CHAPTER VI

ROLE OF RAJASTHAN FINANCIAL CORPORATION IN PROMOTION TO SMALL SCALE INDUSTRIES

The development of a small scale industry is the aggregate result of combined inputs of technological skills, labour, finance and managerial efficiency. In the process of development, the non-availability of timely and adequate finance generally acts as a severe restraining factor. Finance, therefore, generally assumes a very great importance in the development of small scale industry. It was, therefore, suggested to establish separate term lending institutions at each state level to cater to the need of medium and small scale industries and also to help establish new one's. According to State Financial Corporation Act was passed by the Parliament on September 28, 1951 as an enambling measure for the establishment of State Financial Corporation.

The Rajasthan Financial Corporation was set up by the State Government in 1955, under the State Financial Corporation Act, 1951 provides financial assistance to new industrial units being set up in Rajasthan. Rajasthan Financial Corporation, operating out of 37 territorial branches and 9 regional offices spread all over the State, grants financial assistance by way of loans (upto ₹15 million to a single borrower), underwriting, deferred
payment guarantee etc. It also acts as an agent of the State Government for operating certain special incentive schemes of the State and Central Government. The major beneficiary of Rajasthan Financial Corporation assistance is the SSI sector.

The Rajasthan Financial Corporation was established to overcome the financial difficulties which were being experienced by the small-scale entrepreneurs. Currently, the corporation extends financial assistance to units engaged in manufacturing or processing of goods, hotel and transport industry repairing workshops, fishing industry. The corporation grants loan for setting up of new industrial concerns, expansion, modernisation of existing concerns, and rehabilitation of sick industrial concerns, which have been assisted by it. The loans are generally granted for creation of fixed assets such as building and machinery, land etc.

Rajasthan Financial Corporation has played a critical role in industrialisation of Rajasthan through the small and tiny industries sector. As a matter of fact more than 90 per cent of its total assistance is shared by small and tiny sector projects which is a land mark amongst Development Finance Institutions in the country.

Established way back in 1955 the corporation operations today extend even to the remotest desert districts.
However the early years were difficult. Distance from markets and backwardness acted as constraints to industrialisation and it was therefore difficult to attract entrepreneurs even from among those Rajasthani who had earlier migrated to the great commercial centres. It was in this setting forty-two years ago that the corporation started its business with a meager sanction of ₹ 7 lakh which had grown to ₹ 163.00 crores in financial year 1995-96 a track record of prudent and steady increase in financial assistance to industries in the state.

During its 42 years of existence the Corporation can well take the credit of having sanctioned ₹ 1850.17 crore to almost 64519 units, of which ₹ 1234.42 crore have already been disbursed till date. In fact, during the financial year just ended itself RFC has extended assistance worth ₹ 167.53 crore and disbursed ₹ 121.44 crore. Consider this against the backdrop of crucial financial conditions wreaking nation-wide havoc to the overall industrial climate. The power situation, the pressing liquidity crunch, the drying up of credit from banks, are factors leaving no financial institution untouched.

A serious look at the adverse factors and a total refurbishing of the very approach of the Corporation are reasons primarily attributable to its steadfast performance.
Guided by the recommendations of the management consultant experts, M/s A.F. Fergusons, the Corporation laid foremost emphasis on qualitative appraisals, even at the cost of reduction in the amount sanctioned. Unashamedly partial to the good borrowers, the Corporation worked out special loan schemes and incentives for them.

The 'Gold Card Credit Scheme' operated through its Merchant Banking Division is one such prominent and most popular scheme wherein loans are sanctioned within 7 days flat. For others too, the Corporation went all the way for 'transparent' policy adoption. A policy flexible and open enough to accommodate genuine loanees, as also firm enough to deter the underliners. One such decision was the stress on the security aspect of the loaned amount.

Collateral security is invariably insisted upon in almost all risky areas and additional guarantee from persons of repute too asked for. Similarly, the percentage of promoter's contribution too has been widened thereby confirming not only increased but genuine interest of the loanees in their projects.

On its part, the Corporation has stepped up its sanction time to mere 48 days, given the borrower too has done his homework well. Similarly, RFC also initiated financing of working capital secured, in turn, by tangible immovable property. And, in its very maiden year of the
introduction of this new scheme, the sanctions accorded touched Rs.18 crore and its recovery forthcoming duely without any default.

Simultaneously, also overhauling its disbursement policies and procedures, the Corporation effected of disbursements within 24 hours on receiving the valuation reports of the loanee units. In many cases, advance disbursements too were released on the pattern of other similar financial institutions. Timely monitoring of projects and cancellation of unavailed loans helped cutdown effective commitments considerably.

In the sphere of recovery too, the Corporation succeeded in pocketing a targeted amount of Rs.194.25 crore. Its 'One Time Settlement Scheme' provided ample impetus to the genuine defaulters in clearing off their pending dues whereby they were offered liberal discounts and healthy incentives.

For the matter, the Corporation adopted the system of issuing pass books to all its new borrowers, detailing their transactions. Also, computerisation of the accounts helped the borrowers immensely. In fact, RFC is the first such institution to install E-Mail facility through Ernet so as to allow itself to be in regular and immediate touch with its entrepreneurs, especially the NRIs.
All along, the Corporation has never let slow its efforts at selling the concept of a conducive and fast expanding industrial Rajasthan vide its regular promotional campaigns. Striving to string in prospective sturdy industrial clientele for its State, RFC campaigned at Delhi, Bombay, Calcutta, Banglore etc. during the year and has future plans to cover more places too.

Lower Interest Rates

Following 1.50% reduction in the rate of interest on refinance, RFC too has revised its interest rate for the non-SSI medium sector industrial units to 19% p.a. from the earlier 20.50% p.a.

Similarly, the interest rates for the SSI units/SSI units graduating to the MSI sector too stand revised w.e.f. May 8, 1997. Accordingly the new rates of interest shall apply as follows in these cases.

* On terms loans under various schemes 17.50% p.a.
* On term loans under TDMF scheme 15.00% p.a.
* On term loan under ISO-9000 scheme 15.00% p.a.

Effective from May 3, 1997 (non SSI medium sector units) and May 8, 1997 (SSI units/SSI units graduating to MSI) the revision shall cover all such cases wherein the relative loan agreement between the Corporation and the
borrowing concern has been executed on or after these dates. This being irrespective of the loan having being sanctioned even before the effective dates of revision.

In cases, however, where even if the loan agreement was executed prior to May 3rd or 8th, 1997, as the case may be, but no disbursement whatsoever was made before these dates, the loanee shall stand to benefit from the downward revision.

SCHEMES AND FACILITIES OF RAJASTHAN FINANCIAL CORPORATION

The Rajasthan Financial Corporation has introduced different schemes to provide financial assistance to small scale industry. There are some schemes discussed below which directly or indirectly have promoted industrial development of industrially backward areas like single window scheme, modernisation loan, transport loan, Mahila Udyam Nildhi Scheme etc.

