

**CIRCULAR No: 907**

Sub:	An additional rebate of 0.50% for loans of Rs 300 lakhs and above to existing customers
Ref:	1. Earlier interest circular No ED(F) – 893A dated 12.03.2010 2. Earlier interest circular No ED(F) – 893 dated 22.01.2010

In order to encourage the existing entrepreneurs with expansion plans exceeding Rs 300 lakhs, the Board in its meeting held on 24.05.2010 decided to extend an additional rebate of 0.50% in rate interest for prompt payment, over and above the normal rebate upon credit rating and prompt payment. **This additional rebate shall be applicable only to the existing customers for expansion proposals of Rs 300 lakhs and above.** The Board has further clarified that this facility shall not be extended to new borrowers, CRE Sector, Corporate loans and Privileged Entrepreneurs loan. **The additional rebate shall be available to the loans, sanctioned on or after 24.05.2010**

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

Sd/-
CHAIRMAN AND MANAGING DIRECTOR

To:
All Departmental Heads/Principal Officers
All Branch / Zonal Managers/IA Cells
General Managers – at Head Office
Library

CC to:
Executive Director (F) }
Executive Director (O) } for information
EA to the MD



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

Annexure to Circular No.ED(F) 907

Interest Rate Table (Term Loans) effective from 24.05.2010
[Earlier interest circular No.ED(F).893A dated 12.03.2010]

SI No	Category of borrowers/loans	Interest rates (%)
1	a. All Term Loans (including WCTL) to MSMEs, b. Acquisition of ISO accreditation, c. SRTOs and Acquisition of private vehicles, d. Tourism related activities: Amusement parks, , Restaurants, Travel & 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, Electro Medical Equipment. f. Assistance to qualified professionals: Management Professionals, Medical Professionals, Accounting Professionals, Architects & Engineers, Veterinary Clinics. g. DG Sets, Mobile Generators, h. Godown / Warehouse & Convention centers. i. Office Automation j. Training Institutions.	13.50
2	a. Construction / Buying Commercial Complexes, b. Construction activities like Residential Apartments, Villas, Group housing, Lay out formation/Property Development c. Shopping Complexes, d. Industrial Estates, IT Software Parks, e. Ready built office space, Construction/Buying Ready built show rooms and Sales outlets, Development, Maintenance and Construction of Roads/Infrastructure Projects. f. Professional Education Institutes. g. CORPORATE LOANS TO ABOVE ACTIVITIES (under SI No. 2)	15.50
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.	15.00
4	Privileged Entrepreneurs Scheme	14.50
5	Scheme for Energy Saving Projects (SESP) for MSMEs under JICA LoC of SIDBI	
	a. For Loans up to 5 years	11.25



b. For Loans above 5 years	11.50
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ANNEX to Circular : KSFC / ED(F) 907

NOTES TO THE ABOVE INTEREST RATE STRUCTURE:

I REBATES AND CONCESSIONS:

A.1 CONCESSION FOR CREDIT RATED LOAN PROPOSALS

For new loans disbursed on or after 01.02.2010, interest concession shall be extended as indicated below:

Rating	Interest rebate for loans	
	up to Rs.1.00 crore	above Rs.1.00 crore
Green field Projects with ratings SE1A and SE2A by SMERA or equivalent rating by other agencies	0.50%	1.00%
Brown field Projects with ratings Pr1 and Pr2 by SMERA or equivalent rating by other agencies		

This interest concession shall not be applicable for Tourism related activities like Amusement parks, Restaurants, Travel & Transport, Tourist Service Agency, Hotels & Restaurants, Mobile Canteen / Catering, Resorts, Service Apartments, CRE projects, Corporate Loans, Privileged Entrepreneurs loans and loans sanctioned under JICA LoC.

2. REBATE FOR PROMPT PAYMENT

i) A rebate of 0.50% will be allowed for all loans disbursed on or after 01.02.2010 for prompt payment

ii) An additional rebate of 0.50% will be allowed only for loans of Rs 300 lakhs and above to existing customers, for prompt payment, sanctioned on or after 24.05.2010

The rebate shall be allowed 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.
- The present system of giving grace period of three days for prompt payment has been discontinued for all loans, including the existing loans.
- 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.



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B. 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 No.887 dated 17.12.2009 may also be noted.

II PENAL INTEREST

For new loans disbursed on or after 01.02.2010, the 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.

III 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.

IV 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.

V TRANSFER OF LOAN LIABILITY

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