

The Rajasthan State Interest Subsidy Scheme For Industries, 1998

RAJASTHAN

India

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Rule

THE-RAJASTHAN-STATE-INTEREST-SUBSIDY-SCHEME-FOR-INDUSTRIES OF 1998

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The Rajasthan State Interest Subsidy Scheme For Industries, 1998Published vide Notification No. F. 12(14) Ind/I/98, dated 23-9-1999, Published in Rajasthan Gazette, Extraordinary, Part 4-C(2), dated 4-10-1998, Page 277(1)With a view to accelerate the pace of industrial development and give the SSI units a competitive advantage in the State, the State Government of Rajasthan introduces the following scheme for grant of interest Subsidy to industrial units situated in Rajasthan.

1. Title.

- The Scheme shall be known as "The Rajasthan State Interest Subsidy Scheme for Industries, 1998" hereinafter referred to as the Scheme.

2. Operative Period.

- The Scheme shall come into operation with effect from 1st April 1998 and shall remain in force upto 31st March, 2003.

3. Applicability of the Scheme.

(a)The Scheme shall be applicable to an Eligible Industrial Unit.(b)The ineligible industries as listed in Annexure A shall not be entitled to claim any benefits under the Scheme. However, this restriction shall not apply to sick industrial units for items mentioned in Annexure B.(c)An industrial unit claiming benefits under the Scheme shall be established or should have been

established in the areas other than banned areas. However this restriction shall not apply to sick units and units in electronics, computer software/hardware, telecommunication sectors.(d)Renovation, modernisation or rationalisation of industrial units, replacement of plant and machinery, or change of product-mix, distinguishable from diversification, shall not create eligibility for claiming benefits under the Scheme.

4. Definitions.

(a)The expressions used in the Scheme shall have the same meaning as given in "Rajasthan Sales Tax/Central Sales Tax Exemption Scheme, 1998" and "Rajasthan Sales Tax/Central Sales Tax Deferment Scheme, 1998", unless defined otherwise in the Scheme.(b)"Commercial Bank" means any nationalised or scheduled Bank set up under the Negotiable Instruments Act, 1881.(c)"co-operative Bank" means any bank set up under the Rajasthan co-operative Societies Act, 1965.(d)"DIC" means District Industries Centre.(e)"Eligible Industrial units" means a new industrial units, or old industrial units going for expansion or diversification, or a sick industrial units which fulfils following conditions -(i)in which the investment in fixed assets, in plant and machinery, whether held on ownership terms or on lease or on hire purchase, does not exceed Rupees Sixty lacs;(ii)which is not declared as ineligible industry under Annexure A to the Scheme, provided that this restriction shall not apply to a sick industrial units;(iii)which has been sanctioned term loan by State/Central financial institution(s) and/or scheduled commercial Bank(s) including co-operative Bank(s) during the operative period of the Scheme; and(iv)which is making repayment of dues against term loan of institution(s) and Bank(s) in time.(v)[hotel/motel units, in which at least 50% non - skilful local persons are appointed.] [Added vide Notification dated 26-7-2002 [31-7-2002].](f)"Plant and Machinery" means plant and machinery as defined by the Government of India from time to time :Provided that the value of plant and machinery shall be as per the appraisal of the financial institution(s). However for the purpose of the Scheme the following shall be excluded, namely -(i)cost of equipment such as tools, jigs, dies, moulds and spare parts for maintenance including cost of consumable stores;(ii)cost of installation of plant and machinery;(iii)cost of research and development equipment and pollution control equipment;(iv)cost of DG set(s) or transformer(s) installed by the unit;(v)cost involved in procurement or installation of cables wiring bus bars electrical control panels excluding those mounted on individual machines oil circuit breakers or miniature circuit breakers which are necessary for providing electric power to the plant and machinery or for providing safety;(vi)transportation charges and transit insurance charges for indigenous machinery transported from the place of manufacture to the site of the unit;(vii)charges paid for technical know-how for erection of plant and machinery;(viii)cost of storage tanks used for storage of raw material(s) and finished product(s) but not linked with the manufacturing process; and(ix)cost of fire fighting equipment(s).(g)"Prescribed Authority" means an Authority prescribed in Clause 6 of the Scheme.(h)"Repayment of dues in time" means repayment of term loan and interest thereon as per the schedule of repayment prepared by the financial institution(s) at the time of sanction of loan, as per the revised schedule of repayment if any :Provided that any eligible unit which gets any relief on concessions such as waiver of interest/penal interest/liquidated damages granted Subsequent to the original schedule of repayment shall not be entitled to get the benefit under the Scheme :Provided further that for an overdue amount not exceeding 5% of the quarterly instalment,

for reasons of reconciliation, the repayment shall be deemed to have been made in time for the purpose of the Scheme.(i)"RFC" means Rajasthan Financial Corporation;(j)"RIICO" means Rajasthan State Industrial Development and Investment Corporation Ltd.;(k)"Term loan" means any loan or advance where the terms under which money is loaned or advance provide for repayment along with interest thereof during a period of not less than five years.

