



# ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆ ಅನ್ವಯ ಸ್ಥಾಪಿತ

**KARNATAKA STATE FINANCIAL CORPORATION**

Established under the State Financial Corporations' Act, 1951



ಸಂಖ್ಯೆ : ಕ.ರಾ.ಹ.ಸಂ./ಪ್ರ.ಕ./

Ref. No. KSFC/H.O./ 193/secy/2021-22/

ದಿನಾಂಕ : 20/01/2022

## CIRCULAR NO-1018

**Sub:- Interest Subvention / Subsidy Scheme for New & Existing Micro and Small enterprises in Service Sector promoted by Women Entrepreneurs (2021).**

**Ref:- ಸರ್ಕಾರಿ ಆದೇಶ ಸಂಖ್ಯೆ:ಮಮಇ57ಮಅನಿ:2021, ಬೆಂಗಳೂರು ದಿನಾಂಕ:13-01-2022.**

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Considering the difficulties faced by Micro and Small enterprises in the service sector in availing institutional credit towards capital investments at reasonable interest rates, especially ventures promoted by Women Entrepreneurs, Government of Karnataka has introduced an Interest Subvention / Subsidy Scheme for New & Existing Micro and Small enterprises in Service Sector promoted by Women Entrepreneurs (2021) in the State to be implemented through Karnataka State Financial Corporation (KSFC).

The details of this scheme are as in Government Order dated 13-01-2022 referred above, a copy of the same along with detailed guidelines are enclosed herewith for ready reference.

The Scheme will be implemented in KSFC with effect from 20/01/2022

The salient features, eligibility criteria, guidelines etc., of the scheme are as below:

### I. Salient features:

- (i) *The scheme is extended to new and existing Micro and Small Enterprises in Service Sector.*

ಪ್ರಧಾನ ಕಛೇರಿ : ಕೆ.ಎಸ್.ಎಫ್.ಸಿ. ಭವನ, ನಂ. 1/1, ತಿಮ್ಮಯ್ಯ ರಸ್ತೆ, ಕಂಟೊನ್ಮೆಂಟ್ ರೈಲ್ವೆ ನಿಲ್ದಾಣದ ಹತ್ತಿರ, ಬೆಂಗಳೂರು - 560 052.

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(ii) *The definition of Micro and Small Enterprises: Enterprises engaged in providing or rendering services will be as per the provisions of the "Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)", prevailing Notification (S.O. 1702(E)) dtd. 01/06/2020 of Ministry of Micro, Small and Medium Enterprises or modifications from time to time.*

(iii) *The scheme is extended for all new investments in building, plant and machinery / equipments by new enterprises in service sector and by way of expansion, diversification, modernization and technology up-gradation etc., by existing enterprises in service sector.*

*The investment in Plant and Machineries / Equipment will be reckoned as in the prevailing notification (S.O. 2119 (E)) dtd.26/06/2020 of Ministry of Micro, Small and Medium Enterprises or modifications from time to time.*

(iv) *Investments made towards purchase of land either own/leased land or land allotted by Government agencies like KIADB / KSSIDC etc., are not eligible for financing under the scheme.*

(v) *The interest subvention / subsidy would be available for a period of 5 years from the date of first disbursement of loan/s by KSFC.*

## II. Eligibility Criteria:

### (i) Eligible Enterprises:

- i. Enterprises promoted by Women Entrepreneurs i.e proprietary concerns, partnership firms, companies & other legal entities.
- ii. SC/ST Women Entrepreneurs, who have already availed loan/s under special scheme available for them are not eligible to avail loan/s under this scheme.





- iii. Women Entrepreneurs engaged in service sector activities, who have already availed loan/s under earlier Women Entrepreneur interest subvention / subsidy scheme, are also eligible to avail loan/s under this scheme.
- iv. Service activities identified and updated from time to time by KSFC will only be eligible to cover under the special Scheme.

A Committee of General Managers headed by the senior most General Manager will identify, suggest / recommend the eligible service activities (*with product code*) and also co-ordinate, clarify queries raised by the Branches.

