women entrepreneurs/Solar energy units, etc. the amount calculated on the basis the concessions given in the rate of development charges shall not be recovered from RFC or the transferee as the case may be, if the unit has been sold in deficit. But in case of surplus, concession amount shall be calculated and recovered from RFC as per the rules of RIICO to the extent of surplus amount.

4. Regularisation of unauthorised construction in the unit auctioned by RFC upto 31.3.2000 shall be considered as under

As per RIICO Rules, 1979, the construction made in the plot in violation of building regulations is considered unauthorised construction and in genuine cases these can be regularised on payment of compounding fees.

4.1 Cases of regularisable unauthorised construction

regularisable unauthorised construction existing at the time of auction shall be regularised as per rules in force, however, no compounding fee shall be charged if the unit has been auctioned in deficit. In case of sale of unit in surplus, actual compounding fee or compounding fee upto the extent of surplus amount available with RFC shall be recovered from RFC.

4.2 Cases non regularisable unauthorised construction

If the unauthorised construction in the plot is not regularisable as per the RIICO rules, 1979, the purchaser party shall remove the unauthorised construction within six months from the date of possession and this condition shall also be incorporated by RFC while executing agreement with purchaser.

5. Regularisation of excess land in unit auctioned by RFC upto 31.3.2000 shall be made as under

For regularising the excess land in plot, the following procedure shall be followed and amount shall be paid by transferee of unit

a) Excess land upto 10% of the area as per allotment letter/lease deed (which may be a result of incorrect measurement) would be regularised on the original rate of allotment along with interest @ 12% p.a. from the date of allotment to the date of deposition.

b) Excess land more than 10% of the area as per allotment/lease deed (calculating charges for first 10% as above) would be regularised by charging the prevailing rate of development charges.

6. Transfer premium on transfer of plots by RFC upto 31.3.2000 shall be levied as under:

6.1 Prevailing rules In RIICO for transfer of plot

RIICO permits the allottee to transfer the allotted plot, full or part, as per RIICO Rules, 1979 after charging the transfer premium as mentioned below:

Transfer of plot after production and abandoned projects 5% of prevailing rate of development charges

Transfer of vacant plot/part plot 10% of prevailing rate of D.C.

6.2 Transfer of plot under section 29 of the SFC Act:

In case of sale of unit upto 31.3.2000, in deficit, no transfer premium shall be charged by RIICO where lease hold rights in plot are transferred through auction by RFC in pursuance of the action taken under section 29 of the State Financial Corporation Act, 1951. In case the unit is sold in surplus, transfer premium @ 5% of the prevailing rate of development charges shall be paid by RFC.

6.3 Transfer of plot under revival scheme sanctioned by BIFR

No transfer premium shall be charged in case of transfer of whole land after unit has gone into commercial production.

6.4 Transfer of part plot and abandoned project through auction by RFC

Permission for transfer of surplus/unutilised land/sub division of plots and abandoned projects (as defined in RIICO rules) shall be granted by RIICO and after payment of premium by transferor/transferee as per RIICO rules prevailing at the time of auction by RFC. In cases of sub divided plots. RIICO shall not be responsible to provide basic infrastructure facilities viz. Roads, water, power, drainage, street light and other ancillary services required by the Industries. It shall be the exclusive responsibility of transferee of sub divided plot to provide or arrange above mentioned infrastructure facility at its own level and cost.

7. Guidelines for permission for all transfers of unit by RFC with mutual consent between

transferor and transferee shall be as under:

All the dues of land/shed with interest/penal interest and liabilities on account of concession allowed in development charges at the time of allotment, compounding fee for regularisation on of regularisable unauthorised construction, development charges for excess land in plot and transfer premium shall be paid by transferee as per the rules of RIICO prevailing at the time of such transfer and non regularisable unauthorised construction shall be removed immediately.

4. Guidelines for sale of units in future (with effect from 1.4.2000) shall be as under:

8.1 Action to be taken by RFC before conducting auction of unit

While considering sale of units through open auction, the details of entire liabilities and dues payable to RIICO shall be obtained from RIICO office by RFC so that participants in auction may be made aware of dues payable to RIICO. RIICO shall provide, before the date of auction, complete details of dues (principal and interest) and liabilities calculated as on date of taking over of unit into possession by RFC and also the information of compoundable and non compoundable construction in plot.

8.2 Action to be taken by RFC after auction

i) RFC will either collect a demand draft in the name of RIICO for all the outstanding

dues and liabilities payable to RIICO on account of balance cost of shed/development charges/service charges/economic rent/water charges/interest/penal part of interest and other liabilities, if any, directly from the transferee or RFC may advise transferee to obtain no dues certificate from RIICO.

ii) After agreeing to sale/transfer the unit by RFC, an agreement to sell/deed of conveyance will be executed by RFC in favour of the purchaser and copy of original lease deed of the plot shall be made part and parcel of agreement to sell/deed of conveyance and a clause shall also be incorporated that the terms and conditions of original lease deed and the provisions of RIICO Rules, 1979 as amended from time to time, shall be binding and operative on the purchaser of the industrial unit who shall be entitled to enjoy the leasehold rights only for residual period lease and shall also be bound to pay all charges/dues of RIICO. After execution of agreement to sell/conveyance deed, a copy thereof will be sent by RFC to RIICO for making suitable charges in record. RIICO will not insist for execution of fresh lease deed.

8.3 Action to be taken by RIICO after auction of unit:

The NOC for water/power connection in favour of the purchaser in all types of cases of sale in auction by RFC shall be issued immediately by RIICO irrespective of settling of accounts between RIICO and RFC or payment of dues by RFC provided dues to be paid by the purchaser have been deposited.

8.4 If the unit is taken over and auctioned by RIICO

If the shed has not been constructed by RIICO on the allotted plot and the lease deed is mortgaged with RFC then first charge on the plot belongs to RFC with a suitable condition in

mortgage deed that default or a breach of conditions of lease deed shall be considered a breach of mortgage deed. As per lease deed, the lessor has been empowered to issue notice to the lessee for taking corrective measures viz. Payment of outstanding, breach of any condition etc. and if the lessee does not respond the lessor may serve a notice upon financial institution where the lease deed has been mortgaged for advising the lessee for taking corrective measures. If inspire of advice of the financial institution the lessee does not respond/take corrective measures then the lessor is fully empowered to enter the premises and take over the possession of the demised premises after taking suitable legal action. The unit so taken over by the lessor (RIICO) shall be disposed off by auction, the sale proceeds shall be distributed among the lessor and RFC in the same manner as mentioned above in this circular in the ratio of outstanding dues as on the date of taking possession. Here, the outstanding dues of lessor and financial institution shall be calculated as on date of taking over the possession of the unit by RIICO.

9. Apportionment of Sale proceeds in case of Joint Financed cases shall be done as under:

i) Payment of cost charges and other expenses towards watch and ward/insurance (after taking over the assets) and for auction/sale of the unit (such as advertisement, legal cost, etc.) incurred by participating institutions are to be deducted from the sale consideration.

ii) Remaining sale proceed is to be share in the ratio of respective outstanding dues on the date of taking over the possession among participating Financial Institutions. Here the principal debt would mean the liability of the borrower in respect of loan from Financial Institutions i.e. the amount due in the account of the borrower with the participating financial institution.

a) RFC and RIICO both will reconcile the accounts of all the units sold by them and whatsoever amount is due to any institution will be remitted by 31th August.2000, Thereafter an interest equivalent to refinance rate shall be charged.

b) The due amount worked out on cases to case basis as on 31th March of every year shall be paid by 30th September of the same year and if not paid it shall carry an interest rate of 13% upto the date of payment. The IP&I dues shall have no linkage with amounts against sale proceed and recoveries from the sold units.

5. Reconciliation of IPI dues should be completed by the end of 30th April.2000.

6. Other matters regarding recovery of rent of buildings etc. may also be reconciled by 30th April.2000 at Unit Office of both the Organisations and these matters may be referred to respective Head Offices for final decision.

Sd/-

(Chhaya Bhatnagar)

Advisor (Infra)

LIST OF THE INDUSTRIES WHICH ARE FIRE-PRONE AND RISK PROPOSED TO BE COVERED BY INSURANCE OP ASSETS:

FR(S)

SCHEDULE 3/8

LIST OF THE INDUSTRIES WHICH ARE FIRE-PRONE AND
RISK PROPOSED TO BE COVERED BY INSURANCE OF ASSETS:

S.No.	Product Code	Name of the Products.
	20-21	FOOD AM) ALLIED INDUSTRIES
1.	204200	Rice Milling
2.	204300	Dal milling
3.	205101	Bread
4.	2092010	Confectionery
5.	21100102	Mustard Oil
6.	21100104	Groundnut Oil
	26	TEXTILE PRODUCTS INCLUDING HOSIERY
7.	264104	Ready Made Garments
8.	266901	Cotton belting
9.	266902	Belt Lacing Textile Processing
	27	WOOD AND WOOD PRODUCTS
10	27210301	Wooden Crates
11	273012	Cable drums for aa and acsr conductors.
12	276001	Wooden furniture and fixtures
13		saw mills
	28	PAPER PRODUCTS
14	280402	Waxed Paper
15	280403	Bituminised water-proof paper
16	280905	Decorative papers
17	280906	Corrugated paper & Boards
18	281101	Paper bags
19	281102	Composite containers
20	28120101	Paper Board cartons
21	281301	Paper Cups/Plates
22	281902	Paper envelopes
23	281904	Corrugated fiber board container.
24	283102	Paper twines, strings and ropes
25	283201	Paper Cones
26	283202	Paper Tubes
27	283901	Drinking straws
28	283902	Paper napkins including facial Tissue napkins
29	283903	Gummed tape
30	283906	Teleprinter tolls
31	283907	Stencil Paper
32	283908	Tele-tape rolls
33	283909	Slitting of ordinary paper into rolls & sheets
34	283910	Toilet paper rolls and sheets
35	283911	Paper Straps
36	283912	Stickers, labels of gummed paper etc
37	283914	Treated tracing paper
38	283913	Gummed paper for stamps
39	283915	Gummed paper other than for stamps
40	283916	Sanitary towels
41	283917	Transfer labels
42	285002	Exercise books and Registers
43	285005	Letter pads
44	285006	File covers and file board

CHEMICALS & CHEMICAL PRODUCTS

All Chemical Industries Manufacturing

Fire-Prone Chemicals are to be covered

by Insurance like:

Sodium Nitrate

Sodium Oxalate

Sodium Sulphate Anhydrous

Sulphuric Acid

Benzene

Butyl Alcohol

Diethyl Ether

Ethyl Alcohol

Ethyl Acetate

ISO Amul Alcohol-For Milk testing

ISO Propyl Alcohol

Methyl Alcohol

Petroleum Ether-Different distillation Ranges

Petroleum Ether-For Chromatography

Toluene

Nickel Sulphate

ORGANIC CHEMICALS, DRUG AND DRUG INTERMEDIATES

Chlorinated Paraffin wax

Glycero Phosphates

Glycero phosphoric acid

Polyester Resins

PVC Compounds

OTHER CHEMICALS AND CHEMICALS PRODUCTS

Wax Candles

Potassium Iodide

Sodium Iodide

Sulphur Powder-other than insoluble
for

rubber vulcanization

Bitumen Base Paints

Safety Matches

Fire Works

Blue Print Papers-All Types

Agarbartis

Sodium Silicate

Synthetic adhesives rubber latex

PF or PVA based

Note:- Further units can be added to the above list where a particular type of industry is considered as fire prone

PROCEDURE FOR CALCULATIONS OF MARKET REALISABLE VALUE (M.R.V) FOR INDUSTRIAL UNITS

FR(S)

SCHEDULE 3/9**PROCEDURE FOR CALCULATIONS OF MARKET REALISABLE VALUE (M.R.V) FOR INDUSTRIAL UNITS**

The MRV of industrial units depends mainly on the value of the assets and present day demands/supply of such industrial units in the market. The assessed value can be calculated in the manner prescribed below but the MRV of the unit is directly affected by the scope of the industry in the present day circumstances e.g. in case of guar gum split units when there is no scope of such type of the industry the MRV of such industrial units is bound to be lower as compared to assets value because in these circumstances the purchasers usually quote the price on the basis of value of the land and buildings mainly.

In case of buildings also the type of the construction, shape and size of the buildings are the main criteria on the basis of which the same can be utilised for any further use. In case of machines, all the machines may not be useful for the prospective buyer but the part of machines may be utilised for the future activities of the buyer and in this case the buyer accordingly quote the price of the machines.

I LAND:

The MRV of land/plot of industrial units depends mainly on the location of the plot.-shape and size of the plot amount spent on plot development and other locational advantages/ disadvantages of the plot

Generally the industrial units are located in the industrial areas developed by RIICO/Industries Department In these cases, the MRV for land may be tabulated considering the present rates of development charges prevailing in the area and availability of plots. Thus the MRV for such industrial land may be taken as development charges on the basis of present rates plus the amount spent on the development of land like construction of roads, drainage, leveling etc. and the availability of plots in the area. Here also the advantages/disadvantages of the location of plot (whether in front side of the industrial area etc) should be given due weightage while considering the MRV of land. While considering use land value in addition to present RIICO prices, we also consider present market price of land in the area on which transactions have taken place in the recent past along with the investments made and indicated above. In case of units located outside industrial areas, the MRV of land shall be calculated on the basis of land rates prevailing in that area. The present rates may be ascertained from the local authorities/ revenue authorities. However, weightage for locational, advantages /disadvantages are also required to be given while calculating the value of land. It is further clarified that in respect of slow moving industrial areas having sufficient number of vacant plots with poor industrial progress the present rate of RIICO should not taken as a 'Benchmark' for determining the MRV of such plots. In such cases, the MRV can be assessed on realistic basis (like rates realised in recent sales by RFC/RNCO) by specifying the reasons for difference from present rate of RIICO. Similarly, in fast moving industrial areas, the rate can be increased depending upon local market conditions.

1. BUILDING

The MRV of the buildings can be calculated as per the procedure adopted for valuations at the time of disbursement The present rates of building construction should be applied for arriving at the cost and then depreciated value is to be determined by applying depreciation rate @ 1%(straight line) for good quality buildings (such as Hotels. Hospitals, Pharmaceutical units, electronic units computer centers, commercial complexes, showrooms, offices etc.) and @ 2% p.a.(straight line) on all other type of buildings. Further deductions are to be made for the defects/damages in the buildings. The cost of defects damages may be calculated on the basis of detailed costing based on latest BSR rates i.e. the cost to be incurred for removal/rectification of the defects/damages.

3. PLANT & MACHINERY:

- a). The purchase price of Plant & Machinery and equipment should form the basis for the purpose of working out depreciated value.
- b). While arriving at the value of the Plant & Machinery, the condition of each machine, the completeness of the plant including the accessories, electrical items required to be attached with the plant should be taken into consideration. If the machinery is not complete then deductions are to be made on this account.
- c). The depreciation from the date of purchase to the date of calculating MRV should be taken @ 15% p.a. on written down value(WDV).
- d). However, for following type of Plant & Machinery and equipment, the WDV so arrived is to be further reduced by 50% for arriving at MRV of these items.
 - i) Fast changing technology items equipment
 - ii) Obsolete technology/Plant & Machinery/Equipment
 - iii) Chemical Plants/Furnace/Kilns.

The illustrative list of fast changing technology items/obsolete machinery is given below. However, if the assessing officers want to include any other item/equipment Plant & Machinery depending upon their experience, market reports etc. they should be referred to Head Quarter. DGM (T) for considering inclusion in the list.

(I) FAST CHANGING TECHNOLOGY ITEMS/EQUIPMENTS

- 1. Computer related machines.
- 2. Computer based Medical Equipment.
- 3. Laboratory equipment's.
- 4- Office machinery like Fax/Photostat etc.
- 5- Automatic control equipment's like Programmable Logic Controllers (PLC), Text Display and operator panels, Mini Controllers, Un-interrupted Power Supply (UPS) etc.

(II) OBSOLETE TECHNOLOGY ITEMS/EQUPMENTS/PLANTS

- 1. Cimmco Looms.
- 2. Old Model Vehicles like Hindustan, Ford etc.
- 3. Converted/Mini Gangsaws having less than 25 blades etc.
- 4. Mini Cement Plants.
- 5. Granite Tile Plants upto size 1'X 1'
- e). MRV of electrification and erection and installation should be segregated from the total cost of P&M and should be shown separately so that if the main P&M is sold separately and is to be shifted by the purchaser to some other new place, then the value under this head can be taken as scrap value.
- f). The MRV of Plant & Machinery can be further reduced by 3% if the general maintenance/upkeep of P&M is poor/unsatisfactory.

7. OTHER ASSETS:

In addition to land, building and Plant & Machinery every industrial unit is having some equipment which also have to be given care of while arriving at the MRV of total assets which has been taken into possession. The basis of arriving at the MRV of such equipment shall be a balanced application of mind as to what price a particular miscellaneous equipment can fetch. While assessing such value, the present market value of such equipment less depreciation and condition of the equipment is to be considered.

II. Fast changing' obsolete								

III. Chemical plants /furnaces vi/deis								
IV. Transport vehicle								
Sub Total(I to IV)								
V. Electrification item								
VI. Erection & Installation								
Sub Total(V+VI)								
4.Other assets\ itemwise								
5.Total MRV(1to4)								
6.Dues								
a. Against land								
b. RSEB/PHED								
c. Other dues(pl.sp.) Total dues								
	Princip al	Interes t	Other money	Total				
I. RIICO dues								
2.RFC dues								
3. Banks and other								
4. Subsidy (if the unit don't run for five Yrs.)								
						Signatur	Of the Officers	

(Follow-up & Recovery) FR(s)-3/10

**COPY OF STATE GOVERNMENT CIRCULAR NO.F-I2 (7) ENERGY 188 DATED 4TH
MARCH, 1989 REGARDING DIRCTIVES ISSUED TO RSEB,**

SCHEDULE 3/10

FR(S)

COPY OF STATE GOVERNMENT CIRCULAR NO.F-12(7) ENERGY 188 DATED 4TH MARCH.1989 REGARDING DIRECTIVES ISSUED TO RSEB.

In exercise of the powers conferred by sub-section 1 of Section 78-A of the Indian Electricity (Supply) Act, 1948 (Central Act 54 of 1943), the State Government hereby gives the following Directions to the Rajasthan State Electricity Board for revival of Industrial Units lying closed due to sickness :-

1. These directions shall apply to all closed industrial units declared sick and being revived by BIFR or by RJICO or by RFC under the scheme of rehabilitation of sick units and so certified as sick by the State Government in the Industries Department. The certificate will be obtained by the unit from the Industries Department
2. No minimum charges shall be recovered from such a unit from the date of disconnection of electricity supply till the date of re-connection irrespective of any agreed period between the unit and the RSEB.
3. At the time of re-connection of power supply, such an industrial unit if it is H.T. consumer shall be charged only the electricity dues outstanding at the time of disconnection of supply with interest @ 15% per annum in place of L.P.S. (Late payment Surcharge). As regards consumers other than High Tension (H.T.), the following procedure of only forfeiting the rebate allowed under the relevant tariff in force shall continue to be enforced.
4. The re-connection of the sick units shall be made by the RSEB after completing necessary formalities including the deposit of amount of security in cash as well as Bank Guarantee as per relevant tariffs in force at the time of reconnection together with service line charges, if any, applicable.
5. The sick industrial units on revival shall be exempted from power cuts for a period of Two years. If for any reason, this is not possible; power cut shall be reduced to 50% of the power cut applicable to normal units.
6. The terms of payment in case of such units of outstanding electricity dues upto the date of disconnection along with interest thereon will be decided by a committee comprising Chairman, RSEB, RJICO and CMD RFC or their nominees.
7. The above concessions and facilities will be applicable to cases reconnected on or after the issue of this order.
8. Past cases already decided by the Rajasthan State Electricity Board and in which reconnection has already been given as per existing procedure prior to the date mentioned under clause 7 above shall not be re-opened.

This directive would be in supersession of the earlier directive issued on 18.1.1989.

rfc

Procedures

And

Guidelines

Assets Reconstruction & Rehabilitation Cell

ARRC

TAKE OVER OF ASSETS

TAKE OVER OF ASSETS

1. The possession of assets of a unit should be taken over by the authorised officer in the presence of notary public and one other officer of the corporation (or two reputed persons of the locality) wherever & whenever notary public is not available the services of oath commissioner can be taken.

1(a). prior intimation about the date and time when the possession is intended to be taken over may also be given to promoter(s) of the unit.

1(b). the possession of immovable properties of a guarantor / mortgagor should also be taken over if the same are mortgagor by way of collateral security in favour of the corporation to secure the term loan granted to principal debtor for recovery of the dues of the corporation after obtaining permission from the competent authority. Branch manager shall ensure that no unpleasant situation is created as in most of the cases the property which has been offered as collateral security is inhabited by some person and there may be lot of difficulties in taking vacant possession of property. Such powers may be exercised only in such cases where possession is possible without any intervention or disturbance and this action of take over of guarantor /mortgagor's property may be exercised very carefully and after thorough investigation of the property which have been offered as collateral security to the corporation.

2. In case the locks are to be broken, the service of a professional blacksmith may be utilized and a receipt of payment made to him should be verified by notary public/oath commissioner.

POSSESSION REPORT-NOTAARIAL PROCEEDINGS

3. At the time of take over of the assets of a unit, a complete list of fixed assets (found and missing) should be prepared (by the officer responsible for taking over the possession) in the presence of notary public and signature of persons on the spot should also be taken on the possession report (and its annexure).

3(a). In cases where the raw material or goods have been financed by the bankers and are under their first charge, the bankers are generally associated during possession and possession of such items, on which bankers are holding first charge, is taken by them.

In several cases, possession teams may have to confront with a situation where there may be cash/cash books of accounts/ raw material / goods in process/ finished goods or even animals. The inventory and disposal of the same would be as procedure laid down in the o & m circular No.411 dated 5.11.1996.

4. The possession report should be prepared (proforma no.fr28) showing the persons present, assets taken into possession, missing assets (financed by/mortgaged to RFC) and additional assets (not financed by/not mortgaged to RFC)found at the site. Possession report should be prepared in quadruplicate (4 copies).

5. once the possession report has been prepared in the presence of notary public, each page of the report (and its annexure)should be got signed by him and his rubber stamp should also be got affixed.

6. one copy of the possession report (along with its annexures) regarding take over of assets of the unit should be sent with a forwarding letter (giving references of permission and mentioning salient features specially dues of other institutions and difficulties, if any, at the time of take over of assets) to dy. General manager (ARRC) at head office and deputy general manager (region). If details of dues of other institutions are not sent along with possession report these should be enquired from the concerned institutions and sent later on.

7(a). Intimation with regard to the taking over of possession of the assets should be sent under postal certificate to the promoters of the unit (proforma No.fr-29) copy of which should be sent to dy. General manager (ARRC) at head office, deputy general manager (region), concerned bank and riico authorities.

7(b). Incharge F & R cell at branch office shall also send a note to account cell at branch intimating date of taking over possession of assets so that interest is not debited in concern's loan account after that date. The interest rate be made 'o' by feeding u-2 and interest in broken period be debited by mjv.

8. Action for missing assets

In case the assets are found missing, a letter by registered a/d should be sent to the original promoter (s) (proforma no.fr-30) of the unit giving clear 15 days time from date of issue of letter advising them to make good the assets otherwise fir shall be lodged against them with the police authorities.

9. Lodging of fir

In case of failure of the unit in restoring the missing assets within stipulated period, an fir should be lodged with the concerned police station (proforma no.fr-31).

10. Watch & ward arrangements

As soon as the assets have been taken over, the officer responsible for taking over of the possession of assets should see that proper watch & ward arrangements are made at the factory site. Only ex-servicemen (if not available then persons above 55 years age) should be engaged for watch and ward arrangements. The rates of wages payable to these ex-servicemen would be rates approved by the state government for servicemen for 24 hours for daily wages. Detailed guidelines are incorporated vide o & m circular No.487 dated 22.9.98, pg circular no.763 dt. 24.2.98, o & m circular 499 dated 22.12.98 and ARRC no.7 dated 8.8.2000. It is not necessary that every unit in possession should have one chowkidar. The requirement of number of chowkidar should be assessed by branch manager keeping in view the number of units situated in the same area. If numbers of units are in possession in same area, a cluster or group approach is possible. Branch manager should ensure that in any case the average of chowkidar employed in their jurisdiction should not exceed 1 per unit.

11. Realizable value of assets (MRV)

Realizable value of assets (considering its condition, market condition etc.) should be intimated to regional manager and manager (ARRC) head office through a do letter by the branch manager within at least one month of take over of assets (proforma no.fr-32). The mrsv will be calculated as per procedure laid down in the pg circular no.890 dated 21.12.2000 and officer concerned would submit his report in proforma indicated in the circular to branch manager.

12. Disposal of assets

After take over of assets, the branch manager should plan speedy disposal of assets. The units taken into possession may be categorized in the following manner:

a).branch level disposal cases

b).ro level disposal cases

c).ho level disposal cases

in the cases where auction is to be carried out at ho, complete details of the case including amount sanctioned, amount disbursed, date of possession, amount out standing as on the date of possession, amount outstanding as on date, mrv, dues of other institution like electricity dues, phed, riico, details of the subsidy, etc.should be sent to ho with intimation that it is ho level disposal cases.

13. Programme of auction/ Notice inviting offers

The regional office of the corporation shall prepare a monthly programme of auction/ notice inviting offers for the units falling in the region and nit should be published well in advance for the quarter. An nit should be published by the ro for the Bo level disposal cases and regional office level disposal cases. The cases which are not falling under bo level an dro level, the programme of the auction of such units will be chalked out by dy. General manager (ARRC) at ho.

14. The regional officer shall prepare the programme of auction/notice inviting offers in consultation with the branch managers. Care should be taken that all units under the possession of the corporation and intended to be auctioned are included in it excluding stay cases.

15. If any case, assets of a unit remains under the possession of the corporation for more than 6 months, the matter should be reported by the branch concerned to dy. General (ARRC) at head office with specific reasons and details about further action (being taken).

16. Publicity and advertisement

In order to get the best possible price of the assets in possession, it is necessary to give wide publicity of units put to auction.

Note:

- I. List of units available for sale should also be affixed on the notice board of the bo/ro/ho.
- II. The sale notice which should now be termed tender notice be published in the newspaper atleast 15 days before the date of receipt of tenders.
- III. In case of units where the loan sanctioned is only up to rs. 50000/- tender notice needs to be published in the local leading and prominent Hindi newspaper.

I release of notice inviting tenders (nits):

a).the nit of branch office and regional office level shall henceforth be released by the regional office concerned.

b).head office nits will be released from the pr cell, (ho) after obtaining consent of general manager (d)/dgm (ARRC)

c).sale notice will be issued for inviting offers for sale of land and building and plant and machinery separately.

II norms for releasing NITs

A). branch office/ro level NITs:

- I. Each regional offices will prepare a complete list of the units under possession to be auctioned of their jurisdiction in the prescribed format of NIT as per the guidelines issued by fr./ARRC division of ho.
- II. The said NIT will be finalised and approved by the dgm(r) concerned in respect of units to be auctioned at bo/ro level.
- III. Approved NIT would be released for publication directly to the newspaper concerned, after ensuring that the dtp has been prepared in minimum possible space.
- IV. Each ro would release bo/ro level NIT once in a quarter of the financial year (not more than 4 times in a financial year).in case need arises for issuing of NITs more than 4 times, prior approval of CMD of the corporation is necessary.
- V. After release of NIT, a copy of the published programme in the newspaper(s) should invariably be sent to gm (d)/dgm (ARRC) and pr cell at ho for record.

B).head office level NIT

- I. Head office level NIT will be prepared and finalised by gm (d)/dgm (ARRC) and thereafter be published by pr cell, ho.
- II. Ho level NIT would be released once in a quarter of the financial year (not more than 4 times in a financial year). In case need arises for issuing of NITs more than 4 times, prior approval of cmd of the corporation is necessary.

III NIT of the units under ‘counter sale scheme’

Each branch office will update the list of units under counter sale scheme to be auctioned at branch office/ regional office level and will send it to the DGM(R) concerned for release of NIT once in a financial year. In case need arises for issuing of NITs more than one time, prior approval of cmd of the corporation is necessary.

IV selection of newspaper(s)

a).for release of bo/ro level NIT:

i)invariably all NITs of the units under possession to be auctioned at branch office and regional office level will be released in one (‘a’/’b’ category)state level hindi newspaper on rotation basis. All the four newspapers mentioned in the category of ‘A’ and ‘B’ will be treated at per. However, a ‘C’ category newspaper can be chosen in respect of regional office, jaipur I, udaipur, rajasmand, jodhpur and pali if necessity is felt by DGM(R) concerned.

Category of the newspapers		
category	Sl.No.	Name of newspaper
Category ‘A’	1	Rajasthan patrika (all edition of rajasthan)
	2	Dainik bhaskar (all edition of rajasthan)
Category ‘B’	1	Dainik navjyoti(all edition of rajasthan)
	2	Rashtradoot (all edition of rajasthan)
Category ‘C’	1	Samachar jagat (jaipur edition)

		(for jaipur RO-I)
	2	Pratah kaal(udaipur edition) (for RO udaipur and rajasmand)
	3	Jalte deep (jodhpur edition) (for RO jodhpur and pali)

Note

- i).publication of NITs in category ‘C’ newspapers mentioned above shall be considered only on DPR rates.
- ii).NIT of RO, alwar will invariably be released in one ‘A’/’B’ category state level Hindi newspaper and in one national level newspaper on rotation basis.

VI release of NIT of HO level cases:

Head office level NIT will be published in one state level Hindi newspaper and in one national newspaper, as decided by GM (D) or DGM (ARRC), after approval of the CMD.

16(a). NIT of the units available foe sale will be published once in a quarter and auction will be held every month on the pre intimated fixed dates at the branch office. It is to be ensured that original promoter(s) are informed time to time well in advance as per existing norms.

16(b). publicity through hand bills

NIT will be published once in a quarter. Therefore ,every month branches should circulate hand bills, 2 days before the date of auction for local publicity. Publicity can be made by way of hiring local newspaper hawkers.

In respect of loan case (below rs.50000)the action should be conducted at the panchayat/village level by having adequate local publicity with the participation local authorities instead of advertisement through auction notices in the state level papers.

However, if the competent authority feels that by issue of sale notice in the local paper there are chances of better offer than he can issue sale notice (not more than three).

Note:

If the publicity needs to be made through some all India English newspaper on account of the special nature of one or more units , it should be reported to DGM(ARRC)for approval.

17. NIT should be published in these papers atleast 15 days before the actual date of auction / fixed to open offers /tenders.

18.advertisement shall be issued by the RO/HO after finalising the auction programme of sale for one complete month with regard to units intended to be disposal off.

19.intimation of auction

as soon as the programme of auction has been fixed and advertisement has been released in the newspaper for publication, a letter in the prescribed format should also be sent to the original promoter(s) of the unit whose assets are intended to be auctioned informing them of the corporation's intention to auction their unit and request them to cooperate in disposal of assets at reasonable sale price. Copy of NIT may also be sent to promoter(s).

19(a).i).all tenders received unsealed or in torn /damaged conditions through post or by personal delivery shall be so marked on the cover by the person receiving the same.

ii).the register of tenders shall be closed at the scheduled time giving in words and figures the number of tenders received in time.

iii).the tenders shall remain in personal custody in lock and key of officer concerned.

iv).all documents/letters received from tenderers as supplementary information or as a substitution/alternation of date and conditions of tender upto the time of receipt of tenders shall be distinctly recorded on the concerned register.

20.auction committee/committee to open sealed offer(s)

at person there are 2 schemes for disposal of sale of assets:

a).counter sale scheme

b).general sale scheme

a).counter sale scheme

i).all units having sanctioned amount upto rs.10.00 lakh where the fixed assets were taken into possession on or before 31.3.2000 and 4 or more attempts have been made for disposal of assets but could not be disposed off so far.

ii).all transport cases and units under possession where loan only for plant and machinery was advanced in rented premises which were taken over on or before 31.3.2001 and 3 or more attempts have been made for disposal but could not be disposed off.

b). general sale scheme

cases which are not covered sale scheme are to be disposed off under general sale scheme.

Constitution of committee

a).counter sale scheme :

DGM(R)	convenor
Representative of RIICO (not below the rank of ARM)	member
Representative of DIC(not below the rank of DIO)	member
Branch manager concerned	member

Dealing manager/Dy. Manager/ asstt. Manager	member

b).general sale scheme :

i)loan cases upto rs.20.00 lakh

branch manager	convenor
Representative of DGM(R) (not below the rank of DM)	member
Representative of RIICO (not below the rank of ARM)	member
Representative of bank (not below the level of officer)	member
Representative of DIC (not below the rank of DIO)	member
Dealing dy. Manager/asstt. Manager	member

ii).loan cases above rs.20.00lakh and upto rs.100.00lakh

dy. general manager(r)	convenor
Representative of RIICO (not below the rank of ARM)	member
Representative of Bank (not below the level of officer)	member
Representative of DIC (not below the rank of ARM)	member
Branch manager concerned	member
Dealing manager / dy. Manager /asstt. Manager	member

iii).loan cases above 100.00lakh , company cases (under liquidation)& joint finance cases

ED	chairman
GM(F)	member
GM(D)	member
GM(L)	member
Representative of participating institution in	member
Joint finance cases	
DGM(ARRC)	member

Note:

- i).the decision to approve the sale will be taken by the committee;
- ii)the committee shall have full powers to reject any offer;
- iii)due notice of the meeting of the committee shall be sent to each and every member;
- iv)decision shall be taken buy committee on the spot and minutes shall also be recorded immediately
- v)negotiations, if any , shall also be made by the committee on the date of auction/ tenders ,itself.

vi)the committee shall take unanimous decision. In case of difference of opinion , the matter may be referred to the next higher committee. In case of HO level committee, reference so required will be made to the EC for appropriate decision.

21.quorum

counter sale scheme

general sale scheme

22.delayed /late tenders:

i)the delayed tenders (i.e. tenders received after the prescribed time)shall also be entered in the register of tenders after the closure of the register only for record. The tenders so received shall be marked time and date and initialed by the receiving officer.

ii).the concerned officer shall furnished full details of tenders received in time and delayed tenders to the auction committee.

23.opening of tenders

i).tenders shall be opened on the date and time mentioned in the tender notice in the presence of such of the tenderers or their authorized representatives who may choose to attend.

ii).name of firms of their authoursied representative shall be read out, a list of representatives present shall be prepared in the following format and attached with the proceedings. Amount of offer as mentioned in tenders and other details shall also be read out.

Name of the unit	Description of assets	Date	Time

Si. Of no.	Name & address of tendering firm	Name of the representative of the firm	Signature of representative

iii)each tender and schedules shall be signed with date by the persons opening the tender.

iv)alteration/ Corrective /addition./ overwriting shall be initiated legibly to make it clear that such alterations etc. were existing on the tender at the time of opening.

v)details of delayed tenders/earnest money received shall be declared.

vi)the tenders opened shall be serially numbered as 1,2,3,.....

24.receipt of tenders

no tender form has been prescribed. Therefore, it will be open for the tenders to use their own paper and quote the price.

All tenders shall be received upto the scheduled date and time and put in a sealed box. In case of arrangements for personal delivery a receipt will be given. Tenders shall be entered in the tender register in the prescribed format , which is depicted as under:

Tender receipt register

Name of the unit and place	Tender no.	Name & address of tendering firm	Whether sealed or not	Date and time or receipt	Receipt of tenders after scheduled time		Initial of tenders
					<u>Date</u>	<u>time</u>	
1	2	3	4	5	6	7	8

25.delegation of powers

- I. The BO level sale cum negotiation committee(in loan cases upto rs.20.00lakh)shall have full powers for disposal of assets if the offer is equivalent to the disbursed amount of loan i.e. principal sum or equal to 75% of MRV. This would also be applicable of part assets;
- II. If the Bo level sale committee finds the sale proposal below the above limits as appropriate and suitable and there being no chance for receiving better in future, the committee may refer the case to RO level committee which will have full powers to approve the sale irrespective of any limit;
- III. The Ro level sale cum negotiation committee (in loan cases upto rs.100.00lakh)shall have full powers for disposal of assets if offer is equivalent to 75% of MRV. this would also be applicable foe disposal of part assets. Any proposal not falling in this delegation of powers shall require approval of ho i.e.CMD.
- IV. The above delegation of powers shall also be applicable in counter sale scheme.
- V. The ho level sale cum negotiation committee shall have full powers.

Note:

- i)the above delegation of powers shall cover all type of cases including hotel, tourism, transport, good borrowers, industrial units, etc.
- ii)the committee shall approve the sale as per delegation even if the bid received is less than the offer received earlier.

26.discount /rebate for cash down sale

the policy of conversion of sale from deferred payment to cash down after conclusion of auction proceedings has been dispensed with. However ,the rebate/discount to the extent of 15% in general sale 10% in counter sale scheme of the corporation shall be continued giving weightage of the eligible discount/ rebate on the deferred payment amount and not on the total sale amount to facilitate the sale committee to compare the offer received on deferred payment/cash down basis and find out which one is better offer. After decision is taken by the competent authority for sale of assets , the purchaser party would not be able to exercise his convert the deferred payment sale into cash down.

27.services of property dealer:

property dealers can also be involved in sale of units under counter sale by paying service charges of 1% of sale price. They may also be given another 1% of the initial payment so received. By this way property dealers will be getting 2% if the unit is sold on cash down payment. This service charges will be payable only when offer is received with a declaration by the concern in this respect and is finalized.

28.duties of sale committee

1. the chairman of the sale committee will show the tender box to tenderers present, if any , before opening the tender form.
2. the tenders received shall be initialed by the members including chairman of the committee and the envelope of the tender shall also be attached with tender and that shall also be attached with the tender and it shall also be initialed.
3. a)if no tender is received on the specified date, the committee shall take a decision to reauction .
b).in case where tenders have been received, the committee after opening the tenders will discuss the case with members of the committee with all the facts of the case which includes amount outstanding ,loan sanctioned, disbursed amount, date of possession ,nature of industry, MRV of assets an other relevant factors and negotiate with the tenderes or their authorized representative to increase the tender amount.
c).if the committee forms on opinion that the negotiated higher tender is still not adequate then committee will take a decision for reauction of the assets.
d).if the committee finds that negotiated higher tender is adequate and acceptable then the committee will recommend the tender for approval to the competent authority if it is not within the powers with the committee.
- 4.the tender proceeding shall stand buried as soon as the decision thereon is taken either to accept the highest tender or to put the unit to reauction.
- 5.the tenderers present shall be advised the appropriate decision taken will be informed to them by post.
- 6.the sale committee should inspect the assets put to auction. However , this may be left at the discretion of the committee . further , if the committee feels that mrv of the assets should be worked out then the committee should feel free to get this mrvreassessed.

