



ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆ ಅನ್ವಯ ಸ್ಥಾಪಿತ

KARNATAKA STATE FINANCIAL CORPORATION

Established under the State Financial Corporations' Act, 1951



ಸಂಖ್ಯೆ : ಕ.ರಾ.ಹ.ಸಂ./ಪ್ರ.ಕ./ MD/DGM[C]/ C - ೪೦೮ /2020-21

Ref. No. KSFC/H.O./

CIRCULAR NO. - 101/

ದಿನಾಂಕ : 05/08/2020

Date :

Sub : Modification to Interest Rate Structure.

Ref : Previous Interest Rate Circular No.ED -I/999 dated 09-01-2018.

A note was placed before the Board on 26.06.2020 recommending modifications to the existing interest rate structure. After deliberations, the Board has approved the following -

1. The reduction in rate of interest from existing gross rate 14%p.a. (net of rebate 13.50%p.a.) to gross rate 12%p.a. (net of rebate 11.50%p.a.) is applicable to all term loans (including WCTL) to Micro, Small & Medium Enterprises (MSMEs). However, the Corporation reserves the right to revise the rate of interest depending on the general trend in lending rates.
2. In respect of all new loan sanctions for MSMEs (under category of borrowers/loans Sl. No. 1 of Annexure) covered under Interest subsidy Scheme for SC/ST Entrepreneurs, the interest rate applicable will be 11.5% p.a. net of prompt payment rebate of 0.5% p.a. However, the interest rate in respect of all other activities such as term loans to large scale industries, CRE sector, multiplex, will be as per the existing rate. The effective rate to the entrepreneurs after considering interest subsidy will be 4% p.a.
3. In respect of loans sanctioned under Interest Subsidy Scheme for Women Entrepreneurs, where the first disbursement is made on or after 01-08-2020, the interest rate will be 11.5% p.a. net of prompt payment rebate of 0.5%. The interest subsidy component will be 7.5% p.a. and effective rate for the borrower is 4% p.a.
4. In respect of all new loan sanctions for Micro & Small Enterprises under Interest Subvention Scheme, the rate of interest applicable will be 11.5% p.a. net of prompt payment rebate of 0.5% p.a. The interest subsidy component is reduced from existing 10%p.a. to 6% p.a. and the effective rate to the entrepreneurs will be 5.5% p.a on prompt payment. Further, In respect of loans sanctioned before 31-07-2020 and where the first disbursement is made on or after 01-08-2020, the rate of interest will be 11.5% p.a. net of prompt payment rebate of 0.5% p.a. The subsidy component will be 6% p.a. and the effective rate for the borrower will be 5.5% p.a.

P.T.O.

ಪ್ರಧಾನ ಕಛೇರಿ : ಕೆ.ಎಸ್.ಎಫ್.ಸಿ. ಭವನ, ನಂ. 1/1, ತಿಮ್ಮಯ್ಯ ರಸ್ತೆ, ಕಂಟೋನ್ಮೆಂಟ್ ರೈಲ್ವೆ ನಿಲ್ದಾಣದ ಹತ್ತಿರ, ಬೆಂಗಳೂರು - 560 052.

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5. The revised rate of interest are applicable for all the cases where the first disbursement is made on or after 01.08.2020. Further, the loans sanctioned under interest subsidy/subvention Schemes, where first disbursement is made prior to 01-08-2020, shall carry the existing rate of interest and interest subsidy component shall remain unaltered.
6. In respect of all the loans sanctioned prior to 31-07-2020 and first disbursement is made on or after 01-08-2020, the Branches shall issue addendum to the loan sanction letter for revision in the interest rate and take the acceptance of the borrowers for the revised rate of interest and obtain Modification Deed, if needed.

The interest rate structure has been updated by incorporating the new rate of interest as detailed in the Annexure to this Circular. The IT Department shall incorporate the revised rate of interest in the system.

The Internal Audit Department during the course of Audit may verify all such cases and ensure that correct interest rates are charged.

The contents of this circular shall be brought to the notice of all the concerned in your Office/Department.

Eusep Carr
MANAGING DIRECTOR 4/8.

**All Departmental/Principal Officers/Section Heads
All Branch Offices /IA Cells**

**General Managers } for infn.
Executive Directors }**



**KARNATAKA STATE FINANCIAL CORPORATION
HEAD OFFICE : BANGALORE.**

**Annexure to Circular No. 1031
Interest Rate Table (Term Loans) effective from 01.08.2020**

Sl. No.	Category of borrowers/loans	Interest Rate (%)	
		Gross Rate	Net of rebate
1	a. Term Loans (including WCTL) to Micro, Small and Medium Industries, b. Acquisition of ISO accreditation, c. SRTOs and Acquisition of private vehicles, d. Tourism related activities: Amusement parks, Restaurants, Travel and Transport, Tourist Service Agency, Hotels & Restaurants, Mobile Canteen / Catering, Resorts, Service Apartments. e. **Health Care Services: Assistance to Doctors/Qualified Medical Practitioners, Nursing Homes/Hospitals, and Electro Medical Equipment. f. Assistance to qualified professionals: Management Professionals, Medical Professionals, Accounting Professionals, Architects and Engineers, Veterinary Clinics. g. DG Sets, Mobile Generators, h. Godown / Warehouse and Convention centers. i. Office Automation. j. Training Institutions. k. Industrial Estates, IT Software Parks. l. Financing of fixed assets under contractors scheme. m. Wind mill power generation projects n. Solar Power Generation projects.	12.00	11.50
1A	Term loans to Large Scale Industries / Industries graduating from Medium Scale Industries	14.50	14.00
	<i>** irrespective of the amount of investment in plant and machinery, the Applicable rate of interest rate for loans under Health care services will be on par with loans to MSMEs.</i>		



CONTINUATION SHEET NO.