5. Authority for sanction of interest Subsidy.

- The interest Subsidy shall be sanctioned by a Prescribed Authority as follows :

S. No.	Term loan sanctioned by	Prescribed Authority	
1	2	3	
1	A financial institution whose central office incase of Rajasthan is located in Jaipur (such as SIDBI, NSICetc.)	State Level Committee. (SLC) consisting of thefollowing :-	
(a) Director Industries	Chairman		
(b) Representative of RFC	Member		
(c) Representative RIICO of	Member		
(d) Representative of Member concerned financialinstitution	Member		
(e) Chief Accounts officer,Commissionerate/Director of Industries	Member		
(f) Additional Director, Industries	Member Secretary		
2	RIICO	M.D., RIICO	Member Secretary
3	RFC Head office Loans	CMD., RFC	
4	RFC other than Head office Loans and other cases	District Level Committee(DLC) consisting of thefollowing	
(a) District Collector	Chairman		
(b) Concerned Branch Manager of RFC in theDistrict	Member		
(c) Concerned Senior Regional Manager RegionalManager of RIICO in the District	Member		
(d) Representative of the concerned lending ininstitution	Member		

(e) General Manager DIC Secretary Member

6. Quantum of interest Subsidy.

- Interest Subsidy shall be equal to 2% rate of interest on the documented rate subject to an overall ceiling of Rupees Fifteen lacs per industrial unit. Explanation. - If the documented rate of interest is 18% then rate of interest after interest Subsidy shall be 16%.

7. Procedure for claiming Subsidy.

- (i) An eligible industrial unit shall apply in the application form prescribed at Annexure C to the Prescribed Authority for grant of Subsidy along with loan sanction letter issued by the term lending institution(s). Subsidy shall be sanctioned on the basis of loan sanctions issued by the financial institution(s). (ii) The Prescribed Authority shall dispose of the application within 30 days from the date of receipt of application and the decision sanctioning or rejecting the application, as the case may be, shall be conveyed to the applicant and the respective financial institution(s). Sanction shall be issued in form prescribed at Annexure D. (iii) Benefits of Subsidy shall commence immediately after the first instalment of the term loan has been disbursed by the term lending institution(s). (iv) Payment of Subsidy shall be made only for the period for which the industrial unit makes regular repayment of loan and interest due to the financial institution(s). Subsidy shall be disallowed for the period the unit defaults in making regular repayment, it shall be allowed prospectively in case such unit clears all its over dues, and starts making regular repayment of the term loan and interest. (v) The State Finance Institution(s)/Schedule Commercial Bank(s)/co-operative Bank(s) shall lodge the claim in the format prescribed at Annexure E to the prescribed authorities, i.e. concerned District Industries Centres or Director of Industries as the case may be for reimbursement of Subsidy. The DIC or Director of Industries as the case may be, shall reimburse the Subsidy amount so claimed to the term lending institution(s) within a month from the receipt of the claim format duly filled, [XXX] [Deleted by Notification dated 27-12-2001, w.e.f. 1-1-2000.]. (vi) The beneficiary industrial unit shall execute an agreement in the format prescribed Annexure F with the Prescribed Authority before the disbursement of the Subsidy sanctioned. (vii) The financial institution(s) after receipt of sanction of interest Subsidy from the Prescribed Authority shall lodge claims in prescribed form with the Commissionerate/Directorate of Industries or DIC, as the case may be for providing funds of such interest Subsidy to the Financial Institutions. The FIS shall credit to the party's account the amount of interest Subsidy on receipt of the same from the Commissionerate/Directorate of Industries/DIC.

8. Terms and Condition.

- The interest Subsidy sanctioned and reimbursed under the Scheme shall be subject to the following conditions. Breach of any of these conditions shall make the Subsidy liable to be recovered as arrears of land revenue along with interest @ 15% per annum from the date of disbursement(s) of Subsidy. (a) The industrial unit availing interest Subsidy under the Scheme shall comply with all statutory laws and regulation. If any failure to do so comes to notice, it may result in cancellation/withdrawal of the benefits under the Scheme. (b) The industrial unit availing interest

Subsidy under the Scheme shall be subject to the conditions, procedure, instructions, clarifications, or amendments issued from time to time under the Scheme.(c)The industrial unit availing Subsidy under the Scheme shall remain in production for at least two years after the final date of repayment of the term loan.(d)An industrial unit which has been sanctioned any other Subsidy such as capital investment Subsidy or interest Subsidy under any other scheme of the Government of India or Government of Rajasthan or their agencies, except rebate for timely repayment of term loan dues, shall not be eligible for interest Subsidy under the Scheme for the investment already Subsidised.