29.earnest money

participants in the auction shall pay earnest money @ 5% of the offer amount subject to a maximum of rs1.00lakh.

30.standard terms and conditions of auction /offer inviting tenders for sale

the standards terms and conditions of auction for disposal of assets by way of tender notice shall be declared by the chairman of the sale committee at the time of opening of the tenders and signature of bidders shall be obtained.

The committee should make a explicitly clear whether the sale is on cash down basis or on deferred payment basis. The chairman of the committee shall make it clear to the parties who have offered their tenders that

in case of approval of sale, the party is liable to pay the dues of rseb, riico, phed, and rto (in case of transport vehicle). Such dues may be ascertained well before auction.

The special terms and conditions, which are to be kept in view while auctioning the assets, are as under:

- i. the units are generally sold on deferred payment basis by taking 25% in fast moving industrial area and 20% in other area on cash down basis and remaining on deferred payment basis, if suitable buyers are not available on cash down basis. However, preference will be given to cash down basis as compared to deferred payment basis.
- ii. In fast moving industrial areas like bhiwadi, vki, mia, jaipur, sanganeer, sitapura, jaipur, kishangarh, rajasmand and chittorgarh, the sale of units will be on 25% cash down basis and remaining on deferred payment basis.
- iii. The units, possession of which was taken upto 8.10.91 and where 5 or more attempts have been made for disposal then in case of sale of such units, the rate of interest will be the refinance rate provided the purchaser makes the payment on cash down basis of 33% and 67% on deferred payment basis.
- iv. The rate of interest will be charged as indicated in the sale letter. However, if there is a delay in execution of documents, then prevailing current rate of interest or the rate of interest indicated in the sale letter whichever is higher shall be charged. No request will be entertained for charging lesser rate of interest.
- v. RFC is not the owner of the land. Land is basically on lease either from riico or otherwise and therefore, it is necessary to clarify in the advertisement/terms and conditions/conditional deed of conveyance that sale of land is subject to transfer of lease for the remaining period of lease by the lessee.
- vi. If the purchaser (in whose favour letter of approval of sale has been issued) after depositing initial deposit (25% or 20% of the sale price as the case may be) fails to comply with the other terms and conditions of sale, then the entire amount deposited by the purchaser towards initial deposit (inclusive of earnest money) may be forfeited. However, before doing so, a registered ad notice should be given to the purchaser asking him to comply with the terms and conditions of sale approval letter within a period of 15 days failing which the same may be treated as cancelled and the entire amount including earnest money and initial payment deposited by the purchaser would be forfeited without any further notice.

31. recording of auction proceedings

the auction /sale proceedings shall be recorded by member secretary and the same shall be signed by each member of the auction committee.

32. in case of auction at field office, 3 copies of auction proceedings should be prepared and one of them should be sent to HO. However, in case where auction has been conducted at HO, the auction proceedings will be recorded in a single copy.

33. the committee may also incorporate any other special condition of auction/sale, if considered necessary looking to the special circumstances and the nature of the unit. If the amount involved is less or the assets even if sold on cash down basis are likely to fetch price to clear our standing, the sale /auction may be on cash down basis.

34. signature of bidders / offerers should be taken against their bids and the refusal of bid of highest should also be taken from second highest bidder on the bid sheet.

35. a copy of auction proceedings and bio-data of highest bidder should be sent to DGM (region) and manager (ARRC), HO, by DM/manager (branch) with a forwarding letter together with proposal.

36.initial deposit by highest bidder

the highest bidder shall deposit the difference , if any , of the earnest money @ 5% of his final bid(subject to minimum of rs.1.00lakh)either in cash or trough demand draft at the conclusive of auction/sale proceedings.

37.biodata of higher bidder

as soon as the tenders are opened and acceptable tender prices is announced , bio-data of the highest tenderer should be obtained.

38.approval of sale

a)the decision to approve sale shall be taken by the authority to whom the powers have been delegated by the board. However , the highest bid will be subject to further offer by the original promoter(s) and in case any higher offer is received from the original promoter(s) , after dispatch of intimation to him that will be considered provided that it is supported by 25% of the offer price. Thereafter , no further offer will be considered . however , if the original promoter(s) gives his consent for sale then no further offer is to be invited.

b).the orders of sale passed on the file can be withdrawn provided this has not been communicated to the party in whose favour order for sale was made. However, the same may be reported for such consideration within one month from the date of order on the file or till the date of issue of the letter whichever is earlier. It was further decided that the case may be reported only in case where the offer is received after finalization of sale is higher by not less than 15% then the amount at which sale was approved and such an offer is accompanied by earnest money subject to a minimum of 15% of the total amount offered by the fresh offerer.

39.sale of part assets

a). sale of part assets either with mutual consent of the loanee and the prospective purchaser or by enforcing section 29 of the sfcs act, should be avoided as far as possible. All-out efforts should be made to sell part assets on cash down basis . if , however , it is decided by the competent authority to consider with the following conditions:

- i) the charge of the corporation on the remaining assets shall be released only when the sale proceeds of the part assets sold on deferred payment realized in full.
- ii) The condition of collateral security equivalent to the amount of deferred payment should invariably be stipulated if the part assets consists of p& m or movable assets.

b).the corporation should not loose any chance for disposal of land and building if a reasonable offer is received even when plant and machinery is yet to be disposed off . however, such a proposal would be considered only when heavy machineries like induction furnace , marble, granites, cement , chemicals , etc. are not installed in the said factory premises, as the cost of dismantling such machinery and shifting shall involve heavy expenditure . while disposing off the assets , if a reasonable proposal atleast to the extent of 90% of net mrv(gross mrv less the dues of electricity company , phed , riico,tec.to be borne by the purchaser) for purchaser of land and building only is received , efforts shall first be made to insist upon the purchaser to purchase plant & machinery also at a price not less than 40% of mrv of p& m or a difference in the value of the combined offer ever received in the past , less the value of present offer of the land & building , whichever is higher . however, in case no combined offer for all the assets was ever received in the past , atleast on more attempt shall be made for disposal of plant & machinery and if any offer is received , the same shall be got

negotiated with the purchaser of land & building and P & m shall be sold to the highest bidder provided the offer for p& m is not less than 40% of mrp of p& m. in case no offer for p& m is received , efforts shall be made to sell P & m to the purchaser of land & building at a price not less than 40% of the mrp of P & m.

however, if the proposal for sale of p & m does not materialize , and land & building is allowed to be sold first , the p& m shall be shifted to another unit under possession and the said p& m shall be disposed off under counter sale scheme of the corporation irrespective of any loan limit.

The Ro level sale committee for counter sale is authorized to dispose off such p & m under counter sale at the value not less than 40% of the mrp or the value of combined offer ever received in the past less disposal value of land and building, whichever is higher. If however , no combined offer was received in the past, the committee shall dispose off such p& m at the value not less than 40% of the mrp.

In exiting cases where land and building has already been sold by the corporation and the p& m is still lying under general sale scheme , the said p & m shall be sold under counter sale scheme on above lines.

However, it is emphasized that the p & m is to be disposed off quickly after disposal of land and building and ensure that the corporation is not dragged unnecessarily in any controversy by the purchaser of land and building in future .

40.initial payment

in case of sale on deferred payment , unit can be sold by accepting initial payment equal to 25% of sale price in fast moving areas and in other industrial areas by accepting 20% of sale price.

41.disposal of units on cash down basis

the following types of units may be disposed off on cash down basis only:

unit where loan sanctioned upto 1.00lakh

transport loan cases

all cases where assistance has been extended only for P & m (whether in rented premises or otherwise is put for sale)

42.intimation of approval of sale

if the sale is approved by the competent committee/authority , an officer (not below the rank of deputy manager)shall send the intimation of approval (proforma no.fr-39) to the intending purchaser along with the terms and conditions of sale giving him 15 days time to deposit the balance amount as per terms and conditions.

43.while conveying acceptance of sale, the intending purchaser should be clearly informed that :

a). in case he fails to make payment within the stipulated period amount deposited by him including earnest money and initial payment shall be subject to forfeiture

44A.execution of agreement to sale / conveyance deed

the agreement to sell/conveyance deed for sale of land and building was to be executed on non judicial stamp paper of the value as may be assessed on the sale consideration as provided under article 23 of the 2nd schedule as appended to the rajasthan stamp new (adaptation) act,1952.

The state government on the request of this corporation and riico has been pleased to exempt stamp duty on agreement to sell/sale deed for sale of units u/s 29 of the state financial corp. act,1951 by rfc & riico , vide notification dated 7.9.92 by incorporating amendments to earlier notification dated 27.1.1988.

In view of the aforesaid changed circumstances, the following procedure is prescribed for execution of agreement to sell / conveyance/sale deeds.

- i. Soon after the approval of the sale in favour of the purchaser and receipt of 25% /20% amount of sale consideration , a composite agreement to sell/conveyance deed(as per annexure B)for sale of land & building and plant & machinery be got executed on the non judicial stamp paper of rs.100/-.
- ii. While executing the deed of conveyance ,a complete list along with details of land & building & plant & machinery may be made as per annexure to this deed of conveyance and also a photo copy of the lease deed of the unit of which land has been sold.
- iii. After execution of this agreement to sell/conveyance deed, the same may be got registered with the sub-registrar of concerned area and after registration by the sub-registrar, the original receipt may be obtained from the office of the registrar and be kept in the safe custody under a sealed envelope.
- iv. Whenever agreement to sale /sale deed/conveyance deed is presented before the sub-registrar for registration, a copy of the notification reproduced at annexure 'A' may be shown to the sub-registrar so that inconvenience may be avoided.
- v. The registration slip for collecting the original deed should be in the name of the corporation and the corporation should be authorised to collect the sale deed/ conveyance deed from the sub registrar at the time of registration.
- vi. The branch manager should keep the original receipt with him and should collect the registered deed within 30 days from the date registration and should keep the same in the safe custody of the branch.
- vii. In case any dispute is raised by the sub registrar regarding payment of stamp duty or otherwise there is any apprehension about impounding the registered deed by the sub registrar , the purchaser should satisfy the branch manager about getting the registered agreement back , if case is registered then purchaser will be liable for all the cost, charges and expenses.

44 B i) since agreement to sell/conveyance deed for sale land & building with possession to the purchaser has been added to clause(f) section 17 of the Indian registration act , the agreement to sell is required to be registered with the registrar of documents. in view of change in law the corporation has decided to auction the mortgaged assets by inviting offers for sale of land ,building ,plant and machinery separately.

ii)it is presumed that all concerned must be inviting offers for sale of land and building and plant and machinery separately .even if the offers have not been invited as aforesaid , it is further advised that the consolidated offer so received from the offered may be bifurcated on the basis of the MRV assessed and while confirming approval of sale , the purchase consideration of land and building should be shown as that of plant and machinery . but it may be ensured that such offer should not considered as under value at any point of time in other words , such bifurcated offers should be fair and true on the face of it.

- iii) after arriving at the correct value of land and building and plant & machinery ,two agreements to sell may be got executed from the purchaser , one for sale of land and building and other for plant & machinery .

iv) the agreement to sell for land building shall be executed on a non judicial stamp paper of the value , may be assessed on the sale consideration as provided under article 23 of the second schedule appended to the rajasthan stamp law (adaptation) act, 1952.while executing the agreement to sell for land and building , the following two documents shall be made part of this agreement.

a).the list of land and building which may be got prepared separately on paper without mentioning the value of land and building (it should not be photo copy of the list of land and building which had been prepared at the time of the possession report.

b).photo copy of original lease deed of the unit of which land has been sold.

v)the agreement to sell for plant & machinery shall be executed on a non judicial stamp paper of rs.100/- and the list of plant & machinery sold to purchaser shall be made as annexure to this agreement . it is further be advised that the list of plant and machinery which had been prepared for the possession report should not be attached as annexure ,but a new list of plant and machinery may be got typed on separate paper without mentioning the value of such machinery.

vi)after execution of this agreement to sell , same may be got registered with the sub-registrar of the area concerned.

Note:

The above amendments to the rajasthan stamp law(adaptation) act,1952 and the Indian registration act have been made effective from 19.9.89 and therefore in the case in which agreement to sell shall have to be got executed for which necessary guidelines shall be issued shortly.

45.handing over of possession of assets

on execution of conveyance deed, possession of assets of the unit is to be handed over to the purchaser.

46.preparation of inventory

while handing over the possession of assets an inventory of assets handed over shall be prepared (as was prepared at the time of takeover of possession of assets) in the presence of a notary public and got countersigned by him. The procedure to be adopted in this regard shall be the same as the procedure adopted while taking over possession of assets .

47. discontinuance of watch and ward arrangements

as soon as the possession of the assets has been handed over to the purchaser , the watch and ward arrangements made for safety and security of the mortgaged properties shall be discontinued and the watch and ward people shall be released as per procedure laid down at para 10 and paid finally .

48.intimation of handing over of possession

intimation with regard to hand over of possession of assets shall be sent to the authority approving sale and to head office (ARRC) with copy of conveyance deed executed by the purchaser and the report of handing over possession to the purchaser.

49.intimation to the original promoter if the unit

as soon as the sale process is over and the possession has been handed over to the purchaser , the original promoter(s) shall be informed of the same giving detail about the amount in which the unit has been sold. If the assets of the unit have been sold at a loss , then the letter of information should be sent (proforma no.fr-42) to the original promoters of the unit by regd. a/d calling from them amount of deficit (within a period of 30 days from the date of issue of letter)failing which appropriate legal action should be initiated , against them for recovery of the balance amount as per procedure prescribed under the chapter sale of assets of units taken in possession , payment of surplus/recover of deficit .

50.while ascertaining the balance outstanding in the original loan account unaccounted for interest (for the period prior to take over of assets) and the expenses incurred on watch and ward , chowkidar ,water , electricity other facilities and rent paid to the landlord (in case of rental premises)should also be included.

51.where the sale price is in excess of the outstanding of corporation after charging interest during possession period as well as RIICO (and other institutions having first or second charge over the assets)this should be mentioned in the letter sent to the original promoters of the unit and they may also be informed that this amount shall be refunded to them only after recovering the balance outstanding of RFC , as well as of RIICO (and of other institutions having charge over the assets) as on the date of sale shall be recovered from the purchaser in installments spread over a specific period of time . this should also be indicated to him that this balance amount will be refunded to him only after ascertaining that the amount is due to be paid by the original party to any other local authorities or board or such amount is not debarred from payment by any court or through decree or any other legal means as per procedure prescribed under the chapter .

appropriation and accounting of sale proceeds

52. appropriation and accounting of sale proceeds shall be made as per procedure prescribed in chapter no. RFC: arrc -2 .

53. the policy and procedure regarding payment of RIICO dues shall be as per pg circular no.853 dated 2.3.3.2000.

54.execution of lease deed

as soon as conveyance deed has been executed with the purchaser , the RIICO authorities should be informed (along with the cheques for payment of their dues , if any)and request them to execute the lease deed in favour of the purchase.

55. release of electric power and water connections

it is the duty and responsibility of the branch manager to see that the lease deed is executed by RIICO in favour of the new purchaser immediately and no objection certificate is issued by them to the new purchaser for release of electric, power & water connections.

56. if required, letters may also be given to the electricity and related authorities requesting them to release the electric, power & water connections. A certificate may also be issued to respective electricity companies for granting concessions & facilities as per rules.

57. in case of any difficulty with regard to the execution of lease deed and release of power, electric and water connections in favour of the new purchaser, the matter should immediately be taken up with the concerned authorities and in case of failure to resolve the problem, branch manager should report to deputy general manager (region)/dy. Gen. manager (ARRC) head office, semi-officially for taking up the matter with higher authorities.

58. handing over possession back to the original borrower

after taking over possession of the unit, if the branch manager /dgm(r) is convinced that the unit can be revived again in the hands of the original borrower, and the original borrowers prepared to pay at least 25% of the amount outstanding (50% in the case of transport loan) immediately, and for the repayment of balance, a clear understanding is reached, the possession can be handed over back to the original borrower. in such cases the original borrower will have to pay simple interest at effective rate (excluding penal) for the period the unit remained in possession of the corporation.

Note:

a). any proposal requiring further relaxation in initial payment below 25% should be sent to ho for consideration of cmd. for transport loans, relaxation can be considered by dgm(r) upto 25% of amount outstanding and thereafter by gm(d).

b). exemption with regard to payment of interest for the period of possession can be considered by cmd if he is satisfied that RFC has made reasonable efforts (at least 5 attempts of sale of unit) and the offers received are inadequate and the original borrower is prepared to take possession back from the corporation on the liability of the corporation outstanding in the account of original borrowers as on the date of possession plus the cost and expenditure incurred by the corporation after take over (excluding interest during possession period).

Sale of assets of units taken in possession –payment of surplus /recovery of deficit

General

1. corporation is exercising powers u/s 29 of sfcs act, 1951 regarding takeover of assets of assisted units for recovery of its dues. Assets of closed units as also of defaulting units, are taken into possession and disposed off as per policy & procedures prescribed under chapter (RFC no. fr-5). as result, the assets of closed units are brought into production and recovery of dues is also effected from such defaulting units.

2. while dealing with such cases, the corporation shall be confronted with the following types of situations:

a). on take over and sale of assets of a unit there might be no loss on account of sale being at per.

- b).there might be some surplus (sale being at on amount higher than the outstanding).
- c).there might be deficit (sale price being less than the outstanding).

Appropriation of sale proceeds

Sale on deferred payment

3.corporation has been disposing off assets of assisted units (taken over by it)on deferred payment so that:

- a).new entrepreneur is able to bring these assets into production at the earlier , and
- b).reasonable price is realized by sale of such assets.

Legal provisions

4. sub section (4)of section 29 of the sfcs act,1951 provides as under regarding the appropriation of such sale proceeds:

“where any action has been taken against an industrial concern under the provisions of sub-section (1), all costs.,(charges and expenses which in the opinion of the financial corporation have been properly incurred)by it (as incident thereto), shall be recoverable from the industrial concern and the money which is received by it shall . in the absence of any contract to the contrary , be held by it in trust to be applied firstly , in payment of such cost ,charges and expenses and , secondly , in discharge of the debt due to the financial corporation and the residue of the money so received shall be paid to the persons entitled thereto.

Appropriation of sale proceeds

5.in view of the provisions contained in sub-section (4) of section 29 of the sfcs act,1951 the appropriation of sale proceeds will be in the following order subject to any contract to the contrary:

i)payment of cost charges an expenses incurred by RFC on watch and ward (after takeover of assets) and sale (on auction etc).

ii).amount due to RFC including principal , interest and other expenses as on date of sale (as per board decision no interest is to be realized after takeover of assets but interest prior to that , if not already debited , shall have to be debited).

iii).interest during possession period shall also be charged in cases where assets are sold in surplus on or after 5.2.97.

iv)if there is any surplus after accounting for nos. (i)(ii)&(iii)the remaining shall be paid only after realization of full sale price in the following order:

a)to bank or other institution having second charge on the assets.

b).to second creditors having subsequent charge over assets in the order of their creation of charges.

c).dues of govt. depts.. provided they have sent requisition well in time and have statutory powers to attach such amount /property.

d).in satisfaction of court decree/orders.

e).payment to the principal borrower.

5A. in case of joint finance cases ,if the fixed assets of the industrial undertaking are taken over by RFC on behalf of RFC and other financial institution ,apportionment of the sale proceeds would be in the following order and manner:

i)payment of cost , charges and other expenses incurred by RFC on watch and ward , insurance(after take over of assets)and auction /sale of the unit , (advertisement. Legal cost ,etc).

ii)remaining sale proceeds shall be share in the ratio of respective principal debts among participating fis. Here the principal debt would mean the liability of the borrower in respect of loan from fi i.e. the amount due in the account of the company with the participating fis.

iii)on the basis of the formula explained at (ii)above, the share of RFC out of the sale proceed should be ascertained and the amount of deficit /surplus should be worked out (i.e. total outstanding of RFC- the cost recoverable under clause(i)the share of the amount receivable out of sale proceeds under clause(ii).

iv)for the deficit ,necessary action for filing suit against the original borrower/guarantor should be taken in respect of the unsettled liability of RFC.

v).surplus should also be shared in proportion of ratio of principal debt due (as defined in clause(ii)for payment to persons entitled to in the manner discussed in para 5a.7 and 5a.8.

6. the sale of assets of assisted units is made on deferred payment and ,therefore , only a part of sale price is recovered in cash and remaining is treated as a loan to be recovered with in a certain period . but full credit of the sale price is to be given to the original loanee's account , and action for payment of surplus or for recovery of deficit is to be taken after adjusting the sale price in the original loanee's account. The position of account of the original loanee shall be as under:

a).in case of sale at par the account will be fully cleared and there will be no balance or deficit in the account.

b).in case of deficit the account will show that the remaining amount (alongwith interest)is still to be recovered form the promoters.

c).in case where the unit is sold in surplus on or after 5.2.97,interest for the [possession period shall, also be charged and accounted for as under:

i)incase surplus amount Is not sufficient .adequate to cover the interest and other money during the possession period , no action for recovery of deficit amount be made/initiated.

ii)in other cases of surplus sale (after recovering interest and other money during possession period)further action for refund /appropriation of surplus as per the exiting policy be taken.

d).in case of sale of surplus the original account should be credited with the amount to be recovered from the original loanee and as separate account entitled "surplus account of ms. _____" should be opened so that surplus amount (alongwith interest)_ may be paid to institutions /persons entitled thereto. In such a case original account will show nil balance.

Note:

1.adjustment in original loanee;s account is to be made only after the assets are handed over to the purchaser.

2.amount of security and part sale price(received from purchaser)are not to be accounted for in original account but kept in sundry deposit till these are accounted for in purchase's account or refunded or forfeited.

Purchaser's account

Payment of surplus

7.a new account in the name of purchaser should be opened immediately on handing over the possession of the assets . in this account all the receipts including initial payment from the purchaser should be accounted for as also interest and other charges due. All details with regard to terms & conditions of sale relating to interest rate , repayment period and due dates etc. should be mentioned in the account . however , a separate loan ledger (as in case of loan accounts) may be kept for maintaining accounts relating to the amount received from purchasers to whom assets have been sold by RFC.

8.unit sold in surplus prior to 5.2.97

in case where the sale price is in excess of the outstanding amount the surplus amount is to be paid as per provisions of sub-section(4)of sec.29 of sfcs act to the parties and in order as mentioned above at para 5(iv) .as the sale is on deferred payment by RFC. Only a part amount is received in cash initially and the balance is to be recovered in future . the policy and procedure for payment of surplus amount would be as under:

i)if the surplus after accounting for corporation's dues is 10% or less it would be paid in the beginning to the persons entitled thereto as per their priority out of the part amount received from the party in cash.

ii)if the surplus is to be in 10% of outstanding the surplus amount upto 10% of outstanding may be paid in the beginning to the persons entitled thereto as per their priority . the remaining surplus amount should be paid after realisation of corporation dues from the purchaser. However , the interest received from the purchaser on surplus amount should be paid to the original party after retaining a margin of 2% in interest rate (to meet the cost of recovery etc).

note:

actual payment of interest is to be made only after it has been recovered from the purchaser (new loanee).amount of penal interest is not to be considered for payments to nay party .

unit sold in surplus after 5.2.97

the surplus will be paid by the corporation only when entire sale price realized and therefore , no part of the surplus shall be passed on to the original party till the entire sale price is recovered .

recovery of deficit

9.I.in case where sale price is less than the amount outstanding (RFC and riico both)the process would comprise of the following :

i) recovery of deficit amount from original promoters (and guarantors, if any), also filing or not filing civil suit to recover deficit amount .

ii)adjustment of claim amount received from cgs by waiver of legal action or to file civil suit for recovery of deficit and then adjust the claim amount ,this will also include writing off of the balance amount in claim paid amount.

iii)writing off deficit amount as bad debt .

9.II. to decide the line of action for recovery of deficit amount, each case may be examined on the following points.

i)what is the constitution of the industrial concern?

ii)what other securities are available with the corporation?

iii)what are the other immovable properties owned and possessed by the sole proprietor and partner(s) in case of a firm? The corporation generally extends financial assistance by way of term loan or other facility under various schemes to industrial concerns of different types of constitutions ,are broadly as under:

1.sole proprietary concern.

2.a partnership firm constituted by a deed of partnership.

3.a company registered under the companies act.

4.a co-operative society registered under the co-operative societies act.

The term loan facility or other financial assistance under various scheme is generally secured by the primary security i.e. the asserts which are acquired out of the financial assistance and the sane are mortgaged to the corporation by way of equitable mortgage by deposit of the title deeds foe land and building and by a deed of hypothecation of the plant and machinery which is called as primary security . in company cases , the corporation has been taking personal guarantees of the promoter(s)/director(s) of the company from the year 1981-82 , as well as additional security depending on the facts and circumstances of each case in the form of collateral security , or third person guarantee.

1.the mode of recovery In company cases:

the company is a body incorporated and registered under the provisions of the companies act ,1956 and ,as such ,has limited liabilities under the said act , the share holders /members of the company have also limited liabilities to the extent their shareholding in the company . in oyher words , the shareholder/ member are liable for our deficit amount only for the amount of the share which had been subscribed by them but not fully paid up, meaning thereby that the share holder/members of the company are liable for the payment to the extent of the unpaid amount of the shares subscribed by them , but generally such an occasion doesn't arise in our company cases, because we always impress upon the company have to fully subscribed and paid up share capital and the loan amount . in this way , the recovery of deficit amount can be affected in the company cases only by enforcing the personal guarantees of the promoter / directors or, if any collateral security is taken from the mortgager / guarantor of the company , then the deficit amount is recoverable by filing an application u/s 31(1) (aa) read with section 32(1-A)of the sfcs act 1951. but in cases where no personal guarantees / collateral security has been taken then the only remedy is filing of a civil suit.

2.in partnership firm:

the cases of partnership firm , the corporation can recover the deficit amount by filing of a civil suit against the partners of the firm because a partnership firm can be sued and can use through its partners. The firm is not a legal entity. In partnership firm also , there may be cases in which the corporation might have taken some collateral security or guarantee of a third party . in such cases , the deficit amount can be recovered from such surety under sfcs act.

3.in sole proprietary concern :

in the cases of sole proprietary concern , the corporation can recover its deficit amount by filing a civil suit against the proprietor of the concern and if any other security like collateral security or third person guarantee is taken then the same can also be enforced under the provision of the sfcs act.

4.in co-operative societies:

in the cases of co-operative societies ,the deficit amount can be recovered by filing civil suit against the promoters/members of such co-operative societies . if personal guarantees or collateral security is taken then the deficit amount can be recovered from them by enforcing the same under the provisions of the sfcs act.

9.III. In view of the above provisions of law an with a view to ensuring quick action for recovering of the deficit amount , has been decided to prescribe a time bound action programme comprising the following steps:

- i) as soon as the process of sale is over and the possession is handed over to the purchaser a notice giving 30days time should be issued to the original/ guarantor (in proforma no fr-42/annexure a as the case may be).
- ii) After expiry of 30 days , as mentioned at para (i) above , action for invoking of guarantee should be taken u/s 31(1)(aa) read with section32(1-A) within a period of 3 months against the promoter directors, guarantors ,mortgagor –guarantor (as the case may be) who have guaranteed the due repayment of loan.
- iii) In all other cases of company 's proprietorship and the partnership industrial concerns , where no personal guarantee or collateral security has been taken ,civil suit (except in the cases mentioned in legal chapter of the pg)should be filed within a period o six months from the date of expiry of the notice.
- iv) It is also prescribed that soon after issue of a legal notice to the partners/sole – proprietor /office bearers of co-operative societies , the branch in-charge should also intimate action to identify .locate /find out the where about of the immovable and movable property of the aforesaid persons /individuals , so that the same may be got attached on application filed u/s 31 and 32(1-A) of the sfca act and in civil suits by filing an application for attachments before judgment as provided under order 38 rule 5 of cpc.

9.IV.formation of deficit cases review n\committee:

in order to review the progress of recovery of deficit amount from the assisted industrial units , whose fixed assets had already been disposed of by the corpn, by exercising the powers conferred on it u/s 29 of the sfcsnact,1951 , a deficit cases review committee(DCRC)consisting of the follo3ing officers is hereby constituted foe each branch office:

1.dgm(r)	chairman
2.manager(br.)	member
3.dm(law)/am(law)	member
4.dm(fr)/am(fr)	member secretary

the above committee would meet atleast once in a month . broadly , the functions of the committee would be as follows:

- a) the committee would make a review at all the deficit cases of all the branches failing in the region.
- b). the committee while reviewing the cases would satisfy itself that the action in all the deficit cases is being taken by the branch as per the existing guidelines and instructions issued from the head office.
- c). the committee would also ensure that in case no action has been taken by the concerned branch manager so far, , the action is now taken immediately.
- d). in case no civil suit is to be filed in the opinion of the branch manager and the amount is to be written off , then , committee would get the details of such cases from the concerned branch in the proforma prescribed . the committee would consider the information supplied by the branch and satisfy itself about the correctness of the facts and the justification of amount proposed to be written off . in case the committee is satisfied about the amount being written off, it should forward the case with its recommendations to the head office for declaring the deficit amount as bad –debt by the competent authority , in the as prescribed.

RFC

Procedures

And

Guidelines

Rehabilitation

Rehabilitation & revival of sick units

1. general

some of the assisted units are not working at the minimum expected level of production due to constraints, such as absence of some necessary equipment , shortage of liquid funds, etc. Taking into account the large magnitude of sickness in the small and medium sector , the corporation has adopted rbi guidelines for revival & rehabilitation of sick small & medium scale units . the corporation in order to assist its sick units has started a scheme for revival & rehabilitation with the assistance of idbi & irbi.

1.2 scope & objective

the primary objective of the scheme is to bring back the sick and closed units to a viable level of production . this scheme covers all small and medium scale industrial units assisted by the corporation . however , self financed small and medium scale units too can be considered in merits of each case for assistance under this scheme.

Efforts should be made by us to see that maximum number of sick units are revived /rehabilitated under the scheme . the cases of willful defaulters are to be avoided. This will facilitate in improving the overall industrial climate in the state reducing defaults.

2.0 salient features of the scheme

2.1 eligibility criteria*definition of sick ssi units)

“an ssi unit may be classified as sick when:

- i) any of its borrowal accounts has become a “doubtful “advance i.e. principal or interest in respect of any of its borrowal accounts has remained overdue for a period exceeding 2.5 years and
- ii) there is erosion in the net worth due to accumulated cash losses to the extent of 50% or more of its peak net worth during the preceding years.”

2.1 viability of sick units

the units should be capable of being revived with reasonable financial support and relief measures within reasonable period of time .

a unit may be regarded a potentially viable if it would be in a position , after implementing a relief package spread over a period not exceeding 5 years from the commencement of the package from banks, financial institutions , government(central/state)and other concerned agencies , as may be necessary , to continue to service its repayment obligations as agreed upon including those forming part of the package , without the help of the concessions after the aforesaid period . the repayment period for restructured (past) debts should not exceed 7 years from the date of implementation of the package . in the case of tiny/decentralized sector units , the period of reliefs /concession and repayment period of restructured debts will be 2 years and 3 years respectively.

2.2 purpose of assistance

the assistance under the scheme is limited to restoring the unit to a normal state of health and not for expansion /modernization unless these form part of rehabilitation programme . rehabilitation assistance may be granted for the following purposes:

i)margin money foe working capital requirement and also additional term loan , if any, under the rehabilitation programme.

ii)need based start up expenses the closed unit .

iii)minimum capital expenditure required for restarting thru bit on a viable level.

iv)cash loss, if any , incurred during the implementation of the nursing programme.

v)payment of statutory liabilities , payment of pressing creditors etc(to the extent possible such dues should be liquidated over a period of time in installments).

1.1 relieves and concession

the relieves and concession which may be extended to a potentially viable sick unit under the scheme may be summed up as follows:

i)in case of sick ssi and medium scale units (other than bifr cases) penal interest charged in the loan account may be waived only for the years during which the unit sustained cash losses subject to a maximum of outstanding interest in the loan account.

ii)after waivment of penal interest the unpaid interest shall be funded into a separate term loan and shall be payable within a period of 3 to 5 years.

iii)the overdue instalments of the principal sum shall be rephased after converting them into a separate term loan account.

iv)the undue instalments of the principal sum of existing loan account shall also be rephased .

the relieves /concessions as above are not intended to be given as a matter of course in all cases of rehabilitation of sick units. The nature and extent of concessions necessary within these parameters depend upon the metris of each case.

The cases which are received as per sanctioned scheme of the bifr , the relieves and concessions would be considered as per directions of the bifr after taking approval from the competent authority .

2.5 quantum of assistance

under the scheme , the proposed rehabilitation loan and the amount of outstanding in the existing loan account shall not exceed to the prescribed limit of financing of the corporation .

2.6 promoters contribution

while cent per cent financial assistance can be granted under the scheme for revival and rehabilitation , the promoter shall mandatory be required to pool in his contribution to the maximum extent possible.

However, the minimum promoters contribution required by the corporation would be as follows:

- a) tiny sick units -10% of additional long term requirement
- b) small scale units -20% of additional long term requirement
- c) medium scale units – 20% of additional long term requirement

note

- i) higher promoters contribution may be insisted upon where warranted .
- ii) at least 50% promoters contribution should be brought in immediately and balance within 6 months.
- iii) for arriving at promoter's contribution , monetary value of sacrifices from banks , financial institutions and government may be taken into account , in addition to the long term requirement of funds under the rehabilitation package.

2.7 period of repayment

period of repayment of rehabilitation loan shall be based on its generating capacity , but shall in no case exceed 10 years (as per RSR scheme of SIDBI) . period of repayment of funded interest and existing term loan would be fixed as per RBI guidelines.

2.8 rate of interest

the applicable rate of interest as well as the rate of liquidated damages are given in schedule of the chapter.

2.9 security

the loan availed of under the scheme would be secured by first charge on the existing and proposed fixed assets of the unit.

The total security requirement in rehabilitation cases should be at least equal to the total outstanding loan amount in exiting loan account , proposed rehabilitation assistance , WCTL of the bank on which pari-passu charge on fixed assets of the unit , if any , agreed upon to be provided by the corporation . in case of shortfall in security the same is required to be fulfilled by the promoters of furnishing either collateral security or third party personal guarantee backed by valid base of immovable property for the amount of shortfall.

The corporation may also allow pari-passu charge on the fixed assets of the unit in favour of concerned bank to the extent of irregularity to be converted into working capital term loan (WCTL) as per RBI norms.

3.0 procedure for processing of rehabilitation applications

3.1 identification of sick units

the branch manager should feel concerned with the first default committed by the entrepreneur and to find out reason of default . in case of continues default in repayment of four consecutive instalments of interest/or principal then financial statements of the unit i.e. balance sheet , trading and profit & loss account should be obtained and examined .in case the unit falls within the norms of definition of sick unit as given above , the unit should be identified as a sick unit. The information regarding identification of sick unit is required to be sent quarterly to the rehabilitation cell , HO in the prescribed

proforma.

3.2 submission of applications

eligible concern may apply for revival ./rehabilitation assistance to RFC in the prescribed loan application forms alongwith information as mentioned in the questionnaire (proforma no. reh-1)in duplicate(alongwith application fee)as If they are applying for further loan , clearly mentioning on the top of the form “UNDER REHABILITATION SCHEME”

3.3 registration of application at branch office

the application would be received by branch office from the loanee , after withdrawal of legal notice(if issued) and partial payment of the dues of the corporation depending upon the health code of the account in terms of guidelines contained in para 4.12 A of FR chapter 4 is made and legal notice is withdrawn . after withdrawal of legal notice the rehabilitation application shall be considered only when 5% amount of balance outstanding is deposited by the party .

the application would be entered separately on the last pages of the register (R-1)prescribed for normal loans. The branch manager will ensure that the documents and information as listed in questionnaire proforma reh. I are supplied by the unit along with application .

3.4 forwarding o rehabilitation applications from branch office to head office

immediately on receipt of rehabilitation application an inspection of the unit concerned may be carried out by the manager/ dy. Manager of the branch . the inspection report should contain present status of the unit , position of accounts with us and bank , specific views and comments regarding promoters and any other information considered relevant . the rehabilitation application and inspection report should be sent to manager (reh) at HO alongwith specific and clear recommendation regarding eligibility and fitness of the unit for revival within 15 days of receipt of the rehabilitation application.

Before forwarding of the rehabilitation application the branch manager should ensure to furnish complete information in prescribed format (ARRC – 19)while forwarding the rehabilitation application file to ho as also to see that the banker of the unit is Agreeable to participate in the nursing programme and to enhance need based working capital facilities as per the rehabilitation package which would be finalised in consultation with the bank.

The branch manager should ensure recovery of dues of the corporation as per understanding reached with the entrepreneur during the pendency of rehabilitation application .

3.5 action at head office

on receipt of application in ho (reh. Cell)the application is to be registered in the register (r-61) . the application will be preliminary scrutinized by dy. Manager (reh) . the principle decision on the rehabilitation application of the party to nurse or not shall be taken by rehabilitation cell at ho within a month's time . rehabilitation package in these cases shall be finalised within 3 months of the date of receipt of the application at ho.

3.6 joint meeting with banks

after deciding that the unit is to be taken up for rehabilitation a joint meeting with the concerned commercial bank should be held to discuss the draft rehabilitation proposal prepared by the rehabilitation cell so as to finalise the rehabilitation package in consultation with the bank.

3.7preparation of rehabilitation package

the rehabilitation package should be finalized in consultation with the bank and rajcon if techno – economic feasibility study report has been prepared by them and with the loanee unit .if need be a joint inspection of the unit In order to assess the requirements under the rehabilitation package may be carried – out by the corporation and bank . the detailed rehabilitation proposal in the prescribed proforma will be prepared by dy. Manager (reh) and will be put up to manager (reh) . after that rehabilitation proposal shall be put up to the competent authority for sanction .

3.7(a) sanctioning authority

powers to sanction loans vest with the following authorities:-

- 1.CMD upto rs.10 lakhs and full powers for grant of relief & concessions within RBI parameters / specified norms.
- 2.EC full powers (except joint finance cases)
3. board joint finance cases.

3.8 sanction of rehabilitation assistance

after sanction of rehabilitation assistance by the competent authority , sanction will be conveyed (as per proforma reh 2)with a copy to the branch office/ regional office / dy. Manager (reh)and bank . the branch office will take necessary action to implement the decision taken in the rehabilitation package after such a sanction is conveyed .

3.8(a) levy of service charges before issue of sanction of loan

in the cases where service charge are applicable it shall be levied before conveying sanction of loan to the party as against the prevailing guidelines of collecting the same before execution of loan documents.