1. **Normal Term Loan**

Term loan for fixed assets up to ₹.150 lakh for private/public ltd. companies and upto ₹.90 lakh for proprietary/partnership firms for any eligible industrial activity as defined under the SFC(s) Act. Financial assistance is also extended for public call offices (telephone facility for STD/ISD local calls) as well as telex facilities.
Eligibility
Any public/private limited company/partnership/proprietory firm. The cost of project should not exceed Rs. 5 crore.

Quantum of Assistance
Up to Rs.150 lakh in case of public/private ltd. companies and up to Rs. 90 lakh in case of proprietory/partnership firms.

Promoter's Contribution & Debt Equity Ratio
Promoter's Contribution -

<table>
<thead>
<tr>
<th>Category</th>
<th>Debt Equity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>'A' District (SIDBI)</td>
<td>12.5%</td>
</tr>
<tr>
<td>'A' District (IDBI)</td>
<td>17.5%</td>
</tr>
<tr>
<td>'B' District</td>
<td>17.5%</td>
</tr>
<tr>
<td>'C' District</td>
<td>20.0%</td>
</tr>
<tr>
<td>'D' District</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

Debt Equity Ratio

- Loan above Rs.10 lakh: 2:1
- Loan upto Rs. 10 lakh: 3:1

Repayment Period

Upto 10 years, with maximum 2 years moratorium.

2. Composite Term Loan

Loan for construction of building, acquisition of equipment as well as for working capital requirement.
Eligibility

Rural artisans and craftsmen (irrespective of location of unit) and all eligible small industrial activities in villages/small towns with population not exceeding 5 lakh. Total credit requirement should not exceed ₹50,000, inclusive of working capital.

Quantum of Assistance

₹. 50,000, inclusive of working capital component.

Repayment Period

3 to 10 years, inclusive of maximum 18 months initial moratorium.

3. Scheme for Technological Development & Modernisation

The Corporation has always been laying emphasis on keeping up with the latest techniques in the industrial sphere. It has also been offering financial assistance through schemes such as the Modernisation Scheme, Scheme for Equipment Refinance, Scheme for Quality Control, etc.

Its latest inclusion is the 'Scheme for Technology Development and Modernisation' targeted at encouraging existing SSI units to modernise their product facilities by adopting the latest in technology. This would invariably strengthen their export potentials too, helping them to compete internationally.
To sum up in brief, the basic parameters of the Scheme are as follows:

**Eligibility**

The SSI units coming forward to avail of the assistance extended under the Scheme should have:

1. envisaged an outlay on land and building such that it does not exceed 25% of the cost of modernisation/technology upgradation programme;

2. been in operation for a minimum period of 3 years;

3. not been in default to any financial institution/commercial banks;

4. already been exporting their products or have the potential to set up their exports to at least 25% of their net output on adoption of the modernisation techniques.

**Purpose of Assistance**

The assistance offered under the scheme has been envisaged for meeting various specific expenditure such as for:

1. purchase of capital equipment, need based civil works and acquisition of additional land;

2. acquisition of technical know-how, designs, drawings and fashion forecast, as may be relevant to the specific product group.
upgradation of technology process and products with emphasis on quality improvement such as can meet national and international standards, improved packaging techniques, etc.;

cost of technology and modernisation and acquisition of ISO 9000 series certificate;

for need based additional/incremental margin money for meeting out working capital requirement.

Cost of Project

The total cost of the proposed project under the Scheme should, however, in any case not run beyond ₹.50 lakh.

Promoter's Contribution

The minimum stake of the promoters in the project should be to the extent of at least 20%, which may be in the form of additional share capital contribution, interest free unsecured loans or internal cash accruals generated during the implementation period.

Debt Equity Ratio

As in all SSI cases the ratio of debt to equity would be 2:1.

Security

The Corporation shall retain an exclusive charge
over the assets purchased out of the loan thus acquired under the scheme, first/second charge on the existing fixed assets and any other collateral security, as may be deemed necessary on case to case basis.

Rate of Interest

The interest rate shall be as per the extent of loan availed of i.e.

- Upto and inclusive of ₹.25,000 12.50% p.a.
- Over ₹.25,000 and upto ₹. 2 lakh 14.00% p.a.
- Over 2 lakh 15.00% p.a.

Repayment

While the period of repayment of the loan shall be fixed as per the repaying capacity of the borrowing unit, it shall, however, not exceed a maximum of 5 years, including a moratorium of 12 months.

4. Single Window Scheme

Terned as the 'Single Window Scheme for Tiny and SSI Units', the scheme enables the SFCs and the twinfunction SIDCs to provide, through a single window, term loan for fixed assets as well as working capital to new tiny and small scale units.

Eligibility

To avail financial assistance under the Scheme, the aggregate project of the unit (excluding working capital
Proposals for modernisation and technology upgradation of the existing well-run units too would be eligible under the Scheme subject to the condition that the aggregate of the venture outlay of the original project (i.e. existing fixed assets plus working capital) and the cost of modernisation/technology upgradation, alongwith the additional working capital requirement, does not exceed the ceiling of ₹.50 lakh. Subject to similar conditions and the stated ceiling, proposals for rehabilitation of potentially viable sick units too would be covered under the scheme i.e. aggregate of the venture outlay of the original project plus the cost of the rehabilitation package plus the total working capital (existing and proposed) does not exceed ₹.50 lakh.

Additional term loan for fixed assets and/or working capital to existing units already covered under the scheme as well as loan to new promoters acquiring fixed assets, in part or in full, of assisted SSI units in order to activate existing idle assets are also encompassed by the Scheme.

Nature & Quantum of Assistance

Financial assistance would be in the nature of loan for creation of fixed assets and for meeting the working capital requirement of the eligible units. However, the
assistance would be extended keeping in view the DER on the total venture outlay within the above limits of the fixed assets and working capital requirement.

Security

In terms of security, the financing institution would have a first charge on fixed assets (ranking paripassu with the charge on the loan) and the current assets of the loanee unit would be hypothecated. Collateral security for working capital assistance too would be required as per the norms/guidelines of the Corporation.

Promoter's Contribution

As may be required to arrive at the Debt Equity Ratio prescribed under the scheme.

Debt Equity Ratio

3:1 for the total venture outlay (i.e. cost of the project + working capital requirement) after taking into account the amount of subsidy/incentives available from the Government where the financial assistance is upto ₹.10 lakh and for financial assistance more than ₹.10 lakh, it is 2:1.