9. Appeal against Decision of Prescribed Authority.

- Any Industrial unit aggrieved by the decision of the Prescribed Authority stipulated under Clause 6 of the Scheme may appeal against such decision, within a period of 60 days from the date of receipt of the decision, to the following State Level Apex Committee (SLAC) whose decision shall be final :

- | | |
|-------------------------------------|------------------|
| (i) Secretary, Industries | Chairman |
| (ii) Representative of RFC | Member |
| (iii) Representative of RIICO | Member |
| (iv) Additional Director Industries | Member |
| (v) Director, Industries | Member-Secretary |

10. Authority for Implementation/Interpretation.

(a)The Scheme shall be administered and implemented by the Government of Rajasthan in the Industries Department.(b)Any matter pertaining to interpretation of any Clause of the Scheme shall be referred to the Government of Rajasthan in the Industries Department whose decision shall be final in such a matter.

11. Review or Modification of Scheme.

- The State Government in the Industries Department reserves the right to review or modify the Scheme as and when need in public interest. Annexure - A List of Industries Not Eligible for The State Interest Subsidy Scheme of Industries, 1998

1. (a) All flour mills other than roller four mills, established at places having a population in excess of 25000 as per 1991 census.

(b)All cereals pulses, rice, sugar and spice mills, established at places having a population in excess of 25000 as per 1991 census.

2. Photographic studios (other than cinematography studios).

3. Manufacture of ice candy and ice fruits, ice, kulfi, sweetmeats, and aerated water and mineral water except projects of aerated waters and mineral water with fixed capital investment of Rs. 1.00 crore or more.

4. Laundry.

5. Tailoring other than manufacture of ready - made garments.

6. Re-packing of any goods including medicines, toiletries, pesticides, herbicides, edible, products.

7. Production of firewood and charcoal.

8. Decorticating roasting parching frying oil seeds and colouring de-colouring and scenting of oil.

9. Saw mills, wooden furniture items.

10. Ordinary bricks, except mechanised bricks and bricks made of fly - ash/stone slurry.

11. [X X X] [Deleted by Notification dated 26-7-2002 (31-7-2002).] Restaurants and catering or eating places.

12. Khandsari units.

13. Units distilling, storing, bottling blending or brewing liquor/alcohol excluding industrial alcohol.

14. Induction and arc furnace industry.

15. Thinner manufacturing industry.

16. Stone Crushers (Gitti and Blast).

17. Lime Kilns.

- 18. Preparation of bread, biscuits and bakery products other than mechanised bakery.**
- 19. Iron and steel re-rolling mills.**
- 20. Jalis, water tanks and electric poles, made of cement.**
- 21. Manufacturing of candles and chlorinated paraffin wax.**
- 22. Fabricating units, like trunks, buckets.**
- 23. Steel furniture industry.**
- 24. Cotton ginning and pressing industry.**
- 25. Units manufacturing hydrogenated vegetable oil or vanaspati ghee, excluding composite units manufacturing edible oil as well as hydrogenated vegetable oil.**
- 26. Oil extracting or manufacturing industry excluding solvent extraction plants with or without refinery system.**
- 27. Mini cement plants upto the manufacturing capacity of 200 tonnes per day.**
- 28. Such other items for which registration is prohibited or restricted by any Competent Authority or those items which are barred by the Commissioner of Industries, Rajasthan from time to time.**

Annexure - B List of Sick Industries Eligible For The State Interest Subsidy Scheme For Industries, 1998

- 1. Iron and steel re-rolling mills.**
- 2. Cotton ginning and pressing industry.**
- 3. Units manufacturing hydrogenated vegetable oil or vanaspati ghee, excluding composite units manufacturing edible oil as well as hydrogenated vegetable oil.**

4. Oil extracting or manufacturing industry excluding solvent extraction plants with or without refinery system.

5. Mini cement plants upto the manufacturing capacity of 200 tonnes per day.

Annexure - C Application for Registration and Sanction Under the State Interest Subsidy Scheme, 1998 From : M/s.....To,

1. CMD, RFC,

2. MD, RIICO Ltd., Jaipur

3. The Member Secretary

State Level Committee/District Level Committee Sub:- Application for State Interest Subsidy Sir,

1. We hereby apply for grant of the State Interest Subsidy on long-term loans availed for fixed capital for Industrial unit namely.....