4.0 documentation and disbursement

4.1 execution of legal documents

necessary execution of loan documents will be got done like other loans by the concerned branch office / law section at ho immediately on receipt of file of the concerned unit from rehabilitation cell and the consent of the unit has been obtained for agreeing to the terms and conditions of sanction.

4.2 disbursement procedure

immediately after execution of legal documents the file should be sent to the disbursement cell at ho / branch office for disbursement of sanctioned rehabilitation assistance to the unit concerned . before release of disbursement of loan the concerned disbursement officer should ensure that the terms & conditions stipulated in the sanction letter / rehabilitation package have been fully complied with and the service charges have also been deposited by the loanee unit. A copy of advise of amount disbursed will be sent by branch office to rehabilitation cell, ho on the basis of which entries will be made in register(r-61).

4.3 the following procedure will be adopted for disbursement of the loans under the scheme:

a) in case of assistance for acquiring fixed assets

procedure for normal disbursement of regular loans will be followed except that guarantees / advances to machinery suppliers and building contractors shall be given by the corporation as per request of the unit concerned.

b) for releasing funds for sanction of working capital margin

disbursement of amount sanctioned for working capital margin will be made to the concerned bank , after taking authority in writing from the party and after ensuring that the bank has sanctioned / enhanced need based working capital facilities as per the rehabilitation package .

5.0 MONITERING OF PROGRESS OF THE REVIVED UNITS

The progress officers specifically appointed for these units individually shall be responsible for the monitoring of implementation and working thereafter atleast for a period of 2 years or till such time working results reach to a satisfactory level . report in specific proforma (proforma no. reh -3) to be forwarded to the rehabilitation cell , ho on quarterly basis invariably so as to reach the same to the rehabilitation cell by the 10th of following month of the quarter .

6.0 MAINTANCE OF ACCOUNTS AND RECOVERY OF LOAN

a unit wise account shall be maintained at concerned branch office for assistance under this scheme like other loans.

The branch office will issue intimations for recovery of interest charges and instalments of principal loan in the being used for normal loans .

Scheme for working capital finance to ssi units

In order to check growing sickness in the assisted small scale industrial units of the corporation due to non availability of working capital facilities from any bank, the state government has approved a scheme for working capital finance to SSI units . the scheme shall be applicable to all small scale units having fixed capital investment upto 10.00lakh whether they are sick or are heading towards sickness on account of non availability of working capital . the financial assistance for working capital is fixed upto rs.5.00lakh.

A detailed scheme for working capital loan to SSI unit for rehabilitation is annexed herewith . the modalities of the operation of the scheme are as under:

1. submission of application

eligible units /concern may apply for W/C finance to the RFC in the prescribed loan application form alongwith information as mentioned in the questionnaire specified for this purpose in duplicate alongwith application fee clearly mentioning on the top of the form "W/C FINANCE UNDER REHABILITATION SCHEME."

2.registration of application at branches:

the application would be received by branch offices and entered separately on the last page of the register R1(prescribed for normal loans) as being done in case of application under rehabilitation scheme. The branch manager will ensure that the documents and information as stated in the questionnaire (proforma reh-1)are supplied by the unit alongwith application .

3(a).since the powers for sanction of W/C finance other than sick SSI cases have been delegated to DGM(R) , the application shall now be processed at branch level on the similar line as laid down under the single window scheme.

While processing the cases at branch level, reshedulement of overdues, if any , should simultaneously be done within the delegated powers as prescribed in the PG.

3(b).forwarding of application from BO to HO

immediately on receipt of rehabilitation application , inspection of the unit may be carried out by the manager /DM of the branch . the inspection report should contain present status of the unit, position of loan accounts , assessment of requirement of W/C finance , efforts made by the unit for availing W/C from the bank , specific view/ comments regarding promoters and any other information considered relevant. the application alongwith inspection report may be sent to manager (reh) , ho alongwith specific and clear recommendations regarding eligibility and fitness of the unit for revival within 15 days on receipt of rehabilitation application . the branch manager before forwarding of the application should ensure that the total W/C finance required from the corporation (excluding debtors and cash and margin money which is to be arranged by the promoters)should not exceed to rs. 5.00lakh.

4.action at HO:

on receipt of application At ho , rehabilitation cell the application is to be registered on last page of the register R6(1).preliminary scrutiny of the application shall be made by DM (reh) and a decision thereon for providing W/C finance under the scheme shall be taken by rehabilitation cell at ho within one months time . the rehabilitation package in these cases shall be finalized within 2 months from the date of registration of the application at ho.

The detailed proposal shall be prepared by DM(reh) which will be put to manager(reh) thereafter the same shall be submitted to the competent authority for sanction .

5(a). the competent authority for sanction of W/C finance to other than sick SSI units to DGM(R) . however , before issuance of sanction letter to the loanee for grant of W/C finance . DGM(R) shall seek a formal clearance from rehabilitation cell of ho for allocation of funds released by the state government alongwith a copy of loan proposal .

on receipt of proposal from DGM(R) , the same shall be entered in a register for monitoring of allocation of funds as may be prescribed for the purpose at rehabilitation cell, ho. after the entry . the rehabilitation cell shall give clearance to RO/BO to release the sanction to the party.

5(b).sanction of the rehabilitation package:

the competent authority for sanction of w/c finance under the scheme is chairman cum managing director . after the sanction of rehabilitation assistance by the competent authority , the sanction shall be conveyed to the unit after receipt of applicable service charges and copy thereof may be endorsed to bo ,ro,dgm and also to concerned bank with whom the loanee intends to carry out the operation have a tie up for w/c finance as per the rehabilitation package . the bo will take necessary action to implement the decision taken in the rehabilitation package after such sanction is conveyed .

6.documentaion:

necessary legal documents may be executed as being done for w/c assisting provided under single window scheme by the concerned branch office / law section at ho immediately on receipt of the file from rehabilitation cell. The loanee shall convey the consent agreeing to terms and condition of the sanction to the bo/legal section at ho within stipulated time as per norms.

7.disbursement:

immediately after execution of legal documents , the bo should take steps for disbursement o rehabilitation assistance as per procedure laid down in the scheme annexed herewith . before disbursement , compliance of standard terms and conditions and specific conditions as stipulated in the package / sanction letter also be ensured.

8.monitoring of the cases:

the bo should appoint a progress officer for these units individually , who shall be responsible for monitoring timely implementation of the package and for follow up to watch regularly the working of the unit thereafter till such time the assistance is fully repaid and the unit obtains w/c finance from the bank . the progress officer will also ensure that the unit is submitting monthly stock statement in time and the loan is fully secured with the movable assets for which the loan has been provided. The progress officer should also visit the bank periodically to monitor the working operations .he should also obtain monthly statement of w/c accounts from the bank so as to ensure proper utilization of the assistance . the progress of disbursement of loan and working of the unit thereafter should invariably be sent to the manager (reh) at ho quarterly I the specified proforma.

9.maintenance of accounts and recovery of loans:

unit wise account shall be maintained at concerned branch office foe assisting under the scheme separately as is being done for w/c assistance provided under single window scheme .

the bo will quarterly report giving progress of recovery of instalments in these cases to manager (reh) , ho so as initiate the progress of the scheme to the state government in time.

Scheme of working capital finance to SSI units

1.preamble

the scheme envisaged grant of working capital finance to all SSI units whether they are sick or are heading towards sickness on account of non availability of working capital finance and having fixed capital investment upto rs.10.00lakh . the amount of working capital finance would be upto rs.5.00lakh . hence for the purpose of providing working capital finance to all the SSI units , the scheme of working capital finance has been prepared and the same has been approved by the state government.

2. eligible units

the small scale units having fixed capital investment upto rs.10.00lakh financed by our corporation , but have run In trouble due to non availability of working capital finance from commercial banks would be covered under the scheme subject to its viability on commercial basis is ascertained.

Note:

Units which have availed working capital from any bank but later on repaid / cleared entire dues of the bank , shall also be eligible under the scheme.

Units not eligible

- i) medium and large scale units.
- ii) SSI units which have availed working capital finance under single window scheme.
- iii) Units which have availed working capital finance from any bank and having outstanding liabilities with any bank.

3. nature and amount of assistance

working capital loan upto rs.5.00lakh per unit for meeting the working capital requirement of small scale units having fixed capital investment upto rs.10.00lakh.

4.rate of interest on working capital loan:

the interest shall be charged on the loan amount provided for working capital @ 18% p.a. in case of handicapped , widow and sc/st entrepreneur and 19% p.a. in other cases. However , a rebate of 5% shall be provided to the entrepreneur on timely repayment of the dues of the loan alongwith interest charged thereon to the RFC.

5.commitment charges : nil

6.repayment period not exceeding 7 years including initial moratorium upto 2 years.

7.security

first charge / hypothecation of current assets and first charge on fixed asset ranking pari passu with the charge of term loan.

8.promoters contribution

minimum 10% of the total cost of project inclusive of investment of fixed assets and total working capital requirement (excluding debtors).

9.time limit for availing finance

in suitable instalments within a period of 12 months from the date of sanction of working capital limits.

10.sanctioing authority

the competent authority to sanction the working capital finance to all the SSI units other than sick units shall be the dgm(r) on similar pattern for sanctioning of loan under single window scheme . however, application of working capital from sick units which are required to be processed within RBI parameters , shall continue to be processed at rehabilitation cell at ho, as the sanctioning authority for grant of relief and confession to sick unit is either cmd, executive committee or board.

11.mechanism

a)appraisal

the following guidelines to be followed at the time of appraisal of the case for financing of w/c loan:

- i)working capital loan shall not be given against the receivables/debtors , while forecasting w/c requirement , provision for one month expenses (not exceeding rs.25000) may be considered.
- ii) the loanee shall furnish the collateral security of the value not less than the amount of working capital loan.
- iii)while appraising cases under the scheme , the entire working capital is to be included in arriving at a cost of project as against the prevailing practice of including w/c margin only.
- iv)a condition may be stipulated requiring monthly stock statements from the units financed under the scheme . a power of attorney from the promoters authorizing the corporation to obtain bank statements from the designated bank is required to be obtained for the purpose.
- v)an affidavit may also be obtained so as to bind the entrepreneurs to inform the corporation as and when loan from bank for working capital is obtained later on . power of attorney may also be obtained to get direct payment from bank in case working capital loan is sanctioned .
- vi)a condition shall also be stipulated while sanctioning loan for working capital to the effect that bank will have no lien on the current account being maintained by the borrowers for any of its dues towards the unit . however , it should be endeavor that the borrowing unit avails working capital facility from the bank at the earliest preferably during the course of moratorium period allowed for w/c loan under the scheme.
- vii)while processing /appraising the case of a unit which had earlier availed working capital finance from bank but later on repaid / cleared the entire dues of the bank , the following papers/information may be insisted for:

noc from the bank from whom earlier the unit was availing w/c facilities for granting w/c finance by the corporation .

the branch manager should gather / obtain the information about the past track record of the unit with the bank so as to avoid any applicant who has bad track record and/or litigant nature.

B)DISBURSEMENT OF LOAN AGAINST WORKING CAPITAL COMPONENT

i)the first instalment of working capital would be disbursed only when project is ready to start production after implementation of project /package . the disbursement authority shall verify the installation of machines and satisfy himself that the fixed assets envisaged in the project have been acquired and the unit is ready for commercial production before release of disbursement of working capital .

ii)the sanctioned amount of w/c facilities may be released in two equal instalments , in case of w/c limits are above rs50000/-. where the w/c limits are upto rs.50000 the same may be disbursed in 3 instalments viz. 40%,40%and 20% subsequent instalments would be disbursed after verifying the utilization of the earlier instalments.

iii)subsequent disbursement shall be made only after carrying out valuation and production of bills and receipts relating to raw material.

iv)the instalments shall be disbursed only to build up the inventory of raw material work in process and finished goods.

v)RFC must get information in the prescribed format before releasing payment against w/c component . the same should be duly verified by disbursing officer (in prescribed proforma).

vi)the disbursement against current assets shall be released to the designated bank only who is under obligation to provide us operation in working capital account to the corporation.

C).operation with bank

i)assisted units should open current account with a designated bank (which could be a bank of the borrower's choice or the district lead bank) to which the proceeds of the loan will be credited as and when disbursed by RFC . the unit should route its entire banking transactions relating to the business including all receipts and payments through this account.

ii)assisted unit may approach the bank for meeting its existing working capital requirement or for additional w/c requirement at any time during the currency of the loan. In the former case, as and when the assistance is sanctioned , the working capital loan from the RFC will be repaid out of the proceeds of the loan sanctioned by the bank . the RFC in turn should immediately thereafter release its charge on current assets and also concede second charge on fixed assets if not insisted upon by the bank.

iii)to facilitate smooth interaction between the RFC and the designated bank as also to enable the bank to consider borrowing unit's request for assistance , the RFC will forward a copy of its appraisal to the bank soon after the loan is sanctioned by it.

iv)RFC will monitor the operation in w/c account by obtaining monthly statements from the bank for operation in the current account as well as monthly stock statements from the assisted units showing the position of inventory level.

Scheme for working capital loan under single window scheme to sick tiny and SSI units (RSR)

Proposals for rehabilitation of potentially viable sick units under refinance scheme for rehabilitation (RSR) would also be eligible for coverage under SWS provided the aggregate of the venture outlay of the original projects and cost of the rehabilitation package together with total working capital (existing and proposed) does not exceed rs.200.00lakh.

All the applications received under RSR scheme (for working capital assistance under SWS) shall be forwarded by bo directly to rehabilitation cell ho, jaipur for further examination / processing alongwith their observations and recommendations.

1)eligibility of the units

- a) the cases to which only term loan against fixed assets was sanctioned by the corporation in the scheme other than sws and due to non availability of working capital loan from any bank , the loanee unit has become sick. Now the loanee approaches to the corporation for revival and wants only working capital loan from the corporation alongwith other reliefs and concession.
- c) the unit which has availed working capital finance from the bank and has repaid the w/c loan of the bank on account of whatsoever reasons including filing of legal suit against the unit or otherwise under some pressure etc. and now wants to avail working capital finance from the corporation under sws.
- c)the unit which has availed w/c finance from the bank and wants to avail additional working capital loan from the corporation keeping the working capital loan of the bank outstanding . while processing such cases ,corporation should insist for NOC from the concerned bank and their consent for grant of additional working capital facilities under SWS . in such cases , charge on the current assets has to be shared with the bank on first pari passu basis.
- d)proposals for rehabilitation of potentially viable sick units under refinance scheme for rehabilitation (RSR) would also be eligible for coverage under SWS provided the aggregate of the venture outlay of the original project and the cost of the rehabilitation package together with total working capital (existing and proposed) does not exceed rs. 200 lakh.
- e)the additional term loan , if any , sanctioned for fixed assets and/or working capital to existing units already covered under SWS would also be eligible for coverage under SWS provided the total venture outlay (existing and proposed) is within the enhanced ceiling of rs.200 lakh.
- f) at present as and when working capital limits are sanctioned by banks to units assisted by SFCs under SWS , the outstanding balance amount of the working capital loans availed by the units from SFCs are required to be repaid forthwith from out of the working capital limits sanctioned by banks , in case where banks agree to finance only additional working capital , the SFCs may continue their earlier working capital loans against the specific security.

2. units not eligible

the unit which has availed working capital finance from the bank and is still in default in repaying the working capital loan of the bank.

3.debt equity ratio:

for term loan upto rs.10.00lakh 3:1

for term loan above rs.10.00lakh 2:1

the debt ratio be seen for the total venture outlay i.e. cost of the project plus total working capital requirement .

3(A)permissible working capital term loan component

the component of working capital term loan shall not exceed the quantum of term loan proposed for the fixed assets i.e. WCTL would not exceed to 50% of the total term loan .

4.promoter’s contribution

as may be required to arrive at the debt equity ratio norm after taking into account the available incentive / investment subsidy for the project.

5.rate of interest

prevailing rate of interest as applicable for loans under SWS.

6.repayment period

not exceeding 10 years including initial moratorium not exceeding 24 months for term loan for fixed assets and 36 months for working capital term loan.

7. security

first charge on fixed assets and hypothecation of current assets .

and

collateral security to the extent of 150% of the term loan provided for working capital.

8.sanctioning authority :

CMD	upto rs.10.00lakh
EC	full powers (except joint finance cases)
Board of directors	joint finance cases.

9.upfront fees:

- a)term loan for working capitalnil
- b) term loan for:

i)if the loan amount does not exceed rs.5.00lakh	nil
ii) if the loan amount exceeds rs.5.00lakh	1% of the full loan

10. Extent of refinance

100% (automatic refinance and normal refinance)

11. Procddure for availing the refinance

in case where the total credit requirement i.e. aggregate of term loan for fixed assets and working capital loan is within rs.10.00lakh , the case shall be covered under automatic refinance scheme . the moratorium period for working capital shall be counted from the date of first disbursement of loan against working capital . however, the moratorium period for fixed assets ls to be counted from the date of first disbursement of loan against fixed capital . in normal refinance cases , however , the moratorium period would be allowed from the expected date of start of commercial production both for loan against fixed assets and working capital.

All other SWS proposals including those under RSR would continue to be covered under normal refinance scheme.

12. Time limit for availing of assistance

the time limit for availment of refinance will continue to be 18 months /24 months for ARS and NRS cases as the case may be from the date of sanction of refinance so far as the refinance against term loan for fixed assets is concerned . the time limit for availment of refinance against the portion of loan for working capital shall be 36 months from the date of sanction of refinance.

13. Mechanism for processing

- a) the working capital loan would be released in suitable instalments for building up of inventories to facilities timely commencement of production and adequate build up of capacity.
- b) Assisted units should open current account with a designated bank (which could be bank of borrowers choice or the district lead bank) to which the proceeds of the loan will be credited as and when disbursed by RFC . the unit should route its entire banking transaction relating to the business including all receipts and payments through this account.
- c) Assisted unit may approach the bank for meeting its working capital requirement at any time during the currency of the loan . as and when the assistance is sanctioned by the bank, the working capital loan from the RFC should be repaid out of the proceeds of the loan sanctioned by the bank. the RFC in turn should immediately thereafter release its charge on current assets and also concede second ,charge on fixed assets , if so insisted upon by the bank .an affidavit may also be obtained so as to bind the entrepreneur to inform us as and when loan from bank for working capital is obtained later on ,power of attorney may also be obtained to get direct payment from bank incase working capital loan is sanctioned .
- d) However , in cases where the bank agree to finance only additional working capital , the corporation shall continue their earlier working capital loan against the specific security and the outstanding balance amount

of the working capital amount shall not be required to be adjusted out of the additional working capital limits sanctioned by the bank.

Interest rate structure in Rehabilitation cases effective from 24.3.88 in case of SSI Units

S.No.	Particulars	Rate of interest in SSI cases w.e.f. 24.3.88
1.	Funded interest term loan	As per existing norms i.e. 10% p.a.
2.	Principal in existing term loan (as per existing norms which is reproduced below)	
	a)Overdue amount	
	i)If refinance made available	11.5% p.a.
	ii)If refinance not made available	Normal rate of interest i.e.6% p.a. above the bank rate subject to minimum of 15.5% p.a.
	b)Not due amount	Documented rate of interest , if the same is scheduled by the IDBI/SIDBI otherwise normal rate of interest subject to minimum of 15.5% p.a. after expiry of LDR.
3.	Fresh term loan (rehabilitation assistance)	
	i)if refinance is available(as modified)	@ 11.5% p.a. (however in deserving cases lower rate of interest but of interest but not below 10% p.a may be considered).
	ii)if refinance is not available(as per existing norms)	Normal rate of interest 6% p.a. above the bank rate subject to minimum of 15.5% p.a.

NOTE:

1.interest rate mentioned above are payable / compoundable quarterly.

2. in case of medium scale units and BIFR cases , no specific rates of interest were specified and interest rates on case to case basis as approved by the competent authority were being made applicable .

schedule 4 to RH –I

interest rate structure in rehabilitation cases effective from 1.5.92

Sl.No.	Particulars	Medium / BIFR cases w.e.f.1.5.92 (inclusive of interest tax)	SSI cases w.e.f. 1.5.92 (inclusive of interest tax)
1.	Funded interest term loan	14.5% p.a.	10.5% p.a.
2.	Principal in existing term loan		
	a) upto expiry of LDR	Documented rate of interest	Documented rate of interest
	b)after expiry of LDR	18.5% p.a.	18.5% p.a.
3.	Fresh term loan	19% p.a.	19%p.a.

Note:

- i. the interest rates are compoundable /payable quarterly.
- ii. The interest rates , as mentioned above shall be applicable irrespective of availment of refinement from IDBI/SIDBI.
- iii. The revised interest rates shall be applicable to all cases (other than BIFR) where:
 - a) rehabilitation package have been sanctioned on or after 1.5.92
 - b) loan agreements have been executed on or after 1.5.92
 - c) refinance sanctioned upto may 1992 but the same has not been availed so far from SIDBI/IDBI.
- iv. the liquidated damages on the amount of default shall be charged as per usual norms of the corporation.

interest rate structure in Rehabilitation cases effective from 1.3.94

Sl. No.	Particulars	Medium /BIFR cases w.e.f. 1.3.94 (inclusive of interest tax)	SSI cases w.e.f. 1.3.94 (inclusive of interest tax)
1.	Funded interest term loan	12% p.a.	10.5% p.a.
2.	Principal in existing term loan		
	a)upto LDR	Documented rate of interest	Documented rate of interest
	b)after expiry of LDR	16.5%p.a.	16.5%p.a.
3.	Fresh term loan	17.5% p.a.	17.5%p.a.

Notes:

- i. the interest rates as mentioned above are applicable irrespective of availment of refinance from IDBI/ SIDBI.
- ii. The interest rates are compoundable /payable quarterly.
- iii. The revised rates of interest shall be effective from 1.3.94 and shall be applicable to:
 - a) All cases where rehabilitation package has been sanctioned by the corporation on or after 1.3.94
 - b) All cases where respective legal documents / deed of modification have been executed on or after 1.3.94 , except the cases wherein rehabilitation packages have been sanctioned by the BIFR/AAIFR prior to 1.3.94 in such cases rate of interest as considered in the sanctioned package shall not be revised and interest rates as considered in the sanctioned package of the BIFR/ AAIFR and also approved by the board shall continue to be made applicable .
- iv. the liquidated damages on the amount of default shall be charged as per usual norms of the corporation.

Schedule 6 to RH-I

Interest rate structure in rehabilitation cases effective from 25.10.94 in case of SSI units and non SSI and BIFR cases

Sl. No.	Particulars	Medium /BIFR cases w.e.f. 25.10.94 (inclusive of interest tax)	SSI cases w.e.f. 25.10.94 (inclusive of interest tax)

1.	Funded interest term loan	5.5% less than prevailing concessional rate of interest i.e. 11.5%p.a.(17%-5.5%)	10.5% p.a.
2.	Principal in existing term loan		
	a)upto LDR	Documented rate of interest	Documented rate of interest
	b)after expiry of LDR	1% less than prevailing concessional rate of interest i.e. 16% p.a.(17%-1%)	1% less than prevailing concessional rate of interest i.e. 16% p.a.(17%-1%)
3.	Fresh term loan	Prevailing concessional rate of interest i.e.17% p.a.	Prevailing concessional rate of interest i.e.17% p.a.

Notes:

- i. The interest rates as mentioned above are applicable irrespective of availment of refinance from IBDI/SIDBI.
- ii. The interest rates are compoundable / payable quarterly.
- iii. The revised rates of interest shall be effective from 25.10.94 and will be applicable to:
 - a. rehabilitation cases sanctioned on or after 25.10.94
 - b. All cases where respective legal documents / deed of modification has been executed on or after 25.10.94 , however, cases wherein rehabilitation packages have been sanctioned by the BIFR/AAIFR prior to 25.10.94 , rates of interest as considered in the sanctioned package shall not be revised and interest rates as considered in the sanctioned package of the BIFR/ AAIFR and also approved by the board shall continue to be made applicable .
- iv. the liquidated damages on the amount of default shall be charged as per usual norms of the corporation.
- v. Other provisions of the interest rate structure shall remain unchanged.

Schedule 7 to RH-I

Interest rate structure in Rehabilitation cases effective from 21.2.95 in case of Non SSI and BIFR cases and from 1.3.95 in case of SSI cases

Sl. No.	Particulars	Medium /BIFR cases w.e.f. 21.2.95 (inclusive of interest tax)	SSI cases w.e.f. 1.3.95 (inclusive of interest tax)
1.	Funded interest term loan	2% below the prevailing concessional rate of interest i.e. 16%p.a.(18%-2%)	10.5% p.a.
2.	Principal in existing term loan		

	a)upto LDR	Documented rate of interest	Documented rate of interest
	b)after expiry of LDR	1% less than prevailing concessional rate of interest i.e. 17% p.a.(18%-1%)	1% less than prevailing concessional rate of interest i.e. 17% p.a.(18%-1%)
3.	Fresh term loan	Prevailing concessional rate of interest i.e.18% p.a.	Prevailing concessional rate of interest i.e.18% p.a.

Note: the interest rates are compoundable/payable quaertely.

Interest rate structure in Rehabilitation cases effective from 21.4.95 to 19.11.95 and w.e.f. 20.11.95 in cases of non SSI and BIFR cases and from 27.11.95 in case of SSI units

Sl.No.	Particulars	Rate of interest including interest tax		
		Non SSI units		SSI units
		w.e.f. 21.4.95 to 19.11.95	w.e.f. 20.11.95	w.e.f. 27.11.95
1.	Funded interest term loan	2% below the prevailing concessional rate of interest i.e. 16.75%p.a.(18.75%-2%)	2% below the prevailing concessional rate of interest i.e. 17.50%p.a.(19.5%-2%)	10.5% p.a.(10% maximum interest rate permissible within RBI/SIDBI norms + 0.5% interest tax)
2.	Principal in existing term loan			
3.	a)Upto LDR	Documented rate of interest	Documented rate of interest	Documented rate of interest
	b)after expiry of LDR	1% less than prevailing concessional rate of interest i.e.17.75% p.a. (18.75%-1%)Or 2% less than documented rate of interest which ever is higher .	1% less than prevailing concessional rate of interest i.e.18.5% p.a. (19.5%-1%)Or 2% less than documented rate of interest which ever is higher .	1% less than prevailing concessional rate of interest i.e.18% p.a. (19%-1%)
3.	Fresh term loan	prevailing concessional rate of interest i.e.18.75%p.a.	prevailing concessional rate of interest i.e.19.5%p.a.	prevailing concessional rate of interest i.e.19%p.a.

Interest rate structure in Rehabilitation cases effective from 1.3.96 in case of non SSI /BIFR and SSI units

Sl.No.	Particulars	Rate of interest including interest tax	
		Non SSI/BIFR cases w.e.f. 1.3.96	SSI cases w.e.f. 1.3.96
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 18%p.a.(20%-2%)	10.5% p.a.(10% maximum interest rate permissible within RBI/SIDBI norms + 0.5% interest tax)
2.	Principal in existing term loan		
3.	a)Upto LDR	Documented rate of interest	Documented rate of interest
	b)after expiry of LDR	1% less than prevailing rate of interest i.e.19% p.a. (20%-1%)Or 2% less than documented rate of interest which ever is higher .	1% less than prevailing rate of interest i.e.18.5% p.a. (19.5%-1%)
3.	Fresh term loan	prevailing rate of interest i.e.20%p.a.	prevailing rate of interest i.e.19.5%p.a.

Schedule 10 to RH-I

Interest rate structure in rehabilitation cases effective from 4.7.96 in non SSI units

Sl.No.	Particulars	Rate of interest inclusive of interest tax in non SSI units w.e.f. 4.7.96
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 19% p.a. (21%-2%)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 20% p.a. (21% - 1%) or 2 % less than documented rate of interest whichever is higher.
3.	Fresh term loan	Prevailing rate of interest i.e. 21% p.a.

Schedule 11 to RH-I

Interest rate structure in Rehabilitation cases effective from 29.11.96 in case of non w.e.f. 15.11.96 in SSI units

Sl.No.	Particulars	Rate of interest including interest tax	
		Non SSI cases w.e.f. 29.11.96	SSI cases w.e.f. 15.11.96
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 18.5% p.a. (20.5%-2%)	10.5% p.a. (10% maximum interest rate permissible within

			RBI/ SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan		
	a)Upto LDR	Documented rate of interest	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 19.5% p.a. (20.5% - 1%) or 2 % less than documented rate of interest whichever is higher.	1% less than prevailing concessional rate of interest i.e. 18% p.a. (19%-1%)
3.	Fresh term loan	Prevailing rate of interest i.e. 20.5% p.a.	Prevailing concessional rate of interest i.e. 19% p.a.

Schedule 12 to RH-I

Interest rate structure in rehabilitation cases effective from 3.5.97 in of Non SSI cases and w.e.f. 8.5.97 in SSI units

Sl.No.	Particulars	Rate of interest including interest tax	
		Non SSI cases w.e.f. 3.5.97	SSI cases w.e.f. 8.5.97
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 17% p.a. (19%-2%)	10.5% p.a. (10% maximum interest rate permissible within RBI/ SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan		
	a)Upto LDR	Documented rate of interest	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 18% p.a. (19% - 1%) or 2 % less than documented rate of interest whichever is higher.	1% less than prevailing concessional rate of interest i.e. 16.5% p.a. (17.5%-1%)
3.	Fresh term loan	Prevailing concessional rate of interest i.e. 19% p.a.	Prevailing concessional rate of interest i.e. 17.5% p.a.

Schedule 13 to RH-I

Interest rate in rehabilitation cases effective from 1.7.97 in case on Non SSI units

Sl.No.	Particulars	Rate of interest inclusive of interest tax in non SSI units w.e.f. 1.7.97
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 16.5% p.a. (18.5%-2%)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 17.5% p.a. (18.5% - 1%) or 2 % less than documented rate of interest whichever is higher.
3.	Fresh term loan	Prevailing rate of interest i.e. 18.5% p.a.

Schedule 14 to RH-I

Interest rate structure in Rehabilitation cases effective from 1.8.97 in case of SSI units and (including SSI units graduating to MSI)

Sl.No.	Particulars	Rate of interest inclusive of interest tax w.e.f.1.8.97
1.	Funded interest term loan	10.5% p.a. (10% maximum interest rate permissible within RBI/SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 16% p.a. (17% - 1%)
3.	Fresh term loan	Prevailing rate of interest i.e. 17% p.a.

Schedule 15 to RH-I

Interest rate structure in Rehabilitation cases effective from 24.10.97 in case of non SSI cases and w.e.f. 1.11.97 in SSI units

Sl.No.	Particulars	Non SSI cases w.e.f. 24.10.97(inclusive of interest tax)	SSI cases w.e.f. 1.11.97(inclusive of interest tax)
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 15.5% p.a. (17.5%-2%)	10.5% p.a. (10% maximum interest rate permissible within RBI/ SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan		
	a)Upto LDR	Documented rate of interest	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing concessional rate of interest i.e. 16.5% p.a. (17.5% - 1%) or 2 % less than documented rate of interest whichever is higher.	1% less than prevailing concessional rate of interest i.e. 15.5% p.a. (16.5%-1%)
3.	Fresh term loan	Prevailing rate of interest i.e. 17.5% p.a.	Prevailing concessional rate of interest i.e. 16.5% p.a.

Schedule 16 to RH-I

Interest rate structure in Rehabilitation cases effective from 9.2.98 in cases of non SSI and SSI units

Sl.No.	Particulars	Non SSI cases w.e.f. 9.2.98(inclusive of interest tax)	SSI cases w.e.f. 9.2.98(inclusive of interest tax)
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 16.5% p.a. (18.5%-2%)	10.5% p.a. (10% maximum interest rate permissible within RBI/ SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan		
	a)Upto LDR	Documented rate of interest	Documented rate of interest

	b)After expiry of LDR	1% less than prevailing concessional rate of interest i.e. 17.5% p.a. (18.5% - 1%) or 2 % less than documented rate of interest whichever is higher.	1% less than prevailing concessional rate of interest i.e. 16.5% p.a. (17.5%-1%)
3.	Fresh term loan	Prevailing rate of interest i.e. 18.5% p.a.	Prevailing rate of interest i.e. 17.5% p.a.

Schedule 17 to RH-I

Interest rate structure in Rehabilitation cases effective from 24.2.98 in case of SSI units and (including SSI units graduating to MSI units)

Sl.No.	Particulars	Rate of interest inclusive of interest tax
1.	Funded interest term loan	10.5% p.a. (10% maximum interest rate permissible within RBI/SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing concessional rate of interest i.e. 15.5% p.a. (16.5% - 1%)
3.	Fresh term loan	Prevailing rate of interest i.e. 16.5% p.a.

Schedule 18 to RH-I

Interest rate structure in Rehabilitation cases effective from 10.3.99 in case of SSI units and (including SSI units graduating to MSI)

Sl.No.	Particulars	Rate of interest inclusive of interest tax
1.	Funded interest term loan	10.5% p.a. (10% maximum interest rate permissible within RBI/SIDBI norms +0.5% interest tax)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing concessional rate of interest i.e. 14.5% p.a. (15.5% - 1%)
3.	Fresh term loan	Prevailing rate of interest i.e. 15.5% p.a.

Schedule 19 to RH-I

Interest rate structure in Rehabilitation cases effective from 26.3.99 in case of Medium scale/ non SSI Sector

Sl.No.	Particulars	Rate of interest w.e.f. 26.3.99
1.	Funded interest term loan	2 % below the prevailing rate of interest i.e. 15.5% p.a. (17.5% - 2%)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest

	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 16.5% p.a. (17.5% - 1%) or 2% less than documented rate of interest whichever is higher.
3.	Fresh term loan	Prevailing rate of interest i.e. 17.5% p.a.

NOTE:

The revised rate would be applicable to:

- a) All cases of loan sanctioned by the corporation on or after march 26,1999.
- b) All cases where relative loan documents are executed with the borrower on or after march 26,1999 even if loan was sanctioned prior to this date i.e. 26th march ,1999.
- c) All cases where relative loan documents have been executed on or before march 26,1999 but no disbursement has been made so far , however , all partly disbursed cases including the cases where token amount of loan has been disbursed while executing loan documents prior to march 26,1999 will continue to carry the pre-revised applicable rate of interest .
- d) Other provisions of interest rate structure will remain unchanged .

Schedule 20 to RH-I

Interest rate structure in Rehabilitation cases effective from 27.5.99 in case of medium scale (non SSI)sector

Sl.No.	Particulars	Rate of interest of medium scale (non SSI) sector w.e.f. 27.5.99
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 15% p.a. (17% - 2%)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 16% p.a. (17% - 1%) or 2 % less than documented rate of interest whichever is higher
3.	Fresh term loan	Prevailing rate of interest i.e. 17% p.a.

NOTE:

The revised rate would be applicable to:

- a) All cases of loan sanctioned by the corporation on or after may 27,1999.
- b) All cases where relative loan documents have been executed on or before may 27,1999 but no disbursement has been made so far , however , all partly disbursed cases including the cases where token amount of loan has been disbursed while executing loan documents prior to may 27,1999 will continues to carry the pre-revised applicable rate of interest .
- c) Other provisions of interest rate structure will remain unchanged .

Schedule 21 to RH-I

Interest rate structure in Rehabilitation cases effective from 7.4.2000 in case of medium scale (non SSI)sector

Sl.No.	Particulars	Rate of interest of medium scale (non SSI) sector w.e.f. 7.4.2000
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 14% p.a. (16% - 2%)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	1% less than prevailing rate of interest i.e. 15% p.a. (16% - 1%) or 2 % less than documented rate of interest whichever is higher
3.	Fresh term loan	Prevailing rate of interest i.e. 16% p.a.

NOTE:

The revised rate would be applicable to:

- a) All cases of loan sanctioned by the corporation on or after april7,2000.
- b) All cases where relative loan documents have been executed on or before april 7,2000 but no disbursement has been made so far , however , all partly disbursed cases including the cases where token amount of loan has been disbursed while executing loan documents prior to april7,2000 will continue to carry the pre- revised applicable rate of interest .the above rates are exclusive of interest tax.
- c) Other provisions of interest rate structure will remain unchanged .

Schedule 22 to RH-I

Interest rate structure in Rehabilitation cases effective from 6.10.2000 in case of medium scale (non SSI)sector

Sl.No.	Particulars	Rate of interest of medium scale (non SSI) sector w.e.f. 6.10.2000
1.	Funded interest term loan	2% below the prevailing rate of interest i.e. 14 .5% p.a. (16.5% - 2%)
2.	Principal in existing term loan	
	a)Upto LDR	Documented rate of interest
	b)After expiry of LDR	Documented rate of interest or prevailing rate of interest whichever is higher.
3.	Fresh term loan	Prevailing rate of interest i.e. 16.5% p.a.

NOTE:

The revised rate would be applicable to:

- a) All cases of loan sanctioned by the corporation on or after 6.10.2000.
- b) All cases where relative loan documents are executed with the borrower on or after 6.10.2000 even if loan was sanctioned prior to this date i.e. 6.10.2000.
- c) All cases where relative loan documents have been executed on or before 6.10.2000 but no disbursement has been made so far , however , all partly disbursed cases including the cases where token amount of loan

has been disbursed while executing loan documents prior to 6.10.2000 will continue to carry the pre-revised applicable rate of interest .

- d) Above rate of exclusive of interest tax.
- e) Other provisions of interest rate structure will remain unchanged .

Schedule 23 to RH-I

Interest rate structure in Rehabilitation cases effective from 7.3.2001 in case of SSI and non SSI units

Sl.No.	Particulars	SSI units	Non SSI units
1.	Funded interest term loan	10% p.a.	2% below the prevailing rate of interest i.e. 14% p.a. (16%-2%)
2.	Principal in existing term loan		
	a)Upto LDR	Documented rate of interest	Documented rate of interest
	b)After expiry of LDR	Documented rate of interest or prevailing rate of interest whichever is higher.	Documented rate of interest or prevailing rate of interest whichever is higher.
3.	Fresh term loan	Prevailing rate of interest i.e. 15% p.a.	Prevailing rate of interest i.e. 16% p.a.

NOTE:

The revised rate would be applicable to:

- a) All cases of loan sanctioned by the corporation on or after 7.3..2001.
- b) All cases where relative loan agreement has been executed on or after 7.3.2001 even if the loan was sanctioned prior to 7.3.2001.
- c) All cases where relative loan documents have been executed on or before 7.3.2001 but no disbursement has been made so far , however , all partly disbursed cases including the cases where token amount of loan has been disbursed while executing loan documents prior to 7.3.2001 will continue to carry the pre-revised applicable rate of interest .
- d) Other provisions of interest rate structure will remain unchanged .

