

21.09.2011

CIRCULAR No: 940

Sub: Rebate in interest rate for certain category entrepreneurs/products

The Board in its meeting held on 08.09.2011, while discussing the Lending Policy of the Corporation for FY 2011-12 approved the recommendations of the Executive Committee meeting held on 24.08.2011 pertaining to rebate in interest rate for certain category entrepreneurs/ products and services as indicated below

- 1) To extend 1% special rebate in the prevailing rate of interest to physically challenged entrepreneurs subject to producing physical disability certificate from the competent authority
- 2) To extend financial assistance for purchase of private vehicles to existing firms / promoters with a maximum ceiling limit of Rs 15.00 lakhs at a concessional interest rate of 12% p.a (net of rebate) subject to collateral security of 30%
- 3) To extend financial assistance to green technology products and services by extending a special rebate of 1% p.a, provided, at least 51% of the project cost comprises of green technology, viz, green building, equipment, energy and other purchasing required for the project
- 4) The maximum rebate /concession shall not exceed 3%

The current Circular has incorporated the above changes and additionally, contains the rate of interest for Wind mill Power Projects.

The above changes shall be effective for all sanctions made on or after

1st October 2011.

Except for the above changes, all other terms and conditions, rebates and concessions mentioned in the previous Circular referred above, shall remain unaltered

The IT Department shall incorporate the applicable rebates/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.

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.**

Interest Rate Table (Term Loans) effective from 01.10.2011

SI No	Category of borrowers/loans	Interest Rate (%)
1	<ul style="list-style-type: none"> 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 and 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 and Engineers, Veterinary Clinics. g. DG Sets, Mobile Generators, h. Godown / Warehouse and Convention centers. i. Office Automation j. Training Institutions. 	14.00
2	<ul style="list-style-type: none"> 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) 	16.50
3	<ul style="list-style-type: none"> 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. 	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	Wind mill power projects	13.00*

* No rebate/concession of any kind will be available

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

- i) A rebate of 0.50% will be allowed for all loans 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. The rebate shall be allowed subject to the following,
 - a) 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) The present system of giving grace period of three days for prompt payment has been discontinued for all loans, including the existing loans.
 - c) 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 and Wind mill power 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

3. Maximum Rebate/Concession extended to any unit under different categories under shall not exceed 3.00%

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.

VI For the activities which are eligible for refinance from SIDBI, but SIDBI is not providing refinance because of the exposure exceeding the limit specified in the SFCs Act, the rate of interest as per the prevailing interest rate structure of the Corporation shall be applied

However, for the activities which are not eligible for refinance from SIDBI, including Large Scale Industries, the interest rate as applicable to advances out of own funds (SI No 3 in the interest rate Table) shall be applied