Repayment Period

The loan availed of will be required to be repaid within a maximum period of 10 years, including an initial moratorium period not exceeding 3 years.
Rate of Interest

The loan under the Scheme shall carry interest rates separately for the working capital component and for the amount of term loan. The applicability of the interest rates (including interest tax) would be as follows:

<table>
<thead>
<tr>
<th>Working Capital (% p.a)</th>
<th>Size of Loan</th>
<th>Term Loan (% p.a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.50</td>
<td>Upto and inclusive of ₹25,000</td>
<td>12.50</td>
</tr>
<tr>
<td>15.50</td>
<td>Over ₹25,000 and uptc ₹2 lakh</td>
<td>14.50</td>
</tr>
<tr>
<td>18.25</td>
<td>Loans exceeding ₹2 lakh</td>
<td>17.50</td>
</tr>
</tbody>
</table>

Other Infromations

1. In cases where the total assistance by way of term loan for fixed assets and working capital exceeds the existing limit for ARS (₹10 lakh), their proposals would be covered under NRS.

2. The time limit for availing of loan for fixed assets would be 18/24 months, as the case may be, and 36 months for loan against working capital from the date of sanction.

3. The scheme carries a nominal upfront fee on term loan exceeding ₹2 lakh.
5. **Equipment Refinance Loan**

Assistance for direct foreign currency loan as well as rupee currency loan to small and medium scale units for acquisition of new capital goods. Purchase of plant & machinery/acquisition of equipments for purpose of modernisation, expansion, balancing, energy saving, pollution control, etc. which are not directly related to any specific project. Old machines are not eligible.

**Eligibility**

Existing units eligible for refinance from IDBI/SIDBI having a good past performance record and sound financial position, having been in operation for at least 4 years and earned profit and/or declared dividend on equity shares during preceding two financial years and not be in default to financial institutions/bank.

**Quantum of Assistance**

Assistance upto 77.50% of the cost of capital goods/equipments to be acquired to the extent of Rs.150 lakh/ Rs.90 lakh per proposal, subject to the total outstanding of Rs.200 lakh.

**Promotor's Contribution**

22.5% of the total project cost.

**Debt Equity Ratio**

- Loan above Rs.10 lakh: 2:1
- Loan upto Rs.10 lakh: 3:1
Repayment Period

2 to 5 years, inclusive of 6-12 months moratorium period.

6. **Loan for Import Substitution & Indigenisation**

All eligible SSI, ancillary units can avail loan for developing new products, including spares and components, aimed at indigenisation/import substitution.

**Eligibility**

All SSI units, preferably those promoted or managed by technical/professional entrepreneurs to develop new products. The unit should have been in operation for at least 3 years and in profit during last 2 years and be in default to any financial institution(s) bank.

**Quantum of Assistance**

Maximum Rs. 5 lakh per product.

**Debt Equity Ratio**

<table>
<thead>
<tr>
<th>Loan Above Rs. 10 lakh</th>
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</table>

**Repayment Period**

Within a period exceeding 5 years, including maximum moratorium of one year.
7. D.G. Set Loan

For purchase of new diesel generating sets in order to meet adequate power requirements of the unit.

Eligibility

All eligible units, except transport loanees.

Quantum of Assistance

Upto ₹. 150 lakh/ ₹. 90 lakh, depending upon the constitution of the unit.

Promotor's Contribution

For assisted unit, 10% of the project cost. For non-assisted unit, as per normal term loan scheme.

Debt Equity Ratio

<table>
<thead>
<tr>
<th>Loan above ₹. 10 lakh</th>
<th>2:1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan upto ₹. 10 lakh</td>
<td>3:1</td>
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</table>

Repayment Period

For assisted units - Depending upon internal cash generation, but in no way exceeding 30 equal monthly instalments of the last date of repayment of the original term loan, whichever is earlier. For non-assisted units 30 equal monthly instalments.
8. Scheme for Marketing Support

Eligible Borrowers

The eligibility criterion under the scheme includes individuals, partnership concerns, private and public limited companies with experience in marketing small and village industry products.

Eligible Projects

Assistance is extended under the scheme to eligible borrowers for setting up of new sales outlets and/or for renovation/expansion of sales outlets of existing concerns for marketing products of small, cottage and village industries.

Cost of Project

The cost of the project should not exceed ₹.25 lakh and it may include, land, building, showroom facilities, office equipments, margin money for working capital and reasonable expenses to be incurred on publicity.

Debt Equity Ratio

For loans upto ₹.10 lakh, the debt equity ratio 3:1 is to be maintained and for others it is to be 2:1.

Promoter's Contribution

The minimum promoter's contribution for assistance sought shall be 25% of the project cost.
Rerapment Period

The loan availed of under the scheme shall have to be repayed within a period not exceeding 10 years, including an initial moratorium upto 18 months.

Security

The loan under the scheme shall be secured by a first charge by way of mortagage/hypothecation of fixed assets of showroom/sales outlet. In case of existing units seeking assistance for expansion/renovation, the charge shall rank pari passu with the existing first charge, if any.

Working Capital Arrangement

The borrowing concern under the scheme is normally expected to make satisfactory arrangement for working capital from banks. However, pending finalisation of such arrangement, the Corporation may sanction working capital assistance to such units, on the terms as applicable under Single Window Scheme, for financing stocks of products of small, cottage and village industries.

Special terms & Conditions

The proposed sales outlets shall mainly stock and sell the products of small, cottage and village industries. If it is a division of the borrower, it would be necessary
for the borrower to maintain and furnish separate accounts in respect of the sales outlet.

The borrower should agree to make a down payment of at least 50% of the value of goods purchased from the cottage, village and small industry entrepreneurs.

**Rate of Interest**

The financial assistance sanctioned under the scheme shall carry the annual rates of interest as applicable from time to time. Currently, however, these are as follows:

i) For loans upto Rs. 25,000 12.50%

ii) For loans above Rs. 25,000 & upto Rs. 2 lakh 14.00%

iii) For loans above Rs. 2 lakh 18.00%

**Upfront Fee**

As in case of many other loan schemes, financial assistance sought for under this scheme too shall bear a nominal upfront fee of 1% of the total sanctioned amount.

**9. Loan for Tankers**

For purchase of maximum of 6 new tankers, inclusive of the vehicles already owned by the concern. Collateral security as per the norms is required.
Eligibility

    Person having necessary tie-up arrangements at least for the repayment period.

Maximum Quantum of Assistance

    Upto the cost of a maximum of 6 vehicles.

Promotor's Contribution

    Of the Total project cost 25%

Debit Equity Ratio

    Loan above र. 10 lakh 2:1
    Loan upto र. 10 lakh 3:1

Repayment Period

    For loan upto र. 5 lakh -
        (a) For SC/ST/Ex-servicemen : upto 58 months
        (b) For others : 48 months

    For loan above र. 5 lakh : Depending upon cash generation on case to case basis, but in no case beyond 5 years.