Schedule 24 to RH-I

RAJASTHAN FINANCIAL CORPORATION

(REHABILITAION CELL)

Interest rate structure in Rehabilitation cases effective from 3.12.2001 in case of SSI units

Sl.No.	Particulars	Rate of interest of w.e.f. 3.12.2001
1.	Funded interest term loan	10% p.a. (maximum interest rate permissible within RBI/SIDBI norms.
2.	Principal in existing term loan	
.	a) Upto LDR	Documented rate of interest
	b)After expiry of LDR	Documented rate of interest or prevailing rate of interest whichever is higher.

3.	Fresh Term Loan	
	a)Loans upto Rs.50,000/-	Prevailing rate of interest i.e.12.5%p.a.
	b)Loans above Rs.50,000/0 and upto Rs.2.00 lakh	Prevailing rate of interest i.e. 13% p.a.
	c)Loans exceeding Rs.2.00 lakh and upto Rs. 25.00lakh	Prevailing rate of interest i.e. 14.5% p.a.
	d)Loans above Rs. 25.00lakh	Prevailing rate of interest i.e. 14.75% p.a.

NOTE:

The revised rate would be applicable to:

- a) All cases of loan sanctioned by the corporation on or after 3.12.2001.
- b) All cases where relative loan agreement has been executed on or after 3.12.2001even if the loan was sanctioned prior to 3.12.2001.
- c) All partly disbursed cases including the cases where token amount of loan has been disbursed while executing loan documents prior to 3.12.2001 will continue to carry the pre-revised applicable rate of interest .
- d) Other provisions of interest rate structure will remain unchanged .

Reg. Revival and rehabilitation of sick Industrial Companies through BIFR

After enactment of the sick Industrial Companies (special provision) act ,1985,the board for industrial and financial reconstruction (BIFR) has been constituted to deal with revival and rehabilitation of sick Industrial Companies (medium and large scale units). Under the provisions of the act, it is mandatory on all medium and large industrial units , including public sector and government sector companies , on becoming sick under the provisions of section 3(1) (0) to make a reference to the BIFR u/s 15(1) of the act. Immediately after making a reference . the matter regarding revival and rehabilitation of Industrial Companies is examined by the BIFR.

As per provisions of section 22(1) and 22(3) of the SIC(SP) act,1985, reproduced below all rights , privileges , contracts , agreements, settlements, awards shall remain suspended and no proceedings for winding up of the Industrial Companies or for execution , distress or the like against any property of the Industrial Company shall be proceeded further except with the consent of the BIFR/AAIFR.

22(1) Where in respect of an Industrial Company , an enquiry under section 16 is pending or any scheme referred to under section 17 is under preparation or consideration or a sanctioned scheme is under implementation or where an appeal under section 25 relating to an Industrial Company is pending , then , notwithstanding anything contained in the companies act ,1956,or any other instrument having effect under the said act or other law, no proceedings for the winding up of the Industrial Company or for execution , distress or the like against any of the properties of the Industrial Company or for the appointment of a receiver in respect thereof shall lie or be proceeded further , except with the consent of the board or ,as the case may be . the appellate authority.

22(3) During the period of consideration of any scheme under section 18 or where any such scheme is sanctioned thereunder , for due implementation of the scheme , the board may be order declare with respect to the sick industrial company concerned that the operation of all or any of the contracts , assurances of property , agreements ,settlements, awards standings orders or other instruments , inforce , to which such sick Industrial Company is a party or which may be applicable to such sick Industrial Company immediately before the date of such order , shall remain suspended or that all or any of the rights, privileges , obligations

and liabilities accruing or arising thereunder before the said date, shall remain suspended or shall be enforceable with such adaptations and in such manner as may be specified by board;

provided that such declaration shall not be made for a period exceeding two years which may be extended by one year at a time so , however , that the total period shall not exceed seven years in the aggregate.

No legal action shall be taken against such Industrial Companies, which have approached the BIFR by making reference u/s 15(1) of the SIC(SP) act ,1985 and wherein an enquiry u/s 16 is pending or any revival scheme u/s 17 is under preparation or the scheme sanctioned u/s 18 is under implementation , as this will violation of the act , jeopardizing the purpose of revival and rehabilitation of the companies.

Procedures and Guidelines

Personnel & Administration

Functioning of RFC branch offices – matters connected with DICs

RFC branches are required to function as agents of the corporation & follow the directives and instructions given from the head office . at the same time , it is imperative that RFC branch functions hand in hand with other organizations responsible for providing package of assistance to entrepreneurs. In this context , DICs are the district level institutions to provide coordinated and integrated services to entrepreneurs.

To achieve the above objective , it is necessary to ensure proper linkage between RFC and the DICs . to formalities the linkage and to clear doubts , following instructions / procedures are laid down:

RFC's OBLIGATIONS TOWARDS DIC's

1.one officer of RFC branch (of the rank of dm/am) would be posted by the ho to function on regular basis as deputy director /assistant director (credit), who would function under or is transferred , alternative arrangements would be made by the HO/branch manager .(in view of the special category of jaipur DIC , one DY. Manager (besides one assistant manager)would be posted there to work as manager (credit) . this officer would sit in the building of the DIC (suitable accommodation would be provided by the GM,DIC). He would use the designation of deputy director /assistant director (credit) on his name plate. His responsibilities would include the following :-

- a) he would be responsible to provide to the DIC all information that is to be furnished on behalf of RFC . if the information is to be procured from the head office / regional office , he would obtain it from concerned officers and make it available to the DIC.
- b) He would be responsible to obtain monthly review notes from the branch manager in regard to sanction , disbursement & recovery of loans and furnish them to the DIC .

- c) Besides the work of the corporation he would also look after the other work relating to loans and subsidy etc., which are the functions assigned to manager (credit) under the scheme of DICs.
- d) His T.A. bills would be counter signed and assed by the GM,DIC. He would also mark attendance in DIC .his tour programmes would be approved by the GM,DIC. When called at head quarters by the corporation/director of industries , he would inform the GM,DIC, who would accord him necessary permission to undertake the journey.
- e) Causal leave to the officer posted in DIC would be sanctioned by GM,DIC. For sanction of any other kind of leaves , the application would be forwarded by GM,DIC alongwith his recommendation to the concerned branch manager of the corporation .
- f) Within the district , the deputy / asstt. Director (credit) would undertake tours and attend meetings after approval of GM (DIC). He would be present at head quarter (DIC)every Monday and also attend the Monday meetings to be convened by GM (DIC).
- g) He would work as member –secretary of the DIC level advisory committee for sanction of the loan upto Rs.50,000/-(or such amount as may be prescribed by RFC).the committee would put the cases before the branch manager for issue of sanction etc.
- h) Primary role of the link officer now being concerned as assistant director /dy. Director (credit) , branch manger will see to it that this role does not suffer on account of his discharge of RFC duties . for this purpose , additional staff support would be provided by the branch manager whenever necessary.
- i) Disbursement ,maintenance of accounts etc. would be done in the branch.
- j) The officer earmarked by the head office is required to work on regular basis in DIC he must sit full time in DIC and attend to the work allotted to him under the over all administrative control of the general manager (DIC) . in a situation where, for reasons for shortage of staff , it is not possible provide full time services of the officer for DIC work , alternative feasible arrangements (like an officer sitting In DIC for whole day on mondays and for fixed hours on other working days)should be worked out in consultation with general manager, DIC.
- k) Consequent upon withdrawal of credit managers by the RBI from DICs, it has been decided that the officers of the RFC posted in DICs will look after the work of credit manager also in addition to the work being done by them .

2. Annual confidential report of the deputy director /assistant director (credit) would be initiated by the GM,DIC and would be reviewed by the branch manager.

3.rfc branches would continue to maintain their identity . if the branch is located in the DIC building itself ,suitable board indicating the location of the RFC's branch would continue to be displayed. If a branch is to be housed in a rented building , efforts should be made to find suitable accommodation as near the DIC office as possible.

- 4. it is clarified that deputy director /asstt. Director (credit) continues to be an officer of the RFC and it is in his capacity as dy. Manager /asstt, manager(RFC)that the discharge his functions on behalf of the corporation.

As such , branch manager/ dy. G.M.(region) and other senior officers of RFC can always inspect his office to ensure proper supervision and control over his functioning as an officer of RFC.

ASSISTANCE /ROLE EXPECTED FROM DIC

5. instructions have already been issued about responsibilities of DICs in regard to recovery of RFC loans. Branch managers would prepare monthly reviews on recovery position of the units for his district . DICs are expected to take following actions:
 - a) for loans upto Rs.50,000/- it would be the responsibility of the concern IEO for carrying out regular inspections of such units and to furnish the inspection reports to dy./asstt. Director (credit).
 - b) Cases of default for loans upto Rs.50,000/- would be examined in detail by the DIC. wherever willful defaults are noticed , the DIC would recommend legal action against such units. On recommendations of DIC, legal action against the units would be initiated by branch officer of RFC (for which they have been empowered). DIC would also take other suitable steps against such defaulting units in accordance with instructions issued by director of industries.
 - c) For sanctioning loans upto Rs.50,000/- , IEOs should assist the deputy /asstt. Director (credit) / branch manager in getting the loan applications completed and helping the entrepreneurs to complete various formalities required for sanction /disbursement of the undertaken by IEOs to enable deputy /asstt. Director (credit) / branch manager to dispose the case expeditiously.
 - d) Deputy/asstt. Director (credit-RFC)and branch manager , RFC would be provided the facility of using the DIC vehicle for purposes of inspection , recovery etc. relating to DIC-loans (if necessary , petrol or oil for such use could be provided by the RFC branch.
 - e) At the time of visit of industries minister and on other occasion where presence of all officers concerned with industries is considered necessary , GM ,DICs should take branch managers along with him In the DIC vehicle.

SPECIAL DECISION REGARDING MAKRANA BRANCH

In order to facilitate the entrepreneurs it has been decided that loan application upto Rs.50,000/- falling within the jurisdiction of makrana branch may be accepted and decided by the branch manager as branch level cases without referring them to DIC. However , an entrepreneur may submit the application to DIC, nagaur also. The asstt. Director (credit-RFC) would then forward the case to branch manager, makrana , after initial scrutiny

PROCEDURES AND GUIDELINES –PERSONNEL MATTERS.

Guidelines for the personnel matters like delegation of powers , transfers, sanction of leave, tour ,sanction of annual increment etc. have been issued from time to time and some of the orders were issued as numbered circulars also. However , the following comprehensive guidelines relating to various matters of personnel nature are now issued which are in super session all earlier circulars on these matters:

PERSONNEL MATTERS

PART 'A':-DELEGATION OF ADMINISTRATIVE POWERS

1. APPOINTMENTS

Class : "B" Posts

- 1.1** branch managers are authorised to appoint persons on daily wages after obtaining NOC from head office (present rate of wages is rs. 68/- per day subject to a maximum of RS.1768/- per month (rates amended vide order no. pa -1(7)/128 dated 13.04.2000) against the sanctioned strength of "B" class staff (jr. asstt./ typist & assistant), persons so appointed by branch managers should possess the minimum prescribed qualification for the post of jr.asstt./typist and no person should be kept on daily wages for a continues period of more than 80 days.

Class "C" posts:

- 1.2** powers of appointment of persons in class "C" posts are as follows . the appointments would be made after obtaining NOC from head office.

i.	For regional offices	dy.General manager (region)
ii.	For branches	manager / dy. Manager (Br.)
iii.	For head office	dy. General manager (P & A)

Posts reserved for sc/st , as earmarked in the above circular order, shall be filled by persons of SC/ST only.

- 1.3** normally a person should be employed initially on daily wages @ RS.60/- per day subject to a maximum of rs.1560.00p.m.(drives @ rs.64.00 per day subject to a maximum of rs. 1664.00p.m.)(rates amended vide order no.pa-1(7)/128 dated 13.04.2000) against vacant post only. After watching his performance for about a year (but certainly not less than 6 months) he may be considered for appointment on regular basis . however , no person should be kept on daily wages for continues period of more than 80 days at a time .

however, NOC from HO is necessary for appointing persons on daily wages.

Note:

Appointments shall not be made by field officers without specific approval from HO.(amended vide circular no. pa-13 (100) /1899 dated 30.8.99 and gazette notification dated 21.10.99 of the state govt.).

2. DISCIPLINARY POWERS:

(substituted vide PG -914/2001 F.NO. PA-20(3) 399 dt. 26/30.4.2001)

delegation of powers by the board to impose penalties on the "A" , "B" and "C" class employees are as under:-

‘B’ & ‘C’ Class

Dy. General manager(Region) power to transfer

within the region

subject to

restrictions

/ ban on

transfer.

4.2 JOINING TIME

- a) the joining time rules of the state government issued vide notification no. (6) FD (GAS-2)/81 dated 17-3-81 have been adopted by the corporation .
- b) powers to credit joining time not availed of in accordance with the rajasthan civil services (joining time) rules ,1981, shall be exercised by the DGM (P & A) ,irrespective of the class of employee.

5. LEAVE

5.1 an employee is entitled to one or more of the following leaves:

- i. casual leave
- ii. ordinary leave
- iii. half pay leave (commuted on medical grounds)
- iv. extra ordinary leaves (leave without pay).
- v. Maternity leave.

5.2 casual leave

- a) causal leave to all categories of employee working in regional & branch offices will be sanctioned by Dy.GM(region)and branch managers respectively.
- b) Casual leaves to ‘A’ & ‘B’ class employees working in head office will be sanctioned by the concerned section head and their C L record shall be maintained in their respective sections . however, in the case of dy. general manager such leave will be sanctioned by concerned GM/ ED (whose casual leave record will be maintained in ED section),
- c) Casual leave to “C” class employees including drivers working in head offices will be sanctioned by their section heads.
- d) Casual leave entitled of the persons for the year they join the service of the corporation will be as under:-

- i. If joined in the first quarter and then working continuously -15 CL
- ii. If joined in the second quarter or third quarter -10 CL
- iii. If joined after third quarter -5 CL

e) casual leave to br. Manager would be sanctioned by dy. GM(Region)

5.3 leaves other than casual leave

- a) ordinarily , all type of leave other than casual leave should be applied well in advance stating the purpose of leave.
- b) All types of leave to 'B' and 'C' class employees working in regional / branch offices, may be sanctioned by DGM(R) / branch managers concerned respectively.
- c) All kind of leave other than casual leave to the employees upto the level of managers posted at HO inclusive of 'A' class employees working on probation irrespective of their posting shall be sanctioned by DGM(P&A) . joining reports submitted by employees in head office to their section heads should be sent to P&A section . joining reports of 'A' class employees working in branches may be forwarded to the P&A section by the controlling officer.
- d) All types of leave to the assistant managers and dy. Managers (including those , who have satisfactorily completed the period of probation)working in the branches / regional offices may be sanctioned by the branch manager / dy. General managers (region) respectively , subject to entitlement for a period of 30 days at a time . a copy of sanction order as well as report of handling over /taking over may be sent to P&A section at HO.
- e) Whenever branch manger proceeding on leave of any nature , their leave address as well as duration of leave will be intimated by the latter to executive director.
- f) All types of leave (other than CL) to DGM's and *branch managers posted in field offices would be sanctioned by the executive director.(*substituted vide circular No. PA-20(3)/1920 dt.19.8.98).

In case of branch incharges of the rank of dy. Manager , leave upto 15 days shall be sanctioned by the respective dy. General manager (region) and rest shall be sanctioned by ed. (inserted vide PG-364 No. PA - 21(1)/890 dt.25.06.90).

No leave would be sanctioned by dy. General manager (region) to branch managers in continuation of their official journeys outside the region. Such leaves will be sanctioned by executive director only.

- g) in all cases where an employee proposes to leave head quarter during the course of leave (of any nature) , leave address would be indicated in his leave applications .

- h) applications for any kind of leaves (including C L) will be accompanied by a proposal with reference to the person to be nominated for looking after the work of the employee going on leave. This proposal along with comments on the leave sought , will be recorded by the section head/supervisory officer of the employee. In case a system of link officer/ official exists , this may be mentioned . efforts should be made by heads of the branch office to maintain such a system so that absence of an official does not effect work.

- i) Ordinary leave should not be granted as a matter of course or frequently . there should be reasonable gap , of say at least a period of 6 months , between the two spells availment of ordinary leave.

- j) Application for leave of any nature , other than casual leave, should be in the prescribed proforma . where the powers have not been delegated further , the application for encashment of ordinary leave upto the rank of DGM shall be sanctioned by the DGM(P&A) . encashment of leave in case of the DGM(P&A)and the general managers will be sanctioned by the executive director .

5.4 ENCASHMENT OF PRIVILEGE LEAVE

- a) the encashment of privilege leave rules have been adopted by the corporation as per the state government rules subject to prevailing restrictions from time to time.

- b) Where the powers have not been delegated further , the application for encashment of ordinary leave upto the rank of DGM shall be sanctioned by the DGM(P & A) . encashment of leave in case of DGM (P & A) and general managers will be sanctioned by the executive director .

5.4 LEAVING OF HEAD QUARTER :

Competent authority to approve leaving of head quarters by branch manager/DGM(R) , while sanctioning leave (including CL) as under:

Category	Approving authority
a) For branch managers	ED/MD*
b) For regional managers	ED/MD*
c)for head office: officers of the rank of-	
i) dy general manger and above	ED
ii) all other officers /staff	Competent authority to sanction leave

*(inserted vide order no pa -21(1) /3667 dated 02/08.02.2002

Note:

In case of urgency , such approval should be obtained by branch manager/regional manager on telephone from the competent authority .further , the branch manager/ regional manager also invariably mention their leave address in the applications.

6. TOURS

6.1 normally Monday should be the head quarter day and all officers should be present at their respective head quarters on that day. No meeting should be fixed on monady.

6.2 Authority to approve tour programme : (substituted vide circular no. pa – 30(205) /348 dt. 24.4.2001)

A. The delegation of powers to approve tour programmes of the officers / employees of the corporation shall be as under:-

a) Competent authority to approve tour programme for HO:

S.No.	CADRE	JOURNEY WITH IN THE STATE	JOURNEY OUT OF STATE
1.	GENERAL MANAGER	CMD	CMD
2.	DY. G.M.	ED	CMD
3.	MANAGER	ED	CMD
4.	DM/AM	ED	CMD
5.	B&C CLASS EXCEPT DRIVERS	CMD	CMD
6.	DRIVERS	CONTROLLING OFFICER	CMD

b)competent authority to approve tour programme for zonal office cases:

S.No.	CADRE	JOURNEY WITH IN JURISDICTION WITHIN ZONE	JOURNEY OUT OF JURISDICTION BUT WITHIN STATE	JOURNEY OUT OF STATE
1.	GM	ED	ED	CMD
2.	DY.G.M.	ED	ED	CMD
3.	MANAGER	GM	ED	CMD
4.	DM/AM	GM	ED	CMD
5.	B & C CLASS EXCEPT DRIVERS	CMD	CMD	CMD

c) competent authority to approve tour programme for regional office cases:

S.No.	CADRE	JOURNEY WITHIN JURISDICTION (REGION)	JOURNEY OUT OF JURISDICTION BUT WITHIN STATE	JOURNEY OUT OF STATE
1.	DGM	ED	ED	CMD
2.	MANAGER	DGM	ED	CMD
3	DM/AM	DGM	ED	CMD

4.	B & C CLASS EXCEPT DIRVERS	CMD	CMD	CMD

d)competent authority to approve tour programme for branch office cases:

S.No.	CADRE	JOURNEY WITHIN JURISDICTION OF BO	JOURNEY OUT OF JURISDICTION BUT WITH IN REGION	JOURNEY OUT OF JURISDICTION BUT WITHIN STATE	JOURNEY OUT OF STATE
1.	MANAGER DM(I/C)	DGM(R)	ED	ED	CMD
2.	DM/AM	BR.MGR.	DGM(R)	ED	CMD
3	B & C CLASS EXCEPT DIRVERS	BR.MGR.ONLY FOR RECOVERY PURPOSE WITHIN BRANCH JURISDICTION SUBJECT TO PRREScribed CONDITIONS	CMD	CMD	CMD

NOTE:-it is prescribed for tours of B & C class employees that they shall go on tours for recovery purposes as a team i.e. one officer , one B class and one C class employee. But expenditure on this account is to be kept to the minimum by minimizing the size of team (it is not necessary a team should always consist of 3 persons) by planning tours in manner that will allow the team to return to HQRs the same day as far as possible by clubbing a number of cases when night halt seems inevitable so as to avoid the need to go to the same spot repeatedly etc.

PROVIDED FURTHER THAT:-

- 1) The DGM(R) shall approve tour programme of managers /DM(I/C)for the meeting called at his headquarters twice in a month for one day for each tour.
- 2) The DGM(R)shall also approve tour programmes of managers/DM(I/C) within the jurisdiction of region for the purpose of recovery and other allied matters like collector’s meeting / DLAC meeting etc.
- 3) Drivers: tour programme of the drivers shall be approved by his controlling officer provided driver is moving with his vehicle with his controlling officer within the jurisdiction of controlling officer.

4) **Court/ police cases:**

For tour programmes of the officials for the purpose of giving evidence in the court of law it would be desirable that tour programme accompanies the summon or notice of the court in the name of the officer who has to give evidence in the court . if summon or notice is not available and officer of RFC is to be produced before the court as a corporation witness and advocate of the corporation has undertaken to ensure his presence in the court then a copy of such assurance given by the advocate in writing would be necessary . subject to these , tour programmes may be approved by the controlling officer and need not to refer to head

office for approval /permission . however, TA bills shall not be passed unless the bills are supported with the attendance certificate issued by the court.

5).bhiwadi branch office:

officers posted in bhiwadi branch are required to visit delhi for the purpose of recoveries as majority of the entrepreneurs who had set up their factories at bhiwadi belong to delhi. in such cases the officers tour programmes may be approved by their controlling officers. However, care should be taken to ensure that visit for the purpose of recoveries or otherwise do not result in night halt at delhi as the cost is quite expensive to the corporation . it is also clarified that the rfc representative in delhi is also required to visit bhiwadi once in a week for collecting the cheques and depositing the same with concerned bank . therefore branch manager , bhiwadi is also authorised to approve the tour of RFC's delhi representative from delhi to bhiwadi and back.

Business promotion campaign is organized at delhi frequently sometime on quarterly basis or some time otherwise . in such programmes , the branch manager of bhiwadi (no assisted)should attend such programmes once again ensuring not to halt in night at delhi unless programme is for two days.

6. tour programmes of jaipur undertaken for the purpose of finalization of accounts/FR shall be approved by their approving authorities provided approval of the CMD is required for tours beyond 10 days.

7. in several cases , it has been noted that officials draw up their tour programmes in a manner , which takes about three days time. For example , leaving office in the evening , reaching to the destination in the evening , attend the place of tour and then leaving that place on next morning . this is not desirable .as far as possible , there should be no night halt and officials should leave to the place of destination early in the morning and came back on the same day at their headquarters and thus consume only one day on tour , if this is possible from the point of view of distance and rail / road connections.
8. tour should be undertaken by public transport (train/bus) . journeys by officials car/taxi outside the jurisdiction are not permitted and journeys by air can not be undertaken . travel to and from delhi should be under taken by train or deluxe bus only.
9. all deputy general manager / manager / deputy manager (in charge) shall submit their tour programmes for approval of entire month instead of piecemeal in order to indicate days of their availability at their headquarters and planning for work as well . any urgent changes in some exigency may be made and subsequent approval be sought with details of urgency.
10. tour(s)carried out for the purpose of vigilance & audit shall continue to be approved as per the existing delegation of powers.
11. prior approval of the competent authority is required for tour programmes.

6.3 during tours / visits of the chief minister , industries minister, state / dy. Minister , industries, the branch managers of the corporation must attend the programme organized during the course of their visits. They should tie-up their programme with the general managers of dics and I general follow the guidance , which require attention of head office . this should be communicated to the executive director through D.O. letters.

6.4 the branch manager / regional managers should maintain good liaison with the senior state government officials like district collector, sp etc. and also with officers of RSEB , PHED etc.

6.5 branch managers / regional managers / any officer of the branch during his visit to jaipur (other than the leave) must call on CMD ,ED and general managers on the first available opportunity . if CMD/ED / GM are not available immediately , appointment may be fixed with the help of PS / PAs to CMD/ED/GMs.

7.DELEGATION OF POWERS TO DY.GENERAL MANAGERS (REGION) INSPECTION OF BRANCHES:

7.1 deputy general managers (regions) are authorised to inspect branch offices(it is expected that each branch would be inspected atleast once in every quarter.).inspection should be effective and should result in ensuring improved and proper working in branches . model proforma for inspection has already been prescribed sepreatly.

Main role and job responsibilities

7.2 supervision over branches –particularly over exercise of delegated authority to branches : for this purpose deputy general manger (region) should visit & organize camps in branches (at least once in six weeks).

7.3 Exercise of authority delegated to the deputy GM(Regions) in regard to sanction of loan and follow up work . main responsibility in regard to follow up of the already implemented projects , it is to be ensured that every case such as follow up of already implemented projects is attended to at least once in a quarter.

8. PROMOTION POLICY

Promotion policy , which has been circulated , vide order dated 19.09.1986 and amended from time to time , is applicable at present .

9. MEMBERSHIP OF PROFESSIONAL INSTITUTIONS

9.1 it is desirable that officers of RFC become members of their respective professional organization and participate therein actively . the following points in this connection are made clear:-

- a) every officer may become a member of at least one of the all India institutions , preferably one approved by the personnel department , for his specialization . the annual membership fee thereof shall be met by RFC to the extent of 50%.
- b) For attending not more than one meeting outside jaipur , special casual leave will be permitted for not more than three days.
- c) Second class railway fare by the shortest route shall be admissible to and fro journey in respect of sanction under para b above by the officer , provided that the officer submits a set of literature to the library and a note on the subject to manager(P&A).

- d) For participation fee required to be given to cover lodging , boarding and other expenses , as a general policy , RFC would meet half the cost , subject to approval in individual cases by managing director /ED . powers in respect of a,b,c above will be executed by dy. General manager(P&A).

10.PERMISSION FOR FURTHER STUDIES

10.1 delegation of powers has been made with regard to grant of permission for further studies as follows :

Particular	Competent authority
(a) 'B' & 'C' class staff working in regions and branches.	Regional managers/ branch managers
(b) 'B' & 'C' class staff working in head office	DGM(P&A)
(c) 'A' class staff working in HO zonal / regional offices and branches	DGM(P&A)

10.2 permission to undertake further studies will be subject to the following conditions , which must be , specified in the permission letter itself .

- a) permission for further studies will not entitle an employee to
 - i. attend office late or leave early.
 - ii. Get leave for preparation of examination
- b) that employee may be posted / transferred to any office of the corporation during the course of study.
- c) That permission for further studies should not affect the efficient discharge of duties.
- d) In the event of non – observance of the above conditions , the corporation would be free to withdraw the permission at any time .

11.FORWARDING OF APPLICATIONS FOR EMPLOYMENT IN OTHER ORGANISATION FOR THE EMPLOOYEES OF THE CORPORATION

11.1 The instruction regarding forwarding of application for employment in other organization by the employees of corporation are as under:-

- a) In case of employees who are not confirmed in the service of the corporation at any level, their application for employment will be forwarded as many time as they wish.
- b) In case of permanent employees of the corporation at any level . two applications per year would be forwarded for employment else where

Powers in this regard would be exercised by DGM(P&A) incase of class ‘A’ (upto the level of manager), ‘B’ & ‘C’ class employees.

12. OFFICIATING ARRANGEMENTS

- 12.1 the following guidelines would regulate officiating arrangements during the temporary vacancy arising on account of person being on leave / training etc.
- a) officiating arrangements would be considered only if it is felt necessary and recommended by the manager concerned.
 - b) Officiating charge will be allowed on the basis of seniority in the section/ branch and without prejudice to seniority of any other person. This will be purely temporary and adhoc arrangement shall not give any right to any person regular selection for promotion .
 - c) Officiating arrangements will be considered when the vacancy is likely to exist for a period of more than 30 days.
 - d) The person allowed to officiate on higher post will discharge such duties in addition to his own duties.
 - e) The Officiating / dual duty allowance will be admissible only when the person has officiated foe more than 30 Days . the allowance will be admissible at the rate of 3% of his own basic pay only upto 60 days and thereafter at the rate of 6% of his own basic pay only. However, no such allowance will be admissible after a period o f6 months.”

The above revised rate will come into force w.e.f. 1.1.98.

(the above substitution has been made vide order No. PG-785 No. PA-21(1)/3304 dated 05.10.1998).

- f) powers in this regard would be exercised by the authorities as under:-

i) officers above the rank of DM/ AM	CMD/ED
ii) officers upto the rank of DM/AM and B & C class staff	DGM(P & A)
iii)B & C class staff at regional and branch offices concerned	DGM(R)

- g) officiating arrangements shall not be made without obtaining approval of the competent authority otherwise they will be responsible for the consequential financial liability.

Note: dual duty allowance shall not be paid till prior approval of CMD is obtained.

13. STAFF WELFARE

13.1 Guidelines for operation of silver jubilee staff welfare fund are as under:-

- a) The employee would contribute in the fund every month a sunder:-
(substituted by circular No PA-30(106) /2257 dated 4.11.93)

Category	Contribution
"A" class	Rs.20/-
"B" & "C" class	Rs.10/-

- b) the corporation makes matching contribution in the fund for each financial year base don the contribution of employee during that financial year.

- c) this fund is managed by a committee comprising of five members- one each from class "A" , class "B & C " , RFC officers association , RFC employee union and one nominated by CMD. The quorum will consist of three members in which the presence of nominee if CMD , one member from 'A' class and one member from 'B & C' class will be necessary (substituted by office order No. PA -30(12) /241 dated 26.4.90).

- d) the fund may be utilized for various purposes to help a member in time of need on account of death of an employee , severe injuries due to accident , major sickness and such other purpose , which may be approved from time to time.

Managing committee of silver jubilee staff welfare fund is authorised to sanction loan to the employee for any other purpose in addition to the purpose already prescribed which the committee considers proper looking to the circumstances of each case.

Utilization certificate shall also be furnished by the employee himself for proper utilization of the loan advanced to him .

- e) the managing committee would also take note of other reimbursement available to an employee while sanctioning the amount from the fund.
- f) The managing committee of the fund is also authorised to invest the balance available in the bank account of the fund in any of the following modes of investment;

In fixed deposit in any bank , if the amount is not likely to be used for longer period and the interest available would be more than the interest available on the balance in the saving bank account after obtaining specific approval of the CMD.

- g) the managing committee is authorised to sanction grant for annual get-together of the members subject to a ceiling of Rs.4000/- in a year after specific approval of CMD.(substituted by office order no. pa -30(12)/139 dated 22.4.98).
- h) the accounts of the fund are maintained by the manager(accounts) of the corporation.

i) the managing committee of RFC employees silver jubilee welfare fund may consider to grant loans for purchase of consumer durable articles also besides considering loans to meet out expenses for other social and family obligations . the salient features of both the above scheme will be as follows:(added by circular no. pa -30(106)/205 dated 10.4.91):

1) LOANS FOR THE PURPOSE OTHER THAN CONSUMER DURABLE ARTICLES:

- A) The loan for the above purpose shall be restricted to an amount equivalent of 4 months basic pay subject to a maximum amount of Rs.15000/-.(substituted vide circular no pa 30(12) /4650 dated 10.02.1999.)
- B) The repayment period shall be 20 months.
- C) The rate of interest shall be 6 % P.A.
- D) The application for the loan shall be registered at HO and the loan shall be considered by the managing committee in order of priority of application registered subject to availability of funds.

2) LOAN FOR THE PURPOSE OF PURCHASING CONSUMER DURABLE ARTICLES:

- A) The loan for the above purpose shall be restricted to an amount equivalent to 6 months basis pay subject to a maximum amount of Rs. 20,000/- (substituted by circular no. pa -30(106) /2044 dated 30.09.2000)
- B) Their repayment period shall be 40 months .
- C) The rate of interest shall be 9 % P.A.
- D) The application for the loan shall be registered at HO and the loan shall be considered by the managing committee in order of priority by drawing lottery out of the application registered upto a cut off date and disbursement will be made subject to availability of funds .

3) GENERAL CONDITIONS FOR LOAN FROM SILVER JUBILEE WELFARE FUND.

- A) The total funds available for distribution as loan under this funds shall be earmarked @ 60% for consumer durable articles & @ 40% for purpose other than consumer durable articles.
- B) An employee shall not be eligible for CDA loan from the silver jubilee welfare fund fir more than 5 times in his entire service period .(substituted by circular no. pa-30(106)/2044 dated 30.9.2000).
- C) Right of this committee to reduce this amount of loan:

The managing committee shall ensure that net carry home pay after deduction of instalment of the various loans availed by an employee shall not be less than 50% of the emoluments and in cases where such situation arises the loan shall be suitably reduced by the committee.

j) that the employee contribution at the time of retirement of an employee from the services of the corporation or in the event of death of an employee while in service shall be refunded . however, the refund shall be only in respect of amount contributed by the employee without any interest thereon.(added by circular no. pa-30(106)/2257 dated 4.11.93).

k) that the corporation shall make its contribution to the fund equal to one day's basic pay of the employees of the corporation on matching basis . the amount so contributed by the corporation and its employees on matching basis shall be utilized for meeting ex-gratia payments to the dependents of the deceased employee (death while in service) who are otherwise not covered for such an ex-gratia payment while death on duty. The contribution shall however be one time and shall not be of recurring nature. The limit of payment of ex-gratia out of this fund to the dependents of the deceased employee shall be Rs10,000/- .(added and amended by circular no pa 30(106)/2257 dated 4.11.93) & pg circular 796 no pa 30(175)/3640 dated 5.11.98).

13.2 two cups of tea to each of the employee's upto the rank of asstt manager are served by the corporation (free of charge). One cup will be served at 11 am and another at 3 pm. Expenditure incurred on this account would be allowed by the branch managers , regional managers and manager(accounts) in head office.

14. INCENTIVES TO STAFF

14.1 the following instructions are issued for giving increments / cash award to all employee for acquiring following professional qualification while in the service of the corporation:-

a) a maximum of 2 advance increments to an employee would be given on passing one or more of the following examinations:-

i. two grade increments for CA,ICWA,CS,MBA,CAIIB,ME and LLM.(LLM added vide PG 449/91 no. pa 8(3)/1364 dt. 20.8.91).

ii. one grade increment for diploma in industrial finance by IIB.

b) the above increment(s) shall be payable from 1st day of the month of passing the examination without any change in the normal date of increment.

c) amount of Rs. 500/- may be given to employee of the corporation who obtains the qualification of DCWA after joining their services in the corporation.

d) Maximum two advance increments would be given to an employee who acquire proficiency in stenography & typing in both the language i.e. hindi & English while in service of the corporation. However, the increment as above shall be granted only once in the service .(substituted vide pg circular no 508/1992 no pa8(3) /2062 dt. 23.10.92)

14.2 a sum of rs300 /- only may be paid to an employee who or whose wife / husband undergoes family planning operation.

14.3 Powers in respect of 14.1 & 14.2 shall be exercised by DGM(P&A).

15. CHEAP LOANS TO CHILDREN OF CORPORATION EMPLOYEES FOR PURSUING PROFESIONAL / TECHNICAL COURSES

15.1 loans in monthly instalment not exceeding Rs.300/- with a maximum amount of Rs.10,000/- per employee, bearing an interest of 4% per annum may be given to children of the confirmed employees with a minimum of five years service , who pursue any of the under noted professional / technical courses after higher secondary / graduation : a) engineering b) medical c) ITI diploma d) MBA.

15.2 The loan shall bear a charge on the terminal benefits of the employees and balance outstanding would be adjusted therefrom.

15.3 The loan shall be repayable in monthly spread over a maximum period of 7 years starting from 1st day of the13th month reckoned from the date of passing the examination (declaration of result) by the employee’s child .

15.4 Interest on the amount of loan paid during if 12 months shall be recoverable in the subsequent 12 months on monthly instalment.

15.5 The detailed accounts of the above loans shall be maintained by the manager (accounts) of the corporation.

16. SYSTEM OF ACRs

in supervision of all previous orders/ circulars in this behalf , the following procedure is laid down for reporting / reviewing of ACRs of officers and employees working in the corporation with immediate effect:-

Designation	Reporting officer	Reviewing officer	Accepting officer
General manager	ED	CMD	CMD
Dy. Gen. Manager			
a) regional office	ED	CMD	CMD
b)zonal office	GM(Zone)	ED	CMD
c)head office			
1)working under GM	GM	ED	CMD
2)working under ED	ED	CMD	CMD
Manager			
a) Branch office	DGM(R)	ED	CMD
b)regional office	DGM(R)	ED	CMD
c) zonal office	GM(Zone)	ED	CMD
d)head office	GM	ED	CMD
Dy. Managers:			
a)branch office	Br. Manager	DGM(R)	ED

b) regional office	DGM(R)	ED	CMD
c)zonal office	GM(Zone)	ED	CMD
d)DM(sub office)	Concerned br. MGR.	DGM(R)	ED
e)head office	DGM	ED	CMD
Assistant manager			
a) branch office	Br. Manager	DGM(R)	ED
b)regional office	DGM(R)	ED	CMD
c)zonal office	GM(Zone)	ED	CMD
d)AM (sub office)	Concerned branch manager	DGM(R)	ED
e)head office	DGM(R)	ED	CMD
B Class:			
a) branch / sub office	Br. Manager	DGM(R)	ED
b)regional office	DGM(R)	ED	ED
c)zonal office	GM(Zone)	ED	ED
d) head office	Manager or DGM or controlling officer	GM or DGM or section head	ED
DIC officials :			
a) AM(DIC)/DM(DIC)	Br. Manager	DGM(R)	ED
b)B class	Br. Manager	DGM(R)	ED

Note:-the reviewing officers may obtain comments / opinion of any other officer.

In the case of officers / employee ,who are working in the personal cells of CMD/ED/GMS/ACRs are to be initiated by their controlling officers and reviewed by. CMD .(substituted vide office order no. RFC/ACR(1) (A)/19 DT. 14.09.2001).

NOTES:-

- i. GM(D) will send his confidential comments to MD regarding working of branch managers particularly in the field of follow up and recovery . these comments will from part of ACRs.
- ii. Comments from concerned dy.GMs in head office may be called in respect of related functional areas of working of branch managers. Such comments will be kept in view by MD while recording his own comments/remarks.

PART ‘B’ : FINANCIAL MATTERS

1. REIMBURSEMENT OF T A CLAIMS

- 1.1** T A bills (except transfer TA bill) of manager / dy. Manager (branch) may be passed by the dy. General manager (region) . all transfer TA bills will be passed at HO by accounts section.

Note: journeys of branch managers outside the branch and head office will be controlled and approved by ED.

