

# **The Rajasthan State Aid to Industries (Guaranteeing of Cash Credit and other Credit Facilities) Rules, 1965**

RAJASTHAN

India

## **The Rajasthan State Aid to Industries (Guaranteeing of Cash Credit and other Credit Facilities) Rules, 1965**

### **Rule**

### **THE-RAJASTHAN-STATE-AID-TO-INDUSTRIES-GUARANTEERING-OF-CASH-CREDIT-AND-OTHER-CREDIT-FACILITIES-RULES-1965**

- Published on 18 January 1965
- Commenced on 18 January 1965
- [This is the version of this document from 18 January 1965.]
- [Note: The original publication document is not available and this content could not be verified.]

The Rajasthan State Aid to Industries (Guaranteeing of Cash Credit and other Credit Facilities) Rules, 1965 Published vide Notification No. F. 7 (56) Ind/(A)/60, dated 18-1-1965, published in Rajasthan Gazette, Part 4-C, Ordinary, dated 8-6-1965. In exercise of the powers conferred by sub-section (1) of section 8 read with clause (b) of section 5 of Rajasthan State Aid to Industries Act, 1961 (Act No. 25 of 1961), State Government hereby makes the following Rules, for regulating State Aid to Industries by guaranteeing cash credit, over draft or fixed advances with banks of providing other credit facilities, namely:-The Rajasthan State Aid to Industries (Guaranteeing of Cash Credit and other Credit Facilities) Rules, 1965.

### **1. Short title and extent.**

- These rules may be called the Rajasthan State Aid to Industries (Guaranteeing of Cash-Credit and other Credit Facilities) Rules, 1965.(2) They shall extend to the whole of the State of Rajasthan.

### **2. Application.**

- They shall apply to the following Industries:-(i) Small industrial units having at least 3 year's standing as manufacturers/producers of articles mentioned in schedule:(ii) All industries located in an Industrial Estate in Rajasthan and all industrial co-operative societies, who have achieved the target of production to the extent of 75% of their capacity as certified by the District Industries officer concerned and which have been registered by the State Government and notified in the official Gazette as approved manufacturers/producers of specified articles.

### 3. Definitions.

- In these rules unless the subject or context otherwise requires:-(i)"Act" means the Rajasthan State Aid to Industries Act, 1961;(ii)"creditor bank" means a scheduled bank which agrees to advance a loan to a loanee;(iii)"loanee" means any of the industrial units, industries or industrial co-operative societies mentioned in rule 2, which contracts or agrees to contract a loan from any scheduled bank;(iv)"Schedule" means a schedule appended to the rules; and(v)Words and expressions not defined in these rules but in the Act shall have the meaning respectively assigned to them in the Act.

### 4. Guaranteeing of Cash-Credits.

- The State Government may guarantee cash credit, overdraft or fixed advance by any Creditor bank or any industrial unit, industry or industrial co-operative society to which these rules apply, under the following conditions(i)Subject to the provisions of clauses (iii) and (vi) of these rules the extent of the guarantee to be given by the State Government under these rules, shall be limited to 25% of the amount of loan advanced or to be advanced by a creditor bank or to 50% of the amount by which the security offered by the loanee falls short of the percentage of the amount of security demanded by the bank, whichever is less if the proprietors, partners, Directors or promoters of the industrial unit, industry or industrial co-operative society concerned give a personal guarantee to indemnify the State Government in the event of any losses occurring to the State Government on account of the guarantee under these rules;(ii)the assets/immovable properties offered as security by the loanee shall be got insured and mortgaged with the creditor bank or the Life Insurance Corporation, which will take necessary action regarding their valuation, mortgage deeds etc.:(iii)the liability of the State Government to honour the margin guaranteed shall arise only when the creditor bank has exhausted all legal remedies at its disposal for recovery of the principal amount or interest on the due date and shall cease and be discharged on account of(a)any act or omission by the creditor bank concerned, the legal consequence of which is the discharge of the loanee;(b)creditor bank's forbearance to sue or to enforce any other remedies against the loanee; and(c)any default on the part of the creditor bank concerned to recover the amount of advance or interest thereon after the due date;(iv)in case recovery of the amount due to the creditor bank by the loanee is effected by the sale of the assets/immovable properties mortgaged, the liability of the State Government shall be limited as indicated under clause (i) above, to 25% of the amount of loan advanced the difference between the amount of loan advanced and the amount recovered from the sales of assets or immovable properties mortgaged, whichever is less;(v)the creditor bank shall intimate to the State Government within a week as far as possible of the default, if any, committed by the loanee towards the repayment of the principal and/or interest on the due date;(vi)No guarantee under these rules shall be given for loans exceeding Rs. 1,00,000/- in any individual case, though any such guarantee can be give for loans up to Rs. 10,00,000/- in exceptional cases by the Finance Department;(vii)the duration of the guarantee shall be one year subject to further renewal on the same terms and conditions as mentioned in these rules;(viii)a guarantee commission @ Rs. 1/2% per annum on the amount of guarantee shall be charged by the State Government and shall be paid by the loanee in advance every year to the Accounts officer, Directorate of Industries and Supplies, Government of Rajasthan, Jaipur; and(ix)the loanee concerned, the creditor bank and the State Government shall sign an agreement in the form mentioned in schedule II.

