

CIRCULAR No: 996

Sub: Modification in additional rebate, Interest rate for Large Scale Industries and Solar Power Generation Projects.

Ref: Previous interest rate Circular No 992, No KSFC/HO/TRY/EDII/CMD/367/2014-15 dated 29-01-2015

The Board, in its meeting held on 31-08-2015 reviewed the existing interest rate structure. After deliberations the Board decided to make slight modification in the additional rebate for prompt payment and modify the interest rate applicable to Large Scale Industries with the intention retaining the existing clients. The Board also decided to apply the interest rate to Solar Power Generation Projects on par with rate of interest being charged to Wind Mill Power Generation Projects.

The above changes have been incorporated in interest rate table and shall be effective for first disbursement of loans made on or after **10th September 2015**. The updated interest rate structure, along with the terms and conditions, is enclosed. The IT Department shall incorporate the applicable rate of interest in the system.

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

**Sd/-
Chairman and Managing Director**

To:
All Departmental/Principal Officers/Section Heads
All Branch Offices /IA Cells
General Managers – at Head Office
Library
CC to:
Executive Director I }
Executive Director II } for information
EA to the CMD



KARNATAKA STATE FINANCIAL CORPORATION
HEAD OFFICE: BANGALORE.

Annexure to Circular No ED II 996

Interest Rate Table (Term Loans) effective from 10-09-2015
(Earlier interest Circular No ED II 992 dated 29-01-2015)

Sl No	Category of borrowers/loans	Interest Rate (%)						
1	<p>a. All 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. <i>Health Care Services*</i>: 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, <i>* Irrespective of the amount of investment in plant and machinery, the applicable rate of interest for loans under Health care Services will be on par with loans to MSMEs</i></p>	14.00						
1A	<p>Pricing of credit rated loans to Micro, Small and Medium Industrial units.</p> <table border="1"><tr><td>a) External ratings of SE1A & SE2A on NSIC scale, SME1 & SME2 on non-NSIC scale, AAA, AA or equivalent rating by other agencies and b) Minimum 70% marks in in-house credit rating</td><td>Loans from Rs 50 lakhs to Rs 100 lakhs</td><td>13.50</td></tr><tr><td></td><td>Loans above Rs 100 lakhs</td><td>13.00</td></tr></table>	a) External ratings of SE1A & SE2A on NSIC scale, SME1 & SME2 on non-NSIC scale, AAA, AA or equivalent rating by other agencies and b) Minimum 70% marks in in-house credit rating	Loans from Rs 50 lakhs to Rs 100 lakhs	13.50		Loans above Rs 100 lakhs	13.00	
a) External ratings of SE1A & SE2A on NSIC scale, SME1 & SME2 on non-NSIC scale, AAA, AA or equivalent rating by other agencies and b) Minimum 70% marks in in-house credit rating	Loans from Rs 50 lakhs to Rs 100 lakhs	13.50						
	Loans above Rs 100 lakhs	13.00						
1B	<p>Rate of interest for loans below Rs 50 lakhs to Large Scale Industries, graduating from Medium Scale Industries, without External rating.</p> <p>Pricing of credit rated loans for Large Scale Industrial units.</p> <table border="1"><tr><td>a) External ratings of AAA, AA or equivalent ratings and b) Minimum 70% marks in in-house credit rating</td><td>Loans from Rs 50 lakhs to Rs 100 lakhs</td><td>14.00</td></tr><tr><td></td><td>Loans above Rs 100 lakhs</td><td>13.50</td></tr></table>	a) External ratings of AAA, AA or equivalent ratings and b) Minimum 70% marks in in-house credit rating	Loans from Rs 50 lakhs to Rs 100 lakhs	14.00		Loans above Rs 100 lakhs	13.50	
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	Loans above Rs 100 lakhs	13.50						
	The pricing of credit rated loans mentioned at Sl No (1A) and (1B) shall not be applicable to any of the category of borrowers/loans from (b) to (k) at Sl No (1) and any of the category of borrowers/loans at Sl No (2) to (7) in the interest rate table							



2	a. Construction / Buying Commercial Complexes, b. Construction activities like Residential Apartments, Villas, Group housing, Lay out 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 Sl No. 2)	16.50
3	a. Corporate loans, (excluding Corporate loans to activities at Sl 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.	16.00
4	Privileged Entrepreneurs Scheme	15.50
5	Micro Finance Activity	14.00**
6	Purchase of private vehicles by existing firms / promoters	12.00**
7	a) Wind Mill Power Generation Projects b) Solar Power Generation Projects	13.00**

** No rebate/concession of any kind will be available

NOTES TO THE INTEREST RATE STRUCTURE:

I REBATES AND CONCESSIONS:

A 1 REBATE

i) A rebate of 0.50% will be allowed for all loans for prompt payment.	
ii) (a) Additional rebate for prompt payment for loans from Rs 100 lakh and below Rs 300 lakh, to existing customers for 3 years or more, given for tangible asset based projects with in-house credit rating score of 70% and above.	0.25%
(b) Additional rebate for prompt payment for loans of Rs 300 lakh and above , to existing customers for 3 years or more, given for tangible asset based projects with in-house credit rating score of 70% and above.	0.50%
For ii(a) customers total rebate will be 0.75% and for ii(b) customers it will be 1.00%	
The customers who were earlier with KSFC for 3 years or more closed their accounts and come again for loans with a break, may be extended the rebate applicable to existing customers provided the in-house credit rating score is 70% and above.	
<u>In house credit rating is to be carried out by the Risk Management Department in respect of all loan proposals referred under ii(a) and ii(b) pertaining to additional rebate for prompt payment.</u>	

The above 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.



- b) 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, Wind Mill Power Generation Projects and Solar Power Generation Projects

- iii) 1.00% special rebate is extended to physically challenged entrepreneurs subject to producing physical disability certificate from the competent authority

- iv) 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

- 2 Maximum Rebate/Concession extended to any unit under different categories shall not exceed 3.00% including benefits mentioned at Sl No (1A) and (1B) in the interest rate Table.

B .INTEREST RATE FOR SC/ST AND FIRST GENERATION ENTREPRENEURS

- a) 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.
- b) **The term loans to First Generation entrepreneurs under Government of Karnataka Interest Subsidy Scheme will be sanctioned at the above applicable rates. However, interest will be subsidised over and above the 8.00% p.a, subject to a maximum of 6.00% p a as per Circular No ED I 913 dated 01-06-2015.**

II 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.

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.