- 1.2** T A bill of subordinate staff working in the branches will continue to be passed by branch managers.
- 1.3** The existing rates of halting allowance on tour, entitlement of accommodation , incidental charges and also charges admissible for local journeys have been prescribed vide PG circular No. PA -23(8) 5321 dated 11.11.1984 and dated 4.2.1988.
- 1.4** The branch manager may allow dy. Manager /asstt. Manager as the case may be , to travel by own scooter / motor cycle to places falling within a radius of 50 kms. From the headquarter for purpose of valuation of units. If required , one more person can also accompany him for the follow up and recovery work also .
- 1.5** T A bills of the branch managers for journeys outside the region would henceforth be countersigned by executive director.

2. POLICY OF THE CORPORATION FOR REIMBURSEMENT OF MEDICAL EXPENSES

(Substituted vide PG -619/1995 No.PA-23(10)/Vol.III/1997 dated 22.09.1995).

2.1 EXTENT OF APPLICATION

- i. This policy shall apply to all the corporation employees whose condition of service are regulated or deemed to be regulated by rajasthan financial corporation (staff) regulations ,1958 when they are on duty or on leave (including the leave preparatory to retirement) In the rajasthan or while under suspension.
- ii. Re-employed persons.
- iii. All corporation employees on deputation from the state government and vice versa unless anything otherwise is provided in the terms of deputation.
- iv. In case the husband / wife of the employees is engaged in service in other department / establishment and if that department / establishment is having the facility of reimbursement of medical expenses in such cases also the working spouse may avail the facility of the reimbursement of medical expenses from the corporation after giving an option which is to be approved by the corporation.

2.2 DEFINITION & OTHER RELATED ISSUES

- (a) Family means corporation employee's wife (not more than one) / husband (in case of a woman corporation employee) children including children adopted legally and parent(s) if wholly dependent on the corporation employee. Provided that the terms parents does not included step parents and the term wholly dependent in case of parent means that parents normally reside with employee at the place of duty and their total monthly income from all sources does not exceed Rs.2000/-. (Rs.2000/- substituted vide PG-837/99 No. PA - 23(10)Vol.III/3118 dated 15.09.99).

(b) DECLARATION OF DEPENDANCE

Every employee of the corporation will have to submit a declaration of dependence for his /her parents. The declaration should inter-alia among other things specify the names of other male issues of the parents . the declaration should also include details of income earned by the dependent from his own sources together with detail of pension etc. the declaration should specify that nobody else other then the employee is supporting the dependent parent for whom medical claims are proposed to be claimed during the year and that they are residing with him .

2.3 ADMISSIBILITY OF TREATMENT

- i) Treatment taken from all govt. doctors / govt. ayurvedic vaid/ govt. homeopaths of hospitals and dispensaries will be admissible . In addition to these allopathic treatment taken from any nursing home/clinic /doctors possessing qualifications of MBBS or equivalent or more would also be admissible.
- ii) In the case of dental disease treatment taken from medical practitioners possessing the qualification of BDS (recognized by govt. for practicing as dentist)or higher qualification would also be admissible .
- iii) Govt. doctors /govt. ayurvedic vaid/ govt. homeopaths /private nursing home / clinic and doctors thereof and other allopathic doctors and also the homeopaths mentioned below would be treated as authorised medical attendant for the purpose of reimbursement of medical claims and also for the purpose of medical fitness / sickness certificate.
- iv) The corporation employees have been allowed to take ayurvedic treatment from Dr.(Mrs.)kala kasliwal on a payment of rs. 5/- per day (inclusive all). (added vide circular No. PA23(10) /vol.IV/4643 dated 09.02.1999).

2.4 HOMEOPATHIC SYSTEM OF TREATMENT

Reimbursement of medicines @ Rs.3/- per day subject to maximum Rs.60/- p.m. or as revised by the state govt. from time to time is admissible . the cost of pre-prepared medicines , combination etc. is also reimbursement on production of cash memo. The following private homeopathic practitioners at jaipur are treated as authorised medical attendant and approved doctors for the purpose of medical reimbursement:

1. Dr. K.G. Rajvanshi

2. Dr. M.L. jain (mani)
3. Dr. S.N. koolwal
4. Dr. G.N. chauhan
5. Dr. L.D. purohit
6. Dr. R.P. mathur
7. Dr. uma kishore
8. Dr. M.L. gupta
9. Dr. S.D. dhanetwal
10. Dr. L.C. sharma
11. Dr. brijendra agnihotri
12. Dr. S.P. singh (added vide PG-806/99 No. PA -23 (10) vol.IV/4804 d.24.2.99).

2.5 COST OF TREATMENT –ELIGIBLE EXPENSES

- i) The cost of treatment would include-
 - a. Cost of medicine purchased.
 - b. Consulting charges paid.
 - c. Expenses incurred on pathological testes , X-rays, ECG etc.

However , the cost of medicine given by the private doctors/clinics would not be eligible for reimbursement.

- ii) reimbursement of cost of medicines : in the case of homeopathic treatment the reimbursement would be at the rate of Rs.3/- per day subject to maximum of Rs.60/- p.m. or as revised by state govt. from time to time . also the cost of pre-prepared medicines , combinations , mother tinctures etc. would be reimbursable on production of cash memo or verification of the medical officer .
- iii) reimbursement of allopathic and ayurvedic medicines would continue to be as per list of admissible medicines of state govt. the medicines should be purchased by the employees from the rajasthan rajya sahakari upbhokta sangh(RRSUS) medical shops /SMS medical relief society /SDMH medical shops. However , in cases where the medicines are not available on RRSUS shops then the same could be purchased from any other medical shops but after obtaining NAC. In places where the rajasthan rajya sahakari upbhokta sangh shops are not available then the medicines could be purchased from any other medical store.
- iv) For employees of the corporation whose head quarter are in jaipur / jodhpur / ajmer (and also other places where RRSUS shops exist) reimbursement of only those medicines will be allowed which have been purchased from RRSUS medical shops or from other shops after obtaining a non – availability certificate from a shop of RRSUS.

Medicines purchased by employees residing in jodhpur would also be eligible for reimbursement if the same are purchased from any of the under mentioned shops:-

- a. Medical relief society at SMS hospital.
- b. SDMH medical shop and m/s. vardhman medical store, SDMH campus (in case treatment is taken from SDMH hospital).
- c. Shree amar jain drug store (in case treatment is taken from shree amar jain hospital).

v) the employees would be entitled to purchase two days requirement of medicines from non approved shops subject to the following conditions:-

- a) there should not be in existence any shop, which is otherwise approved for purchase of medicines in the vicinity of the hospital / clinic from where the treatment is taken or at the place where the employee resides.
- b) The medicine to be purchased should be of essential nature and should not exceed two days requirement.
- c) It is further clarified that employees will be eligible to avail the relaxation for purchasing two days medicines from non-approved shops in case where: (added vide O & M -418 No. F.11(156)/675 dated 11.02.97).

1. Medicines are purchased on the day of the treatment or on the subsequent day if the treatment is taken during late hours.
2. If the treatment recommended by the doctor is for more than two days, the employee will be required to purchase the medicine for the remaining treatment days from the government authorised shop and if treatment is not required for the remaining days, clarification in this regard will have to be recorded on the bill .
3. in case of employee posted in jaipur or place where medical approved shops of upbhokta sangh were situated this relaxation would be considered for 2 days only for essential drugs including tonic etc. which will have to be purchased from govt. approved shops only.

vi) ambulance charges incurred to take the patient from residence to hospital /clinic/institution and vice –versa or from one hospital to another for treatment or examination is reimbursable if the ambulance belongs to the concerned hospital where the patient is admitted .

vii) cost of hearing aid or artificial limb(including cost of replacing a limb) or calipers would also be reimbursable but if a hearing aid equipment is required to be purchased again on the opinion of the competent authorised medical attendant and that the earlier equipment is beyond repairs the reimbursement of cost would be limited to 50% only.

viii) Entitlement of accommodation in govt. hospital / private hospital / clinic /nursing home.

The accommodation charges in a govt. hospital / private hospital /clinic/nursing home would be reimbursable on actual basis (except service charges / registration charges) on production of receipt within standard limit.

- ix)
- consultation charges
state govt. doctors
- (substituted vide PG-711/1997
No. PA -23(10) Vol.III/213 dt.
24.4.97)

Designation	Day	Night
	(6 am to 8 pm)	(after 8 pm but before 6 a.m.)
1. medical officer	25/- per visit	30/-per visit
2. senior medical officer junior specialist (clinical side) assistant professor	35/--do-	40/--do-
3. associate professor / senior specialist (clinical side)	40/--do-	50/--do-
4. professor including additional principal and principal (clinical side)	50/--do-	50/--do-

(substituted vide circular No. 711 dated 24.4.97).

private practitioners

- MD/MS or equivalent
- Rs.50/- on production of receipt of the doctor.
- MBBS or equivalent
- Rs.40/- on production of receipt of the doctor.

Private hospital / nursing home / clinics

Actual on production of receipt of the hospital .

- x)
- the cost of treatment would be reimbursable on production of prescription , cash memo of medicines purchased , receipts of fees as per govt. rules (as above) paid to the doctor and receipts for the pathological tests , X – rays, ECG and other investigations etc. the verification of fees would not be considered as an adequate supporting document .

note:-service charges / regn. Charges charged by certain pvt. Clinics /hospitals would not be eligible for reimbursement.

2.6 **CONCESSIONS TO T.B. & CANCER PATIENTS**

If any member of the family of an employee of the corporation drawings pay upto 2150/-p.m. is suffering from TB/cancer, such a corporation employee in addition to reimbursement of expenses of medicines will be entitled to reimbursable medicines , and/or special diet on the following conditions.

1. the medicine / special diet have been prescribed by the govt. medical officer of the govt. T.B. hospitals /sanatorium.
2. only the amount to be reimbursed under the clause shall not exceed rs.75/- per month for a period ordinarily not exceeding 12 months (except in case where the patient is hospitalized)
3. the amount shall be reimbursable on production of vouchers duly countersigned by the medical officer attending the case.
4. charges for non –reimbursable medicines not exceeding Rs50/-p.m. shall also be allowed to an indoor patient prescribed by the medical officer of the govt. TB hospital/sanatorium . amount not exceeding Rs.50/- per month for the charges on ordinary accommodation in a pvt. Sanatorium if paid by him shall also be reimbursed.

2.7 PROCEDURE OF PASSING OF THE BILLS

- i) In cases where the employee submits the prescription (not returnable), cash memo of the medicines purchase , receipts for pathological tests and other medical investigations and also for consultation fees then the employee concern should himself verify the bills by recording the following certificates:-
 - a. 'certified that an amount of Rs._____ has been spent by me on medical treatment taken for _____ (name of the patient)'.
 - b. In the case of treatment of dependent parents , certificate on the lines indicated in para 2.2(b).
- ii) the details of cost of medicines , charges for consultation, pathological test/ X –rays/ECG and other investigation etc. would be given in the medical bill. In these cases no further verification by medical officer is required .
- iii) the claims of the persons working in branches / regional offices / HO would be passed by the branch manager / regional managers/ manager(accounts)respectively. While passing the bills these controlling officers should ensure that the medicines are as per list of reimbursable medicines and that the treatment is also taken in accordance with the procedure laid down above.
- iv) In case where the claims submitted by the employees are in excess of the limit prescribed from time to time then the same would be considered in the under mentioned cases only. The bills should be approved by the MD on the basis of individual merits and no relaxation would normally be considered except in the following circumstances:-

“The claim should relate to cases involving prolonged illness, chronic diseases , hospitalization in government hospital etc. diseases like T.B. , cancer , kidney or heart ailment ,accidents etc. would be eligible for relaxation in limit.”
- v) the excess limit bills in cases of employees posted in regional offices/ branch offices should be forwarded to head office in the proforma given below:- (added vide O&M-248 No.F.11(151)/dated 02.1.1991).

PROFORMA FOR FORWARDING OF MEDICALCLAIMS FOR EXCESS LIMIT

1.

name of the employee

:
2.

designation

:
3.

place of posting

:
4.

relation of patient with the employee

:
5.

nature off disease (mention specific disease

:
6.

whether general , chronic hospitalization ,

:

accident case, disease like: T.B., cancer, kidney

or heart ailment.
7.

total medical limit availed so far

:Rs.
8.

break up of the claim

:
- (A)

consultation

:
- (B)

pathological tests

:
- (C)

other tests like X-Ray, sonography, C.T.

:

scan, endoscopy etc.
- (D)

cost of medicines

:
- (E)

accommodation charges

:
- (F)

others , if any

:

RECOMMENDATIONS:

MANAGER/DY.MANAGER

PLACE:

DATED:

2.8 LIMIT OF REIMBURSEMENT OF MEDICAL EXPENSES

Extent of reimbursement	Competent authority
STANDARD LIMIT (substituted vide PG -824 No. PA-23(10) vol.III/1200 dt. 7.7.99).	
Upto Rs.5,000/- p.a.	Manager (A/cs.) at HO/manager{br}at BO/DGM(R) at RO
In case of hospitalization , the manager (A/cs) at HO , branch manager at branch office and DGM (R) at regional office are authorised to consider reimbursement of medical bills upto the maximum ceiling of Rs.10,000/-. In excess of Rs.10,000/- all cases will continue to be referred to HO for consideration of the committee already constituted for the purpose . however, it is further clarified that the routine excess limit cases over Rs.5,000/- (other than hospitalization) will continue to be referred to HO for consideration of the committee.	
EXCESS LIMIT	
a) Rs.5,00/-o Rs.50,000/-p.a.	CMD on recommendation of a committee comprising of GM(A), DGM(F&A) , manager A/Cs), in cases of chronic disease (i.e. TB, cancer, kidney , heart ailments, other prolonged chronic ailments).
b)Rs. 50,000/- to Rs.2,50,000/-p.a.	CMD(substituted vide PG -946/ 2001 No. PA -23(10) Vol.III/2922 dt. 22.11.2001) .
c)upper limit for reimbursement of medical expenses shall be Rs.2.50 lac. beyond this limit reimbursement of medical expenses shall not be sanctioned. However, special cases may be considered by the board but the employee shall have to bear 20% of the expenses beyond the upper limit of Rs.2.50 lac.	

2.9 TREATMENT TAKEN OUT SIDE THE STATE

i) the treatment taken outside the state would be considered for reimbursement in the following circumstances:-

- a) The treatment for the particular diseases is not available within the state.
- b) The treatment is taken in an authorised hospital as approved by the state govt. and indicated in its medical reimbursement rules.
- c) The patient should have been referred to the above hospital outside the state by an authorised medical practitioner associated with a govt. hospital in the state and certified by the principal of medical college/ director of medical & health services of the state or medical board / council of the private hospitals and endorsed by the principal of a medical college or DMHS of the state.

- ii) for the purpose of reimbursement , the original receipt issued by such institution /hospital and vouchers of medicines etc. shall be countersigned by the authorised medical attendant of the hospital/ institutions on whose advise the treatment outside the state was undertaken.
- iii) **Grant of advance for medical attendance and treatment outside the state:-**

The advance shall be sanctioned by the board/CMD keeping in view the estimated amount of expenditure indicated in the certificate issued by the principal of the medical college or director . medical & health services of state, once an advance has been sanctioned further advance shall be allowed only after the medical reimbursement claim to the extent of amount previously advanced has been submitted for adjustment . this entire amount of advance shall finally be adjusted against the dues medical reimbursement of claims not later then the expiry of a period of the one month from the date of release of the patient from the hospital . the unspent amount , if any, shall invariably be deposited in cash.

2.10 APPLICABILITY OF GOVERNMENT RULES

Wherever the rules of the corporation are silent the state government medical reimbursement rules would apply.

3. REIMBURSEMENT OF CONVEYANCE EXPENDITURE

The categorization of branches and rates of reimbursement of conveyance expenditure have been prescribed as under:-

Officers	Amount per month (Rs.)
I. general managers	150/-in case car is maintained then Rs.300/-
II. Dy. General manager	150/-
III. i)Branch managers of category ‘A’ Branch	150/-
ii)Branch managers of category ‘B’ branch	125/-
iii) Branch managers of category ‘C’&’D’ branch	100/-
IV. other officers:	
managers in head office	125/-
ii) Dy. managers in HO/branches	100/-
iii) Asstt. Managers in HO/branches	75/-

The officers who are entitled for grant of car advance under the regulations of the corporation and maintaining it will also be allowed reimbursement of conveyance charges @ Rs.300/- per month. This is regulated as per order no. 7/80 dated 3.3.1980.

Where fixed conveyance allowance is not paid/ payable, and employees are required to take local journeys on official work, will be reimbursed expenses incurred by them on such journeys on hired vehicle at the following rates:-

Type of vehicle	Rate Rs. Per Km.
Car taxi	2.50
Scooter taxi	1.50
Other	1.00

The use of car taxi and scooter taxi will be admissible only to employee whose basis pay is not less than Rs.3500/- and Rs.1680/-(pre revised pay scale) respectively . however, the CMD may relax this condition in urgent situations for reasons, which will be recorded in writing.

4. REIMBURSEMENT OF ENTERTAINMENT EXPENDITURE

The norms have been prescribed for reimbursement of expenditure incurred by the officers of the corporation on entertainment of official visitors as under:-

Category	Amount (not exceeding Rs. Per month)
<u>Head office</u>	
General manager	300/-
Dy. Gen. manager	150/-
Manager/secy. To CMD	120/-
Dy. Managers	75/-
<u>Regional level</u>	
Dy. General manager	150/-
Dy. Manager	75/-
<u>Branch level</u>	
Manager	120/-
Dy. Manager(br)	90/-
Other dy. Managers in branch	75/-

Reimbursement may be made on submission of bills / vouchers and /or certificate by the officers concerned that the expenditure was incurred in connection with the entertainment of visitors calling on them for official work.

It was clarified vide economy order No.1/98(No. PA-22/1208 dated 08.07.98 as under:

- a) It is clarified that : branch managers are not at all authorised to incur any entertainment expenses over and above this fixed limit , nor authorised to pass any such bills . yet , branch managers have been incurring expenditure recklessly , running up extra entertainment expenses , beyond fixed entertainment expenses , thus contributing in a significant manner to the loss that the corporation has suffered.

- b) It is ordered that no other expenditure is permissible as entertainment expenses and therefore , all the branch managers are hereby directed not to pass any bill of expenditure relating to entertainment other than the reimbursement of fixed entertainment expenses . if they do so , they would be liable to both disciplinary action and recovery of the amount from them.
- c) However, if the branch manager feels that there is a case for incurring any forthcoming entertainment expenses , other than reimbursement of fixed entertainment expenses . then complete facts of the case should be referred to HO, seeking prior approval of CMD , and such entertainment is not to be carried out unless permission is received from CMD.
- d) Any violation of the instructions will attract disciplinary action and money spent in excess of fixed entertainment expenses would be recovered from the concerned branch manager and the regional manager, as the case may be.

PART 'C'-OTHER MATTERS

1. maintains of service books

- 1.1 the service books of all "A" class officers above the rank of Dy. manager and officers working as branch in charge anywhere in the corporation will be maintained at HO.
- 1.2 The service books of the officers / employees working at HO will be maintained at HO.
- 1.3 The service books for the officers / employees upto the rank of DM (excluding branch in charge)working in field officers , will be maintained at their respective place of posting.
- 1.4 The service books may be got signed from the employee concerned in the month of April every year.

CALLING ON ENTREPRENEURS/ PARTIES TO HEAD OFFICE

With streamlining of procedures and considerable delegation / decentralization now introduced , it is excepted that parties would not have to chase up their cases in the HO. Still at times such visits by the party would be necessary . for such occasions following procedure should be adopted:-

- a) Decision to call a party would be taken not below the level of manager . date and time and the name of the officer with whom the party is required to meet, should be clearly indicated in the letter of intimation .(this letter should reach the party sufficiently in advance of the date fixed for the meeting).

It may be ensured that concerned officer is available for discussion with the party on the appointed date and time .

After discussions with the party , a brief note should be recorded on the concerned file.

- b) if the party visits on its own , mention should be made on the note sheet of the concerned file that the party (or its representative)had called. Also brief note on the discussions held should be recorded and kept on the file .
- c) if the discussions are inconclusive , or if the party has still to furnish certain documents / information , a list of such information / documents due from the party should be drawn . a copy of the list should be handed over to the party immediately after the meeting and the other copy should be kept in the concerned file.

Note: similar procedure should be followed in branch / regional offices.

Procedure and guidelines

GENEARL ADMINISTRATION

Procurement & supply of stationary at branches & regional offices.

The following guidelines for procurement of stationary articles by branch and regional offices are prescribed (effective from October 2000).

A budgetary provision for procurement of stationary (printed as well as non –printed has been allocated for the ZO/RO/BO. The budget has been allocated as per category of the branch as well as budgetary allocation are elaborated as under:-

Category	Name of the branches	Budgetary limit
A-1(where computers are installed)	Bhiwadi , bhilwara(city) , jaipur (city), jaipur(rural), jodhpur(city) & udaipur.	Rs.20,000/- p.a.
A	Alwar , bhilwara(rural), jaipur (VKIA), kishangarh, makrana, nagaur, sikar, bikaner	Rs.15,000/- p.a.
B	Chittorgarh , jodhpur(rural), juunjhunu, jalore, kota pali, rajasmand, tonk, abu road, balotra, churu.	Rs. 10,000/- p.a.
C & D	Ajmer,beawar, bhartpur, bundi, banswara, dausa, dholpur, dungarpur, hanumangarh, jaisalmer, jhalawra, sri ganganagar, sawai-madhopur, sirohi , baran, karoli.	Rs. 7,500/- p.a.
ZO/RO/A&I(WZ)	All regional offices / zonal office jodhpur, A & I (WZ) Ajmer	Rs.3,500/- P.a.

From 1.10.2000, field offices have to manage the requirement of their stationery at their own as no stationery shall be provided from the head office from 30.9.2000. it may also be ensured that, the budgetary limits have been provided by taking into consideration all aspects including price escalation and amount spent by the field offices in last 3 years , hence this limit should not be crossed in any circumstances , it is also worthwhile to mention here that , this year the budget as indicated above shall be utilized by the field offices on prorata basis since this is effective from 1.10.2000 and till 30.9.2000 stationery requirement has been fulfilled by the ho.

The stationery should be got printed strictly in accordance with the specifications which are enclosed with this circular as annexure 'A'. No deviation should be made by the field officers on any ground. Some field offices may face problem regarding non-availability of quality printers of these stationery items. Printing of these offices shall be supervised and done by the concerned regional office.

ANNEXURE-'A'

S.No.	Item	Specification
1.	Computer Paper Plain	70 GSM 10"x12"x1(Standard quality)
2.	Computer Paper Plain	EZR 70 GSM 10"x12"x1(Standard quality)
3.	Computer Paper	Plain 70 GSM 10"x12"x2(Standard quality)
4.	Computer Paper	EZR 70 GSM 10"x12"x2(Standard quality)
5.	Computer Paper	Plain 80 GSM 15"x12"x1(Standard quality)
6.	Computer Paper	EZR 80 GSM 15"x12"x1(Standard quality)
7.	Floppy Small	1.44 MB-3 M Imation (Standard quality)
8.	Floppy Big	1.2MB Sony /equivalent (Standard quality)
9.	Printer Ribbon	Full Mark (Standard quality)
10.	Cartridge Tape	120 MB (Small) 3M (Standard quality)
11.	A-4 Size Paper	For Laser Printer (80 GSM) (Standard quality)

S.No.	Item	Specification
1.	All pin packet	Master 100 GRM (Standard quality)
2.	U clip	Kores ordinary (Standard quality)
3.	File laces	24"/1 groos in each packet
4.	File tag	100 in each packet
5.	Punching machine(big)	Koyo make (c –I base heavy duty) (Standard quality)
6.	Punching machine(Small)	Max 59/ kangaroo (small) (Standard quality)
7.	Stapler	Kangaroo -10 (Standard quality)
8.	Stapler	Kangaroo hd -45 N (Standard quality)
9.	Pencil lead hb	Natraj make or any other standard make

10.	Pencil rubber	Camlin SW -21 (Standard quality)
11.	Pencil sharpener	Natraj
12.	Gum bottle	Camel 700 m.l. pkg.
13.	Gum bottle	Camel 150m.l. pkg.
14.	Scale	Camel 12”(good quality)
15.	Paper weight glass	Standard quality
16.	Type correction fluid	Kores (white)
17.	Stamp pad	Ashoka (Standard quality)
18.	Stapler pin	Max -10 japan small
19.	Index file	Standard quality
20.	Fountain pen ink	Chelperk royal blue/ camel 60 m. l. pack blue, black/ camel 60m.l. pack black/camel
21.	Type carbon(big)	Kores VII-3 star big (Standard quality)
22.	Type carbon (small)	Kores VII 3 star small (Standard quality)
23.	Type paper	Hpc 1.8 kg. / full scape
24.	Type paper	Orient 3.7 kg. 13”x16”
25.	Rulled paper	Orient 8.6 kg. 17”x27”/2
26.	Duplicating paper	Orient 2.3 kg./2.2 kg.
27.	Photostat paper	Jk/modi-75 gsm a-4
28.	Photostat paper	Jk/modi fs (75 gsm)
29.	Photostat paper	Jk/modi a-3 (75 gsm)
30.	Cello tape	Tixo small (Standard quality)
31.	Dak pad	(Standard quality)
32.	Computer folder	Alkon 10”x12” (Standard quality)
33.	Computer folder	Alkon 15”x12” (Standard quality)
34..	Pincushion	Omega (Standard quality)
35.	Jotter refil	Flair mark (Standard quality)
36.	Table glass (big)	Size 3’x2’-5 mm (Standard quality)
37.	Table glass(small)	Size 2’x1’-1/2-5 mm (Standard quality)

PRINTED STATIONERY

S.No.	Name of Items	Specification
1.	Short hand note book	“RFC” printed / orient paper /58 gsm 160 pages in each book
2.	Register	“RFC” printed / 2qr (200 page) /orient paper 58 gsm /17”x27”/4 28 onz board & good binding

3.	Register	"RFC" printed /3qr (300 page) orient paper 58 gsm /17"x27"/4 28 onz board & good binding
4.	Register	"RFC" printed /4qr (400 page) orient paper 58 gsm /17"x27"/4 28 onz board & good binding
5.	Confidential note sheet	17"x27"/4 58 gsm orient paper / single side printed , each pad consisting of 100 leaf. Cover page of craft paper and straw board on back side.
6.	Envelopes commercial	9"x4"/orient paper of 58 gsm "RFC" printed each packet consisting 500 envelops with BO/RO complete address.
7.	Envelopes window	9"x4"/orient paper of 58 gsm "RFC" printed window of cillophlin paper each packet consisting 500 envelops with BO/RO complete address.
8.	Envelopes (commercial)	11"x5"/orient paper of 58 gsm "RFC" printed each packet consisting 500 envelops with BO/RO complete address.
9.	Envelops	12"x10" /craft paper "RFC" printed good quality with BO/RO complete address.
10.	Envelops cloth size 16"x12"	"RFC" printed good quality.
11.	File cover	"RFC" printed two piece file 18 kg. orient mill, colour file board with bo/ro address.
12.	Interest intimation (inland letter style pad)	Orient paper 58 gsm single side printed of 100 leaf (cover page of craft paper and back side use straw board)
13.	Letter pad (big)	18"x22"/4 sunlit bond paper single side printing each pad consisting of 100 leaf. Pad should be printed with bo/ro address. Cover paper of craft paper , back side straw board.
14.	Legal notice pad	17"x27"/4 orient paper of 58 gsm both side printing each pad consisting of 100 leaf. Cover page of craft paper back side straw board with complete bo/ro/ho address.
15.	Medical pad	18"x22"/4 orient paper of 58 gsm each pad consisting of 100 leaf. Both side printed Cover of craft paper ,back side use straw board .
16.	Receipt book	18"x22"/12 orient paper of 58 gsm. each book consisting 200 leaf single side printing numbering & perforating required and alternative leaf would be blank , cover page of sheet paper and back side straw board with bo address.
17.	Rough pad(rulled)	18"x22"/6 orient paper of 58 gsm single side printing ,each pad consisting 50 leaf. Cover page of craft paper ,back side use straw board .
18.	Mr-l pad	17"x27"/2 maplitho paper of 80 gsm both side printed rulling .each pad consisting 50 leaf. Cover of craft paper ,back side use straw board .
19.	Voucher receipt	18"x22"/6 orient paper of 58 gsm single side printing ,each pad consisting 100 leaf. Cover page of craft paper ,back side use straw board .
20.	Debit voucher (loanee)	18"x22"/6 sirpur (red) colour cover of craft paper , back side straw board(48 gsm) single side printing.
21.	Credit voucher (gen.)	18"x22"/8 sirpur blue colour paper of 48 gsm single side printing Cover page of craft paper & back side use straw board . ,each pad consisting 100 leaf.

22.	Debit voucher (gen.)	18"x22"/8 sirpur green colour paper of 48 gsm single side printing Cover page of craft paper & back side use straw board . ,each pad consisting 100 leaf.
23.	o/c pad (big)	18"x22"/8 sirpur yellow page of 48 gsm only "RFC" logo printing ,each pad consisting 100 leaf. Cover page of craft paper & back side use straw.
24.	Slip book/ note book	18"x22"/8 orient paper of 58 gsm only "RFC" logo printed ,each pad consisting 50 leaf rulling required, Cover page of craft paper & back side use straw board..
25.	File pad	"RFC" printed 38x28 cm. straw board of 40 onz and 48 gsm / craft paper / both side use craft paper / cloth flap of 25"x4"/cotton dori of 36".
26.	Refinance annexure 'A'	Orient 58 gsm paper /18"x22" size each pad consisting of 25 leaf / cover of craft paper and back side straw board.
27.	Refinance annexure 'B'	Orient 58 gsm paper /20"x30" size single side printed each pad consisting of 25 leaf / cover of craft paper and back side straw board.
28.	Refinance annexure 'C'	Orient 58 gsm paper /20"x30" size both side printed pad each pad consisting of 50 leaf / cover of craft paper and back side straw board.
29.	Refinance annexure 'D'	Orient 58 gsm paper /18"x22" size /single side printed /each pad consisting of 50 leaf / cover of craft paper and back side straw board.
30.	Salary deduction book	17" x27"/4 sirpur paper and orient paper of 58 gsm , both side printing each pad of 50 set having I-pink colour, II –white colour (art paper) ruling and simple binding.
31.	Register r41	17"x27"/2 orient paper of 58 gsm /. Each register consisting of 100 leaf. Both side printed stop ruling , numbering & leather binding required.
32.	Register r 32 ,33,34	17"x27"/2 orient paper of 58 gsm . each register consisting of 105 leaf. Starting 5 leaf would remain blank , there after 30 leaf will be printed .(3 time repeated)leather binding required.
33.	Pay sheet pad	Orient paper of 58 gsm , each pad consisting of 100 leaf single side printing in double colour (17"x27"/2)cover paper of craft paper & back side use straw board.
34.	Peon book	17"x27"/8 orient paper of 8.6 kg. each book consisting of 50 leaf. both side printing , ruling , numbering and ordinary binding.
35.	Register r 45	17"x27"/2 ledger paper each register consisting of 200 leaf. both side printing , ruling , numbering and leather binding. index required 13 leaf.
36.	Index register	"RFC" printed /2 qr orient paper 58 gsm 17"x27/4 28 onz board & good binding .(200) pages with alphabetic index.
37.	(A) attendance register	20"x30"/4/58 gsm orient paper / both side printed and ruling , each register will be of 60 pages.
37.	(B) confidential note sheet file	14"x22" /18 kg. orient mill coloured file board / two eyiled on top of the file .
38.	Cash book	17"x27"/4 58 gsm orient paper each register of leaf , both side printed stop ruling and numbering required . strong full canwas binding.

39.	(A)letter pad (small)	18"x22"/8 sunlit bond paper single side printing each pad consisting of 100 leaf . pad should be printed branch / ro name cover paper of craft paper and back side straw board.
39.	(B)N3 pad	18"x22"/2 orient paper of 58 gsm both side printed and folding.
40.	N 4 pad	18"x22"/8 orient paper of 58 gsm both side printed each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
41.	Receipt register	20"x30"x2" orient paper of 58 gsm each register consisting of 200leaf. duly numbered full canvas binding.
42.	Sanction register	17"x27" original copy will be both side printed and folded yellow parchment maplitho paper of 70 gsm to be used in copy of sanction letter.
43.	Statement of a/c pad	17"x27"/4 orient paper of 58 gsm both side printed each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
44.	t. a. bill pad	17"x27"/4 orient paper of 58 gsm both side printed each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
45.	Tour programme pad	17"x27"/8 orient paper of 58 gsm both side printed each pad consisting of 50 leaf . cover paper of craft paper and back side straw board.
46.	o/c pad small	18"x22"/8 sirpur yellow paper of 48 gsm only "RFC" logo printing each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
47.	All register relating to loan , law , fr, disbursement etc.	17"x27"/4 west coast paper of 80 gsm both side printing and stop ruling required . each register of 100 leaf . full canvas strong binding.
48.	R 12 register	20"x30"/4 west coast paper of 80 gsm both side printing . ruling and numbering required . each register of 200 leaf . full canvas strong binding.
49.	R67 register	20"x30"/4 west coast paper of 80 gsm both side printing and stop ruling required . each register of 100 leaf . full canvas strong binding.
50.	D R 1	18"x22"/4 sirpur yellow paper of 48 gsm single side printing each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
51.	U 2	17"x27"/4 orient paper of 58 gsm single side printing each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
52.	Memorandum voucher	18"x22"/6 sirpur blue colour paper of 48 gsm single side printing each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
53.	Rectification voucher	18"x22"/6 sirpur yellow colour paper of 48 gsm single side printing each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.
54.	Interest up date voucher	18"x22"/6 orient paper of 58 gsm each pad consisting of 100 leaf . cover paper of craft paper and back side straw board.(single side printing)

Office furniture & fixture norms of supply & purchase procedures.

Dy. General manager (regions) and branch managers are authorised to purchase furniture for office use as per norms enclosed (Annexure 'A') subject to conditions given hereunder:-

1. new furniture as per norms prescribed should be purchased for additional staff posted on creation of new posts or filling up a vacant posts.
2. if furniture already available falls short of these norms the deficiency can be made good by purchase of new furniture .
3. for replacement of existing furniture , new purchase can be made only a certificate is recorded to the effect that the existing furniture is un –serviceable and beyond repairs.
4. if there is a slight variation in the furniture already available and that indicated in the norms prescribed , it would not justify replacement .
5. the total yearly requirement of new furniture presuming filling up of newly created and vacant posts shortly , may be assessed and purchase may be made at one time.
6. if yearly requirement as per norms is less then Rs.2000, purchase may be made on the basis of single tender keeping in view the approximate price indicated in the norms .
7. if yearly assessed requirement exceeds Rs. 2000, purchase should be made following the procedure given hereunder :-
 - i. wherever there is rate contract by CSPO (government of rajasthan) for supply of any of the items and the same party is prepared to supply that item at the contracted rate , such items may be had from that the party at the rates approved by CSPO.
 - ii. In absence of rate contract by CSPO purchases are to be made only after calling tenders from reputed concerns manufacturing or dealing in furniture . while inviting tenders detailed specifications with regard to size, quality , gauge etc. may be mentioned clearly.
 - iii. Rates quoted by those parties may be considered who have submitted their tenders for the items in conformity with the specification given in the tender notice. There should be atleast three such parties.
 - iv. Order for supply of furniture on the basis of tenders invited may be placed with the party quoting the lowest rate provided such lowest rate dos not vary by more than 15% from the rate indicated in the norms .
 - v. Before accepting delivery of the items against the order placed , the branch manager (or the dy. General manager (region) as the case may be) or any other officer authorised by him may inspect all the items and

clarify that these items are as per specification mentioned in the order . the items which are not as per specification given in the order may not be accepted.

- vi. If the party with whom the order has been placed allows discount on making payment of bill within the specified period , such discount must be availed.
- 8. all care must be taken to ensure that quality furniture is purchased at the minimum possible rate.
- 9. if furniture is required in excess of the norms prescribed and purchase cannot be made following the aforesaid procedure prior approval of head office must be taken .
- 10. it is further clarified that the approximate rates indicated in column No.3 of the statement against each item are ex-factory rates inclusive of all taxes.
- 11. the norms for providing desert coolers to the field officers are as under:

category of branch	total no. of desert coolers in
each branch including	
existing coolers	
A	03
B&C	02
D & sub office	01
Regional office	02

The desert coolers may be purchased by a committee of 3 officers consisting of DGM(R)/M(BR.)/DM(BR.) and one technical officer of bo/ro on dgs&d/cspo rate contract or from any of the RFC assisted unit by inviting quotations .in case the coolers are not available accordingly , the coolers may be purchased by inviting quotations from any of the registered SSI unit

The maximum financial ceiling in this regard has been fixed for Rs. 4000/- (four thousand only) per cooler including the taxes , duties , installation etc.

S. No.	Description	Cost (approx)	D G M	M A N A G E R	Dy. mgr. (as branch incharge)	D M	A M	Steno/ Typist	B class staff other than typist	C class staff	For office
1	Sunmica top table with racks on both	4200	1	-		-	-	-	-	-	-

	sides 6'x3' (wooden)										
2	Sumica top table with racks on both side 5'x3'(steel)	1715	-	1	1	-	-	-	-	-	-
3	Sunmica top table with racks on one side 4'x25'(steel)	1050	-	-	-	1	1	-	-	-	-
4	Sunmica top table with one drawer 3'x2'(steel)	525	-	-	-	-	-	1	1	-	-
5	Revolving chair(steel)	700	1	1	1	-	-	-	-	-	-
6	Cane chair with half arms(steel)	190	-	-	-	1	1	-	-	-	-
7	Cane chair with half arms(steel)	150	6	5	4	3	2	-	1	-	3(for visi each regi branch of
8	Cane chair without arms(steel)	125	-	-	-	-	1	-	-	-	-
9	Small almirah (steel)	840	1	1	1	1	-	-	-	-	-
10	Side rack for DGM(wooden)	1260	1	-	-	-	-	-	-	-	-
11	Side rack ordinary	275	-	1	1	1	1	-	-	-	For office category for categ br. 3 category br. 1
12	Stool(steel)	70	1	1	1	1	-	-	-	1	-
13	Big almirah(steel)	1680	-	-	-	-	-	-	-	-	Office of (region)ca A br. category branch category branch

											category Branch 2
14	Cash box	-	-	-	-	-	-	-	-	-	One in branch office of D
15	Sofa set (a) (for visitors) (b)sofa set	1400 840	-	-	-	-	-	-	-	-	One in branch of category office of (region)
16	Central table(for visitors)	315	-	-	-	-	-	-	-	-	One in office DGM(regi branch of
17	Steel rack	840	-	-	-	-	-	-	-	-	Office of (r) 2 cate br. 10 cate br. 7 cate br. 5 cate br. 2 1 fo branch

Office equipment – norms of supply of typewriters , calculators and duplicating machines.