I

[Vide rule 2(i)]List of industries eligible for Government guarantee.A. Handicrafts Industries.(i)Industries engaged in manufacturing carved articles made of wood, sandal wood, brass or bronze, ivory etc.(ii)Enamelling and Minakari.(iii)Badla and Gota Industries.(iv)Tie and Dye Industries.(v)Marble and Stone Ware.(vi)Machine Screws, bolts, nuts, rivets, Nails, Pins,(vii)Lacquer work(viii)All Industries bearing quality mark.B. Small Scale Industries.(i)Leather Tanning.(ii)Bone crushing and fertiliser Industries.(iii)Foot Wear and Leather goods Industries.(iv)Agricultural Implements.(v)Iron Foundries and steel processing Industries.(vi)Machine Screws, bolts, nuts, rivets, Nails, Pins, Gem Clips, Tacks etc.(vii)Steel furniture and Safes.(viii)Conduit pipes, G.I. pipes and fittings.(ix)Electric and Water Meters.(x)Umbrella ribs, sticks and fittings.(xi)Sewing machines and parts thereof.(xii)Cycle Industries and parts thereof.(xiii)Engineering workshops.(xiv)Flexible Tubes.(xv)Mechanical and scientific instruments.(xvi)Surgical and Hospital Equipment.(xvii)Electrical Equipments: domestic Electric appliances etc. including chokes, starters, transformers dynamos.(xviii)Electric Fans.(xix)Radio-Components and parts thereof.(xx)Tape recorders, radiators etc.(xxi)Lens grinding Industries.(xxii)Manufacture of cameras, binoculars, microscopes etc.(xxiii)Scientific glassware including phials, ampoules; vacuum flasks thermometers, refrigerators; air-conditioner and water coolers.(xxiv)Ceramic Industries.(xxv)Low tension porcelain insulators.(xxvi)Plastic Industries manufacturing spectacles Frames, handles, hinges, toys, fountain pens etc.(xxvii)Cosmetic Industries e.g., paints and varnishes, inks, glue and gelatine, soaps and Hair Oils, Pomades Adhesive taps.(xxviii)Cement Industries manufacturing cement tiles, pipes, doors and windows sills and other articles of prestressed concrete.(xxix)Industries manufacturing chemicals e.g., acids, salts, and basis, ultramarine blue.(xxx)Rubber and rubber goods industries including manufacture of stamps and blocks.(xxxi)Food Industries-including Milk powder condensed Milk fruit and vegetable preservation.(xxxii)Sugarcane Industries-including manufacture of glucose and malt.

II

[Vide rule 4 (ix)]Agreement formThis agreement made at.....on the.....day of.....in the year Nineteen hundred and between Shri/M/s. hereinafter called the 'loanee' (which expression shall include its successors and assigns) an industry established in co-operative Society formed ..... and located at ..... of the first part, the .....a scheduled bank having its registered head/branch office at .....hereinafter called the "creditor bank" (which expression shall include the successors, assigns and liquidators of the said Bank wherever the context or meaning shall so require or permit) of the second part and the Governor of the State of Rajasthan hereinafter called the "guarantor Government" of the third part.Whereas-(1)in pursuance of the terms and conditions contained in the Rajasthan State-aid to Industries (Guaranteeing of Cash-Credit and other Credit Facilities) Rules, 1965, the loanee has mortgaged movable/immovable assets to the creditor bank and whereas the creditor bank assessed the value of the' assets at ..... and as admissible under their Rules agreed to advance as sum of Rs.....to the said loanee.....and;(2)the guarantor Government has agreed upon terms and conditions hereinafter stated to guarantee to the extent of 25% of the amount admissible as loan or 50% of the amount by which the security offered by the loanee falls short of the percentage amount demanded by the Creditors bank, whichever is less, to the Creditor

bank for the due repayment of the said loan;

## 2. Now this deed witnesses as follows:-

(i)that the loanee shall pay to the Government a guarantee commission @ Rs. 1/2% per annum on the margin guaranteed and deposit the same in advance with the Accounts officer Directorate of Industries & Civil Supplies Rajasthan, Jaipur;(ii)that the Industries concerned shall furnish copies of the published accounts (or such accounts as are maintained in the regular course of business by their management), to the Government;(iii)that the accounts of the Industry shall be open to inspection by a nominee of the State Government;(iv)that the loanee shall utilise the loan to be advanced by the bank for the manufacture of articles for the supply of which they have received orders from Government Department/Private Companies;(v)that the creditor bank shall, in the event of default by the loanee, arrange to recover the amount due as principal and interest thereon through its own agency;(vi)that the liability of the guarantor Government shall arise only when the creditor bank has exhausted all legal remedies at its disposal for effecting recovery and has informed the guarantor Government of the same at least within a week as far as possible, of the default in the payment of the principal or interest on the due date;(vii)that the liability of the Government under this agreement shall cease and be discharged in the event of any default on the part of the Creditor bank concerned;(viii)that in case recovery is effected by the sale of assets on immovable properties mortgaged, the extent of the Government guarantee shall be limited to 25% of the amount of loan advanced or the difference between the total amount due as principal, interest etc. to the creditor bank and the amount recovered from sale of mortgaged assets or properties whichever is less;(ix)that in the event any amount is paid by the Guarantor Government to the Creditor bank for the due satisfaction of this agreement, the amount so paid shall be treated as loan against the loanee and shall be recoverable with interest @ 6% per annum from the date of payment as arrears of Land revenue under the Rajasthan Public Demands Recovery Act, 1952 or any Act relating to the Public demands and for the time being in force;(x)that the duration of the guarantee of the Guarantor Government shall be one year subject to further renewal upon the same terms and conditions mentioned in this agreement on the said rules.In witness whereof the parties hereto have here-upto set their hands and seals on the date and year first above mentioned.Signature of the ManagingDirector or the Chief Agentor Manager of the Bank(Seal)Witness 1.....Witness 2.....Signature of the Secretary tothe Government.Signature of the Representativeof the loanee.Witness 1.....Witness 2.....Signature of.....(Seal)on behalf of the Governor ofRajasthan.Witness 1.....Witness 2.....Witness 1.....Witness 2.....