10. Hotel Loan Scheme

Objective

    In view of the growing tourist inflow in the State, the hotel industry has been increasingly gaining importance.
as part of the industrial growth and development of the State. In order to boost this potentially rich industry, RFC too extends financial assistance for setting up hotels/motels/restaurants/development of heritage hotels/defined eligible tourism units as well as for other tourism related activities in places of tourist interest.

Purpose

Financial assistance is granted by the Corporation under the Scheme for the following purposes:

(i) For construction of new hotel/motel/restaurant (independently or combined)

(ii) For any eligible tourism related activity.

(iii) For providing additional accommodation or effecting alterations in case of existing hotel/motel/restaurants.

(iv) For other plant and equipment, electrification, air-conditioning and other amenities essential for hotel/motel/restaurant.

Eligibility

A hotel/motel to be eligible for a vailing the loan from the Corporation must necessarily consist of a minimum of 10 rooms, half of which should preferably be air-conditioned while at least one-fourth of the rooms must have attached bathrooms and there should be at least one bathroom
for every four of the remaining bedrooms. Size of rooms and toilets should meet the norms of local authority/Government policy. A restaurant alone shall be eligible for availing financial assistance under the scheme if it contains sitting capacity of not less than 50 persons. A hotel should provide for both the facilities i.e. boarding and lodging.

Margin

The margin of security for the loan being availed of is stipulated as follows:

(i) On land, new building, plant and machinery : 25 per cent
(ii) On old building but new plant and machinery : 50 per cent
(iii) On furniture and fixture : 50 per cent

Interest Rate & Debt Equity Ratio

The ratio of debt to equity for term loans upto ₹ 10 lakh would be 2:1 and for these above this amount, it would be 3:1,

The rate of interest, subject to availability of refinance from IDBI/SIDBI, would be 17.50% p.a. (in the other case it would be 20% p.a., the current normal rate of interest).
Promoter's contribution

A minimum of 25 per cent of the project cost would have to be pooled in by the promoter as part of his contribution.

Other Requirements

The loan application to be eligible would be considered after the applicant has obtained an NOC of the Director of Tourism for setting up proposed hotel/motel/restaurant. Approval of building plan, NOC from the local authority are pre-requisite.

The other conditions such as those pertaining to security, period of repayment and up-front fee etc. shall be as applicable under the Normal Refinance Scheme. Provision for amenities should be made.

Interest Subsidy

Hotel of one, two and three star categories on the approved list of the Department of Tourism, Government of India, will be eligible for grant of interest subsidy as per the provisions of the scheme. The brief of the scheme is given below -

1. Hotels of I, II & III star category on the approved list of Department of Tourism, Government of India, shall be eligible for grant of interest subsidy @ 3%. 
However, the approved heritage hotels at all places in the State and I, II & III star hotels of Jaisalmer, Jodhpur, Barmer and Bikaner will be eligible to get @ 5% interest subsidy.

2. Approval of the hotel for interest subsidy from the concerned authority should be produced at the time of submitting loan application.

3. Defaulters are not eligible.

4. The Corporation will charge its prevailing rate of interest and interest subsidy will be credited to the loanee's account only after its receipt as reimbursement from the Government.

Capital Investment Subsidy

All heritage hotels and eligible tourism units (as defined by the State Governments circular) are eligible for capital investment subsidy as per the locational applicability indicated in the guidelines issued to this effect by the State Government.

11. Loan for Hospitals & Nursing Homes

With the increasing requirements and demand of medical facilities IDBI as well as SIDBI extend loan facilities for setting up hospitals and nursing homes too. RFC has also adopted the scheme, under which it
provides financial assistance to small hospitals/nursing homes which are organised as private/public limited companies or trusts.

The basic stipulations that such projects would be required to fulfill are that the proposed hospital/nursing home:

- Should have facilities for diagnosis and treatment of indoor as well as outdoor patients with minimum 20 beds, under IDBI's Scheme (where project cost is above ₹.45 lakh) and with 10 or more but less than 50 beds, under SIDBI's Scheme (where project cost is upto ₹.45 lakh).

- Should be commercially viable so that adequate cash surplus is generated for servicing the loan.

- Should have the back-up of expert services of at least one post-graduate doctor with qualification of M.D./M.S. etc. on a full-time basis.

- Should be willing to provide medical service at concessional rates to patients from low income groups as per the norms.

The cost of the hospital/nursing home project may cover, for availing the loan, the cost of:

1. Land and building.

2. Equipments required for medical treatment, including diagnostic, monitoring and therapeutic equipments.
3. Air-conditioners (considered essential with regard to Operation Theatre and Intensive Care Unit, if any).

4. Office equipments like typewriters, copying machine and furniture.

5. Kitchen facilities.

6. Ambulance (the number depending upon the number of beds and location of the hospital/nursing home).

7. Preliminary and pre-operative expenses, including interest during implementation period.

8. Contingencies

Assistance to hospitals and nursing homes would be granted on the basis of norms applicable to medium size units, which are, interalia, as under:

Promoter's Contribution

| Units in Category 'A' (SIDBI) | 12.50 |
| districts (IDBI) | 17.50 |
| Units in category 'B' | 17.50 |
| districts | |
| Units in category 'C' | 20.00 |
| districts | |
| Units in non-backward areas | 22.50 |
Debt Equity Ratio

For loans upto ₹.10 lakh 3:1
For loans above ₹. 10 lakh 2:1

Interest Rate (% p.a.)
1. Normal rate 20.00
2. Concessional rate on the availability of refinance from IDBI/SIDBI.
   i) SSI Sector
      -For loan upto ₹.25,000/- 12.50
      -Above ₹. 25,000/- and
         upto ₹. 2 lakh 14.00
      -Above ₹. 2 lakh 18.00
   ii) Non-SSI sector 18.75%

Repayment Period

Maximum 10 year, including a moratorium upto 2 years

Other Requirements

Approved plan of construction and NOC from the local authority should be submitted. Title of land should be in order for equitable mortgage.

12. Loan for Mining Activities

For development of mines/mining industry in the State of Rajasthan. Collateral security as per the norms is required.
Eligibility

Persons holding a valid mining lease in personal/firm's name, for a viable sufficient area, for a period of not less than double the period of repayment of RFC's loan. Minerals proposed to be mined should be commercially exploitable and marketable, having reserves of sufficient quantity.

Maximum Quantum of Assistance

Upto ₹150 lakh/₹90 lakh, depending upon the constitution of the unit.

Promotor's Contribution

In NIDs (also in Jalore & Jodhpur) 12.5%
In 'B' 'C' & 'D' districts 22.5%

Debt Equity Ratio

Loan above ₹10 lakh 2:1
Loan upto ₹10 lakh 3:1

Repayment Period

Upto 10 years with maximum 1 to 2 years of moratorium.