The following norms for supply of typewriters , calculators and duplicating machines for regional and branch offices have been prescribed :-

NORMS OF SUPPLY

1. typewriter

each office will be provided English typewriter equal to the number of sanctioned strength of typist and steno –typist . where the total requirement works out to be more than one typewriter out of total number , one machine will be of big size carriage .

2. Calculater

- a) desk calculators desk calculators for each office .
- b) pocket calculators one each for officers of the
- rank of deputy general manager
- & deputy manager except Dy. Manager(Law).

3. duplicating machine

one machine will be provided to each branch falling under category ‘A’ & ‘B’.

PURCHASE PROCEDURE

1. requirement based on the norms should be assessed each office. Indent for additional requirement , if any , should be sent in prescribed proforma (P1) to deputy manager (GAD) head office. The next indent for additional requirement , if any , should be sent not before 6 months from the day of previous indent.
2. purchase of the above mentioned items of office equipment shall be made centrally from the head office (necessary action to be initiated by deputy manager(GAD) . purchase shall be made on rate contract approved by central stores purchase organization of state government . where the rate contract is not in existence , purchase shall be made from the manufacturers of repute or their authorised dealers after calling quotations.
3. the deputy manager (GAD) will , on the basis of norms prescribed and indents received , work out at the beginning of every quarter , the quantity of various office equipment to be purchased . he would then initiate proposal and ensure quick purchase of the items.
4. the deputy manager (GAD)will inform accounts section (head office)about the cost of equipment supplied to each branch / regional office to enable accounts section to charge the cost to respective branch / regional office.
5. on receipt of supply of the items the deputy general manager(region) / in charge branch will confirm , to the deputy manager(GAD) head office , about the quantity mark, specification, and condition of the office equipment received by them.
6. the office equipment supplied to a branch / regional office are the assets of respective office and should not be carried by an officer/ employee on transfer but should be returned to the office before the officer employee concerned gets relieved from the branch / regional office.

BRANCH OFFICE.....

Requirement of office equipment

Particulars	Requirement as per norms	Existing number	Additional requirement
I typewriters			
1.small carriage (roller)			
2. big carriage (roller)			
II. calculators:			
1.Desk			
2.Pocket			
III. Duplicating machine:			

Norms for supply of brief cases

The following guidelines are hereby prescribed for providing brief cases to the officers of the corporation.

NORMS OF SUPPLY

Each officer of the corporation i.e. officer of the rank of assistant manager and above would be provided a brief case for official use. An officer on deputation from the state government or other organization on the post not below the rank of assistant manager would also be provided a brief case.

MONETARY CEILING

1.	General manager	Not exceeding	Rs.1200/-
2.	Dy. General managers	-do-	Rs.740/-
3.	Managers	-do-	Rs.680/-
4.	Dy. Managers	-do-	Rs.600/-
5.	Asstt. managers	-do-	Rs.460/-

PURCHASE PROCEDURE

1. the purchase of brief cases will centralized at head office . the deputy general manager (region)/ incharge branch may assess the requirement of brief cases within various monetary ceiling and send to D.M.(GAD)at head office,
2. the D.M. (GAD) will assess the requirement at head office and would work out the total requirement including that of branches .
3. quotations will be called from the dealers of repute and the purchase committee would arrange for purchase of required of required number of brief cases after having approval from an appropriate authority .
4. the purchase will be made once in a year and therefore , all branches should send their additional requirement , if any ,, by 30th june every year.

REPLACEMENT

The brief cases will be replaced with an interval of five years as the service life of a brief case is expected five years . no fresh issue would be allowed prior to the expiry of five years without specific approval from M.D. and return of earlier brief case by the officer concerned.

RETURN OF BRIEF CASE NOT REQUIRED

The officer concerned would not be asked to return the brief case in following circumstances:-

- a) at the time of replacement after an interval of five years from the date of earlier issue.
- b) On transfer of the officer from the corporation –services.
- c) On retirement of an officer.

RETURN OF BRIEF CASE REQUIRED

If an officer leaves the services ,for the reason other than transfer, retirement or death within a period of three years from the date of issue case, he shall to return the brief case before he gets relieved.

MODE OF ISSUE

- 1. all brief cases will be provided from head office and proper record of brief cases issued to various officers will be maintained by stores department of head office. Before issue it will be ensured that the officer concerned is eligible for brief case as per norms. in case of replacement , it will be ensured that replacement is desired only after the stipulated period .
- 2. brief cases will be issued by dm(GAD) after receiving indent from the officer concerned in the prescribed proforma .(No.p-2).

PROFORMA OF INDENT FOR ISSUE OF BRIEF CASE

Date:

Deputy manager (GAD)

Rajasthan financial corporation,

JAIPUR.

Dear sir,

Please arrange to provide / replace a brief case to the under signed for which I am eligible as per the norms

I certify that no brief case was provided to me earlier / a brief case was provided to me on which has become unserviceable.

Yours faithfully,

Counter signature

Of controlling officer ,

Signature :
Name:
Designation:

Norms for delegation of powers for financial expenditure .

The delegation of powers for expenses to be incurred by GAD section at h.o. will be as follows :

(a) Expenses incurred by individual officers in GAD section:

S.No.	Officer	Expenses at a time	Expenses per month
1	General manager	Rs. 1000/-	Rs.10000/-
2	Dy. Gen. manager	Rs.500/-	Rs.5000/-
3	Manager	Rs.200/-	Rs.2000/-
4	Dy. Manager	Rs.100/-	Rs. 1000/-

(b) expenses to be incurred upto Rs. 10000/-

the following committee is constituted to process the expenses upto Rs.10000/- and the executive director of the corporation will approve the same on the recommendation of the committee.

The following is the committee :-

General manager(a/cs)	Chairman
Manager (a/cs) /DM (a/cs)	Member
Dgm (P&A)	Member
Dy. Manager (GAD)	Convenor

(c) expenses above Rs. 10000/-

the expenses which are more than Rs. 10000/- shall be approved by the CMD on the recommendation of the following committee:-

General manager (a/cs)	Chairman
Dy. General manager(GAD)	Member
Dy. General manager (P&A-I)	Member
Manager(GAD) /dm (GAD)	Convenor

(d) all expenses above Rs. 10000/- shall be routed through gm (f)/ed to
CMD.

(e) urgent requirement of stationery :

the stationery which are urgently require on single tender basis shall be purchased as under :-

Chairman & managing director	Upto Rs. 5000/- at a time
Executive director	Upto Rs. 2000/- at a time
General manager (GAD)	Upto Rs. 1000/- at a time

(f) manager (GAD) shall be authorised to make purchase upto rs. 1500/- per month for caretaking / cleaning material which are required for regular cleaning of office building .

(g) repair of vehicles:

all powers relating to the vehicle i.e. repairs of the vehicles , purchase of batteries, tyres, accessories , petrol and servicing shall vest in general manager (GAD) . however, powers to purchase the new vehicle and disposal of the vehicle shall remain vested in CMD.

A committee consisting of DGM (GAD) , manager (tech.) and Dy. Manager (GAD) will examine the quotation and work requirement place order . this committee can be standing one for all vehicle requiring repairing expenses beyond Rs. 10000/-.

(h) all payments regarding rent , power bill , water bill, land & building tax, municipal tax, contribution to UBCF , telephone bills etc. shall be made at the level of DGM(GAD) . however, any variation shall be got approved from the competent authority .

(i) no new manual typewriter shall be purchased by the corporation and they shall be replaced by only electronic typewriters / computers.

The financial powers of DGM (R) / Branch Manager

PETROL:

Dgms(R)/ managers(branch)can pass bill pertaining to petrol /diesel as per prescribed norms upto the ceiling of budgetary provisions for the field offices.

SERVICING & OILING

The servicing and oiling are required for maintains of the vehicles and the field officers are allowed to get the vehicles serviced and oiled after completing certain distance i.e. 4500 km to 5000 km.

ACCESSORIES:

The accessories are normally purchased at the time of purchase of new vehicles but some minor replacement / additional purchase are required by the field officers . they are empowered to make purchases upto Rs. 1000/- in a particular financial year.

REPLACEMENT OF TYRES:

The field officers are permitted to replace the tyres after completing 40000 kms. If the same needs replacement . the purchase be made preferably on DGS&D rate control and if not available , then procedure of three quotations be followed.

BATTERIES:

The normal life of battery is 3 years in case of petrol vehicles and 2 years in case of diesel vehicles . the field officers are permitted to purchase batteries of reputed make after completion of the above normal life, if the same needs replacements.

GENERAL REPAIRS:

For the proper maintenance of the vehicles , repairs are required from time to time . the field officers are permitted to incur a sum of rs.5000/- at a time and rs. 10000/- in a particular year. While purchasing parts the same should be purchased of reputed make and should be genuine.

Any deviation from the above should be referred to GAD section for approval .

The procedure for allotment of vehicle will be as follows :-

I. ALLOTMENT	COMPETENT AUTHORITY
(a) for outside state	CMD
(b)within the state	ED
(c)for local journey (within city)	DGM(GAD)

II. ALLOTMENT ON PAYMENT BASIS	
(a) for local and only for a day	ED
(b)for out side city and more than a day	CMD
(c) the requests will be submitted well in advance i.e. before 7 days of requirement .	
(d)charges for personal use of vehicle shall be as under:	

i)for diesel vehicles	Rs.2.50per km.
ii)for petrol vehicles	Rs.4.00per km.
(e)in addition to above, the halting charges shall be as under:-	
i)hourly basis	Rs.10/-per hour
ii)daily basis	Rs.200/- perday
(f)the competent authority shall hire the right to cancel /withdraw the allotment in case vehicle is required for official work	

III. ELIGIBILITY FOR ALLOTMENT

- (a) all gms and dgms
- (b) the managers and dms shall be eligible , if they have prepared the tour / visit programme alongwith 2/3 other officers.

IV. FILLING OF LOG BOOKS VERIFICATION

The log book shall be filed in invariably by driver of the vehicle , as only he knows regarding timings distance covered etc. the log books shall be signed by the actual user / officer to whom vehicle has been allotted.

The powers contained in the scheduled delegation shall be subject to the stores purchase rules of the organization and other provisions made by issuing administrative and other provisions made by the competent authority . purchase shall ordinary be made on lowest rate (i.e. unless there are good and sound reasons recorded for deviation and these are approved by next higher authority)through officer empowered / purchase committee as constituted by the competent authority .

Norms for providing telephones at the residence of officers .

To rationalize the telephone expenses ,0’ facility i.e. direct dialing from the intercom services available with the officers as well as sections of the corporation , will be removed form the places where direct telephone connections are also installed . by this way ,0’ facility will not be available down to the level of DGMs with immediate effect.

To control the telephone expenses from other extensions where 0’ facility is available . section heads are required to please monitor and restrict the outgoing calls and necessary measures should be adopted by them at their own for their sections. a ceiling of 2 local calls per day per person occupying seat in the section room is fixed to check the expenses .

To reduce the admissibility of calls from the telephone installed by the corporation at the residence of officers / employees or personal telephones used for official purposes , reimbursement of which is made by the corporation. from 1.10.2001 the per day call admissible to category of officers shall be as follows:-

DESIGNATION	CALLS PER 2 MONTHS	CALLS PER MONTH	CALLS PER DAY
GM	960	480	16

DGM	720	360	12
OTHERS	540	270	09

Norms regarding procurement & distribution of liveries , crockeries,& other misc. items.

LIVERIES

With a view to improving its working , the corporation has been providing liveries to ‘C’ class employees. Under the existing norms , each ‘C’ class employee is entitled to one terri-cotton livery each year and one woollen livery once in two years.

These norms have been recently relaxed by the board in its meeting held on 14.6.1990 and from the current financial year , each ‘C’ class employee would be eligible for two terri-cotton liveries every year. The liveries that would be provided are:-

For jamadar*	Jodhpuri suit
For driver	Hunter suit
Other male messengers	Pant & shirt
Female messengers	Sari & blouse

*in case they wear safa then one safa as replacement can be considered.

In addition to the above , the corporation would also provide one pair of bata super stride shoes and one pair socks to each employee every year. The maximum ceiling on liveries as prescribed by the state government shall be taken into consideration at the time of effecting the purchase of liveries.

Summer liveries will be terrycot cloth of binny air marshall make (in white color) or its equivalent. Similarly , the above employees will be made available 1 winter livery of OCM 889 make)(in navy blue color) or its equivalent once in every 2 years .the winter livery shall be provided to each male employee consisting of jodhpuri suit and for female employees ,cardigan will be provided .

All ‘ C’ class female employees will be given rs.500/- every year for purchase of liveries consisting of sari, blouse , shoes and socks for summer liveries .

Similarly they will be entitled for a sum of rs. 1000/- for purchase of woollen cardigan once in every two year.

CROCKERY

With a view to providing better working environment to the executives and officers of the corporation , it has been decided that norms be clearly spelt out with regards to providing crockery and other consumable articles to the officers for office use , it has been the practice to provide crockery to the officers of the rank of Dy. Manager and above , but no fixed norms for the same exist and , there fore , with a view to ensuring uniformity , the norms for the distribution of the under mentioned articles are laid down:

1	Crockery
2	Glasses
3	Thermos flask
4	Tray
5	Towels

The details of the items that would be provided to the officers of the rank of general manager and others have been indicated at annexure –‘A’

The items would be made available strictly for use for the period indicated against each category of article . in isolated cases , if any , requisition is made for replacing any articles prior to the period indicated at annexure ‘A’ , then the requests should indicate the justification for the consumption of the article before the stipulated period . individual cases for such requests would be examined on merit and if found reasonable , would be submitted for consideration and approval of the executive director .

The above norms are applicable to head office as well as to branch offices . proper record of the articles issued would be maintained by the stores /GAD section, and in the case of branch offices / regional offices , the purchase would be affected after obtaining approval of DGM (R) , if the same is with in norms.

DISTRIBUTION OF SOAP

The following norms are hereby prescribed to provide soaps in the head office and branches:

A	HEAD OFFICE	1. one washing soap cake (for washing of dusters and towels)would be provided to one messenger per section/office (manager & above) once in a month.
		2. each driver would be provided one soap cake every month.
		3. liquid soap would be made available in toilets.
		4. GAD section would ensure regular availability of soap. Soap may be purchased from RFC employees co-operative society or as per prescribed procedure.
B	REGIONAL / BRANCH OFFICE	5. one messenger per section/ office (deputy general manager / branch manager)would be provided one washing soap cake every month.
		6. one soap cake would be made available in toilets at each regional / branch office.
		7. the required quantity of soap at regional / branch office may be purchased from market at reasonable rates as per procedure.

ANNEXURE ‘A’

Norms for supply of consumer durable articles

S.No.	Name of item	Gm	Dy. Gm	Manager	Dy. manager	Asstt. Manager	Remarks

1	Crockery	6 cups & saucers of bone china , steel kettle, sugar & milk pot	6 cups & saucers , steel kettle, sugar & milk pot	6 cups & saucers	4 cups & saucers	-	Once in two years
2	Glasses & coster	6 glasses 12 coster	6 glasses 12 coster	4 glasses 8 coster	-	-	Once every year
3	Thermos flask*	1	1	1	1	-	Only once and further issue only on replacement and approval of ED
4	Tray	1	1	1	1	-	Only once and further issue only on replacement and approval of ED
5	Towel	1	1	1	-	-	Once in year on replacement
6	Napkin	1	1	1	1	1	Once in year on replacement

In case more than one officer is sharing the room with other officer then only one flask would be provided.

Guidelines regarding RFC officers in rented premises

With a view to streamlining and having uniformity of terms and conditions of lease agreement with the land lords, it has been decided to adopt a standard format of lease agreement which is enclosed as annexure 'A' . the regional office and branch offices are advised to adopt the same and get lease agreement executed between the corporation and the landlord.

The regional and branch offices are also advised to follow the following guidelines for execution of lease agreement with the landlord:-

1. in the prescribed format , blanks may be filled in suitably according to the terms and conditions agreed with the landlord and got approved from the competent authority .

2. the amount of rent inclusive of house tax and the date of beginning of tenancy may be specifically mentioned and be checked up before execution of the lease agreement .
3. a blue print of rented premises may be obtained from the landlord and the same may be made an integral part of the lease agreement .
4. this agreement shall be executed by the landlord himself and the authorised officer of the corporation.
5. the lease deed shall be executed on proper stamp paper as may be assessed on the amount of rent after getting the same adjudicated from sub registrar of the concerned area if the landlord insists for its registration and agrees to pay the stamp duty on such lease deed. But where the land lord does not insist for a registration lease deed then same may be got executed on stamp paper of rs.100/- which is the stamp duty for an agreement prescribed under the rajasthan stamp law (adaptation) act ,1952 and may be got witnessed by two independent witnesses or it may be got attested by a notary public.
6. the lease agreement duly typed on a stamp paper be got registered with the sub registrar concerned and the original may be retained with the corporation and the second copy may be given to the land lord . original registered lease agreement should thus be sent to the ho in GAD and photo copy retained in the field unit for day to day use and references.
7. while taking over possession of the premises from the landlord, a complete list of the fixtures and furniture including fans, etc. may be prepared and on that basis receipt may be given to the landlord and copy of the same be retained with the corporation. This receipt should be got signed from the landlord.
8. during the period of tenancy , no portion of the rented premises be given to the landlord/ any other person for any temporary need without prior written approval of the head office.
9. in addition to above , the corporation is having its own building and land at various places . the field offices will pay the liabilities as per demand raised by local authority as liability towards lease money and taxes , after proper examination at their level.
10. similarly , all the field officers are required to pay shop & commercial tax liability as per requirement to avoid penalties and interests .

ANNEXURE -A

LEASE AGREEMENT

This agreement made this day of 200..

BETWEEN

RAJASTHAN FINANCIAL CORPORATION having its head office at udyog bhawan ,tilak marg, jaipur and branch office/RO situated at hereinafter called "THE TENANT" (which expression shall unless excluded by or repugnant to the context be deemed to include their successors and assigns) of the ONE PART:

AND

M/s./shri/smt

.....s/o/w/o/shri.....aged.....

.....

year residing at.....hereinafter called

“THE LAND-LORD”(which expression shall unless excluded by or repugnant to the context be deemed to include his/her heirs , successors , executors and assigns) of the OTHER PART.

WHEREAS the land lord has agreed to give on rent his compact house together with open space/part portion of his house situated at

.....with fixtures and fittings (more particularly described In the schedule and shown in red colour in the enclosed map, which shall be an integral part of this lease agreement) to the tenant and the tenant has agreed to take on rent for its branch office and /or official residence of its officer(s) on the following terms and conditions:-

to hold the demised premises upto the tenant from

initially for a period of three years on monthly rent of Rs.

.....(Rupees only) inclusive of house tax which will be payable in advance by the first week of each month.

The tenant and the landlord further covenant as under :-

1. That the tenant shall pay all charges for electricity and water consumed by them as shall be recorded in the meters already installed in the premises.
2. That the tenant shall not make any additional or alternations to the demised premises without the previous consent of the landlord in writing .
3. that this tenancy shall be for a period of three years beginning from
4. that the land lord and tenant agree to renew the lease for further periods of three years with an increase of rent by 10% after every three years . in case the tenant wants to terminate this lease , a prior notice of atleast 2 months shall be given to the landlord . similarly ,the landlord shall also give notice of two months to the tenant to get the house vacated.
5. that the tenant shall not sublet or part with the possession of the premises to anyone in part or whole . the tenant will not injure or damage any of the electric or sanitary fittings and other appliances.
6. that on terminating the lease , the tenant shall give back the possession of the house to the landlord in the same condition in which it was taken over by them at the commencement of the lease.
7. the lawns, etc. attached with the property shall be maintained by the tenant.

8. that the tenant agrees to pay rent regularly and punctually and to perform and observe all the covenants and conditions herein contained and shall quietly hold and enjoy the demised premises during the period of lease hereby without any interruption.
9. that it is further agreed by the landlord to get the premises white washed every year at his cost and in case the landlord fails to do so , the tenant shall be at liberty to get the same done at his level and shall deduct the amount from the rent payable to the landlord . but this amount shall in no case be more than one month's rent.

INWITNESS WHEREOF the tenant and the landlord have hereunto set & subscribed their hand at on the

Day of 200

Signed on behalf of the tenant ,
rajasthan financial corporation
its

signed & delivered
by the land lord / shri/smt.

witness:

witness:

.....
()

.....
()

description of property on rent

BUILDING SITE PLAN

Guidelines regarding preservation and destruction of record

Guidelines regarding preservation and destruction of record of different type of files , registers , loose papers etc. are laid down as under:

IN RESPECT OF FILES

While consigning files to the record , following points are to be kept in view:

- (a) All important files or notes regarding loans , disbursement , subsidy , refinance & accounts files where loan has not been repaid or cleared by the loanee(s) and original legal documents or documents of legal value and that containing orders for further guidance or establishes precedence , general instruction , or rulings of permanent importance will be retained permanently .
- (b) The agenda notes and minutes of the board and executive meetings and minutes of any committee constituted by board shall be preserved permanently .
- (c) Confidential files should be separately recorded and kept in the confidential almirah of section incharge. Such cases may be later be transferred to the record room if the concerned section incharge considers that they are no more confidential.

IN RESPECT OF REGISTERS

The registers maintained by different sections of the corporation shall be sent to the record room when they are no longer required:

- (a) Receipt and issue registers, attendance registers and postage stamps registers should be consigned to the record after one year, and destroyed by the section / regional / branch office five years after close of the year to which they relate.
- (b) Peon books and casual leave registers should be destroyed in the section / regional / branch office one year after close of the year. These are not to be sent to the record room .
- (c) Registers , containing record of importance relating to loans , subsidy , law disbursement , refinance etc. are to be preserved permanently whereas registers maintained for monitoring purpose and for project implementation purposes are to be preserved for 3 years after the close of the period to which they relate.

The period of retention of record in respect of files and registers in the given in annxure-‘A’.

MAINTENANCE OF FILES

For maintenance of files the following procedure is to be adopted:

- (a) All the files in the section / branch shall be maintained by the assistant specifically assigned this duty .
- (b) The assistant will prepare two lists of files , one of which should be given to the section incharge / branch manager .
- (c) The other list will be displayed conspicuously on the cub board / rack where files are kept.
- (d) New file will be opened only after getting the approval of section incharge / branch manager. All files will be entered in the file register chronologically , as per annexure –‘B’.

PREPARING A FILE RECORD

Before sending the file for record the following guidelines are to be adopted:

- (a) The dealing assistant will verify whether orders of filing are there or not.
- (b) Thereafter entries will be completed in the section 's / branch 's registers and papers will be filed in the appropriate files.
- (c) Before filing the papers all flags , slips and pins must be removed from their place.
- (d) If any papers are torn or have come out of the file they may be pasted properly and filed.
- (e) Blank papers and rough drafts , routine and informal notes (if they do not form part of the file should be removed from the file).
- (f) All papers will bear serial number .
- (g) Note sheet portion will also be filed with the main file . a certificate in regard to the number of pages and notes will be recorded in the last page of the file by the section incharge with signatures and date.
- (h) Similar file opened on the same subject in the year through an oversight should be amalgamated into one file before consigning to the record room.
- (i) No loose papers should be accepted by the record keeper until they are made into files and given regular file numbers.

- (j) Recorded files , requisitioned from the record room for reference purpose should never be reopened to deal with fresh receipts.

CLASSIFICATION OF FILES

Classification of files for wedding purpose may be done as follows:

Class:

- I. to be retained for years**
- II. to be retained for 15 years**
- III. to be retained for 5 years**
- IV. to be retained for 3 years**
- V. to be retained for 2 years**
- VI. to be retained for 1 years**

- (a) classification of files should be made in the section/ branch itself at the time of obtaining orders for filling . the orders of the head of the section / branch manager will be sufficient for filing and classification of papers.
- (b) The section should retain in its custody files of the current and preceding year only. Thus, the files which will go to the record section will be those which have been classified as class I to class IV and which are to be retained for over 2 years after their closure.
- (c) Files and papers shall be destroyed by the section itself as and when due for destruction.
- (d) A file opened in any year shall be recorded against that year in which the file was opened .
- (e) The class under which a file has been classified shall be invariably shown on the left hand top corner of the file cover to indicate the period for which is to be retained.
- (f) Reference to earlier files must be carefully counter –marked before recording a file . it shall be duty of section incharge / branch manager concerned to enter on the cover of the earlier file the later file number and on the later file the earlier file numbers if both the earlier and later one have any connection.
- (g) The section should prepare a list of all files (in quadruplicate) , obtain the signatures of the record keeper on the first two copies in token of receipt and hand over two copies signed by the section incharge/branch manager to the record keeper , alongwith the file mentioned in the list (proforma of list at annexure –C). these four copies will be used by record keeper and section concerned. One copt will be kept in the master file of record section/ section concerned. One copy will be kept in weeding file of record section(yearwise and in the concerned section also.
- (h) In January every year the record keeper should send the list of files fit for destruction to the concerned section head and section head will inform him in writing for retaining or destroyed the record.

FILE PACKETS

Files should be kept in the section and record room in bundles / packets of convenient size, arranged year-wise and in the order of file numbers . on each bundle / packets a slip showing the particular regarding the serial numbers of the files , bundle /packet number , year and section and a copy of the list of files should be neatly tied. These should be arranged chronologically according to class of preservation and years and kept on the racks according to sections. In bundles / packets should be kept in horizontal position and not in vertical position .

REQUISITION OF RECORDS

To get a record file from the record room , a requisition slip duly signed by section incharge/ branch manager should be given by the section to record keeper , who will give the file and keep the requisition slip(in place of that file) after obtaining thereon the signature of the person to whom the file is given. When a file taken out is resorted to its place, the requisition slip for it should be destroyed. Form a requisition Is given in annexure –D(proforma of register of files sent out of the record room is at annexure –E) .

SAFE CUSTODY OF DEEDS & DOCUMENTS

In the corporation various deeds and documents are executed and a safe preservation of these documents is very essential . all these documents for safe custody , shall be preserved in the custody of the manager (law) / branch manager . he shall maintain a register of documents received by him and keep the documents received by him in unitwise envelops in chronological order.

FUNCTIONS OF RECORD SECTION

The main function Is to carry out the work of preservation and destruction of record . the record room of head office will be in the charge of DM(GAD).

No papers should be deposited the record room without the knowledge of the record keeper.

The duties of record keeper are to see:

- (a) That the records are properly dusted and kept tidy and the proper precautions are taken for their preservation. Necessary pesticides etc. should be used at regular intervals.
- (b) That no unauthorized person is allowed to enter in the record room or to have access to the records, and the room is securely locked after office hours.
- (c) That the records are arranged in the prescribed order and that soiled and torn labels and covers of files etc. are replaced by fresh one.

WEEDING PROCEDURE

The board principle to be followed in weeding and destruction of records in that no papers which have outlived their utility are retained or stored unnecessary . detailed instruction is to what type of papers are to destroyed and after what period are given in annexure A.

Generally the period prescribed in annexure A should be taken to run from the date of the final orders on the file .

DESTRUCTION AND DISPOSAL OF RECORDS SELECTED FOR ELIMINATION

Immediately after a new file is accepted in the record room , one copy of the list will be kept In the destruction file under the year in which the file is to be weeded out.

At the beginning of each year the record keeper will send a list of files to be weeded out to the section incharge.

Destruction of files will be carried out by the section concerned.

If the section concerned at any stage before the actual weeding out of a file , feels that it should be reclassified the file should be requisitioned from the record room and necessary correction should be made accordingly under the signature of the officer of the section concerned. Necessary entri3es will then be made in the destruction registers also accordingly.

Files of confidential nature will be burnt after they are wedded out . other files will be torn into small bits and disposed of as waste paper.

All weeded out files and documents should be torn in small bits so that there may not be any danger of anybody knowing the contents. The small pieces so made should be mixed up with the ordinary sweeping from the office room . the whole lot of these papers thus obtained will be sold as waste papers. File boards , covers and lacks etc. should be removed and used again . the printed and published old records , books, reports and agenda etc. may be torn of form the binding and sold as waste paper.

Annexure ‘A’

A. ESTABLISHMENT

Description of record	Detention period	Remarks
creation & classification of posts continuance / abolition / revival of posts conversion of temporary post creation of posts	5 years	Subject to particulars of sanction being noted in establishment / sanction register

revision of scales of pay		-do-
	5 years	-do-
upgrading of posts	10 years permanent in the case of section issuing the orders and other sections need keep only the standing orders weeding out the superseded one as and when they become obsolete.	
	10 years	Subject to particulars of sanction being noted in establishment sanction register.
recruitment	5 years	Subject to the application of the candidate & authenticated copy of the appointment being kept on the personal file
appointment of dependents of deceased employees	2 years	
estimate (annual)of vacancies	5 years	
employment priorities & maintenance or roster	permanent in case of the section issuing the orders & the section concerned	Subject to suitable entry being made in appropriate service record.
recruitment rules orders/ other rules	5 years	
0. recruitment through employment exchange/open market	1 years	
1. returns regarding appointment / promotion prepared in the establishment section	5 years	
2. condition of break / deficiency in service	2 years of 1 year after completion of audit whichever is earlier	
3. engagement of daily wages employees	permanent	
4. relaxation of age & qualification for recruitment		
personal files	Permanent 3 years after issuing of final payment / p.f. gratuity etc. after retirement	
5. personal files		
5. A proceedings of all dpcs	permanent	
service records	1 year	Subject to suitable entry being made in appropriate service record & authenticated.
7. change in name of corporation's employees	5 year	
	3 year	

8. alternate in the date of birth 9. list of gradation/ seniority 10. admission of previous 11. nomination family p.f. & gratuity 12. c.p. fund nomination	3 year 3 year 1 year	Copy of the order being placed in the personal file/service. Subject to authenticated copy of being placed in personal files. -do- -do- -do-
posting & transfer 23. posting & transfer	Permanent	One master file year wise . subject to suitable entry being made in posting register and copy being placed in personal file.
seniority 24. representation	5 years	If the representation results in the original seniority revised an authenticated, copy of the relevant order/ decision will be kept in the personal file.
promotion/reversion 25. promotion/reversion	5 years	Subject to a suitable entry being made in appropriate service record & personal file.
deputation & delegation 26. deputation of officers	3 years plus the period of deputation	Subject to a suitable entry being made in appropriate service record & personal file.
re-employment 27. re-employment	1 years after the RFC employee ceased to be in re-employment	
forwarding of applications 28. forwarding of applications other than those controlled by the administration section	1 year	
casual leave (including special leave) 29. leave account i)officials entitled to retirement / terminal benefits ii) other employees	3 years after issue official payment / P.F. gratuity payment orders. 3 years after they have ceased to be in service	
review for determining suitability of employees for continuance in service	5 years	

30. matters relating to screening of officer under SFC rules, 1951.		
honorarium / awards 31. grant of merit / pay awards / honorarium .	3 years	Subject to entry being made in the service record.
training 32. (a) training in India and aboard. Note: a copy of the training be placed in the personal file of the trainee. (b) refresher courses at various institutions such as MDI,BTC,HCM,NPC etc. meant for the officer of the corporation.	1 year 3 years	(a) cases where examination of bonds is involved after expiry of the period of bond. One year after completion of audit whichever is earlier.
resignation resignation extension of service casual leave account departmental enquiry review of cadre strength	1 year 1 year to be destroyed at the end of each year 5 years 5 years	Subject to the condition that authenticated copy accepting the resignation has been placed in the personal file. Subject to the condition that authenticated copy placed in the personal file. After completion of the cass.
general staff welfare measures 38. staff welfare councils/ committee	Permanent 1 year	In case of department instruction etc. in case of meeting of departmental committee subject to follow up action where necessary being taken an appropriate subject files to which relevant extract may be taken.
co-operative societies 39. co- operative societies rules / by laws election / meeting / contribution & loans	Permanent 3 years	After the next election.
library 40. library A) general orders/ instruction / rules	Permanent	
suggestions 41. suggestions scheme A). general aspects B). suggestions	Permanent	Or 1 year after completion of audit whichever is later.

i)those accepted	years	
ii) those not accepted	1 years	
VIGILANCE		
disciplinary proceedings 42. disciplinary proceedings 43. complaints	3 years after the final disposal or final judgment under the normal courts of law whichever is earlier. 3 years.	
prosecution of further studies 44. prosecution of further studies i) rules / orders / instruction ii) permission	Permanent 3 years	3 years or one year after completion of study whichever is earlier
complaints 45. complaints (a) those relating to vigilance / disciplinary enquiry. (b) anonymous or pocudonymous complaints on which no action is taken (c) other complaints (d) common office services	15 years to be destroyed at the end of the year 3 years	Or 3 years after the final disposal of appeals or final judgment under normal course of law whichever is later
accommodation 46. office accommodation etc.	Permanent	
medical facility 47. medical claim	3 years	Or 1 year after completion of audit whichever is later
PUBLIC RELATIONS		
meeting celebration & functions 48. meetings / conference celebration & functions	3 years	Or 1 year after completion of audit whichever is later
entertainment 49. entertainment (a) rules/ orders (b) arrangements	Permanent 1 year	In case of department issuing rules orders , section need to keep updated instructions and weed out superseded ones. Within the scale prescribed . in case the scale prescribed exceeds 3 years or 1 year after completion of audit whichever is earlier.
increments	3 years	Subject to entry being made in the service record.

50. grant of advance increments		
accounts & audit 51. audit objection 52.inspection report of AG 53.estimate committee report	1 year 2 years 5 years	Subject to condition that all the objections are settled and cleared by AG. After clearance of outstanding paras. Subject to condition the recommendation of the committee have been implemented or rejected.
Budget estimate /revised estimate 54. Budget estimate /revised estimate	3 years	
expenditure statements 55. expenditure statements	3 years	
re- appropriation / supplementary grant 56. re- appropriation / supplementary grant	3 years	
delegation pf powers 57. delegation pf powers	Permanent	
honorarium 58. honorarium	3 years	Or 1 year after completion or audit, whichever is later.

d. notices, agenda and proceedings of inter-department meeting (e.g. O&M vigilance). e) for unit organizing such meetings f) for other units 1 year	3 years subject to follow up action where necessary , being taken on appropriate subject files to which relevant extracts may be taken .

OTHER REGISTERS

1. file register
permanent
2. receipt register
5 years
3. dispatch register
5 years

4. stamp register	5 years
5. peon book	5 years
6. casual leave A/c	1 year
7. internal dispatch register	5 years
8. file movement register	5 years

ANNEXURE ‘B’

RAJASTAHN FINANCIAL CORPORATION

SECTION/BRANCH:

CODE NO./ ABBREVIATION:

S.No.	Name of file with subject	File no.	Period of retention	Date of sending to record room

ANNEXURE ‘C’

PART I

RAJASTHAN FINANCIAL CORPORATION

LIST OF FILES ETC TO BE CONSIGNED TO RECORD ROOM

S. No.	Section / cell	File no.	Subject	Number of		Class no.	Year of destruction	remarks
				Note sheet pages	Correspondence pages			

PART II

Norms for wedding of records

S. No.	Category of file / record	Recommended period beyond which the record can be weeded out
LOAN SECTION		
1.	Extra copies of loan proposals and schemes for the meeting of board /EC/ L.S.C.	For more than one year (from the date of putting up before the committee)
2.	Registers other than main register of application received and disposed off	All registers relating to the period of earlier to two financial years and having no continuity and use at present.
3.	Applications for financial assistance –) cases closed or rejected	Beyond 2 complete financial years provided the case has not been re-opened . beyond 5 complete financial years from the date of sanction/ revalidation.

	) sanctioned but cancelled fully) sanction availed and re –paid fully- industrial loans ii) transport loans	Beyond 5 complete financial years from the date of clearance / closure of the account , provided:) no further loan is outstanding against the concern;) no court case is pending / involving the account;) no representation of party is pending against the loan . beyond two complete financial years from the last date of repayment of outstanding / closure of accounts , provided:) no further loan granted to the concern is outstanding ;) no court case is pending involving the account ;) no representation of party is pending with corporation against the loan.
TECHNICAL SECTION		
1.	Valuation request files	2 years
2.	Valuation request registers	-do-
3.	Assets registers	Permanent
LAW SECTION		
1.	Memorandum registers	permanent
2.	Valuation envelops	complete years after the repayment of loan. 5 years from the date consigned to record.
DISBURSEMENT SECTION		
1.	Loan file	5 years after the full payment
2.	Subsidy files	-do-
3.	Project monitoring files	2 years provided the case has not been reopened.
FR SECTION		
1.	Fr files	5 complete years from the date of clearance / closure of the account
2.	Fr registers	3 complete years from the date of consign to record.
A & I SECTION		
1.	inspection reports	On year after implementation of all the recommendation carried – out / doubts/ deficiencies cleared.
2.	A .G. reports	5 years after the implementation of all the recommendations.
3.	PUC reports	-do-
REFINANCE SECTION		
1.	ARS files & registers	Till the repayment of loan
2.	NRS files & registers	-do-
BRANCH MONITORING SECTION		
1.	Branch review notice file	1 year after sent to record

2.	Representation of district association	-do-
3.	Calendar of returns	-do-
4.	Annual reports prep. Files	Permanent
5.	Annual evaluation study report	-do-
6.	Annual & five year plans file	5 years after consign to record
7.	Register of tabulation for preparation of annual reports	Permanent
GENERAL		
1.	Annual administration report	1 year after publication
2.	Inspection report of sections in-charge	1 year
3.	Study reports	3 years , subject to the condition that one copy of the report is kept in the department library .
4.	Notices- agenda / proceeding of inter- section meetings	3 years
5.	Creation / abolition of office	Permanent
6.	Re-organization and redistribution of function:) inter sectional) functional reorganization of sections) all other matters concerning the commission etc. evidence tendered before it, its proceedings.	Permanent or till it is superseded Permanent 5 years after final decisions on the report .
7.	Rules , regulations ,manuals , executive procedural instruction (including amendments and interpretations)-) statutory) non – statutory	Permanent Permanent in the case of department issuing rules, regulations etc. other branches need keep only the standing rules etc weeding out the superseded ones and when they become obsolete. 5 years or till they are superseded (whichever is later) in the case of head office issuing the rules , regulations , etc. other branches need keep only the standing rules etc weeding out the superseded ones as and when they become obsolete.
8.	Delegation of powers	Permanent in case of department issuing the orders and departments concerned , other sections need keep only the standing orders weeding out the superseded ones as and when they become obsolete.
9.	Notices ,agenda and proceeding of inter – section meeting:	Appropriate period to be prescribed by department concerned in their record retention schedule.

						g person		the file	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.

norms for publication work regarding release of notice inviting tenders(nits)& advertisements

1. RELEASE OF NOTICE INVITING TENDERS(NITs):

- a) the NIT of branch office and regional office level shall ,henceforth,be released by the regional office concerned.
- b) head office NITs will be released from the BP section(HO) after obtaining consent of general manager (D)/DGM(ARRC)

2.PUBLICATION OF COURT NOTICE:

The court notices will be released in the newspaper(s) ,as directed by the hon'ble court , by the branch manager concerned. If the court notices are required to be published from head office level as per the directions of hon'ble court , the concerned section head would send it to bp section for its publication indicating name of the newspaper(s).

