Ref. No.RFC/F/LA-16(1)/191 Dated : 08.05.2006

Re : Powers of sanction in loan cases of industrial units set up/ proposed to be set up on converted land in isolated areas.

The location of an industrial unit is a vital issue to be considered at the time of appraisal of an industrial project for financing. The position has been reviewed regarding loan cases of industrial units set up on converted land in isolated areas and it has been felt that a cautious approach is required to be adopted for financing in future in this category. In this regard it has been decided that henceforth, all loan applications (irrespective of applied loan amount) of such units shall be placed before the Executive Committee for its consideration for the purpose of sanction.

Accordingly, now onwards loan applications of industrial units set up/ proposed to be set up on converted land in isolated areas (irrespective of applied loan amount) received / to be received at field offices shall be forwarded to Head Office for further processing. However, this change will not be applicable to the loan cases under Good Borrower Schemes which will continue to be sanctioned by respective sanctioning authorities as per the delegated powers of PG circular no. 1054 Dated : 27.05.2004.

The above changes may be incorporated in LA-2, at Serial No. 3.1 of Page No. 11 of P&G with regard to delegation of powers of field level and in LA-3, at Serial No. 3.1 (A), of page No. 24 of P&G with regard to delegation of powers at HO level.

All concerned are advised to take a note of above and ensure compliance.

Sd/-

CHAIRMAN & MANAGING DIRECTOR