



Ref.No.KSFC/HO/CMD/ED(F)/312/2010-11

Date: 15.06.2010

**CIRCULAR No.909**

Sub: Mou with KSSIDC for financing of plots / flats / sheds  
developed by KSSIDC for industrial purpose.

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As you are aware, KSSIDC has developed / is in the process of developing various Industrial Estates all over the State of Karnataka and has been allotting industrial plots / flats / sheds to entrepreneurs. KSSIDC has come forward to allot industrial plots / flats / sheds on priority to the clients of KSFC. In this regard, both KSFC and KSSIDC held discussions to facilitate the allotment and financing of such industrial plots / flats / sheds to prospective entrepreneurs and for this purpose have signed an MoU on 11.06.2010. A copy of the same is enclosed for ready reference.

As per the MoU, KSFC can finance to the extent of 90% of the cost of industrial plots / flats / sheds allotted by KSSIDC by way of sanctioning term loans to the promoters for purchase of the said property subject to lending norms of KSFC. The sanctioning authority should particularly ensure while sanctioning the loans that the project DER and overall DER are as per the prevailing Lending Policy.

All the concerned are hereby advised to go through the MoU and encourage promoters to own their own industrial plot / flat / shed through KSSIDC. The BMs / HODs are also advised to have close liaison and rapport with the concerned KSSIDC officers in the district and obtain the list of vacant industrial plots / flats / sheds in their region and display the same prominently on the Notice Boards of the BOs. Copies of such lists should be sent to AGM(IT) so that he can compile the list of available industrial plots / flats / sheds in the State as a whole and display this information on the website of KSFC.

The contents of this Circular shall be brought to the notice of all the concerned in your office / department.

Sd/-

CHAIRMAN & MANAGING DIRECTOR

To:

All BMs  
All ZMs / DGMs of Super 'A' Branches / IA Cells  
All Principal Officers / Section Heads in HO  
All General Managers  
Library  
Executive Directors – for information.



**MEMORANDUM OF UNDERSTANDING (MoU) BETWEEN  
KSSIDC AND KSFC FOR FINANCING OF LAND, PLOT/FLATS DEVELOPED  
BY KSSIDC FOR INDUSTRIAL PURPOSE**

This Memorandum of Understanding is entered into BY and BETWEEN Karnataka State Financial Corporation (a Statutory body established under the State Financial Corporations Act (1951) having its head office at KSFC Bhavan, No.1/1, Thimmaiah Road, Bangalore-560 052, hereafter for brevity's sake referred to as **KSFC** and Karnataka State Small Industries Development Corporation Limited, a company wholly owned by the State of Karnataka and having its head office at Rajajinagar Industrial Estate, Bangalore-560 010, hereinafter for brevity's sake referred to as **KSSIDC**. The KSFC and KSSIDC are jointly referred to as the '**parties**' in this MoU.

WHEREAS, both KSFC and KSSIDC are institutions set up by the Government of Karnataka with an objective of achieving industrialization in various parts of Karnataka by allotting land / shed through KSSIDC and extending financial assistance for establishing the industry through KSFC. KSSIDC has developed / is in the process of developing various Industrial Estates all over the State of Karnataka and has been allotting sheds / plots to entrepreneurs. In order to streamline the process of allotment of available lands and sheds in the different Industrial Estates of KSSIDC, both the institutions have held mutual discussion to facilitate the allotment and financing of such plots / sheds to prospective entrepreneurs and for this purpose have arrived at an understanding as regards the broad terms for carrying out the said understanding. In order to put the same on record it is desired by both the institutions that the understanding be reduced to writing under this Memorandum.