3. BUSINESS PROMOTION CAMPAIGN AND DISPLAY ADVERTISEMENTS IN SOUVENIRS/MAGAZINES / NEWSPAPERS:

All such advertisements shall be released by bp section , head office ,with the prior permission of the CMD.

4. GENERAL NOTICES, TENDER NOTICES ETC.:

The executive director or the concerned general manager or section heads are authorised to order for release of tender notice / general notice through BP section.

1. 5. NORMS FOR RELEASING OF NITs & ADVERTISEMENTS:

a) branch office /R.O. level NITs

- i. each regional office will prepare complete list of the unit under possession to be auctioned of their jurisdiction in the prescribed format of NIT as per the guidelines issued by FR/AARC division of head office.
- ii. the said NIT will be finalized and approved by the DGM(R) concerned in respect of units to be auctioned at branch office/ regional office level.
- iii. Approved NIT would be released for publication directly to the newspaper concerned after ensuring that the DTP has been prepared in minimum possible space.
- iv. Each regional office would be release BO/RO level NIT once in a quarter of the financial year (not more than four times in a financial year). In case need arises for issuing of nits more then four times , prior approval of CMD of the corporation is necessary.

- v. After release of NIT, a copy of the published programme in the newspaper(s) should invariably be sent to GM(D)/DGM(ARRC)and DGM(bp) at head office for record.

b) HEAD OFFICE LEVEL NIT:

- i. Head office level NIT will be prepared and finalized by GM(D)/DGM(ARRC) and thereafter be published by bp section , ho.
- ii. Ho level NIT would be released once in a quarter of the financial year (not more than 4 times in a financial year). In case need arises for issuing of nits more than 4 times , prior approval of CMD of the corporation is necessary.

c) NIT OF THE UNITS UNDER ‘ COUNTER SALE SCHEME’:

each branch office will update the list of units under counter sale scheme to be auctioned at branch office / regional office level will send it to the DGM(R)concerned for release of NIT once in a financial year . in case need arises for issuing of nits more than one time , prior approval of CMD of the corporation is necessary.

6. SELECTION OF NEWSPAPER(s):

(a) for relase of BO/ RO level NIT:

invariably all nits of the units under possession to be auctioned at branch office and regional office level will be released in one ‘A’ category state level hindi newspaper on roster system. Second news paper can be selected from ‘B’ category of state level hindi newspaper by rotation except ROs indicated below provided its necessary is felt by the DGM(r) concerned . however ,a “C” category newspaper can be chosen in respect of regional office jaipur -1 , udaipur , rajasmand , jodhpur and pali if necessary is felt by DGM(r) concerned .

“category of the newspapers”

Category –A	1.	Rajasthan patrika (all edition of rajasthan)
	2.	Dainik nav jyoti(all edition of rajasthan)
	3	Dainik bhaskar(all edition of rajasthan)
	4.	rashtradoot(all edition of rajasthan)
Category –B	1.	Smachar jagat (jaipur edition) (for jaipur RO-)
	2.	Pratah kaal (udaipur edition)(for RO udaipur & rajasmand)
	3.	Jalte deep(jodhpur edition) (for ro jodhpur and pali)

Note: publication of nits in category ‘B’ newspaper mentioned above shall be considered only on DPR rates.

- ii) NIT of regional office , alwar will invariably be released in one 'A' category state level hindi newspaper and in one national level newspaper on rotation basis.

b) release of NIT of ho level cases:

head office level NIT will be published in one state level hindi newspaper , and in one national level English newspaper , as decided by gm(d) or DGM(ARRC) , after approval of the CMD.

7. PAYMENT

- (a) bills relating to NIT s of bo/ro level will be processed for payment by the concerned regional office. The bills would be examined thoroughly and carefully and passed for payment by equally debiting the expenditure amongst the units indicated in the NIT.
- (b) Bills relating to NIT s/ advertisements of HO level will be processed in bp section , ho, and will be sent directly to accounts section for payment . the expenses would be equally debited amongst the units put to auction and will be intimated by the accounts section to the branch office concerned immediately after release of payment .
- (c) bp section may ensure that display advertisements are released within budgetary allocation and in case requirement of more budget arises , approval of the CMD be taken.

Note:

- 1 service tax , if any charged by the ad. Agency / newspaper in their bill shall not be considered for payment.
- 2 Ensure that eligible income tax deduction (tds) is made on eligible payment before remitting to concerned ad. Agency / newspaper.

8. ADVERTISING AGENCIES:

Ho level NIT s would be released through the approval advertising agencies on rotation basis, which are on empenalment of the corporation . advertisement in souvenirs, magazines and newspapers etc. would be released through any approved advertising agency which provides better services/ prepare the comparatively attractive advertisement design for publication.

RFC

PROCEDURES

AND
GUIDELINES

FINANCE & ACCOUNTS

1.0 INTRODUCTION

- 1.01 Accounts are backbone of any commercial organization. In the case of financial institutions, the importance of proper is all the more essential. In fact, the function of accounting is a key area on which the entire health of financial institutions depends. It is from the books of accounts that the entire information is generated. The decision making process thus, to a large extent depends upon the information provided from the books. The quality of records maintained would, therefore, have a direct bearing on the quality of decision taken or policy framed.
- 1.2 From 1.4.1983,the Corporation adopted an integrated computerized accounting system, which consist of financial accounting as well as management information system. On this date the account were also switched over to the cash system of accounting.

Prior to 1.4.1983, the Corporation was following the hybrid system of accounting. Under this system, the income and expenses were account for on due basis with an exception of interest relating to sick/closed units and units which were under litigation where credit to income was given at the time of realization of interest.

2.0 COMPUTERISED ACCOUNTING

The term-computerized accounting refers to “processing of vouchers and data with the help of a computer”. The entire process of recording classification and summarization of accounts is carried out with the help of a computer and manual work is, the reduced to a large extent. In simple terms, computerized accounting means preparation of Cash Book, Balance book, Loan ledgers, Trial Balance, Statistical reports, etc., with the help of a computer on the basis of input data provided. Many of us believe that computerized accounts are bound to be absolutely correct, which is not true, The accuracy of computerized accounts solely depends upon the accuracy of input data prepared. If where were any error in vouchers or feeding of incomplete, the accounts/reports processed through the computer would also be erroneous.

3.0 CASH SYSTEMS OF ACCOUNTING

Under the cash system of accounting only cash transactions are to be recorded in the principal books. Interest is not to be debited to the accounts of the loanees on due basis as was being done under the mercantile system of accounting. Similarly no credit is to be given to “Income from interest” merely on accruals. The in come fro interest on loans will be credited only when the amount is actually received in cash towards interest. Interest due on or after 1.4.1983 shall not be recorded in the accounts in principal books though it will be debited in memorandum loan accounts of the borrowers.

“The Corporation would change its system of accounting from Hybrid which was followed from the financial year 94-95 to 95-96 to pure cash systems of accounting. No provision would be made for any expenditure that may have accrued and fallen due for payment for which the payment is pending. On and from the financial year 96-97 the cash system of accounting would be followed by the Corporation.”

4.0 ACCOUNTING IN RFC

Our Corporation has adopted a decentralized system of accounting. All books of accounts relating to a branch including loan accounts are being maintained in the respective branch. The decentralization has been done with an object of providing better and timely services to the loanees. The entrepreneur receives information

regarding his account at his doorsteps. By this system, reconciliation with the loanees' account is done at branch level thereby ensuring accuracy of accounts.

The policy of decentralized accounting was adopted was adopted considering its advantages over the centralized accounts. However, the processing of vouchers and other input data sent by the branches is being done at HO, Jaipur.

5.0 INDUCTIONS OF COMPUTER IN RFC

Earlier the books of the loanees were maintained manually without classifying the principal, interest and other money due from a loanee separately. The entire amount due from the loanee was shown as receivable. At the time of feeding the initial data, the balances in individual loanee accounts were bifurcated into the following segments:-

- 1 Principal Not Due
- 2 Principal Overdue
- 3 Interest Receivable
- 4 Accrued Interest
- 5 Other Money

The MIS information relating to the loanee whose account exists in our books as on 31.3.83 were into the computer with the computer with the help of form OTI and OT2. Now the information is being filled through One Time Information forms i.e. N3 and N4.

6.0 INPUT DATA FOR COMPUTERISATION:-

The basic data required for computerized of accounts can be broadly divided into two categories:

- (a) One time information
- (b) Routine information

6.1 ONE TIME INFORMATION:

To start the computerized system a set of one time information about the loanee was required. The quality of the time information has a direct and positive co-relation with the quality of output. In case there is some error in the one time information, the computerized reports shall for all time to come be erroneous. The one time information required for opening the loan accounts can be classified in the following heads:-

- (i) One time MIS Information
- (ii) One time Financial Information

The following forms are being used to record the One Time Information of loanee and also to update these information:-

(A) Accounts Opening Forms

- 1. Form N3-for giving statistical information of the loanee.
- 2. Form N4-for giving accounting information of the loanee.

(B) Update Forms

- 1. Form U1-for updating information fed by form N3
- 2. Form U2-for updating information fed by form N4-except interest rate interest rate cab be updated with the help of interest rate update voucher.

(C) Other Forms

- 1. Form C1-for cancellation of loan
- 2. Form C2-for revival of loan previously cancelled

(A) (I) ONE TIME INFORMATION

The MIS information of loanee consists of the statistical data and details of loan sanctioned. This would include basic information such as Industry Code, Area Code, type of entrepreneur, Constitution of the unit, Amount of loan sanctioned, cost of project, etc. No accounting information is recorded in this form. Form N3 helps in providing statistical of loan sanctioned and is capable of giving statistical reports regarding sanction of loans. As soon as loan is sanctioned, Form N3 is to be prepared by the loan section and sent to the computer cell. The case number is to be allotted in running serial number and filled up in the Form. While allotting case number, no cognizance is to be given to different loan schemes under which loan has been sanctioned.(e g. Soft loan, Corporation loan etc.), as also the amount of loan sanctioned. The other codes should also be carefully filled up in their respective columns. The industry code is one of the most important codes and needs special mention. This code consists of four digits. The first tow denote the major group to which the industry belongs and the remaining two digits stands for the sub group to which the particular industry belongs.

(iii) ONE TIME INFORMATION

The accounting information of the loanee is mentioned in Form N4. Details such as rate if interest, repayment schedule etc; are given in this form. It is on the basis of this information that the computer opens the loan account of the party. The form N3 only helps in providing statistical information of loan sanctioned and is capable of giving statistical reports of loans sanctioned. The one time financial information on the other hand is being provided by Form N4. The account code the party is allotted in Form N4 only. In this form case numbers as allotted in Form N3 are also invariably mentioned. On the basis of the case numbers mentioned in Form N4 the computer co-relates the information fed through Form N3and prepares a consolidated loanees master consisting of financial & non-financial One Time Master Information about the loanee.

(B) UPDATING FORMS

For updating MIS information fed through form N3 update Form U1 is to be used. For updating financial information fed through Form N4, Form U2 is to be used. Care should be taken that only the columns which needs to be changed are filled in form U1& U2. It may also be noted that the account code cannot be changed by sending Form U1&U2.

Besides Form U1&U2, validation reports which are obtained from computer also act as update forms. The term validation refers to the irregularity existing in the loanees master. Such irregularities are extracted from the computer in the form of a report and termed as validation report. The errors are to be corrected in the report itself and sent to computer cell for rectification. This report also acts as an update advise.

(C) OTHERS FORMS

For updating the rate of interest in a particular loan account now interest update voucher should be used. Form U2 is no longer required to be used to update interest rate. Form C1&C2 are relevant for cancellation of loan and revival of loan respectively.

6.02 RECURRING ROUTINE INFORMATION

Unlike one time information forms the recurring or routine information deals with repetitive information. The recurring or routine information relates to information like disbursements, receipts, payments etc. This information is fed to the computer with the help of vouchers. The vouchers are to be prepared regularly and are to be sent to computer in batches every months. The accuracy of results of the computer solely depends on the accuracy of vouchers fed. The principal of GIGO "Garbage In Garbage out" fully applies in case of a computer.

As the system of accounting of the Corporation had been changed from Mercantile to Cash system of accounting, considering the limitations of the cash system of accounting in providing figures of interest due/outstanding shadow or memorandum ledgers of individual loanees are also maintained to over-come this limitation.

1. Principal books
2. Memorandum books

The vouchers are also classified into two broad categories i.e. vouchers relating to principal books and voucher relating to Memorandum books. It is important to note that any voucher that relates to Principal books, does not necessarily form a part of the Memorandum books. Thus for all vouchers relating to principal books of a loanee, a corresponding entry exists in the Memorandum books also. However, the vice-versa is not always true. All vouchers which are posted in Memorandum books are not necessarily recorded in the principal books. For example, an entry for interest due would not figure in the principal books of accounts, mere accrual of interest does not necessarily involve receipt of cash. Thus no entry would figure under the principal books of account. The discrimination on the basis of books, apart for the purpose of understanding the vouchers can be classified into two parts:-

(i) Vouchers relating to loanees accounts:

- 1.1 Debit voucher loanee (for disbursement & other debits)
- 1.2 Receipt vouchers (for recovery, the amount is automatically appropriated by the computer)
- 1.3 Rectification voucher loanee (for rectification in the loan account)
- 1.4 Memorandum Journal voucher (only for Memorandum books and for debting Interest, crediting of unrealized interest excess charged)

1.5 Interest update voucher (for changing interest rate)

(ii) Other Vouchers:-

2.1 Debit voucher General (for payments)

2.2 Credit voucher General (for receipts)

2.3 Journal voucher (for adjustments)

(a) Debit voucher Loanee

This voucher is to be prepared in triplicate, the first copy shall be sent to the computer in HO. The second copy is meant for record and use of Branch office. The third copy should be given to loanee for his record. This voucher shall be used to record the following type of transactions:-

- (i) Disbursement of loan/seed capital/subsidy, etc.
- (ii) Incidental expenses paid on behalf of the party and chargeable to its account

Care should be taken to ensure that each entry on this voucher is made indication the transaction etc.

b) Receipt Voucher

This voucher is to be prepared in triplicate, the first copy shall be sent to the computer cell at HO, and the second copy shall be for record and use of Branch Office the third copy should be given to loanee for his record. All transactions for payments received from loanee's against principal or other money shall be recorded through this voucher.

Transaction code is not required to be indicated in this voucher as the money received from loanee will be appropriated by computer on the basis of dues/outstanding in accordance with the policy laid down for appropriation of receipt.

© Rectification Voucher (Loanee)

As the volume of transaction are substantial it is not surprising that errors are detected in the books at the time of their checking. This is particularly true in case of loanee's account. The rectification voucher (loanee) has been devised to carry out rectification of error detected in computer books. It may be worth to point out that errors can be of two types:

- (i) Error is computer books
- (ii) Error is manual books i.e. R-18

Error in manual books are not to be rectified through a rectification voucher otherwise the computer will record the same and make correct results erroneous. It is only in case of errors in computer results that rectification voucher loanee has to be prepared. This voucher has 3 columns for filling various codes. First is the party code (4 digits) and the second is General Leger Code (4 digits) last is the Transaction code (2 digits)

The transaction codes have been dealt with in detail elsewhere. Unless the correct transaction codes are entered in the rectification voucher, the error cannot be rectified. It may also be mentioned that in case the error relates to current interest or other money (Memorandum), then it should not be rectified with the help of rectification voucher (loanee). In such cases Memorandum Journal Voucher will have to be used as the rectification voucher (loanee) cannot be used to rectify the memorandum entries in the loanee's account.

(d) Memorandum Journal Voucher

Memorandum Journal voucher is used either for rectifying error in Memorandum books of the loanee or in some cases, to debit interest in a loanees account. This is done cases where interest is either not being debited or is being wrongly charged by computer. Interest on subsidy is debited in loan account with the help of MJV. This is so as interest in these accounts is calculated manually and debiting of interest being a memorandum entry, the appropriate voucher would be MJV.

(e) Interest Update Voucher

Considering the need for frequent changes in rate of interest, the voucher has been developed to take care for the changes to be made in the interest rates. Changes in interest rate will now be recorded with the help of this voucher instead of Form U-2 which was previously used to update rate of interest. Now the interest rate cab be effectively changed from the date mentioned in the voucher, if its fall within the month of accounting. Otherwise the rate will be effective from the first day of the accounting month.

(f) General Voucher

The General Voucher are those voucher which are used to record transaction other than of loanees. These vouchers will be of following types.

- (i)** Debit Voucher(General)
- (ii)** Credit Voucher(General_
- (iii)** Journal Voucher(General)

i) Debit Voucher:

All Payments other than those effecting disbursements and payments in loanees account shall be recorded through this voucher. All voucher of this type(Except voucher for inter transactions between H.O. and Branch) shall be prepared in duplicate. Vouchers for inter transactions between H.O. and Branches shall be prepared in triplicate. The original copy of the voucher shall b sent to the Computer cell, second copy (in case of vouchers for inter transactions) should be sent to the Manager(Accunts) as an advice. The last copy shall be for record and use of the Branch.

(iii) Credit Voucher

This voucher is used for recording all receipts except receipts affecting loanees account. All Vouchers (except vouchers for inter-transactions) shall be prepared in duplicate. Vouchers for inter-transactions shall be prepared triplicate. The original copy shall be sent to the Computer Cell and in case of inter-transaction vouchers, the second copy shall be sent to the manger(Accounts_ as advice. The last copy shall be for record of the branch.

(iv) Journal Voucher

This voucher shall be used for recording adjustments and rectifications in the books of accounts(general ledger) other than those of loanees accounts. A separate serial number will be allotted to vouchers of this category and kept in a separate file.

6.03 Columns in Vouchers

Different columns of the vouchers are:

- (a) Voucher No.
- (b) Effective date
- (c) Accounting date
- (d) Initials
- (e) Description.

The purpose and the information to be filled up in each column is given below:-

- a) **Voucher No:** This column would contain the voucher number, the number given should be a unique numerical serial number of maximum 5 digits. The utility of having this number is to back trace the entry in the books of accounts. Numbers like 50-a or 50-b etc are not entertained by computer. For the purpose of allotting number to voucher, the voucher should be kept separately for cash bank & journal. Each category of vouchers should be serially numbered separately.
- b) **Effective Date:** This date represents the ‘AS Of’ date as per the previous system. The need for the effective date originates in cases where an entry in a loanees account is passed on a later date then the actual day of transaction. In order to calculate interest accurately the concept of effective date has been introduced. This date should be checked carefully before sending any voucher to computer as loanees’s the computer will calculate the interest form the effective date. Thus care is to be taken to ensure that the effective date is properly filled up. To illustrate, if the effective date is put as 31.3.2000 instead of 31.3.2001 then the loanees account would be debited/credited with one years interest there by making the account incorrect. The effective date should be of the current financial year.
- c) **Accounting Date:** This date represents the date of recording transaction. It is on this date that entries would be recorded in the books of accounts. This date should be thoroughly checked before sending the vouchers to the computer. It should be the date of the month for which date is being sent for processing. Accounting date should be equal to or more than the effective date. For example effective date is 15/3/02 than accounting date should be of 15.03.02 or more this i.e. 16.3.02 etc.
- d) **Initial** :Initials represents abbreviation allotted to each account. These are needed to supplement the deficiencies of numerical codes which have no co-relation with the name of the account/loanee. For each entry involving loan ledger two initials will be involved. The first initial pertains to the party whereas the second represents the general ledger account abbreviation. The initials should be filled up in the right place for the right account, for an entry in which no sub-ledger is involved, the first initials will remain blank whereas the second would contain the initial for G.L. account.
- e) **Description** : This column would contain in brief the narration of the transaction carried out. The narration should be meaningful, brief and to the point. There are only 60 characters available for narration and therefore telegraphic language should be used. The narration should be filled up in capital letters only. The narration is printed in the General Ledger, therefore if the narration is meaningful the ledger account would by itself reveal the required details without having to resort to the voucher,
- f) **Details:** In addition to description column, there is a space in the voucher for giving detailed description of the entry passed . Since vouchers are record for the future, the details should be descriptive and give full particulars of the transaction. It is on the basis of the details recorded that the reasons for the entry or the transaction can be ascertained at a later stage.

7.0 CODING:

The most important aspect of computerized system is coding. All postings in ledgers under the computerized by are carried out through codes. The accounting system designed for RFC has the following codes:-

Accounting codes

- (a) General ledger code
- (b) Party Code
- (c) Transaction code
- (d) Initials

MIS Codes

- (a) Case number
- (b) Other codes for statistical information

- (a) **General Ledger Code:**

The account heads are classified into four broad groups. Viz. assets, liabilities, income & expenditure. Individual ledger accounts are classified within these four broad groups according to their nature. Each account head in general ledger is assigned a 4 digit code. All postings in General Ledger are carried out with the help of these codes. The first tow digits of the General Ledger Codes give the broad category of the G.L. A/c Code 01 to 25 are for assets, 26 to 50 for liabilities, 51 to 70 for income and 71 to 90 for expenses. The next two digits represent the individual ledger account falling within the group head. To illustrate, 05 is the code allotted for loans & advances. Now the various loan schemes would be assigned codes starting from 5. Thus corporation Loan has A/c code 0501, soft loan 0502 and so on.

- (b) **Party Code:** Each loanee has a 4 digit party code. The party code list as on a date has been made available to the respective branch by the computer cell. The coding of party accounts is done in alphabetical order. For each alphabet around 400 codes are assigned. The new party code will be assigned on the basis of first alphabet of the name of the unit. The new code being allotted would succeed the last code for that alphabet in party code list. The code directory should be immediately updated so as to avoid assigning of same code to tow parties.

© **Transaction Codes:** The Computer maintains loan account of a borrower divided into various segments. It can be said that the computer maintains more than one account of each loanee. These accounts help the computer to give information for a borrower for each segment. To illustrate a loanee’s account can have the following segments:-

- 1. Principal Not due
- 2. Principal Overdue
- 3. Interest Receivable (interest debited prior to 31.3.83) and debited on 1/4/83
- 4. Accrued interest
- 5. Current Interest (including Subsidy interest)
- 6. Other Money cash
- 7. Other Money Memorandum

In order to ensure that the computer keeps track of al these segments of individual loanees, the transaction codes are used to debit/credit (in case of Rectification voucher loanee) specific segment of the loanees account. Unless the amount is signified by the use of transaction code, the computer will not give the segment wise break up of individual loanees account. For example, if disbursement is made and a wrong transaction code is used instead of code-2, then the transaction may not go to the due portion of the loan account. Thus

recording the transaction wrongly. Thus if a report on disbursement is obtained from computer, this amount will not be recorded in the report due to absence of the appropriate TR code.

(c) Initials

Each party account and General Ledger account is assigned an initial is used to identify the name so that posting errors cab be detected. Unlike the numerical codes, the initials have co-relation with the name of the unit. The initial thus constitutes a very important part of the document. To illustrate the initials would be for Rajasthan Financial Corporation RFC Rajasthan State Financial Corporation RSFC The initials can be for a maximum of 4 digits only.

(d) Case No.

The case number is a code which is to be allotted to the borrower as soon as the loan is sanctioned. The corporation has computerized the records of all borrowers from the stage of sanction. Therefore the case number has been devised as a code to be allotted to the borrowers who have been sanctioned financial assistance. The case number is a running serial number to be allotted by the various branches for the loans sanctioned by them . No discrimination is made on the basis of amount of loan sanctioned or type of financial assistance and the case number is allotted to all types of financial assistance by giving running serial number. The case number is an important part of the sanction code which is filled in Form No-3. In fact the sanction code contains the case number and

(a) Code indicating sanction level

(b) Code indicating branch

The combination of above three codes taken together computer the sanction code. Sanction code is primarily used to link MIS information of the borrower as contained in Form No.N-3 with the financial information of the borrower as contained in Form No.N-4. Since once financial assistance is disbursed the financial account of the borrower is maintained on the basis of account code (already discussed) the need for assignment of case number is limited for the purposes of linking the Form N-3 with Form No-4.

(e) MIS Code

Since the basic objective of introducing use of computer was to obtain all kinds of statistical information relating to any borrower, suitable MIS codes have been designed classifying the borrower on the basis of constitution, type of entrepreneur, area in which the unit is being installed belongs, scale code etc. The list of MIS codes is given in Schedule-1.

8.0 COMPUTERISED RESULTS

The computer gives the result or output reports which can be classified into following three categories:-

- (a)** Basic Books Cash, Bank, Head office, Journal, Memorandum Journal.
- (b)** Books concerned with loanee Memorandum loan ledger, balance Book, Master dump, etc.
- (c)** Ancillary Books/Accounts Installment due book, overdue statement, interest falling due.
- (d)** Reports The computer gives various reports regularly. Some reports are extracted as and when required. The routine reports include reports for due and receipts, validation, amount recovered during the month, amount disbursed during the month etc In addition to these routine reports, we have been obtaining special reports such as Health code classification on yearly basis which are circulated to the branches.

9.0 CHECKING OF COMPUTER RESULTS

Since the manual books have been discontinued, it has become important to control the quality of input data and check books regularly. The books received from computer cannot be said to be giving 100% accurate results. On the contrary there may be errors of higher proportions than are likely to be committed manually. It is for this reason that complete and through checking of the books is essential before vouchers for the next month are sent to Head Office.

All vouchers processed by computer are recorded in any of basic books i.e. the cash Book, Bank book, Head Office book or Journal and Memorandum Journal vouchers are recorded in Memorandum Journal. A separate series already exists for cash and journal voucher and Memorandum Journal. All cash vouchers should be ticked in the cash book. It should be ensured that the code given in the vouchers are the same as printed by computer. The total cash balance should be verified to ensure the accuracy of day to day vouchers. In case wrong code is recorded in basic books such as the Cash Book, the General Ledger account would automatically be incorrect. Similarly the Journal book should be checked with the journal automatically be incorrect. Similarly the journal book should be checked with the journal vouchers. The Bank and Head office Books should also be checked in similar fashion.

(b) Checking of books concerning loanees

The Memorandum loan ledge is the single most important account that is being obtained from the computer. The accuracy of the books of accounts depends largely on the accuracy with which the loan accounts are kept. As such utmost care is to be exercised in checking the loan accounts. A copy of the accounts should invariably be forwarded to the loanee reasonable time and his confirmation be obtained. Since the loan accounts are being sent in duplicate, one copy of the same should invariably be sent to the loanee.

© Checking of ancillary books:-

1) Checking of Master Dump of new account

The master dump for new accounts represents a print out of the master information of the loanee. Immediately on receipt of the dump, it should be checked by at least two officers of the branch to ensure that Master file created with computer not only contains all information but the information reproduced by computer is correct. This is the basic One time Master Information related to the loanee and it is on the Master dump alone that the true and fair picture of the loanee's account would emerge. All items printed out in the Master dump should be closely scrutinized. Special emphasis should be laid down on the following aspects during scrutiny.

- (a)** Repayment schedule
- (b)** Rate of interest both – effective and penal
- (c)** Mode of interest payment
- (d)** Interest debit date
- (e)** Date of first disbursement

(ii) Checking of Trial Balance

The Trial Balance (Friday Statement) should be scrutinized in detail. Balances in loans unclassified or contra account should be attended immediately. In case there is some balance in loans unclassified then the entries which are recorded in G.L.Code 0530 will have to be checked. To search out such entries basic books should be referred which have this code printed instead of the wrong one used in vouchers. Rectification voucher for transferring such amounts to respective heads should be prepared along with the next months vouchers. One time information in form N4 relating to such loanees whose accounts have so far not been opened, should also be sent to the computer cell along with rectification vouchers. There should be Nil balance in contra account. However, if any balance does exist then the vouchers relating to inter-transaction between cash, bank and Head Office should be thoroughly examined and appropriate rectification voucher is prepared. The Friday Statement may contain some accounts which specifically relate to HO or Regional offices, it must be ensured that no balance exists in any G.L. Account which is not related to the branches.

ii) Rectification of Errors

Unlike the accounts maintained manually where error could be rectified by a stroke of pen, rectification in computer account can be done through a voucher. A voucher is to be made and fed to the Computer in the language of computer otherwise rectification in computerized books is not possible. The errors in computerized results can be classified as under.

- (a) Error in General Ledger Accounts
- (b) Error in Loanee Accounts

The errors arising in accounts other than loanee accounts can easily be rectified, by using Journal voucher (General) debiting/crediting to the given account and corresponding credit/debit to correct account head. The position is entirely different in case of rectification of a loanee account. The loanee's account, consists of memorandum as well as cash book transactions. Besides this the balance individual loanee account again consists of the various segments namely Not due principal, accrued Interest, Overdue principal, Interest receivable, Current interest and Other money (cash). Other money (Memo) account. The other money again consists of expenses like Travelling expenses, Bank Commission, CGS Fee paid, Seizing charges etc. The interest, accrued interest & interest receivable (interest debited till 31.3.83). All these different segments of balance outstanding in individual loanee account are to be considered and quantified before taking any step to rectify the error. It is due to this complexity that "transaction codes" have been used to record/rectify errors in the loanee accounts. Our Loans & advances consist of Principal as well as the memorandum books. The rectification required in the books may relate to either of the following:-

- i) An error having effect in memorandum books only
- ii) An error having effect in memorandum as well as in principal books.

There are no possibilities of an error relating to principal books only. Transaction recorded in the principal books by using other than memorandum voucher is automatically recorded in the memorandum book. Rectification made for memorandum books need not necessarily be reflected in principal books.

For example, if interest of the immediate past quarter during the year 2000-2001, has been charged in excess and has not been realized then memorandum voucher for giving credit to the loanee account for interest charged in excess would have to be prepared. The situation transactions will not be reflected in principal books of accounts. The situation would have changed had the amount already been realized. This is due to the fact that the interest that this transaction has been credited to income from interest account. Assuming that this transaction has been rectified by a M.J.V. the result obtained would be incorrect as credit to the extent of such interest in the form of credit balance would appear in the current interest segment of the loanee account, and the interest income would remain inflated. To rectify this error. We have to use rectification voucher loanee. This will effect the account in both books i.e. memorandum as well as cash book. In another situation where interest relating to a period prior to 31.03.83 when books were on mercantile system of accounting has been charged in excess, and this amount is not realized, it exists in the principal books of accounts as interest receivable and as such can be rectified only with the help of a voucher which relates to the principal books i.e. rectification voucher loanee.

From the above, it can be seen that 'crux' of the rectification entry would lie in detecting whether the issue to be rectified figures in the Principal Books of accounts or not. If the error committed has been recorded in the principal books. Then a rectification voucher (loanee) will have to be used to rectify the error. In case the entry does not figure in principal books, then a memorandum journal voucher will have to be prepared. If right type of voucher is not used the error not be rectified and the error shall become more complicated.

SCHEDULE-1

MIS CODE LIST

2.2 Constitution Code

2.4 Scale Code

Proprietorship	01	Small scale	1	
Partnership	02	Medium Scale	2	
Joint Hindu Family	03	Large Scale	3	
Private Ltd. Company	04	Others	4	
Public Ltd Company	05			
Co. operative Societies	06			Registered
Societies	07			

2.06 Area Code

2.7 Entrepreneurs code

Non-backward	01	S.C.	1
Backward specified	02	S.T.	2
Backward non-specified	03	Disabled	3
Ex-servicemen	04		
Technocrat	05		
Others	06		

2.8 Sector Code

2.10 Nature of project

Public sector	01	Diversification	1
Joint sector	02	Modernisation	2
Co-operative Sector	03	Expansion	3
Private Sector	04	New Unit	4
Sold/transferred	05	New Unit	5

6.01 Loan Code

6.1 Assistance Code

1. To SSI Units				i)
Soft loan upto Rs. 25,000	M1	1. I.R.B.I	A1	ii) Soft loan
others	M2	2. Others	A3	
		i) Seed Capital Assistance		
		uncer IDBI Scheme		
iii) Corpn.loan upto Rs.7.5lacs	M3	ii) Assistance out of special class of		
		share capital U/s 4A		
iv) Corpn. loan above Rs. 7.5lacs	M4	a) As loan	A4	
2. Medium scale units	M5	b) Investment in shares	A5	
3. Transport	M6	3. Interest free loan	A7	
4. Hotel	M7	4. Flood loan	A8	
5. DG Set	M8	5. Loan under SRF	A9	

6.6 Security Codes

6.7 Sanctioning Authority

A. Charged of fixed assets		Board	01
First charge	11	Executive commtt.	2
Paripassu charge	12	Managing Director	3
Second charge	13	Executive Director	4
B. Guarantee		Dy. General manager	5
Personal	21	Branch Manager	6
Government	22		
Bank	23		
Colleteral	24		
No. Gurantee	49		

7.2 Subsidy codes			Sanction Level(SL)	
Central Subsidy	S1	Head Office (Loans)	0	
State Subsidy		S2	Branch level upto Rs. 25,000	1
set subsidy	S3	Branch level above Rs 25,000 and upto Rs.1.00 lacs		DG
Transport Cases	S9	Regional Office	3	
No subsidy		S8	h<O> (FR)	5

The Corporation is maintaining current accounts with various Commercial Banks and each Branch of the Corporations is linked with controlling bank at the HO (except two branches at Jaipur)

Each Branch is maintaining two bank accounts. Account No. 1 is meant for disbursement purposes and account No.2 for depositing collections done by Branches. The UTI bank Ltd. Has provided on-line banking system and therefore only a consolidated single account is maintained at jaipur

For proper maintenance of these two bank accounts, the following guidelines are prescribed:-

1.0 OPERATION OF ACCOUNT NO.1

1.1 The Branches are not required to maintained any balance in this account. The cheques issued by Branches will be encashed at par by the bank and the same will be directly debited by the controlling bank in HO on the basis of advice received from their branch making payment.

2.0 PROCEDURE FOR OBTAINING CHEQUE BOOK & ITS SAFE CUSTODY

2.1 The bank cheque books(s) for operation of this account are issued by HO. Therefore, requisition slips duly signed should be sent to Dy. Manager(Finance) in HO well in advance. It is clarified that for obtaining

cheque books form HO, no staff should be deputed and cheque requisition slips should be sent when about 25 cheques are left in hand.

2.2 Before bringing the cheque book into use, it should be ensured that the number of cheques contained in the book are the same as mentioned by Head Office in its forwarding letter sending the cheque book. It may also be ensured that there are no cheque leaves missing in the book.

2.3 The cheque book(s) issued by Head Office for use of branches should be kept in joint custody of the branch incharge and Dy. Manager/Assistance Manager(Finance) responsible for issue of cheques and maintenance of accounts.

3.0 CHEQUE SIGNING AUTHORITY

3.1 Every Branch Manager is authorized to sign cheques singly up to Rs.10,000 on behalf of the Corporation. The cheques above Rs.10,000 are to be signed jointly by the Branch Manager with any other officer authorized by Head Office for this purpose.

3.2 The following branch officers are authorized to sing the cheques jointly with Branch Manager.

(a) Dy. Manager/Asstt. Manager (Preferably) of finance group and in case he is not available, any other officer of this cadre.)

(b) In case Dy. Manager or Asstt. Manager are not available in Branch to sing the cheques jointly with the Branch manager, then the Project Director/any Officer of the District Industries Centre or the senior most district level officer of the Industries department could be considered after approval of HO to sign the cheques with Branch Manager of the Corporation.

(c) The above authorization will be the standing arrangement and in case any officer of the Branch having authority to sing cheques singly or jointly proceeds on leave (other than casual leave) then the Branch Manager will intimate the authorization of other officers with prior approval of HO as indicated in (a) & (b) above to the concerned branch of the Bank along with the attested specimen signatures of the officers to be so authorized. A copy of this letter along with specimen signatures will also be sent to controlling branch of the Bank at Jaipur with an endorsement to Dy. General Manager (finance).

4.0 ISSUE AND WRITING OF CHEQUES

All cheques which are issued for release of sanctioned loan/subsidy etc.(other than for office use) should be crossed adding in between lines words "A/c payee only" across

the face of the cheque. All cheques should be written legibly in good ink. The words "not over rs" should be written on cheques as a further precaution .

5.0 PREPARTION OF VOUCHERS

After issuing cheques , the prescribed voucher should be prepared in duplicate . first copy of voucher Is to be sent to head office computer cell and the second copy should be retained in branch offices as a voucher copy.

6.0 OPERATION OF ACCOUNT NO. 2

6.1 the account no. 2 is meant for depositing the cheques / cash received by branch office.

The branches are not authorised to withdraw any amount from this account . this account has been opened with the instructions that the bank will remit the balance in excess of Rs. 10,000 on Saturday for credit to corporation’s account in head office . in case , balance in account no. 2 exceeds Rs.1.00 lac on Wednesday , the bank will also remit the funds leaving balance of rs. 10000/-.

6.2 all cheques received by the corporation must be entered in the prescribed cheque inward register(r 29) wherein full particulars must be entered. Various columns in this register are self explanatory and suggestive of the action to be taken ..

6.3 after recording the cheques should be deposited in the bank account . if the cheque is to be deposited in the bank on next working day due to late receipt , it should be held overnight in safe custody and deposited with the bank on next working day positively. all post dated cheques should also be entered in the cheque inward register and it should be ensured that these cheques are deposited with bank on the due date .

6.4 the credit balance in account no.2 is not to be utilized by the branches . it is to be remitted for credit of head office account by bank promptly. It is the responsibility of the branch manager to ensure that bank remits the excess balance over Rs. 10000 as per the banking arrangement . for this purpose weekly statement form the bank should be obtained and reconciled. Instances of non remittances in time by bank should be brought to the notice of Dy. General manager (finance) / manager (finance) in head office promptly.

7.0 RECONCILATION OF BANK ACCOUNT

A bank reconciliation statement must be drawn every fortnight on the basis of statement of account received from the bank . this should be collected from bank every week . any discrepancy noted must be brought to the notice of the bank. If any cheque deposited with them remains uncollected for a long period (i.e. for more than 2 weeks), the matter should be taken up with the bank.

8.0 CASH RECEIPTS

All cash receipts must be entered in the manual petty cash book on the same day and should be deposited with bank. The cash balance should be exceed Rs. 1000 on any day. If the cash is received after banking hours, it should be kept overnight in safe custody and should be deposited with the bank on next working day positively .