13. Scheme for Purchase of Mobile Sales Vans

The State of Rajasthan basically being an agricultural State has numerous cottage and tiny village
industries. What they really need is a proper and adequate market/sales support. It is with this objective in mind that this scheme is being operated by the Corporation on the below given parameters:

**Eligible Borrowers**

All institutions, including KVI Boards approved by KVIC, shall be eligible for assistance under the Scheme.

**Eligible Assistance**

Loan may be granted for acquisition of mobile sales vans and/or converting them as mobile shop units to be utilised exclusively for stocking, display and sale of products of cottage and village industries. The vans may also be used for transport of raw materials for manufacture of these products, but shall not be used as public carriers.

Loans for purchase of second hand vehicles shall not be eligible for refinance under the Scheme.

**Quantum of Assistance**

Under the Scheme, the loan amount per vehicle shall not exceed ₹.3 lakh and the number of vehicles should not exceed 6 per borrower. The cost of vehicle may include cost of chassis, body building, initial tax and insurance.

**Debt Equity Ratio**

The debt equity ratio for the assistance sought shall not exceed 3:1 for loans upto ₹.10 lakh and 2:1 for the other cases.
Promoter's Contribution

Minimum promoter's contribution shall be 25% of the project cost under the Scheme.

Rate of Interest

The loan, under the Scheme, shall bear the rate of interest as applicable from time to time. Presently these rates are as follows:

- For loan up to ₹.25000 12.50% p.a.
- For loan above ₹.25000 to upto ₹. 2 lakh 14.00% p.a.
- For Loan above ₹. 2 lakh 18.00% p.a.

Term Loan

The borrower would be eligible for interest subsidy from KVIC and such subsidy shall be availed by the borrower directly from KVIC. While calculating the debt service coverage ratio for the project, due weightage may be given to interest subsidy.

Repayment Period

The loan availed of shall have to be repayed within period not exceeding 5 years, inclusive of an initial moratorium upto 9 months.

Security

First charge by way of hypothecation of the mobile sales van shall be retained by the Corporation, by way of
security. However, collateral security may be insisted upon if it is felt necessary, depending upon case to case basis. However, additional security shall not be made a precondition.

Upfront Fee

The assistance under the Scheme shall carry an upfront fee of 1% of the sanctioned amount.

Sanctioning Authority

The case shall be placed before the DLAC, in which a representative of the KVIC may be invited as a member. The loan shall be sanctioned at Head Office/Branch Office on the recommendations of the DLAC.

Other Conditions

Other formalities as applicable under the Transport Loan Scheme, namely driving licence, registration with the authority and the standard cost of body, shall have to be fulfilled by the party under this scheme too.

14. Loan for Technocrats

Assistance up to Rs. 5 lakh to specified professionally qualified persons on liberal terms, without any margin of security.
Eligibility

Holders of engineering degree/diploma of polytechnic/MBBS doctors along with diploma/degree in radiology are eligible for acquiring electro-medical equipments such as X-ray plants, electro-cardiograms, etc., for professional use.

Quantum of Assistance
Upto Rs. 5 lakhs

Promotor's Contribution
17.5% of the project cost

Debt Equity Ratio

<table>
<thead>
<tr>
<th>Loan above</th>
<th>2:1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 10 lakh</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan upto</th>
<th>3:1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 10 lakh</td>
<td></td>
</tr>
</tbody>
</table>

Repayment Period
Upto 10 years, including usual grace period.

15. Transport Loan Scheme for Ex-Servicemen (SEMPEX)

Eligibility

All ex-servicemen, including widow of ex-servicemen and disabled service personnels as defined by the Government of India and sponsored for assistance under the scheme by the Director General (Resettlement), Union Ministry of Defence are eligible for availing assistance under this scheme.

Upper age of the applicant should not exceed 60 years.
Purpose of Assistance

Financial assistance may be granted for purchase of new trucks and taxis - cars/jeeps under the scheme. However, financial assistance may be restricted upto 20 vehicles including the vehicles already acquired by the concern or its partners/directors.

Margin of Security

Minimum 25% of the cost of the vehicle.

Value of Security

(a) Hypothecation of vehicle to be purchased out of assistance of the Corporation.

(b) Collateral security having minimum value of not less than the cost of the vehicle.

(c) Personal guarantee of two persons having jointly or severally immovable property in the State of Rajasthan of the value equivalent to the loan. Guarantee of a person shall not be accepted in more than one case.

The age of the guarantor shall not be more than 55 years.

Period of Repayment

The repayment period shall not exceed 58 months including a maximum moratorium of 2 months. The repayment shall be in monthly instalments.
Rate of Interest

Presently the rate of interest is as under -

(a) Loan amount up to ₹ 2.00 lac 14.00% p.a.
(on reducing amount)

(b) Loan amount above ₹ 2.00 lac (on reducing amount)
19.50% p.a.

In case of SC/ST candidate the interest rate would be 2% below the prevailing rate of interest if loan amount is less than ₹ 5.00 lac.

Debt Equity Ratio

For loan up to ₹ 10.00 lac 3:1
For loan above ₹ 10.00 lac 2:1

Others

(i) The scheme shall be in force upto the end of current financial year i.e. 1996-97.

(ii) The cost of project should not exceed ₹ 15.00 lacs.

(iii) In case of partnership concern the stake of non ex-serviceman should not exceed 25% of the total promoters contribution and effective management of the project rests with ex-serviceman.

(iv) No seed capital assistance/subsidy would be available to ex-serviceman for transport loan under the scheme.
(v) Mini buses and Mini trucks of the capacity of 3 tons or less and Auto Rikshas and Tempos are not eligible for grant of financial assistance under the scheme.

The valuation of the collateral security shall be done properly keeping in view the location and its marketability.

(vi) The rate of interest shall be the prevailing rate according to the size of loan on the date of first disbursement of loan.

(vii) Loan for purchase of new vehicles only shall be considered.

16. **Scheme for Physically Disabled Persons**

Industries which are registered with the Directorate of Industries, Rajasthan, and promoted by the disabled persons. In case of partnership firm, the share of disabled persons should not be less than 51%.

**Eligibility**

Persons who have been issued identification card by the Director, Social Welfare, Rajasthan, identifying disability, shall be treated as disabled persons. Loan for acquisition of fixed assets and installation of machinery in rented premises can be considered.
Quantum of Assistance

Upto ₹ 5 lakh.

Promotor's Contribution

10%

Debt Equity Ratio

3:1

Repayment Period

Upto 8 years, including usual grace period.

17. Mahila Udhyam Nidhi Scheme

Women entrepreneurs are fast catching up on the industrial scene. Gradually, even the more technically intricate spheres of industrial activities are being intruded by this section of the society.

