

Interest Subvention Scheme

Details (Interest Subvention Scheme)

The "Interest Subvention Scheme" has been introduced by the Government of Karnataka for new and existing profit-making micro and small manufacturing enterprises, as well as manufacturing-allied activity enterprises. The scheme aims to provide institutional credit for capital investments at reasonable interest rates and is implemented through the Karnataka State Financial Corporation (KSFC) in the state.

Objectives (Interest Subvention Scheme)

- The scheme aims to provide institutional credit for capital investments at reasonable interest rates and is implemented through the Karnataka State Financial Corporation (KSFC) in the state.

Important Features (Interest Subvention Scheme)

- The "Interest Subvention Scheme" has been introduced by the Government of Karnataka for new and existing profit
- making micro and small manufacturing enterprises, as well as manufacturing
- allied activity enterprises. The scheme aims to provide institutional credit for capital investments at reasonable interest rates and is implemented through the Karnataka State Financial Corporation (KSFC) in the state.

Benefits (Interest Subvention Scheme)

- Amount of Loan: The minimum loan size is ■5.00 lakhs.
- The maximum loan size is ■500.00 lakhs for Micro and Small Manufacturing Enterprises.
- ■200.00 lakhs for manufacturing and allied services enterprises towards building, gross block of plant and machinery directly involved in production.
- The loan/s over and above these limits will carry contract rate of interest.
- Rate of Interest: KSFC shall sanction loans with prevailing contract rate of interest and the promoters shall pay the interest accordingly.
- To avail the interest subvention under the scheme, the beneficiary / borrower shall be regular in repayment of installments of all the loans availed by the Enterprises from KSFC.
- The effective interest rate to be paid by beneficiary /borrower is the difference of contract rate and interest subvention of 5.5% p.a.
- reimbursed by Government of Karnataka.
- Interest Subsidy [Subvention] Period: The unit is eligible for interest subsidy [subvention] for a period of 5 years from the date of first disbursement of the loan, even though if the repayment period extends beyond 5 years.

Eligibility (Interest Subvention Scheme)

- Enterprises promoted by all categories of borrowers, proprietary concerns, partnership firms, companies & other legal entities. The scheme is extended for all new investments in building, plant and machinery directly involved in production by new enterprises and existing enterprises by way of expansion, diversification, modernization and technology up
- gradation etc., considering the gross block of plant and machineries. Purchase of land from KIADB / KSSIDC or any other govt. agencies is not available under this scheme. The unit which has already availed the interest subsidy under any other scheme of Government of Karnataka / Government of India are also not eligible for interest subsidy under this scheme. The enterprise will be eligible for 5.5% p.a. interest subvention for a maximum period of five years from the date of first disbursement of respective loans even if the repayment period exceeds beyond five years. Activities covered under this scheme: Agro & Food Processing, Textile, Ready
- made Garments, Engineering, Automobiles, Electrical & Electronics, Paper & Paper Products, Printing & Publishing, Telecommunications, Software & IT related and Wood based activities. Terms and Conditions: The terms and conditions of loan sanction such as promoters contribution, DER, Security requirement, viability of the project etc., shall be ensured as per the prevailing lending policy of the Corporation.

Application Process (Interest Subvention Scheme)

- Step 1: The interested applicant should visit (during office hours) the Branch Office Untitled-1 and request a hard copy of the prescribed format of the application form from the staff exclusively entrusted to issue and collect filled-in applications.
- Step 2: In the application form, fill in all the mandatory fields, and attach copies of all the mandatory documents (self-attest, if required).
- Step 3: Submit the duly filled and signed application form along with the documents to the Branch Office.
- Step 4: Request a receipt or acknowledgment from the concerned authority to whom the application has been submitted.
- Ensure that the receipt contains essential details such as the date and time of submission, and a unique identification number (if applicable).

Documents Required (Interest Subvention Scheme)

- Passport-size Photograph Registration certificate PAN Card Audited financial statements (if expanding an existing unit) Bank account details for loan disbursement Any other documents as specified by KSFC during the loan process

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