



Ref.No.KSFC/HO/MD/ED(F)/069/2010-11

Date : 20.04.2010

CIRCULAR No.902

Sub: Enhancing the limit of accommodation and the eligible
Refinance Ceiling under Refinance / LOC by SIDBI.
Ref: Circular No.758 dated 05.11.2004.

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As you are aware, SIDBI has been according approval to SFCs on case to case basis in respect of proposals exceeding the limit of accommodation beyond Rs.5 crore and upto Rs.20 crore in the case of a Corporation or a Company or a Co-operative Society and beyond Rs.2 crore and upto Rs.8 crore in any other case in terms of provisions of Sec.26(i) and 26(ii) of SFCs Act 1951 respectively.

Now, a circular No.FI No.16/2009-10 dated 19.03.2010 received from SIDBI is enclosed to this circular, which is self explanatory. The highlights of the said SIDBI circular are given below:

- (a) In order to encourage MSMEs to corporatize their establishments and to ensure faster credit delivery to MSMEs from SFCs, the SFCs are permitted to provide assistance to individual units upto Rs.10 crore in case of a Corporation or a Company or a Co- operative Society under Sec.26(i) of the SFC's Act. Accordingly, the SFCs shall now approach SIDBI for permission only in respect of such cases where the loan amount exceeds Rs.10 crore and upto Rs.20 crore in respect of Corporation or a Company or a Co-operative Society.
- (b) The refinance, subject to eligibility in the above cases will be restricted to Rs.10 crore irrespective of the loan amount sanctioned by SFCs within the provisions of the SFCs Act. Assistance sanctioned to these cases, above Rs.10 crore needs to be met out of KSFC's funds.

The limit of accommodation in respect of others viz., proprietorship / partnership / trusts etc., has been retained at Rs.2 crore only. Hence, SFCs shall continue to approach SIDBI



for case to case approval for such cases, in terms of provisions of Sec.26(ii) of SFCs Act, as hitherto.

- (c) The existing eligible refinance ceiling per unit is enhanced to Rs.10 crore (from Rs.5 crore) in respect of Corporation or a Company or a Co-operative Society and the extent of refinance is kept at 100% of the loan amount (subject to ceiling of Rs.10 crore) only in respect of micro and small enterprises.
- (d) The extent of refinance in respect of term loans granted by SFCs to medium enterprises stands reduced to 80% of the term loan .
- (e) The eligible refinance ceiling in case of proprietorship / partnership / trusts etc., has been retained at Rs.2.00 crore per unit.

This revision is effective from the date of SIDBI's circular dated 19.03.2010. Since the normal limit of accommodation and refinance limits has been enhanced to Rs.10 crore (from Rs.5 crore) to corporate sector, the BMs and HODs at HO are advised to impress upon the borrowers who require loans beyond Rs.2.00 crore to corporatize their establishments for availing loans from KSFC so that faster sanctions and disbursements can be done without waiting for SIDBI's permission in eligible cases.

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

Sd/-
MANAGING DIRECTOR

To:
All BMs
All ZMs / DGMs of Super 'A' Branches / IA cells
All Principal Officers / Section Heads in HO
All General Managers
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