RAJASTHAN FINANCIAL CORPORATION  
(CREDIT APPRAISAL SECTION)  

Udyog Bhawan  
Tilak Marg  
Jaipur-302 005  

Ref. RFC/LA-GBD/Gen/125/308 Dated : 20.05.2010  

CIRCULAR  
(LA No. 540)  

Reg. : Utilisation of loan amount and project viability under  
Scheme for Financing Against Assets and SARAL Scheme  
for SME Sector  

Attention is invited to P&G Circular No. 1215 dated 19.01.08,  
P&G Circular No. 1277 dated 10.08.09 and P&G Circular No. 1288  
dated 27.10.09 on the subject cited above. The matter regarding  
utilisation of loan amount under Scheme for Financing against  
Assets and SARAL Scheme for SME sector was reviewed in the  
PC&CC meeting held on 30.4.10 and it was decided by the  
Committee that the Corporation has to be more vigilant in this  
regard and it should be ensured that the loan funds availed by  
borrowers under the above said schemes are utilized for the  
purpose for which they are approved at the time of sanction of  
loan. Further, project report shall be carefully scrutinized to  
examine viability of the project during appraisal of the case.
Accordingly, it has been decided that at the time of sanction of loan following condition shall be stipulated for loan cases considered under the Scheme for Financing Against Assets and the SARAL Scheme for SME Sector:

“The disbursement shall be made in three installments. First disbursement of 50% of loan amount shall be made after satisfying the terms and conditions of sanction letter. The second and third disbursement i.e. 25% each of the loan amount shall be made only after verification on site by the RFC Officers that the earlier disbursed loan has been rightly utilized on the approved activities of the project.

The revised guidelines shall be applicable in the loan cases to be sanctioned on or after the date of issue of this circular. Other provisions of the concerned schemes shall remain unchanged.

Accordingly, amendments may be made in both the loan schemes.

(G.S. Sandhu)
Chairman & Managing Director

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3. DGM(A&I), Eastern & Western Zones.