*(ii) Quantum of Loan/s:*

- i. The maximum Term Loan/s will be Rs.200.00 lakh for each legal entity.
- ii. Enterprises can avail multiple loan/s under the scheme subject to overall ceiling of Rs 200 lakh as above for each legal entity (*including loan/s availed in the earlier Women Entrepreneur Scheme by the same entity*).
- iii. If the loan exceeds the overall ceiling of Rs. 200.00 lakh as above for each entity, the loan/s over and above the limits will carry contract rate of interest of KSFC.
- iv. The minimum term loan size is Rs.5.00 lakh.





i) *Applicable Interest:*

- i. KSFC shall evaluate loan/s with prevailing contract rate of interest and the promoters shall pay the interest accordingly.
- ii. The loan/s availed under this scheme will also be eligible for a rebate of 0.50% for prompt payment.
- iii. With the prevailing contract rate of interest in KSFC at 12.00% p.a, allowing a rebate of 0.50% for prompt payment; the beneficiary / borrower will be eligible to avail the interest subvention (upfront) of 7.50% p.a.
- iv. With a ceiling of effective rate of interest payable by the Women Entrepreneur under the scheme at 4.00% p.a only; the interest subvention rate will increase / decrease with change in contract rate of interest charged by KSFC from time to time.
- v. To avail loan under the scheme; the enterprise shall be regular in repayment of all the loan/s availed.
- vi. The Enterprises can avail loan/s at effective rate of 4.00% p.a till the overall limit of Rs. 200 lakh; there after the loan/s will carry prevailing contract rate of interest in KSFC.
- vii. Investments made on land allotted by Government agencies like KIADB / KSSIDC etc., are not covered in the Interest Subvention / Subsidy Scheme for New & Existing Enterprises in Service Sector promoted by Women Entrepreneurs (2021); However, if the enterprise desires to avail financial assistance for land allotted by Government agencies like KIADB / KSSIDC etc., such component of loans with prevailing contract rate of interest can be availed under General Scheme.





- viii. The service enterprises will be eligible for interest subvention benefits for a maximum period of five years from the date of first disbursement of respective loan/s. If the repayment period exceeds beyond five years for any reason including restructuring, the unpaid loan / loan balance will carry contract rate of interest charged by KSFC for the respective loan.
- ix. The interest subvention under the scheme is eligible only for the Term loan/s sanctioned to the service enterprises mentioned above and not applicable to other types of loan/s availed by the service enterprise from KSFC such as Working Capital Term Loan, Privileged Entrepreneurs Loan, Corporate Loan etc.,

### III. Ineligible Activities:

- i. Refinancing /takeover of loan/s from other Bank/s, NBFCs/ NSIC / private financiers and Financial Institutions or for conversion of earlier loan/s availed from KSFC.
- ii. Enterprises engaged in the following activities:
- (i) *All infrastructure projects, Housing, Commercial buildings / Commercial Real Estate (CRE), etc.,*
  - (ii) *Business / Trading Activities.*
  - (iii) *Malls, Cinema Houses etc.,*
  - (iv) *Transports Vehicles, Construction equipments etc.,*
  - (v) *Any other activity other than the Service activities identified by KSFC which are not specifically mentioned herein.*

### IV. Other General terms and condition:

- i. Vehicles of any type shall not be considered as part of the project.
- ii. The terms and conditions of loan sanction such as promoter's contribution, DER, Security requirement, viability of the project etc., shall be ensured as per the prevailing lending policy.





- iii. The overall exposure under the Interest Subvention / Subsidy Scheme for New & Existing Enterprises in Service Sector promoted by Women Entrepreneurs (2021) shall be within the Government of Karnataka's budgetary allocation in the respective Financial Year.

**V. Clarifications:**

Any clarification on the Scheme may be obtained from Principal Secretary / Secretary, Department of Women and Child Development and Empowerment of Differently Abled & Senior Citizens.

Branch Managers are advised to exercise due diligence while selecting the Women Entrepreneurs and take utmost care while appraising the project.

All the concerned are hereby instructed to go through the Government Order referred above and follow the guidelines given therein strictly while considering the loan proposals under this scheme. The contents of this circular shall be brought to the notice of all the concerned in their office.

*Elroop kann*  
MANAGING DIRECTOR

Encl: As above.

To:

*All the BMs/AGMs & DGMs of Branches & IA Cells,  
All Section Heads in HO,  
All the General Managers,  
The Executive Directors,  
PA to MD, Library & Notice Board*