2. The Scheme for the unit has been approved by the following financial Institution/Bank, viz.

(i)(ii)(iii) 3. The cost of the project as approved by the above institutions banks and the details of means of finance are as under : (a) Cost of project as approved in the project Land Building Plant and Machinery Misc. Fixed Assets Technical know how fee Per-operative Exp. Margin Money for Working Capital Total (b) Means of Finance Share Capital Unsecured loans Internal Accrual Term loans Others Total

4. Employment proposed or likely to be generated:

(a) Managerial (b) Supervisory / Technical (c) Workers: Skilled Semi - skilled Unskilled Others

5. Expected date of commencement commercial production.

6. I/We hereby agree that, I/We, shall forthwith repay the amount reimbursed to me/us under the Scheme, if the amount of State Interest Subsidy is found to have been reimbursed in excess of the amount actually admissible for whatsoever reasons. Further, I/We shall also be liable to pay interest at 15% on such amount and such expenses which may be payable by us.

7. It is hereby further certified that I/We have neither applied for nor received any amount by way of any other Subsidy such as capital investment Subsidy or interest Subsidy under any other scheme of the Government of India or Government of Rajasthan or their agencies, except rebate for timely repayment of term loan dues in respect of the above mentioned investment as narrated at para 3 of this application.

8. I/We agree to abide by the conditions laid down by the State Interest Subsidy Scheme or by any other conditions laid down by the procedure, instructions, clarifications or amendments issued under the Scheme.

9. The certificate from the long term loan sanctioning financial institution is enclosed herewith in the prescribed form No. 1.

Yours faithfully, Signature of the applicant Name or signature for and on behalf of Form No. 1 (To be Enclosed with the Application) Certificate from the concerned Bank or the Financial Institution in the following form, duly signed by a responsible officer Certified that the sanction of financial assistance of Rs lacs under letter No. dated. to/M/s. for plant at has been considered on the basis of the company's assessed requirement. This may be considered for registration and eligibility of the unit for reimbursement of interest Subsidy as per provision of State Interest Subsidy Scheme, 1998. Dated Manager of Authorised Person Annexure - D Ref. No. M/s. Sanction Letter Sub. - State Interest Subsidy Scheme. Ref. - Your application for State Interest Subsidy received by us on Dear Sir,

1. We are pleased to inform you that the State Level Committee/District Level Committee in its meeting held on (sanctioning authority on behalf of State Government) has sanctioned as interest Subsidy @ 2% aggregating of Rs. (Rupees only) over a period of years to your proposed unit/existing unit at The said sanction of Subsidy is subject to the following conditions in addition to the conditions prescribed under the Scheme.

2. Form the evidence furnished by you from time to time for the purpose of sanction of Subsidy the eligible loan for the purposed unit is Rs lacs bearing normal interest @% payable over a period of years in quarterly installments commencing from and ending on.....

On the basis of above, the amount of Subsidy to total over the period is determined at Rs.....of repayment to your timely payment.

3. The above mentioned interest Subsidy amount of Rs shall be paid by the financial institution i.e..... on six monthly instalment basis as per their claim submitted in Annexure - E which shall furnish a receipt for each instalment.

The stamp receipt should be on the letter Head of the financial institution.

4. You shall also have to execute an agreement with disbursing authority in Annexure E (draft of which is enclosed).

The original agreement should be on a non - Judicial stamp paper of Rs. 5/- (Rupees five only). In addition, two carbon copies on plain paper be furnished, one of which would be returned to you for your record.

5. The agreement should be executed by the proprietor in the case of a proprietary concern.

The agreement should be executed by one or more directions duly authorised by the Board of Directors of company. The execution of the agreement should be under the common seal of the company. The agreement should be executed by all the partners however, if any one of the partners holds a general power of attorney he may execute the agreement on behalf of the remaining partners. Please also furnish certified true copy of the partnership deed and a certified true copy of the power of attorney. When the agreement is executed by a holder of general power of attorney a certificate signed by all the partners on behalf of the firm to the effect that general power of attorney is in force and not revoked as on the date of execution of the agreement should be furnished.

6. Erasures if any, should be properly initialled. No blanks should be left in the agreement, and all the blanks should be filled in with proper initials.

7. The above agreement should be executed in the presence of a Gazetted officer or a Magistrate of first class or a Notary Public.