It was in recognition of the fathomless potential of the women entrepreneurs that the IDBI had introduced an integrated scheme of assistance, with the prime objective of extending financial assistance on concessional terms for setting up industrial projects in the SSI sector.

The 'Mahila Udhyam Nidhi Scheme' provides for equity type assistance to women entrepreneurs setting up new projects upto ₹ 10 lakh in the SSI Sector.

The highlights of the Scheme, also adopted by RFC, are as follows:
Eligibility

Subject to the project cost not exceeding ₹10 lakh, all projects in SSI sector (including cottage, village & tiny industries hotels, restaurants, hospital/nursing homes promoted and managed by women entrepreneurs having minimum promoter share of 51% will be eligible for assistance under the scheme. Proposals from women entrepreneurs qualified in medicines, dentistry, architecture etc. for setting up professional practices are also eligible for finance under the scheme. Sick and closed units to be revived after purchase of assets shall not qualify for assistance under the scheme.

Debt Equity Ratio

Under the Scheme, the debt-equity ratio shall not exceed 2:1. Central/State investment subsidies, if any, may be retained for working capital requirements.

Promoter's Contribution

Promoters of the project shall be required to contribute a minimum of 10% of the total cost of project under the Scheme.

Seed Capital Assistance

Under the Scheme, seed capital assistance by way of soft loan shall be given up to a maximum of 15% of the project cost to meet the gap in equity, after taking into
account the promoter's own contribution. The seed capital assistance shall, however, depend upon the investible funds of the promoter. In case of projects availing assistance under single Window Scheme the amount of seed capital assistance would be against the cost of fixed assets only and not against working capital requirement.

Service Charge

A nominal rate of interest (by way of service charge) of 1% per annum, payable annually, shall be charged on seed capital assistance under the Scheme. (The rate of interest shall be subject to review during the currency of the seed capital assistance). In case the financial position and profitability of the unit so warrant a higher rate of service charge, but not exceeding the normal rate of interest on term loan, the same shall be applied.

Rate of Interest (% p.a.)

- For loans upto $25,000 12.50%
- For loans above $25,000 up to 2 lakh 14.00%
- For loans above $2 lakh and up to $10 lakh 18.00%

Repayment Period

The soft loan assistance shall be repayable over a period not exceeding 10 years, including an initial moratorium of not more than 5 years.
Security

No additional security (including collateral) need be provided by the borrowers in respect of the soft seed capital under the Scheme.

Operational Procedure

* RFC shall sanction seed capital assistance (and also normal term loan assistance) on the basis of the prior recommendations of the In-house Screening Committee as per the procedure.

* Projects where the amount of seed capital does not exceed ₹75000 and the total cost of project is upto ₹5 lakh, are considered at the field level and the other cases are to be considered by Head Office.

* The seed capital assistance shall be released by RFC in accordance with the terms and conditions for sanction thereof and after the promoters has/have brought in her/their own contribution.

* RFC shall, after disbursing the seed capital assistance as per the stipulated repayment schedule, repay it to SIDBI immediately on recovery.

* RFC shall also recover service charge @ 1% p.a. and retain 0.5% thereof to cover its administrative expenses and pass on the balance to SIDBI.

* All other terms and conditions of SIDBI's Seed Capital Assistance Scheme & Term Loan Scheme shall also be applicable.
18. **Loan to SC/ST Entrepreneurs**

Loans from ₹2,000 up to ₹5 lakh on liberal and concessional terms to persons from the SC/ST category for fixed assets, transport vehicles and construction of hotel, etc. Assistance for installation of plant & machinery in rented premises too may be considered on case to case basis.

**Eligibility**

Applicant to produce a certificate of caste from a Tehsildar or first class Magistrate.

**Quantum of Assistance**

Upto ₹5 lakh.

**Promoter's Contribution**

As per the general norms

**Debt Equity Ratio**

3:1

**Repayment Period**

Upto 10 years, including usual grace period.

19. **Assistance for Development/Maintenance & Construction of roads**

Loans for acquisition of capital goods/equipments required for development, repairing, maintenance and construction of roads. Collateral security would necessarily be required.
Eligibility

The unit should have been in operation for at least 3 years and should have earned profit during the last 2 years and should not be in default to any financial institutions/bank.

Quantum of Assistance

Upto ₹.150 lakh/₹.90 lakh, depending upon the constitution of the unit.

Promotor's Contribution

From 12.5% to 22.5% depending upon category of district.

Debt Equity Ratio

Loan above ₹.10 lakh  \( \frac{2}{1} \)

Loan upto ₹. 10 lakh  \( \frac{3}{1} \)

Repayment Period

Upto 5 years, including moratorium of 12 to 8 months.

20. Loan for Quality Control Facilities

Refinance assistance to SSI units for undertaking testing and quality control measures with a view to ensuring better market acceptability of their products. Second hand machines are not eligible.
Eligibility

Assistance only for acquisition of new equipments is considered to the existing assisted units. Proposed equipments/facility should be complete in all respects so as to serve the purpose in view.

Quantum to Assistance

Upto ₹. 7.5 lakh, as per the cost of equipment, depending upon constitution of the unit.

Debt Equity Ratio

3:1

Repayment Period

Upto 8 years, including 3 years grace period to the maximum extent.

21. Revival & Rehabilitation Loan

Assistance for balancing equipments, margin money required to avail need based working finance from banks, need based start up expenses, repayment of pressing creditors and statutory dues etc.

Eligibility

Assisted units classified as a 'sick' within RBI parameters, (in case of medium & large scale units as defined under the provisions of SIC (SP) Act, 1985) and found potentially biable for the relief & concessions within RBI norms.
Quantum of Assistance

Upto ₹150 lakh/₹90 lakh depending upon the constitution of the unit, including the outstanding dues in the existing loan accounts.

Promotor's Contribution

10% to 20%

Repayment Period

For SSI units : 5 to 7 years
For others : 7 to 10 years

22. Loan for Re-starting of Closed Units

Assistance to buyers of the closed units under possession of RFC to help them to meet the required investment/expenditure for repair & renewables, replacement of a part of assets, payment against outstanding co-institutional liabilities, margin for working capital requirements, etc.

Eligibility

Buyers of the closed assisted units under possession of RFC, subject to the pre-condition that the unit has first been brought into operation within 6 months from the date of taking into possession by the buyers (other than joint financing cases).
Quantum of Assistance

Upto 75% of the investment made/proposed to be made to restart the unit or 50% of the total amount paid towards purchase cost.

Repayment Period

Co-terminus with the deferred payment facility.

23. National Equity Fund

Equity type assistance to SSI units in the form of soft loan. Service charges @ 1% will be payable. The total fund requirement, inclusive of working capital, would be met by the Corporation. Service activities, except road transport operators, are also eligible.