9.0 INSURANCE COVER FOR CASH IN CHEST AND IN TRANSIT

The corporation has decided to take insurance policy for the safety of cash in chest and in transit. The limit for insurance would be as detailed below:

1.	for ‘A’ category branches	-	Rs.200000/-
2.	for ‘B’ category branches	-	Rs. 100000/-
3.	for ‘C’ category branches	-	Rs.50000/-

the branch managers are authorised to take insurance policy as per the above slabs.

Charging of interest from loanees

1. the corporation is sanctioning loans under its various schemes. Interest is to be charged on the basis of the norms of the scheme under which loan has been sanctioned . similarly applicable interest rate is determined on the basis of the loan source , and quantum of loan amount sanctioned .
2. subsequent to the sanction of loan, documents are executed by the loanee in favour of the corporation. The interest rate applicable on loan is incorporated In the documents and interest has to be charged from the borrower at the rate incorporated in the documents executed by the borrower .

DIFFERENT TYPES OF INTEREST RATE

3.0 following terms are used for explaining different types of rate of interest.

- i) normal rate
- ii) concessional rate
- iii) effective rate
- iv) penal /default interest / liquidate damages

3.1 normal rate

- (a) normal rate is the rate of interest charged by the corporation and is fixed by adding some margin to the prevailing bank rate. Any increase in bank rate will therefore result in increase in normal lending rate of the corporation.
 - (b) Earlier the normal rate of interest was 7.5 % above bank rate which has now been revised to 5% above bank rate(subject to minimum of 15%).the revised rate is effective from 1-4-1983 and also covers;
 - i) sanctions prior to 1-4-1983 where documents were executed incorporating the above rate.
 - ii) documents executed prior to 1-4-1983 incorporating the highe rate as applicable at the time of execution but sanction of refinance was not received . provided that the borrower opts for revised reduced rate and also agrees to pay a higher default rate @ 7.5% above concessional rate on the amount in default for the period of default.
 - (c) the changes in bank rate and in the margin over bank rate effected from time to time is given at annexure 1(A).
- the corporation has done away with the concept of normal rate of interest .

3.2 concessional rate

- i. concessional rate of interest is a rate which is lower than the normal rate. This rate is determined with reference to the availability of refinance and the rate of interest charged by SIDBI on refinance and the rate of interest differential subsidy if available from the state government or the concession which may be granted by corporation to a special class of borrowers.
- ii. The concessional rate of interest will be applicable only in cases where refinance is made available by SIDBI or interest differential subsidy is made available by the state govt. or where RFC decides to charge concessional rate from a special class of borrowers (e.g. ex-servicemen, sc/st entrepreneurs etc.)with the

introduction of line of credit scheme by the SIDBI , refinance in individual cases is not required to be got sanctioned from the SIDBI.

- iii. Special concession of 2% in the above rates of interest shall be given in case of loans to:
 - a. SC/ST entrepreneurs, provided that the loan amount does not exceed rs.5 lac.
 - b. Disabled persons, provided that the loan amount does not exceed Rs. 5.00 lacs and if loanee is a firm , disabled person is having majority (51%) share.
 - c. Ex-servicemen entrepreneurs , provided that the loan amount does not exceed Rs.2.00 lacs and in case of a firm , ex-serviceman is having not less than 75% share.
 - d. Previously the concessional rate of interest on loans up to Rs.25000 & on soft loan was made applicable from the date of disbursement but in other cases it was effective from the date of sanction of refinance. Presently the concessional interest is to be charged in all ARS cases from the date of disbursement. This is applicable w.e.f. 01-4-1984. now the corporation is charging interest at the rate prevailing as on the date of first disbursement .

3.3 effective rate

the effective rate of interest may be described as the rate which will be applicable on the particular loan case. It may either be normal rate depending upon the circumstances .

3.4 PENAL / DEFAULT RATE/ LIQUIDATED DAMAGES

- i. the liquidated damages are to be charged in the case of default in payment of dues on due dates. Such damages are charged over and above effective rate on the amount in default for the period of default .
- ii. effective from 01-04-1984 no penal interest is to be levied on the loans upto Rs.25000. at present the corporation is charging penal interest as under-

upto Rs.2.00	-Nil
from Rs. 2 lac to 10 lac	- 3.25%
above 10 lac	- 5.25%

- iii effective from January ,1988 a rebate of 3% in penal rate of interest was being given to all borrowers who make payment of the amount due within the quarter in which the amount has fallen due provided there are no other overdues. The credit in such rebate If any is to be recorded at the end of such financial year . since 1.4.95 the corporation is charging penal interest as under , if the payment of dues is made within the quarter itself:

upto to 2.00lac	-nil
from 2 lac to 10 lac	-2.25%
above 10 lac	-3.25%

it is clarified that the aforesaid rebate is in the nature of relief and this can be granted “suomotto “and there is no need to bind the entrepreneur in any legal documentation for this purpose.

4. the applicability of rate if interest on a loan can not vary unless modification of documents is carried out and modification deed executed for such variation .
5. the prevailing rate of interest at different point of time in the past are given at annexure 1

ANNEXURE-1

A changes in bank rate from 08.01.1971 and onwards:

Date	Bank rate
08.01.1971	6%
31.05.1973	7%
22.07.1974	9%
14.07.1981	10%
4.7.91	11%
8.10.91	12%

B. changes in margin over bank rate (i.e. the normal rate) from 1-7-1973 and onwards:

Period	Margin over bank rate	Rebate in interest on timely payments
Prior to 1-7-1973	3%	1.5%
1-7-1973 to 7-12-1975	4%	1.5%
8-12-1975 to 19-9-1980	5%	1.5
20-9-1980 to 1-3-1981	6%	--
2-3-1981 to 31-3-1983	7%	1.5%
From 1.04.1983	5%	--

C. rebate for timely payment:

the corporation is allowing rebate for timely payment to its borrowers , with the object to encourage them to repay the dues of the corporation on or before the due dates.

Presently i.e. form 1.10.97 the corporation is allowing rebate the timely payment @ 1% p.a. on quarterly basis with a moratorium of 7 days . prior to this rebate was allowed @ 0.5% p.a. on yearly basis from 1.1.88 . subsequently the benefit of rebate was to be extended on quarterly basis @ 0.5% from 1.1.97 & a moratorium of 7 days is to be allowed for payment of dues of interest .

2% INTEREST SUBSIDY SCHEME OF GOVERNMENT OF RAJASTHAN

with a view to accelerate the pace of industrial development and give the SSI units a competitive advantage in the state , the state government of rajasthan introduce the following scheme for grant of interest subsidy to industrial units situated in rajasthan .

1. TITLE

The scheme shall be known as "the rajasthan state interest subsidy scheme for industries 1998" herein –after referred to as the scheme.

2. OPERATIVE PERIOD

The scheme shall come into operation with effect from 1st april 1998 and shall remain in force upto 31st march 2003.

3. APPLICABILITY OF THE SCHEME

- (a) The scheme shall be applicable to an eligible industrial unit.
- (b) The ineligible industries as listed in annexure "A" shall not be entitled to claim any benefits under the scheme. However, this restriction shall not apply to sick industrial units for items mentioned in annexure "B".
- (c) An industrial unit claiming benefits under the scheme shall be established or should have been established in the areas other than banned areas. However this restriction shall not apply to sick units and units in electronic, computer software /hardware and telecommunication sectors.
- (d) Renovation . modernization or rationalization of industrial units , replacement of plant and machinery or change of product –mix ,distinguishable from diversification, shall not create eligibility for claiming benefits under the scheme.

4. DEFINITIONS

- (a) The expressions used in the scheme shall have the same meaning as given in the "rajasthan sales tax, central sales tax exemption scheme ,1998" and rajasthan sales tax , central sales tax deferment scheme ,1998" unless defined otherwise in the scheme.
- (b) "commercial bank" means any nationalized bank scheduled bank set up under the negotiable instrument act 1951.
- (c) "co-operative bank" manes any bank set up under the rajasthan co-operative societies act ,1965.
- (d) "DIC" means district industries centre.
- (e) "eligible industrial unit" means a new industrial unit or an old industrial unit going for expansion or diversification , or a sick industrial unit which fulfills following conditions:-
 - i. in which the investment in fixed assets in plant and machinery , whether held ownership terms or on lease or on hire purchase , does not exceed rupees sixty lacs;
 - ii. which is not declared as ineligible industry under annexure "A" to the scheme , provided that this restriction shall not apply to a sick industrial unit;

- iii. which has been sanctioned term loan by state / central financial institution (s) and / or scheduled commercial bank(s) including co-operative bank(s) during the operative period of the scheme;
and
- iv. which is making repayment of dues against term loan of institution(s)and bank(s) in time.

(f) **“plant and machinery”** means plant and machinery as defined by the government of India from time to time.

Provided that the value of plant and machinery shall be as per the appraisal of the financial institution(s). however , for the purpose of the scheme the following shall be executed , namely:

- I. Cost of equipment such as tools , jigs, dies , moulds and spare parts for maintains including cost of consumable stores;
- II. Cost of installation of plant and machinery ;
- III. Cost of research and development equipment and pollution control equipment;
- IV. Cost of DG set (s) or transformer (s) installed by the unit;
- V. Cost involved in procurement or installation of cables , wiring , bus bars , electrical control panels excluding those mounted on individual machines , oil circuit breakers or miniature circuit breakers , which are necessary for providing electric power to the plant and machinery or for providing safety;
- VI. Transportation charges and transit insurance charges for indigenous machinery transported from the place of manufacture to the site of the unit;
- VII. Charges paid for technical know how for erection of plant and machinery ;
- VIII. Cost of storage tanks used for storage of raw material (s) and finished product(s) but not linked with the manufacturing process; and
- IX. Cost of fire fighting equipment(s).

(g) **“prescribed authority”** means an authority prescribed in clause 5 of the scheme.

(h) **“repayment of dues in time”** means repayment of term loan and interest thereon as per the schedule of repayment prepared by the financial institution(s) at the time of sanction of loan , or as per the revised schedule of repayment , if any .

“provided that any eligible unit which gets any relief or concessions such as waiver of interest / penal interest / liquidated damages granted subsequent to the original schedule of repayment shall not be entitled to get the benefit under the scheme. “provided further that for an overdue amount not exceeding 5% of the quarterly instalment , for reasons of reconciliation , the repayment shall be deemed to have been made in time for the purpose of the scheme.

- (i) **“RFC”** means rajasthan financial corporation.
- (j) **“RIICO”** means rajasthan state industrial development & investment corporation ltd.
- (k) **“ term loan”** means any loan or advance where the terms under which money is loaned or advanced provide for repayment along with interest thereof during a period of not less than five years.

5. **AUTHORITY FOR SANCTION OF INTEREST SUBSIDY**

The interest subsidy shall be sanctioned by a prescribed authority as follows:

S.no.	Term loan sanctioned by	Prescribed authority
1.	A financial institution whose central office in a case of rajasthan is located in jaipur(such as SIDBI/NSIC etc.)	State level committee (slc)consisting of the followings: (a) director industries - chairman (b) representative of RFC - member (c) representative of RIICO –member (d) representative of concerned financial institution -member (e) chief accounts officer, commissionerate/ director of industries - member (f) addl. Director industries – member secretary
2.	RIICO	MD,RIICO
3.	RFC head office, loans	CMD RFC
4.	RFC other than head office loans & other cases	District level committee (dlc) consisting of the following : (a) district collector - chairman (b) concerned branch manager of RFC in the district - member (c)concerned senior regional manager / - member regional manager RIICO in the district (d)representative of concerned lending institution – member (e) general manager DIC -member secretary

6. **QUANTUM OF INTEREST SUBSIDY**

Interest subsidy shall be equal to 2% rate of interest on the documented rate subject to an overall ceiling of rupees fifteen lacs per industrial unit.

Explanation : if the documented rate of interest is 18% then rate of interest after interest subsidy shall be 16%.

7. **PROCEDURE FOR CLAIMING SUBSIDY**

- I. An eligible industrial unit shall apply in the application form prescribed (vide notification dated 23.09.1999) at annexure "C" to the prescribed authority for grant of subsidy along with loan sanctioned letter issued by the term lending institution(s). subsidy shall be sanctioned on the basis of loan sanctions issued by the financial institution(s).
- II. The prescribed authority shall dispose of the application within 30 days from the date of receipt of application and the decision, sanctioning or rejecting the application, as the case may be, shall be issued in from prescribed vide notification dated 23.09.1999 at annexure "D".
- III. Benefits of subsidy shall commence immediately after the first instalment of the term loan has been disbursed by the term lending institution(s).
- IV. payment of subsidy shall be made only for the period for which the industrial unit makes regular repayment of loan and interest due to the financial institution(s). subsidy shall be disallowed for the period the unit defaults in making regular repayment. it shall be allowed prospectively in case such unit clears all its overdues, and starts making regular repayment of the term loan and interest.
- V. The state finance institution(s)/ schedule commercial bank(s) / co-operative bank(s) shall lodge the claim in the format prescribed vide notification date 23.09.1999 at annexure "E" to the prescribed authorities i.e. concerned district industries centres or director of industries as the case may be for reimbursement of subsidy. The DIC or director of industries as the case may be for reimbursement of subsidy. The DIC or directors of industries as the case may be, shall reimburse the subsidy amount so claimed to the term institution(s) within a month from the receipt of the claim format duly filled.
- VI. The beneficiary industrial unit shall execute an agreement in the format prescribed vide notification dated 23.09.1999 at annexure "F" with the prescribed authority before disbursement of the subsidy sanctioned.
- VII. The financial institution(s) after receipt of sanction of interest subsidy from the prescribed authority shall lodge claims in prescribed form with the commissionrate / directorate of institutions or DIC, as the case may be for providing funds of such interest subsidy to the financial institutions. the fis shall credit to the party's account the amount of interest subsidy on receipt of the same from the commissionrate / directorate of institutions or DIC.

8. **TERMS & CONDITIONS**

The interest subsidy sanctioned and reimbursed under the scheme shall be subject to the following conditions. Breach of any of these conditions shall make the subsidy liable to be recovered as arrears of land revenue along with interest @15% p.a. from the date of disbursement(s) of subsidy:-

- (a) The industrial unit availing interest subsidy under the scheme shall comply with all statutory laws And regulation, if any, failure to do so comes to notice, it may result in cancellation/withdrawal of the benefits under the scheme.
- (b) The industrial unit availing interest subsidy under the scheme shall be subject to the conditions, procedures, instruction, clarifications, or amendments issued from time to time under the scheme.

- (c) The industrial unit availing subsidy under the scheme shall remain in production for at least two years after the final date of repayment of the term loan.
- (d) An industrial unit which has been sanctioned any other subsidy such as capital investment subsidy or interest subsidy under any other scheme of the government of India or government of rajasthan or their agencies , except rebate for timely repayment of term loan dues, shall not be eligible for interest subsidy under the scheme for the investment already subsidized.

9. **APPEAL AGAINST DECISION OF PRESCRIBED AUTHORITY**

Any industrial unit aggrieved by the decision of the prescribed authority stipulated under clause 5 of the scheme may appeal against such decision , with in a period of 60 days from the date of receipt of the decision , to the following state level apex committee (SLAC) whose decision shall be final:

i)secretary , industries	Chairman
ii)representative of RFC	Member
iii)representative of RIICO	member
iv)additional director , industries	member
v)director , industries	Member secretary

10. **AUTHORITY FOR IMPLEMENTATION/ INTERPRETATION**

- (a) The scheme shall be administrated and implemented by the government of rajasthan in the industries department .
- (b) Any matter pertaining to interpretation of any clause of the scheme shall be referred to the government of rajasthan in the industries department whose decision shall be final in such a matter.

11. **REVIEW OR MODIFICATION OF SCHEME**

The state government in the industries department reserves the right to review or modify the scheme as and when needed in public interest .

Annexure-“A”

LIST OF INDUSTRIES NOT ELIGIBLE FOR THE STATE INTEREST SUBSIDY SCHEME FOR INDUSTRIES , 1998

- (a)all flour mills other than roller flour mills , established at places having a population in excess of 25000 as per 1991 census.

(b)all cereals , pulses ,rice , sugar and spice mills , established at places having a population in excess of 25000 as per 1991 census .
- photographic studios(other than cinematographic studios).
- manufacturer of ice candy an dice fruits , ice, kulfi ,sweetmeats, and aerated water and mineral water except projects of acrated waters and minerals water with fixed capital investment of rs. 1.00 crore or more.

4. laundry .
5. tailoring other than manufacture of ready made garments.
6. re packing of any goods including medicines , toiletries , pesticides, herbicides , edible products.
7. production of firewood and charcoal.
8. decorating , roasting , parching , frying oil seeds and colouring decolouring and scenting of oil.
9. saw mills ,wooden furniture items.
10. ordinary bricks, except mechanized bricks and bricks made of fly-ash / stone –slurry.
11. hotel, motel, restaurant and catering or eating places.
12. khandsari units..
13. units distilling , storing , bottling , blending or brewing liquor / alcohol excluding industrial alcohol.
14. induction and arc furnace industry.
15. thinner manufacturing industry.
16. stone crushers(gitti and blast).
17. lime kilns.
18. preparation of bread , biscuits and bakery products other than mechanized bakery.
19. iron and steel re-rolling mills.
20. jalis, water tanks and electric poles. Made of cement.
21. manufacturing of candles and chlorinated paraffin wax.
22. fabricating units, Like trunks, buckets.
23. steel furniture industry.
24. cotton ginning and pressing industry.
25. units manufacturing hydrogenated vegetable oil or vanspati ghee, excluding composite units manufacturing edible oil as well as hydrogenated vegetable oil.
26. oil extracting or manufacturing industry excluding solvent extraction plants with or without refinery system.
27. mini cement plants upto the manufacturing capacity of 200 tonnes per day.
28. such other items for which registration is prohibited or restricted by any competent authority or those items which are banned by the commissioner of industries , rajasthan from time to time .

annexure-“B”

UNITS OF SICK INDUSTRIES ELIGIBLE FOR THE STATE INTEREST SUBSIDY SCHEME FOR INDUSTRIES 1998

1. Iron and steel re-rolling mills.
2. Cotton ginning and pressing industries.
3. Unit manufacturing hydrogenated vegetable oil or vanspati ghee, excluding composite units manufacturing edible oil as well as hydrogenated vegetable oil.

- 4. oil extracting or manufacturing industry excluding solvent extraction plants with or without refinery system.
- 5. mini cement plants upto the manufacturing capacity of 200 tonnes per day.

Guidelines for implementation of “rajasthan state interest subsidy scheme for industries, 1998”

The scheme envisages various activities i.e. receipt and registration of applications, sanction , execution of documents and receipt of claim from government . guidelines with regard to each of the activities are prescribed as under:-

1) Receipt & registration of application :

Application for interest subsidy in the prescribed form annexed to the circular PG No.850 dated 28.02.2000 i.e. form “C” may be accepted by the branch office for all eligible cases and at ho only for loans sanctioned at ho level.

Application of interest subsidy would be registered in newly prescribed register r 5a which is enclosed in proforma –‘A’ . a distinctive registration number will be allotted to each application as under:-

RFC/IS/branch initial /running no. of r5A.....

The branch shall forward the cases to competent authority within 3 days from the date of receipt of application i.e. to gm(DIC) for the cases sanctioned by bo/ro and in other cases to subsidy section at ho.

2) sanctions:

various authorities envisaged in the notification for sanction of interest subsidy under its clause 5 are as under:-

S.no.	Particulars	Prescribed authority	
1	Loans sanctioned by h.o. level authorities	CMD,RFC	
2	Loans sanctioned by bm/DGM(r)	District level committee (dlc)consisting of the following :	
		district collector	Chairman
		concerned branch manager of RFC in the district	Member
		concerned senior regional manager / regional manager of RIICO in the district.	Member
		Representative of the concerned lending institution.	
		General manager,DIC	Member
			Member secretary

The applications which are to be sanctioned at ho would be placed before CMD on regular basis . however, no application shall be kept pending for a period in excess of 3 days.

Sanction letters would be issued within 3 days of sanction in the prescribed form "D" as per PG circular no. 850 dated 28.02.2000 and simultaneously concerned file be sent to the branches for taking necessary onward actions.

Disposal of applications shall be recorded in the register R 5 A.

3)execution of documents :

on receipt of file from ho /gm(DIC), the branch manager would immediately initiate execution of documents in prescribed format "F" as per pg circular no.850 dated 28.02.2000 on non judicial stamp of rs.5/-.

4) procurement of interest subsidy from state government:

half yearly claims would be sent by the branches to ho and gm (DIC) before 15th jan. and 15th july for the half year ended 31st dec. and 30th june respectively.

The claim pertaining to each shall be maintained in the newly prescribed register r 5 b which is enclosed as proforma "B". last 5 pages of the said register shall be used for monitoring claims. " the branch manager shall ensure that sum of balances of individual loanee is always tallied with the balance of consolidated details . a register shall be maintained at h.o. to monitor the branch wise position of claims.

The branches shall send claims in the prescribed format in annexure

"E" to h.o. for the cases in which interest subsidy is to be sanctioned at h.o. and to concerned gm(DIC) in other cases. H.o. shall lodge claims thereafter latest by the end of the month i.e. by 31st jan. & 31st july for the half year ending on 31st dec. and 30th june respectively.

5) accounting treatment :

I. accounting entries to be posted at h.o. level:

i)on receipt of funds from directorate of industries:

debit –bank account

credit- funds received from state government for interest subsidy .

ii)on sending advice thereof to concerned branch:

debit- funds received from state government for interest subsidy .

credit concerned branches account.

II. accounting entries to be passed at bo level:

i)on receipt of funds from gm,DIC:

debit – bank account

credit- funds received from state government for interest subsidy .

(g.l.code 3420 sgis)(credit voucher is to be passed)

ii on receipt of advice from h.o.:

debit – h.o. account

credit- funds received from state government for interest subsidy .

(credit voucher is to be passed)

iii on transferring credit of funds to respective loanee's a/c

debit - funds received from state government for interest subsidy .

credit-concerned loanee's a/c

(journal voucher is to be passed)

note:

adjustment in the concerned account of units as envisaged in the scheme would be ensured against the overdues or the amount that falls due after receipt of claim.

New general ledger code:

Following code for newly opened accounts may be used while passing entries in the books of accounts.

funds received from state government for interest subsidy .

GL Code-SGIS-3420

NORMS FOR DISBURSEMENT 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 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 if 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 ensue 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 :

9.2.1.1first 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.

12.2 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."

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 foe such reviews. ¼ th 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 following information :-

- i) a copy of RFC/br.3 for the last month.(documentation / disbursement review of sanctioned loan cases)
- ii) list if units who have not executed documents within 3 months of sanction of loan with reasons.
- iii) List of units not processing as per schedule of implementation with reasones.
- 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. 1may 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 promotes 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 finctions

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 , in case of loans upto rs. 20 lac, PMC meetings would be chaired by branch incharge / manger and in loan cases above Rs.20 lac , by Dy. Gen. manager(r) .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 treaded 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 foe 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 offices 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(f) 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 promoter 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	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. The revival of the sanction may be made in accordance with the guidelines as noted in chapter Ia-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 (loan) 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 (loan) 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 h.o. 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 execute 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. Incase of h.o. level disbursement cases , the disbursement section in h.o. 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.n.	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 H.O. (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.

Audit & inspection

1. INTRODUCTION :

With the growth of business and increasing activity of the corporation added with extensive delegation of powers / authority at different level, it has become imperative for the corporation, like other larger organization to evolve a system of continues check and control. Streamlining and strengthening of such system is at all the more necessary especially keeping in view the operation of the corporation , which are development oriented . obviously , the scope and objective of internal audit should not be limited to accounting but also management audit involving control of operation and evaluation of functional performing so that in addition to the internal checks and control such an audit can provide a meaningful feed back to the management for taking remedial and innovative measures.

2. OBJECTIVE & FUNCTIONS :

within the broad frame work of state financial corporation act 1951,the main objectives and functions of internal audit & inspection of RFC would be as under:

- i) to assist the members of the management in the effective discharge of their duties and responsibilities by furnishing them objective analysis , appraisal , recommendations and comments in respect of the activities reviewed by it.
- ii) To ensure that the corporate objectives and policies are correctly interpreted and strictly adhered to.
- iii) To ascertain the extent of compliance with the established policies and procedures .
- iv) To ascertain the extent to which the institutional assets are accounted for and safeguard from losses of all kinds.
- v) To review the soundness , adequacy and application of accounting , financial and operational controls.
- vi) To ascertain whether various operating functions are in accordance with the laid down procedures and policies are being implemented effectively to achieve the desired objectives .
- vii) To verify whether sufficient controls and checks , which are essential for preventing irregularities and frauds , are actually existing in the operating departments.
- viii) To ensure whether the affairs of the corporation are conducted with an eye to economy in expenditure and labour.
- ix) To offer suggestions for streamlining the procedures with a view to ensuring that the corporation is able to discharge its functions In an efficient and effective manner .
- x) to assets the staff strength at all levels taking into account the workload.
- xi) To suggest measures for decentralization of work , delegation of wider powers to branch manager.
- xii) To conduct investigation in certain specified areas as may be desired by the top management.
- xiii) To establish close liaison with the statutory auditors In the matters relating to accounting systems and principals and compliance with legal requirements in respect of presentation of accounts .

NOTE: The above functions do not in any way relieve or reduce the responsibility of the operating departments for establishing and enforcing procedures and exercising controls.

DUTIES OF AN INTERNAL AUDITOR :

It is neither possible nor desirable to lay down the duties of the Internal Auditor in full detail. As an officer of experience, he is expected to bring his knowledge to bear on the problems of the departments and offices he is auditing & inspecting in such a way as to benefit the interests of the corporation to the fullest extent. Subject to the above observations, his main duties will be to ensure that:

- i)** The instructions laid down for the conduct of corporation's business are complied with.
- ii)** The books of account and Registers are properly maintained, checked, authenticated and balanced periodically and all transactions are properly accounted for.
- iii)** Cash, securities and other valuables, as per books, exist physically and the arrangements for their custody are adequate.
- iv)** Documents obtained from borrowers are complete and enforceable and advances are adequately secured.
- v)** Periodical returns from Regional/Branch offices to Head office and from Head Office to Government etc. are complied and submitted regularly.
- vi)** The prescribed procedures and systems of internal check and control are adequate to protect the corporation's interests and prevent fraud malpractice.
- vii)** There is no deficiency or dereliction of duty at various operational levels.
- viii)** The strength of staff for each office/ departments/ section is fixed with reference to volume of work and the staffing patterns correspond to operational responsibilities and needs from time to time.
- ix)** There is a proper system of manpower planning, development and utilization.
- x)** To assess the performance of the department/office in respect of various operational work devolving on it.
- xi)** To report whether the assets of the corporation are properly accounted for and are safe.

AUDIT PROGRAMME/TERMS

With a view to have effective and regular Internal Audit/Inspection and follow-up thereof, two Zones headed by DGM (A & I) have been created to carry out regular Internal Audit and Inspection of the Branches. Regional Office and different Wings in Head Office. Unless notified otherwise Regions attached to the each Zonal Offices will be as under;

1. Eastern Zone (A & I)

- (1)** Altar
- (2)** Jailer-I
- (3)** Jaipur-II
- (4)** Kota
- (5)** Head Office

II. Western Zone (A&I)

- (1)** Ajmer
- (2)** Bikaner
- (3)** Jodhpur
- (4)** Pali

(5) Udaipur

4.2 The programme of Internal Audit for the Branches, Regional Office and the different Wings

of Head Office would be scheduled by the DGM (A&I) of the concerned /one and would be conveyed in advance to the respective field office after obtaining formal approval of audit programme from GM (A&I) / CMD. DGM (A& I) would be free to make appropriate modification/adjustment in the audit programme of the Branches under his zone depending upon the exigencies/ convenience. However, it should be ensured that as far as possible, reasonable advance notice is sent to the concerned office intimating the programme of Internal Audit (In case of inspection it will not be necessary that the programme of inspection should be intimated in advance).

NOTE:- while recommending the audit programme, it has to be ensured that every Branch/Regional Officer and Section in Head Office is audited at least once in a year apart from special functional audit, if any.

4.3 The DGM (A& I) would depute a reasonable number of officers/staff (not less than two persons). Depending upon the strength/status and area of operation of the office to be audited. He would also decide duration of the audit accordingly. However, as far as possible the so constituted team should conduct Internal Audit within a period not exceeding 10 days.

4.4 It is expected from the Internal Audit team that they should carry out thorough audit of the concerned office/ section, keeping in view role, objectives and guidelines laid down in foregoing paras. The audit should also not only be confined to audit of files/vouchers etc. but on random basis the team should also carryout physical verification/inspection of some of the industrial units to know the utilisation of the financial assistance by the corporation and watch and ward arrangements of industrial units in our possession. The team is also expected to verify physically the furniture, fixtures, files and cash with the Branch. Special emphasis is to be given in the follow-up and adherence of the guidelines and instruction issued to field offices from Head office from time to time, evaluation of the performance of the office within the frame work of the objective of the corporation, maintenance or records and files and also the practical problem and difficulties being faced by the Branch office with regard to adherence to the procedures and guidelines. The team should keep a checklist with it so that every aspect of the functioning of the Branch is taken care of during audit

4.5 As far as possible, in the concluding dates of the audit, DGM (A& I) should himself visit the office under audit to finalise audit report after discussions with the in charge of the office under audit and also to see the compliance of outstanding paras of earlier reports.

5. ISSUE OF REPORT

5.1 After completion of the Internal Audit the audit report should be finalised as early as possible

(generally within 15 days of the completion of audit) and should be issued to the concerned Branch office in two copies after obtaining its approval from GM (A&I)/ CMD. A note highlighting the important short comings/ deficiencies observed during audit should be put

up to CMD for information. Every report should have a separate file for the purpose of follow-up and compliance.

5.2 A summary of important shortcomings-deficiencies observed during audit should also be

put up before the Board for information quarterly along with the details of the audits carried out by the reporting officer.

6.0 ACTION TO BE TAKEN BY THE OFFICE TO BE AUDITED ;

The Branches/Regional office under audit are expected to follow the following guidelines with regard to audit:

- i) The audit party should have free access to all the papers, documents and files registers etc. maintained in the Branch.
- ii) An officer of the office under audit should be made responsible to ensure supply of the documents and details observed by the audit para.
- iii) All possible facilities-help should be extended to the internal audit party so that audit work is completed in shortest possible time.

7.0 FOLLOW-UP ACTION ON AUDIT REPORTS :

7.1 The very objective of the Internal Audit would stand defeated if timely follow-up action is not taken on the comments/observation in the audit report. Therefore, no sooner audit reports are issued, the incharge of the office under audit are required to initiate action on the comments/observations made in audit reports with a view to regularise the irregularities and send necessary clarifications. In this connection, following guidelines are suggested.

7.2 Audit and inspection report and subsequent communication thereof should be treated as important communication and recorded accordingly for monitoring purpose by the In charge of the office so that these reports do not escape attention of the in charge of the office.

7.3 Dy. Manager/Asstt. Manager (A/cs) should open a separate file for each report for timely compliance. He is also to see that paras requiring compliance by different Cell/Section of the Branch are bifurcated and sent to the concerned in charge of the Cell in the Branch for taking follow-up action.

7.4 The Incharge of the concerned cell should deal all the observations on respective files from where the irregularity 'observation has emanated and initiate necessary follow-up action and obtain approval of the Branch Manager on the action/comments so finalised by him. The comments should be passed on to Dy. Manager/Asstt. Manager (A/cs) for sending consolidated reports to DGM (A& I).

7.5 If rectification of any error of regularisation of any irregularity requires approval of HO it will be the responsibility of the Head of the unit under audit to approach the appropriate authority to get necessary approval (Internal Audit would not take up or follow-up such cases in HO).

7.6 In case follow-up of any observation by Internal Audit/Inspection necessitates seeking explanation/clarification from an officer who has since been transferred at some other place, it would be the

responsibility of the present Head of the unit under audit to seek such clarification from the officer by making written reference at his present place of posting under intimation to Internal Audit.

Note :- It is not necessary always that in compliance of audit report, follow-up action should be taken in the manner suggested by audit report, if it is a matter of interpretation and the office has different views they suggested in audit, the in charge of office can send his view points/comments for farther examination-guidance in the matter & also in the matter of verification of facts. However, if the officer agrees with he facts/suggestions in the report the compliance should be sent without delay.

7.7 A copy of the compliance/comments on the respective para should be kept in the concerned file with appropriate note on the note-sheet if any further action is to be taken in compliance of the observation of Internal Audit.

7.8 A consolidated reply should be sent to DGM (A& I) under the signature of the Incharge of the office audited.

7.9 The same procedure should be adopted on receipt of further communication from DGM (A& I) on me reply /compliance sent by the Branch.

Note :- It should be ensured that comments/ reply are finalised within 15 days, (note exceeding 30 days in any case) on receipt of audit report/communication from DGM (A& I).

7.10 A list of the paras dropped and paras outstanding at the end of the month should be incorporated in MR> The MIS of the individual Branch Manager/ RO should invariably contain a summary of outstanding paras of all the inspection/ audit reports not settled finally.

7.11 The DGM1R) are also advised to review the outstanding paras of the audit/ inspection report during the course of their visits to the Branch and take appropriate action for sending compliance report. They should also keep a copy of the audit report in their MIS files of as to see that irregularities having continuing impact are immediately rectified and also to take up at their own level to prevent the occurrence of such irregularities.

8. FOLLOW-UP ACTION AND AUDIT REPORTS:

The comments/ compliance received from respective Branch Office would be examined in me office of the concerned DGM (A& I). If the reply/ compliance are satisfactory, the paras containing minor irregularities with suggestive action would be dropped at the level of DGM (A& I)/ GM/ (A& I). Comments/compliance on paras having serious irregularities would be put up to CMD through GM (A& I} for taking a final view. If the matter requires further enquiry or disciplinary action, the same would be referred to ED for initialing departmental disciplinary action.

9. NON-COMPLIANCE

Any carelessness, delay or laxity with regard to compliance of Audit Inspection Report within time prescribed would be treated as dereliction of the duty and would invite disciplinary action against erring officials. The non-receipt of compliance on any part of audit report would mean that the Head of the office under audit has accepted the irregularity without any satisfactory explanation. GM(A&I) would be required to send a note to ED at the end of the every year indicating the performance of the Branch/office audited with regard to the compliance of the Audit and Inspection Report and the irregularities observed

10. INSPECTION:

10.1 Apart from regular internal audit, the Audit & Inspection wing has also been assigned the task of carrying out inspections of the Branches/ Regional Offices, although the responsibility of regular quarterly inspections of the Branch would continue to be with DGM (R) s. These Inspections should generally be carried out by an officer not below the rank of DGM. of course for special/ detailed investigations, some other officer can be deputed for this task. The basic aim of this inspection would be to ascertain whether the various operating functions are in accordance with the laid down procedures and policies and are implemented effectively and timely to achieve the desired objectives. The inspection would also include conducting investigations in certain specified areas as may be desired by the CMD.

10.2 It would always not be necessary to send the programme of inspection in advance. Programme of inspection would be finalised by the Inspecting officer after obtaining approval of next higher authority. During Inspections it would be obligatory on the part of the In charge of the unit, to be inspected to furnish relevant information and documents available in the office as may be desired by the Inspecting officer and provide necessary help in conducting the inspection and arrange visit of industrial units or any other establishment, if so felt necessary by the Inspecting Officer.

10.3 As far as possible, the Inspecting Officer conducting inspection/investigation would refrain from passing on any instruction/ order on a particular case/issue. However, if in the opinion of the Inspecting Officer, if it is essential to safeguard the interest of the corporation and any delay may jeopardise the interest of the corporation, he can give a note to Head of the unit with his observations and advice which would be treated as an order, if the Inspecting officer happens to be in the rank/cadre higher than the incharge of the unit under inspection.

10.4 The Inspecting Officer should submit his inspection report immediately (within a week) on completion of inspection to GM (A& I)/ CMD for taking further action.

10.5 After approval of GM(A& I)/ CMD, the abstract of relevant portion of inspection report should be sent to the Head of the unit inspected for taking up follow up action. The follow up action on the inspection report should be taken up in the same manner as prescribed for follow up of Internal Audit Report.

Human Resource Development

PURCHASE OF NEWSPAPERS/BOOKS/MAGAZINES

To enable field officers in keeping themselves abreast with day lo day developments, it has been decided that some Newspapers/ Magazines Books be subscribed Purchased by all the Branches and Regional Offices. The norms for this purpose shall be as under ;-

NEWSPAPER

S.No.	item	Category of Branch/ Regional Office	
		A&B	C&D
1.	Hindi (State level)	2 No.	1 No.
2.	English (National)	1 No.	1 No.
3.	Economic Times Financial Express Monetary Ceiling	Both	1 No.
BOOKS			
». 1	General	Rs. 500 P.a.	Rs. 300 p.a.

2. A set of following law books has also been approved fi»r ROs/A&B Category branches

- a) Companies Act, 1956 by Ramaiya
- b) Partnership Act, 1932 by Singhal
- c) Banking Companies Act, 1949
- d) State Financial Corporations Act, 1951
- e) Urban Land (Ceiling & Regulation) Act

MAGAZINES

RFC Offices are also empowered to subscribe magazines like Saptahik, Hindustan, Illustrated Weekly, Sarita, etc., Out of their welfare funds within a ceiling of Rs. 350 p.a. for Rs and A& B Category Branches and Rs. 200 p.a. for C & D category Branches.

PROCEDURE FOR MAINTENANCE OF REGISTER FOB BOOKS ETC.

- Official made responsible for library will make entry of all the books/magazines received in the office in stock register and affix seal of this entry on the bill/voucher "entered at page number ()of the books/magazines register" under his/her signatures. The entry will then be signed by the officer in token of the entry made in stock register.
- There will be two registers, one for books which are of permanent nature and another for magazines which are of disposable nature. The stock register of books will be maintained . alphabetically and the register of magazines will be name-wise. In both the registers, pages will be allotted with an index on the first page of the register which will facilitate in keeping & taking out the books and to monitor magazines received in the office.
- The Accounts Section will not pass the bill or voucher until entry in the stock register is available on the bill. It will also check entry of book* and magazines in the stock register maintained for the purposes.
- After making an entry in the stock register, the seal of library will be affixed for easily identifying that the book/magazine belongs to RFC office.

DISPOSAL OF OLD NEWSPAPERS AM) MAGAZINES

- The official attending library function will also be required to take care of disposal of the newspapers received in the office for its final disposal.
- At the end of the year newspapers and magazines shall be disposed of at prevailing market rates and sale proceeds will be credited in RFC's Account. Newspapers could be disposed of every quarter.

ANNUAL PHYSICAL VERIFICATION

The Account of books will be subject to annual audit and physical verification at the end of the year by (he Head of the office (Branch Manager/ DGM (Region) who will verify foe records.