



Ref: KSFC/HO/CMD/ED(F)/604/2010-11

Date : 31.08.2010

CIRCULAR No.915 (A)

Sub: Financing CRE Sector –Considering land cost in the Cost of Project
Ref: Circular No.915 dated 27.07.2010.

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As you are aware, in the above referred circular, the BMs and HODs at HO were advised to ensure that land cost is not considered for financing under CRE sector. Further, in-line with this decision, the provision made in the Lending Policy under CBD scheme for considering the land cost at 30% of the SR value as component in the project cost and financing other fixed assets upto 100% is withdrawn, as it amounts to indirectly financing 30% of the land cost.

Some of the BMs and IA department have sought clarification as to whether the cost of land which is specifically purchased for the project can be included in the cost of project, as inclusion of the land cost would facilitate the DER norms.

In this regard, it is hereby clarified that the land cost may be included in the cost of project. However, this should not be considered for working out the term loan eligibility. The maximum term loan assistance may be worked out only on the proposed cost of fixed assets excluding the land cost, subject to meeting the DER norms (including the land cost) as per the Lending Policy.

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 / FO, Yadgir
All ZMs / DGMs of Super 'A' Branches / IA cells
All Principal Officers / Section Heads in HO
All General Managers
Library
Executive Directors - for information