Eligibility

New tiny and SSI units with total project cost, including working capital margin, not exceeding ₹10 lakh and located anywhere, except in metropolitan areas.

Quantum of Assistance

Maximum 25% of the project cost subject to ceiling of ₹2.5 lakh provided the required DER norm is fulfilled.

Promotor's Contribution

10%

Debt Equity Ratio

1.853:1
Repayment Period

Upto 7 years, inclusive of a moratorium period of maximum 3 years.

24. Loan to Ex-convicts

Loan from ₹2,000 to ₹50,000 for acquisition of plant & machinery/equipments, construction of building and for working capital margin to ex-convicts for the specified eligible projects.

Eligibility

Ex-convict who has served a prison term of not less than 7 years, is a resident of Rajasthan and is not more than 55 years of age.

Quantum of Assistance

Upto ₹50,000.

Repayment Period

Upto 10 years, including moratorium of 18 months.

25. Assistance to Qualified Professional

Assistance to qualified professionals for setting up consultancy venture. For the existing establishments, assistance for additional equipments can also be considered.

Eligibility

Assistance under the scheme would be available to qualified professionals in the field of management,
accountancy, architecture, engineering, law etc. for setting up, for the first time, their professional practice/consultancy ventures.

Quantum of Assistance

The cost of project should not exceed to ₹. 10 lakh.

Promotor's Contribution

25%

Debt Equity Ratio

3:1

Repayment Period

Five years, with initial moratorium not exceeding one year.

26. Paying Guest Scheme

Loan for setting up a paying guest accommodation for tourists desiring a homely set up instead of the hotel atmosphere.

Eligibility

Those owning a residential house and also residing therein themselves, having registered themselves with the Director of Tourism specifically for the said scheme. The accommodation should not have more than 15 letable beds and the paying guest should be given receipts on requests.
Quantum of Assistance

Upto ₹ 150 lakh/₹ 90 lakh depending upon the constitution of the unit.

Promotor's Contribution

25% of the total project cost.

Debt Equity Ratio

2:1

Repayment Period

Not exceeding 6 years, including a moratorium upto 12 months.

27. Dhaba Loan Scheme

Object

In view of the growing traffic flow on National Highways, State Highways and others, road side Dhabas are increasingly gaining importance. In order to boost this potentially rich sector, RFC too extends financial assistance for setting-up Dhabas.

Purpose

Financial assistance is granted by the Corporation under the scheme for the following purpose:

(a) For purchase of land.

(b) For renovation/alteration of existing buildings and construction of new buildings.
(c) For Kitchen equipments and other plant & equipments i.e. Deep Freeze, Utensils, Fans, Television, Gas Burner etc.
(d) For furniture & fixture i.e. Chairs, Tables etc.

Eligibility
Preference will be given to experienced persons of the line.

Margin
The margin of security for the loan is stipulated as follows:
(i) On Land, Building Plant & Machinery 25%
(ii) On Furniture & Fixture 50%

Repayment Period
Maximum 8 years including 1½ years moratorium period.

Debt Equity Ratio
3 : 1

Financial Assistance
There is no maximum limit however, preference will be given for loan cases upto ₹.2.00 lacs.

Interest Rate
(a) For loan upto ₹.25,000/- 12.50% p.a.
(b) Above ₹25,000/- & 
upto ₹2.00 lacs 14.00% p.a.
(c) Above ₹2.00 lacs 19.50% p.a.
(if the project cost is 
up to ₹45.00 lacs)

For Physically Handicapped and SC/ST candidates the rate of interest will be lower by 2% if the loan amount is up to ₹5.00 lacs. The rate of interest applicable are subject to change as per the guidelines received from SIDBI/IDBI time to time.

Promoter's Contribution

A Minimum of 30% of the project cost would have to be pooled in by the promoter as part of his contribution.

Other Requirements

Loan for land & building will be considered only if the land is converted for hotel purpose. Approval of building plan & NOC from the local authority are prerequisite. If land is not converted, the financial assistance for equipments and furniture/fixture may be considered.
28. **Scheme for Buses to be Attached With RSRTC**

**Eligibility**

All the persons are eligible for financial assistance for purchase of new Buses who have tie-up arrangements with RSRTC. The scheme is operative up to the end of current financial year i.e. 1996-97.

**Margin of Security**

Minimum 30% of the cost of the vehicle.

**Value of Security**

(a) Hypothecation of vehicle to be purchased out of assistance of the Corporation.

(b) Collateral Security having minimum value of not less than the total cost of vehicle.

(c) Personal guarantee of two persons having jointly or severally immovable property in the State of Rajasthan of the value equivalent to the loan. Guarantee of a person shall not be accepted in more than one case.

The age of the guarantor should not be more than 55 years.

**Period of Repayment**

The repayment period shall not exceed 48 months. The repayment shall be in monthly instalments. The first
instalment of principal sum & interest shall fall due at the end of two months from the date of first disbursement.

Rate of Interest

Presently the rate of interest is as under:

(a) Loan amount upto ₹2.00 lac (on reducing amount) 14.00% p.a.
(b) Loan amount above ₹2.00 lac (on reducing amount) 19.50% p.a.

In case of SC/ST candidates the interest rate would be 2% below the prevailing rate of interest, if loan amount is less than ₹5.00

Debt Equity Ratio

For loans up to ₹10.00 lac 3:1
For loans above ₹10.00 lac 2:1

Others

(a) The valuation of the collateral security shall be done properly keeping in view the location and its marketability.
(b) The applicant should be a permanent resident of Rajasthan.
(c) Preference may be given to the persons who have already obtained assistance from RFC and have repaid the earlier assistance in time.
(d) Loan for purchase of new vehicles only shall be considered.
Proper follow-up regarding recovery of loan shall be done, whenever any default is committed by the borrowers for more than 2 instalments, immediate action shall be taken against such borrower.

(e) The rate of interest shall be the prevailing rate according to the size of loan on the date of first disbursement of loan.

(f) No subsidy will be admissible on the loan under the scheme.

(g) The party will construct bus body as per the design & details supplied by RSRTC. The party would also maintain the colour scheme as per the specifications of RSRTC.

(h) Application for financial assistance in our prescribed form will be accepted along with the letter from RSRTC indicating that the bus will be attached with RSRTC for a period of at least 5 years.

(i) The applicant has to execute tripartite agreement with the Corporation & RSRTC in our prescribed proforma for a minimum period of 4 years before disbursement of loan.
29. **RFC's Gold Card Credit Scheme**

Framed specifically with a view to extending finance to good borrowers of the Corporation having encouraging financing results for the last 3 years, the 'Gold Card Credit Scheme' is immensely popular amongst the entrepreneurs. Its broad parameters run as follows:

**Eligibility**

The units, for becoming eligible for assistance under the Scheme should be in production for at least 3 years after availing financial assistance from the Corporation, should have earned cash profit for at least 2 years out of the last three years and have been regular in their repayments.