Yours faithfully Sanctioning Authority
ENCL : Draft of Agreement. *Strike out whichever is not applicable.
Annexure - E Statement For Claiming Interest Subsidy

1. Name of the Financial Institution.....

2. Period for which Subsidy is being claimed.....

3. Date of first disbursement of term loan.....

4. The date of final repayment.....

S. No.	Name and address of the unit	Total loan on which interest has been charged	Rate of interest	Rate of interest on which the refinance sought	Amount of Subsidy being claimed @ 2% of documented rate of interest	Sanctioned amount of Interest Subsidy	Total Interest Subsidy availed before this claim
1	2	3	4	5	6	7	8

It is certified that the industrial units mentioned above at SI. No. 1 to are making regular repayment of loan due and interest thereon. Signature and seal of the Manager of Financial Institution Annexure - F Agreement This agreement is made on this day of between (M/s. grantee) which expression shall, where the context so admit, include all the partners (if it is a firm) their representatives and assignees of the one part and the Governor of the State of Rajasthan (hereinafter referred to as the State Government) of the other part. Whereas the grantee has applied for the grant of interest Subsidy payable by way of reduction in rate of interest by 2% aggregating of Rs. (Rupees only) under the "State Interest Subsidy Scheme, 1998". And whereas the State Government has agreed to grant him the said Subsidy on the terms and conditions hereinafter contained. Now, therefore, in pursuance of the said agreement and in consideration of the said amount of Rs. (Rupees only) to be paid by . the State Government over total repayment period of loan through General Manager DIC to the grantee through the financial institution as aforesaid the grantee hereby covenants and binds himself to the State Government as follows :

- 1. That the grantee shall use the said amount of Rs. (Rs. only) to be paid by the State Government through its authorised disbursing agency for the purpose of said industry only and for no other purposes.**
- 2. That the grantee shall set up and start production of industry at as per the Scheme of the grantee approved by the institution/Bank.**
- 3. That the grantee shall make repayment of dues towards financial institution/Bank/CFI/In time as per schedule contained in the letter of sanction.**
- 4. That after the receipt of the Subsidy and commencement of production by the industrial unit for which the Subsidy is granted, the grantee shall submit annual progress report to the disbursing agency about working of the grantee's industrial unit of the currency of loan.**

5. That without taking prior approval of the sanctioning authority the grantee shall not change the location of the whole or any part of the industrial unit or effect any Substantial construction or dispose of a Substantial part of its total fixed capital investment during the currency of loan.

6. That the grantee shall allow sanctioning authority/disbursing authority/State Government or any other person authorised by them to inspect the working of the said industrial unit at all time and for that purpose to enter into its premises and examine and take copies of the grantee's registers, book of accounts and any other relevant records.

7. The grantee shall refund the said Subsidy or part thereof to the State Government in case the same is found recoverable under the provisions to the Scheme or the procedure and guidelines issued thereunder.

8. That in case it is found that the grantee has given some false, incorrect or incomplete information or it has committed any breach of any of the covenants, as mentioned above or any of the provisions in the State Interest Subsidy Scheme for Industries, 1998, the reimbursement authority after according him an opportunity of being heard shall be empowered to recover the whole amount of Subsidy paid to the grantee together with 15% interest per annum from the date of payment of Subsidy This amount shall be recoverable as an arrear of land revenue dues on the financial institution.

In witness, thereof the agreement hereby executed and signed by the grantee on the day hereinabove mentioned. Signed by the Grantee Witness No. 1 Full Address Witness No. 2 Full Address Signed on behalf of the Governor of the State of Rajasthan Witness No. 1 Witness No. 2 Proforma For Agenda Notes For Prescribed Committee

1. Agency for disbursement of the State Interest Subsidy

2. Name and address of the applicant unit.

3. Location of the industrial unit.

4. Number and date of issue of SSI/SIA Registration.

5. Constitution (whether Proprietary, Private Limited, Public Limited or Partnership Firm).

6. (a) Whether New unit/expansion of an existing unit/ diversification of an existing unit.

(b)In case of New Industrial Unit actual/expected date of commencement of production.(c)In case of expansion/diversification actual/expected date of commissioning of the expansion/diversification project.(d)In case of sick unit actual/expected date of implementation of rehabilitation plan/transfer or management.

7. Employment generated proposed to be generated.

8. Products proposed.

9. Project cost including margin for working capital.

10. Means of finance amount

Remarks(a)Share Capital(b)Loan(i)Financial Institutions(ii)Bank(iii)Other Institutions(c)Other internal resources(d)OthersTotal Rs.

11. Amount of the State Interest Subsidy eligible over the total period of repayment.

12. Recommendation of the member Secretary.

13. Any other remarks.

Signature:.....Name:.....Designation:(Member Secretary of Prescribed Authority)