



KARNATAKA STATE FINANCIAL CORPORATION



5.5%

(p.a.)

INTEREST SUBVENTION SCHEME for Micro & Small Scale Manufacturing Enterprises & Manufacturing Allied Service Activities



YOUR PARTNER IN PROGRESS

Modified 5.5% Interest Subvention Scheme [ISS] for Micro and Small Scale Manufacturing Enterprises & Manufacturing Allied Service Activities.

Objective:

Government of Karnataka considering the difficulties faced by the Micro and Small enterprises sector in availing institutional credit towards capital investments at reasonable interest rates has introduced an Interest Subsidy / Subvention Scheme for Micro and Small Scale Manufacturing Enterprises (ISS) in the State to be implemented through Karnataka State Financial Corporation(KSFC) during October' 2018. Suitable changes were effected in the scheme as per prevailing economic and industrial scenario in 2020-21.

Eligibility:

- ☞ Enterprises promoted by all categories of borrowers, proprietary concerns, partnership firms, companies & other legal entities.
- ☞ The scheme is extended for all new investments in building, plant and machinery directly involved in production by new enterprises and existing enterprises by way of expansion, diversification, modernization and technology up-gradation etc., considering the gross block *of plant and machineries.
- ☞ Purchase of land from KIADB / KSSIDC or any other govt. agencies is not available under this scheme.
- ☞ The unit which has already availed the interest subsidy under any other scheme of Government of Karnataka / Government of India are also not eligible for interest subsidy under this scheme.
- ☞ The enterprise will be eligible for 5.5% p.a. interest subvention for a maximum period of five years from the date of first disbursement of respective loans even if the repayment period exceeds beyond five years.

Amount of Loan :

- ☞ The minimum loan size is Rs.5.00 lakhs.
- ☞ The maximum loan size is Rs.500.00 lakhs for Micro and Small Manufacturing Enterprises.
- ☞ Rs.200.00 lakhs for manufacturing and allied services enterprises towards building, gross block* of plant and machinery directly involved in production. The loan/s over and above these limits will carry contract rate of interest.

Rate of Interest :

KSFC shall sanction loans with prevailing contract rate of interest and the promoters shall pay the interest accordingly. To avail the interest subvention under the scheme, the beneficiary / borrower shall be regular in repayment of installments of all the loans availed by the Enterprises from KSFC. The effective interest rate to be paid by beneficiary /borrower is the difference of contract rate and interest subvention of 5.5% p.a. reimbursed by Government of Karnataka.

Terms and Conditions :

The terms and conditions of loan sanction such as promoters contribution, DER, Security requirement, viability of the project etc., shall be ensured as per the prevailing lending policy of the Corporation.

Enterprises / Activities not covered under the Interest Subvention Scheme.

- ☞ Enterprises promoted by SC/ST and Women Entrepreneurs which have availed interest subsidy in any other scheme/s of State Government / Government of India.
- ☞ Refinancing / takeover of loans from other Bank/s, NBFCs / NSIC/ private financiers and Financial Institutions or for conversion of earlier loans/s available from KSFC.
- ☞ All infrastructure projects, Kalyana Mantapas, Hotels, Lodges, Restaurants, Guest Houses, Hospitals, Nursing Homes Housing and Commercial buildings / Commercial Real Estate (CRE) etc.,
- ☞ Business / Trading Activities.
- ☞ Malls, Cinema Houses etc.,
- ☞ Transports Vehicles, Construction equipments etc.,
- ☞ Industrial activities / enterprises not eligible for incentives and concessions as per annexure-2 of Karnataka Industrial Policy 2020-25 or the subsequent Industrial Policy in force.
- ☞ Any other activity other than manufacturing which is not specifically mentioned herein.
- ☞ Gross block* means the total original purchase / invoice value of all existing machinery used in production activity including self acquired, Bank / KSFC financed etc., plus the proposed machinery within overall limit of Rs.500.00 lakhs as per definition of Small Scale Enterprise in MSMED Act, 2006.

Disclaimer :

The parameters of the Scheme may change from time to time depending upon the guidelines of the Government and the Corporation. Please contact your nearest Branch Office for more clarification.



KARNATAKA STATE FINANCIAL CORPORATION

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E-Mail: bdc@ksfc.co Website:www.ksfc.government.gov.in

Branch Offices : At all District Headquarters

For further details contact KSFC Branch Offices

Branch Offices	Contact No.	Branch Offices	Contact No.
Office of General Manager Circle - I	080-22208719	Office of General Manager Circle - III	080-22250133
Bengaluru Jayanagar	080-26653446/7/8/9	Dharwad	0836-2322235 / 2322236
Bengaluru Rural	080-23197995/23197996	Gadag	08372-220502/220541
Bengaluru Central	080-22265881	Belagavi	0831-2426369 / 2427043
Bengaluru Rajajinagar	080-23494628/23495821/12	Bagalkot	08354-235482
Ramanagar	080-27274401/02	Karwar	08382-221006 / 221888
Chickballapur	08156-270117	Haveri	08375-232362 / 233772
Tumakuru	0816-2280089	Shivamogga	08182-229236
Kolar	0815-2224757 / 222661	Chitradurga	08194-224411 / 224410
Office of General Manager Circle - II	080-22261483	Office of General Manager Circle - III	080-22250138
Mysuru	0821-2344930 / 2344531	Dharwad	08472-222394 / 221407
Mandya	08232-226745 / 225496	Gadag	08192-225049/225660
Madikeri	08272-228588 / 228143	Belagavi	08392-242719 / 242105
Chamarajinagar	08226-222150 / 222801	Bagalkot	08352-276102
Mangalore	0824-2443051	Karwar	08532-227028 / 232111
Udupi	0820-2524033	Haveri	08482-228236 / 226381
Hassan	08172-268703 / 265429	Shivamogga	08473-250375 / 250070
Chickamagaluru	08262-230447 / 234045	Chitradurga	08539-225004 / 225005

Branch office :