2	a. Construction / Buying Commercial Complexes, b. Construction activities like Residential Apartments, Villas, Group housing, Layout formation / Property Development c. Shopping Complexes, d. Ready built office space, Construction/Buying Ready built show rooms and Sales outlets, Development, Maintenance and Construction of Roads / Infrastructure Projects. e. Professional Education Institutes. f. Corporate loans to above activities (under SI No. 2)	14.50	14.00
3	a. Corporate loans, (excluding corporate loans to activities at SI.No. 2), AMARA scheme, Bridge loans, Finance to existing assets, b. Entertainment industry (including Cinema Theatre/ Multiplex, Production of feature films, TV serials, Dubbing / Recording, Software for visual media publicity). c. Rental discounting scheme	14.50	14.00
4	Privileged Entrepreneurs Scheme	14.50	14.00
5	Micro Finance Activity	14.00	14.00
6	Purchase of private vehicles by existing firms/promoters	12.00	12.00

NOTES TO THE INTEREST RATE STRUCTURE:**A] REBATES AND CONCESSIONS:**

Prompt payment rebate of 0.5% will be allowed for the loans as indicated in the table above subject to the following:

- Payments shall be made on or before the due date through ECS /RTGS / NEFT / DD / Cash / Local cheques. Repayment through outstation cheques will not be eligible for this rebate.
- If the due date for payment happens to be a holiday, the immediate next working day shall be considered as due date and for reckoning the prompt payment.
- No rebate for prompt payment is available to Micro Finance Activity, Purchase of private vehicles by existing firms/promoters.
- 1.00% special rebate is extended to physically challenged entrepreneurs subject to producing physical disability certificate from the competent authority.



- e. 1.00% special rebate is extended to green technology products and services provided, 51% of the project cost comprises of green technology, viz, green building, equipment, energy and other purchasing required for the project

**B] INTEREST RATES FOR GOVERNMENT OF KARNATAKA
INTEREST SUBSIDY SCHEMES:**

a. Interest rate for SC/ST Entrepreneurs :

The term loans to Scheduled Caste and Scheduled Tribe entrepreneurs will be sanctioned at the above applicable rates. However, effective rate to these entrepreneurs will be 4% p.a. The difference between KSFC lending rate and effective rate of 4% to the borrower will be met through the interest subsidy by GoK as per the KSFC Circular No. ED(F) 786 dated 30-03-2007 and Circular No. ED(F) 868 dated 28-07-2009 respectively. Further, the guidelines issued at Circular 887 dated 17-12-2009 may also be noted.

b. Interest rate for Micro & Small Enterprises under Interest Subvention Scheme :

The State Government has revised interest subsidy component from existing 10%p.a. to 6% p.a. Consequent to this, with effect from 01-08-2020, the term loans to Micro & Small Enterprises under Interest Subsidy/Subvention Scheme of GoK will be sanctioned at the above applicable rate of 12.00% p.a. with prompt payment rebate of 0.5% p.a.(net of rebate 11.50% p.a.). The subsidy component will be 6% p.a. and the effective rate for the borrower will be 5.5% p.a. Further, the other detailed guidelines of the Scheme issued vide Circular No. 1005 dated 06-10-2018 shall remain unaltered.

c. Interest rate for Women Entrepreneurs :

In respect of loans sanctioned under Interest Subsidy Scheme for Women Entrepreneurs, where the first disbursement is made on or after 01-08-2020, the interest rate will be 12.00% p.a. with prompt payment rebate of 0.5% p.a.(net of rebate 11.5% p.a.) The interest subsidy component will be 7.5% p.a. and effective rate for the borrower is 4% p.a.

The difference between KSFC lending rate and effective rate of 4% to the borrower will be met through the interest subsidy by GoK as per guidelines of KSFC – Circular No. ED –I 920 dated 14-01-2016.



C] PENAL INTEREST

A penal interest of 2.00% p.a. over and above the applicable interest will be charged in case of default, on the defaulted amount for defaulted period to all categories of borrowers.

D] LOAN OUTSTANDING TO DETERMINE INTEREST RATE:

While applying the interest rate, the total loan outstanding (i.e existing and proposed loan) will be the criteria for deciding the rate of interest.

E] DEFERRED PAYMENT IN CASE OF SALE U/S 29 of SFCs ACT:

The rate of interest for deferred payment liability in case of sale of assets will be the highest current rate of interest rate under 1 and 2 of interest rate table.

F] TRANSFER OF LOAN LIABILITY:

The original contract rate of interest will continue to apply in case of transfer of loan liability.
