



# ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆ ಅನ್ವಯ ಸ್ಥಾಪಿತ

## KARNATAKA STATE FINANCIAL CORPORATION

Established under the State Financial Corporation' Act, 1951

ಸಂಖ್ಯೆ : ಕ.ರಾ.ಹ.ಸಂ./ಪ್ರ.ಕ./

Ref. No. KSFC/HO/ MD/AGM(C)/ 321/2023-24,

ದಿನಾಂಕ : 01-09-2023  
Date

CIRCULAR NO. 1031.

Sub: Modification to Interest Rate Structure.  
Ref: Circular No.1011 dated 05/08/2020.

A note was placed before the Board of Directors of the Corporation in its meeting held on August 08, 2023 recommending some modifications to the existing interest rate structure. After deliberations, the Board approved the following modifications:

Sl. No.	Category of Borrowers/loans	Existing Int.Rates (% p.a.)			Revised Int. Rates (% p.a.)		
		Gross	Rebate	Net	Gross	Rebate	Net
1	Term loans to Large Scale Industries/ Industries graduating from Medium Scale Industries.	14.50	0.50	14.00	14.50	1.50	13.00
2	Privileged Entrepreneurs Scheme	14.50	0.50	14.00	14.50	1.50	13.00
3	Corporate loans to Micro, Small & Medium industrial units.	14.50	0.50	14.00	14.50	1.50	13.00
4	Credit rated borrowers having a minimum rating of SME3 or equivalent rating and minimum 70% marks in in-house credit rating approaching under general loan scheme without interest subsidy (i.e., loan proposals without interest subsidy component) for term loans for activities listed under Sl.No.1 of the interest rate table.	12.00	0.50	11.50	12.00	1.50	10.50
5	Existing good customers of the Corporation having track record of minimum of 3 years of maintaining their loan accounts in standard category from the beginning approaching under general loan scheme without interest subsidy for term loans for activities listed under Sl.No.1 of the annexure to this circular.	12.00	0.50	11.50	12.00	1.50	10.50

The revised rates of interest are applicable for the above category of loans where the first disbursement is made on or after 01.09.2023. In respect of these loans sanctioned prior to 01.09.2023 and if the first disbursements are made on or after 01.09.2023, the branches shall issue addendum to the loan sanction letter for revision in the interest rate, obtain letters of acceptance from the borrowers and personal guarantors for the revised interest rate and also for the revised terms and conditions. Further, required modification deed shall also be executed.

.....2

For circulation  
06/09/23



The additional rebates provided in the revised interest rates will be reviewed every year and they can be revised based on the prevailing interest rates and cost of funds of the Corporation from me to time. Hence, a suitable condition in this regard shall be included in the loan sanction communication and the loan agreement. The interest rate structure as per the annexure to this circular is updated by incorporating the revisions in interest rates approved by the Board. The IT Department shall incorporate the revised rates of interest in the ERP system.

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

*J. Shankar*

MANAGING DIRECTOR

To

All the Branch Offices/ IA cells  
All the Heads of Departments at HO  
All the General Managers  
HoD (IA) & HoD(IT & MIS)

**KARNATAKA STATE FINANCIAL CORPORATION**

Annexure to Circular No. 1031

Interest Rates applicable to Term Loans with effect from 01.09.2023

Sl. No.	Category of borrowers/loans	Interest Rate (% p.a.)		Remarks
		Gross Rate	Net of rebate	
1	a) 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) * Health Care Services: 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, l) Financing of fixed assets under contractors scheme. m) Wind mill power generation projects n) Solar power generation projects * 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	12.00	11.50	No change
1A	Large Scale Industries / Industries graduating from Medium Scale Industries	14.50	13.00	Increase in rebate by 1% p.a.
1B	Credit rated borrowers having minimum rating of SME3 or equivalent rating and minimum 70% marks in in-house credit rating approaching for loans under general loan scheme without interest subsidy for term loans for activities listed under Sl.No.1 of this interest rate table.**	12.00	10.50	Increase in rebate by 1% p.a.
1C	Existing good customers of the Corporation having track record of minimum 03 years of maintaining their loan accounts in standard category from the beginning approaching for loans under general loan scheme without interest subsidy for activities listed under Sl.No.1 of this interest rate table.**	12.00	10.50	Increase in rebate by 1% p.a.

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.	14.50	14.00	No change
3	a) 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).	14.50	14.00	No change
4	Privileged Entrepreneurs Scheme	14.50	13.00	Increase in rebate by 1% p.a.
5	Micro Finance Activity	14.00	14.00	No change
6	Purchase of private vehicles by existing firms / promoters	12.00	12.00	No change
7	a) Wind Mill Power Generation Projects b) Solar Power Generation Projects	13.00	13.00	No change
8	Corporate loans to micro, small and medium industrial units (excluding corporate loans to activities at Sl. No. 2)	14.50	13.00	Increase in rebate by 1% p.a.

\*\*The loan proposals should be without interest subsidy component. For example, if a loan proposal under MSME category for Rs.6.00 crores is received and term loans of Rs.5.00 crores with interest subsidy and Rs.1.00 crore without interest subsidy are sanctioned, for both the loans interest rate as per Sl.No.1 of the above table is applicable.

#### NOTES TO THE INTEREST RATE STRUCTURE

##### A) REBATES AND CONCESSIONS:

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 rebate.
- 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
- 1.00% special rebate is extended to physically challenged entrepreneurs subject to producing physical disability certificate from the competent authority
- 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, etc. required for the project.

- f. Maximum rebate/concession extended to any unit under different categories shall not exceed 3.00% including the additional rebate.

Further, applicability of additional rebate to the credit rated borrowers as per the earlier circulars stands withdrawn on issue of this circular.

**B) INTEREST RATES FOR GOVERNMENT OF KARNATAKA INTEREST SUBSIDY SCHEMES**

There is no change in interest rates and rebates applicable to loans sanctioned under various interest subsidy schemes.

**C) 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.

**D) 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.

**E) 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 under Sl.No.1 and 2 of the interest rate table.

**F) TRANSFER OF LOAN LIABILITY**

The original contract rate of interest will continue to apply in case of transfer of loan liability.

-----