**Now this Memorandum of Understanding witnesseth as under:**

- 1) KSSIDC agrees to send to KSFC a list of properties which are available for sale / allotment to entrepreneurs in its Industrial Estates all over Karnataka. The list shall also contain details of the allotment rate / measurement, location, amenities available etc. Such list would be updated by KSSIDC quarterly and the updated list shall be sent to KSFC.
- 2) KSFC on its part shall inform prospective entrepreneurs who approach it for financial assistance, giving them the details of plots / sheds that are available in various KSSIDC Industrial Estates in Karnataka. In the event of the promoters showing interest in acquiring such plot / sheds, the same shall be informed by KSFC to KSSIDC requesting KSSIDC to allot / sell the shed / plot to the prospective entrepreneur as per rules in vogue.
- 3) KSSIDC on receiving such request shall inform the promoter in writing giving the details of financial cost of the property and the total amount to be paid to KSSIDC for allotment / sale of such property to the prospective entrepreneur. KSSIDC shall send a copy of such intimation to KSFC for its information.



- 4) It is agreed to between both the parties that in case of allotment / sale, the promoter by way of his margin / investment is required to make a minimum payment of 10% of the cost of the property to KSSIDC. Such payment can be made directly by the promoter to KSSIDC or the payment may be routed through KSFC.
- 5) KSFC has agreed to finance to an extent of 90% of the cost of the shed / land by way of sanctioning loan to the promoters for purchase of the said property, subject to lending norms of KSFC. For this purpose while examining the request of the promoter for acquisition of shed / land, KSFC may carry out its due diligence and in its discretion take a decision to sanction such assistance to the promoter or not. In all such cases where KSFC sanctions loan towards purchase of plot / shed if the promoter requests KSFC, the amount would be directly paid by KSFC to KSSIDC for acquiring the said property.
- 6) In all cases where 100% of the cost of the property is paid to KSSIDC as stated above, KSSIDC agrees to execute absolute Sale Deed in favour of the purchaser / allottee by noting the 1<sup>st</sup> charge of KSFC on the property in the Sale Deed executed by them and KSSIDC also undertakes to send such registered Sale Deed directly to KSFC after registration.
- 7) KSSIDC while forwarding the list of available properties in its industrial estates shall also indicate the reservation of such properties for different categories for such allotment / sale. KSFC while recommending these properties shall ensure that allotment / sale is made to the category for which such properties are reserved.
- 8) In all cases where KSFC extends finance for purchase / allotment of shed / land, and where KSSIDC has noted 1<sup>st</sup> charge of KSFC as at para 6 above, in the event of default in repayment of loan to KSFC, KSFC is entitled to initiate recovery action against the property mortgaged in its favour for recovery of its dues. In all such cases, KSSIDC is entitled to collect only arrears of maintenance charges, water charges, line minimum cost, slum cess and other dues, if any, which may be collected either from KSFC or prospective buyer of the property on case to case basis. In the event of such charges being paid by KSFC, the same shall be debited to the loanee's account by KSFC.
- 9) KSSIDC may also directly allot property under lease cum sale agreement basis. However, in such cases, wherever the allottees approach KSFC for finance, KSSIDC shall communicate 99% of the cost payable towards the cost of the shed and shall also take steps to note / cede the 1<sup>st</sup> charge in favour of KSFC after receiving 99% of the cost of the property from KSFC. In allotments of this type wherever KSFC initiates recovery action for recovery of its dues in respect of units where property is allotted on lease cum sale basis, the understanding arrived at between KSFC and KSSIDC in the MoU dated 24-7-2009 shall be applicable.



- 10) KSSIDC also agrees that wherever it has property which is developed or yet to be developed, it may allot or sell the same to KSFC as per the Board norms at the request of KSFC for such transfer to KSFC to either use it for its own purpose or for selling such property to prospective entrepreneurs for establishing an industry thereon.

This MoU shall be in addition to the MoU entered into between the parties on 24-7-2009. Both the MoUs shall be in operation and cover such of the cases which fall in their ambit.

Signed, sealed and delivered  
on behalf of KSFC

Sd/-,  
CHAIRMAN AND  
MANAGING DIRECTOR

Signed, sealed and delivered  
on behalf of KSSIDC

Sd/-,  
MANAGING DIRECTOR

WITNESSES:

Sd/-,  
1. Dr. S. S. CHANDRASHEKAR  
EXECUTIVE DIRECTOR (F)  
KSFC

Sd/-,  
2. Dr. M. SHANKARA  
GENERAL MANAGER (IES)  
KSSIDC

Place: Bangalore  
Date: 11-06-2010.