**Purpose of Loan**

The financial assistance under this Scheme may be for acquiring fixed assets/equipments or to meet out the short term working capital requirements.

**Extent of Assistance**

The financial assistance would be in the range of Rs.2 lakh to Rs.30 lakh, subject to a maximum limit equivalent to the amount of principal repaid by the unit.

**Repayment Period**

The repayment shall be made in 18 monthly equated instalments subject to a moratorium period not exceeding 3 months from the date of release of funds.
### MERCHANT BANKING DIVISION

**(1996-97)**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Schemes</th>
<th>No.</th>
<th>(Rs. in Lakh) Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sanction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. WCTL</td>
<td>44</td>
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</tr>
<tr>
<td></td>
<td>b. Gold Card</td>
<td>17</td>
<td>279.86</td>
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<tr>
<td></td>
<td>c. Term Loan to Good Borrowers</td>
<td>28</td>
<td>443.17</td>
</tr>
<tr>
<td></td>
<td>d. Very Short Term Assistance to Good Borrowers</td>
<td>3</td>
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<tr>
<td></td>
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<tr>
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<td>a. WCTL</td>
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</tr>
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<td></td>
<td>b. Gold Card</td>
<td>5</td>
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<td>c. Term Loan to Good Borrowers</td>
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<td></td>
<td>d. Very Short Term Assistance to Good Borrowers</td>
<td>2</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>64</td>
<td><strong>1281.10</strong></td>
</tr>
</tbody>
</table>

Debt Equity Ratio & Interest Rate

At a debt equity ratio of 2:1 and promoter's contribution of 30%, the rate of interest chargeable under the Scheme shall be half per cent below the prevailing concessional rate of interest.

30. OTS Scheme Extended

Gauging the success of the 'One Time Settlement (OTS) Scheme, the Corporation has extended its validity upto September end, 1997.

The Scheme has been sub-divided into two major parts as per the loan amounts. The relief offered at the time of settlement of account in either cases too differs accordingly.

We may take a glance at these factors in brief as worked out herein below:

Loan sanctioned upto ₹ 2 Lakh only
(i) But disbursement effected does not exceed ₹ 50,000
(ii) Disbursement effected exceeds ₹ 50,000

Loans Sanctioned Over ₹ 2 Lakh Upto ₹ 50 Lakh

(i) The loan amount parameters shall apply irrespective of the scheme under which the loan was sanctioned.
(ii) Similarly, in either case the disbursement, in part or in full, should have been effected prior to October 8, 1991.
(iii) In no case, however, shall the amount be refundable.

(iv) All accounts already settled under any previous schemes shall not be re-opened in any case.

Quantum of Relief

Settlement of accounts by charging simple rate of interest.

Settlement of accounts by charging documented rate of interest on simple basis upto LDR and thereafter by way of prevailing rate computed on simple basis.

To the extent of penal interest charged in the loanee's account, subject to a maximum outstanding balance as on April 1, 1997.

31. The RISO-9000 Scheme

The Corporation has always emphasised the term 'quality' - quality in terms of proposed projects as well as its own loaning services. It is not surprising, therefore, that it should also be quick to adopt SIDBI's new Refinance Scheme for acquisition of ISO-9000 series certification by SSI units.

Designed specifically towards promoting quality management system in SSI units the 'RISO-9000 Scheme' aims at strengthening their marketing and export potentials.

The highlights of the Scheme run as follows:
Promoters's Contribution

At a minimum of 15% of the total project cost the promoter's contribution could be brought in as additional share capital contribution, interest free unsecured loans or internal cash accruals during the implementation period.

Debt Equity Ratio

The ratio of debt, as normally stipulated, would be twice that of equity.

Security

To be decided largely on case to case basis, the loan would generally be secured by way of suitable charge on the assets of the loanee unit.

Interest Rate & Repayment Period

To be fixed as per the repaying capacity of the borrowing concern, but not exceeding 5 years, inclusive of one year's moratorium, the rates of interest on the loaned amount shall be currently applicable as follows:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Loan Amount</th>
<th>Interest Rate (p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Upto &amp; inclusive of Rs. 25,000</td>
<td>12.50%</td>
</tr>
<tr>
<td>(ii)</td>
<td>Over Rs. 25,000 upto Rs. 2 lakh</td>
<td>14.00%</td>
</tr>
<tr>
<td>(iii)</td>
<td>Over Rs. 2 lakh</td>
<td>15.00%</td>
</tr>
</tbody>
</table>
Eligibility

Existing SSI setups with a good record of past performance and sound financial position are eligible under this Scheme if they also meet up with the following criteria:

- have been in operation for a period not less than four years;
- have earned profit and/or declared dividend during the preceding two financial years;
- have been exporting their products, directly or otherwise, or alternatively envisage manufacturing products for exports;
- have not been in default to any financial institution or bank in payment of their dues.

Extent of Loan/Refinance

Assistance extended under the Scheme being need based, SIDBI would provide cent per cent refinance in respect of the term loan availed of from the principal term lending institution.

Purpose of Loan

The loan requirement amount includes expenses on consultancy, documentation, audit certification fee, equipments and calibrating instruments, etc.
Additional Subsidy Incentive

SSI concerns availing of the financial assistance under the RISO-9000 scheme and acquiring ISO-9000 certification shall also be considered for Government of India's incentive subsidy.

At a maximum of ₹75,000, the subsidy amount shall be worked out at 75% of the cost of acquisition of the Certificate.

The desirous borrowers should, therefore, approach the DC (SSI), GOI, directly for availing of this additional benefit.

And, of course, please take long your permanent SSI/ancillary registration certificate valid as of date, the ISO 9000 certification awarded to your unit and the documents proving payments of charges made to the certification agency.

ISO-9000: What of It

ISO represents International Organisation for Standardisation located in Geneva, Switzerland, an organisation comprising of national standard bodies of 91 countries including India.

ISO-9000 is a series of standards published by the Organisation pertaining to quality management system i.e. laying down international standards for method of delivering products and services and achieving optimum customer satisfaction.
Although not mandatory any organisation in the field of supplying products and services comprising of 10 to 10,000 people can adopt the standard. Once certified by the concerned authorities its validity extends up to 3 years open to surveillance visits every six months by the certifying authority.

The major advantages the adopting organisation gains include, amongst others, a certified market in the public eye of recognized quality system, reduction in multiplicity of inspection by varied agencies and increased potentials in the international export circle.
References:

1. Schemes at a Glance, Published by Rajasthan Financial Corporation, Jaipur.
4. RFC Business Update, Published by Rajasthan Financial Corporation, Jaipur.
6. By the Courtesy of Mr. R.K. Patni, Dy. Manager, Rajasthan Financial Corporation, Jaipur.