



Your Partners in Industrial Development

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Background	1. Interpretation
Objectives	In these policy guidelines, unless there is anything repugnant to the subject or context:
Industrial Policy	1.1 "Corporation" means JAMMU AND KASHMIR DEVELOPMENT FINANCE CORPORATION LIMITED.
Schemes	1.2 "Board of Directors" means the Directors for the time being of the Corporation.
Lending Policy	1.3 "Executive Committee" means the committee comprising of the Managing Director and two Directors on the Board as nominated by the Board of Directors of the Corporation.
Investment Policy	1.4 "Term Loan" means Loan granted by the Corporation for setting up of an industrial project repayable in more than one year but less than 10 years.
Financials	1.5 "Consortium Financing" means joint financing by a group of FIs/ Banks where the major financing agency acts as a leader. The charge on assets is created on pro-rata basis.
Documentation	1.6 "Unsecured Loan" means such loan against which no security is available and the loan, if forming part of the means of finance, shall be interest free and shall not be repayable during the currency of the term loan of the Corporation.
Beneficiaries	1.7 "Up-Front Fee" means the fee received from the loanees against disbursement.
Fair Practices Code	1.8 Spread" means the mark up/discount that the Corporation shall be allowing on the prime lending rate based on the credentials of the prospective borrowers and the project.
Notifications	1.9 First Investment Clause" means 100% investment of the promoter's contribution before release of first disbursement by the Corporation.
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Term Loan

In order to cater to the needs of entrepreneurs for accelerating the industrial development in the State and with a view to reach to a majority of budding and existing entrepreneurs, the Corporation is extending lending facility in the range of Rs. 0.50 lakh to Rs. 1500.00 lakhs. The term lending limit is same in case the Corporation enters into a consortium arrangement with other banks in the State.

3. Debt- Equity Ratio ▲

Debt Equity Ratio shall be 65:35 normally. However. the sanctioning authority shall be competent to relax the requirement to allow Debt Equity Ratio upto 3:1 with minimum contribution of 25% of the project cost by the promoter.

4. Application Fee

The Corporation shall charge an application fee of Rs. 1000/- + GST as as cost of application which shall be adjustable against the processing fee to avoid non serious applicants. The application fee shall have to be deposited with the Corporation against the proper receipt at the time of issue of checklist of formalities and loan application form.

5. Processing Fee

The Corporation shall charge processing fee as per the structure given here under:

- upto loan of Rs 25.00 lac Rs 2,500/-
- above Rs 25.00lac to Rs. 50.00 lac Rs.5,000/-
- above Rs 50.00lac to Rs. 75.00 lac Rs.7,500/-

-above Rs 75.00lac to Rs 100.00 lac Rs.10,000/-
-above Rs.100.00lac to Rs.150.00lac Rs.12,500/-
-above Rs.150.00lac to Rs.250.00lac Rs.15,000/-

-above Rs.250.00lac to Rs.350.00lac Rs.20,000/-
-above Rs.350.00lac to Rs.450.00lac Rs.25,000/-
-above Rs.450.00lac to Rs.550.00lac Rs.30,000/-
-above Rs.550.00lac to Rs.650.00lac Rs.35,000/-
-above Rs.650.00lac to Rs.750.00lac Rs.40,000/-
-above Rs.750.00lac to Rs.850.00lac Rs.45,000/-
-above Rs.850.00lac to Rs.1000.00lac Rs.50,000/-

plus GST as applicable

The processing fee shall have to be deposited with the Corporation at the time of submission of loan application form. The application fee deposited at the time of issue of application shall be adjustable against processing fee. In case the loan is not sanctioned in favour of the applicant(s) due to certain reasons, 75% of the processing fee will be refunded.

6. Up-Front Fee

No upfront fee shall be charged for Term loans upto Rs. 25.00lac. Term loans beyond Rs. 25.00lac & upto 100.00lac shall attract upfront fee @ 0.375% of the Term loan sanctioned plus GST; Term loans beyond Rs. 100.00lac shall attract an upfront fee of 0.75% of the term loan sanctioned plus GST. The upfront fee paid shall be non-refundable.

7. Interest Rate

The rate of interest will be charged by the Corporation equal to the State Bank of India's Marginal Cost of Fund Base Lending Rate (MCLR) for 1 year tenor as revised from time to time for all lending cases.

8. Penalty

The Corporation shall be charging 2% as liquidity damage on the principal default and 2% penal interest on the interest default for the period and amount of default. A grace period of 10 days shall be allowed from the due date and in case the borrower fails to deposit the Principal installment / Interest due within the grace period, liquidity damage / penal interest shall be charged from the due date of principal installment / interest respectively.

9. Billing of Principal/Interest

The Corporation shall raise interest bills at quarterly rests and interest shall be payable on 30th of June, 30th of Sept., 31st of Dec. and 31st of March every financial year. The billing date for principal amount shall be reckoned on the basis of the repayment schedule as per the documents executed and shall vary from case to case.

10. Disbursement of Loans

The Corporation shall be adopting "First Investment by Borrower approach" whereby the prospective borrower shall in first instance has to invest in full his contribution and unsecured loans, if any, forming part of the means of finance. The Corporation shall thereafter release its loan component on the basis of borrower's requisition after proper verification of the funds invested in the project. No deviation shall be allowed without the prior approval of the competent authority. The first investment approach is to safe guard the interests of the Corporation and at the same time ensure timely implementation of the project.

All the payments to plant and machinery suppliers shall be released by the Corporation. No advance payment made to the plant and machinery supplier shall be taken into account while calculating eligible disbursement until and unless the advance so made to the supplier has prior approval of the Corporation.

All the disbursements shall be released only after being satisfied about the proper utilization of funds invested by the borrower under First Investment clause or the amounts released by the Corporation as its share.

11. Security**11.1****Primary Security**

The loan shall be granted against the mortgage of Land, Building, Plant and Machinery and other fixed assets. The necessary revenue documents in respect of land free from all encumbrances shall have to be deposited with the Corporation with charge of the Corporation registered with the concerned revenue and other designated authorities. In case of lease hold land, the lease deed valid for a period double the currency of loan will be entertained subject to the condition that the lease hold rights permit the lease holder to mortgage or transfer these lease hold rights to the Corporation giving unambiguous powers to it (JKDFC) to transfer or sell the leased land in case of default or foreclosure.

11.2**Collateral Security**

The Corporation shall be extending term loans against the collateral security in the form of Land, Building and Fixed deposits of scheduled banks. No loan facility will be granted by the Corporation without collateral security. The proposed percentage of collateral security of the loan sanctioned for different categories of borrowers is given below:

- upto Rs.50.00 lacs 100% of the loan amount
- above Rs 50.00 lac to Rs 150.00 lac 75% of the loan amount with a minimum of Rs.50.00 lac
- above Rs.150.00 lac to Rs.1500.00 lac 50% of the loan amount with a minimum of Rs.112.50 lac

In case of Commercial Transport the collateral will be 60% of the loan amount.

However in respect of the loan cases where the value of primary security is atleast two times (two hundred percent) of the quantum of loan, the provision of further collateral security shall not be insisted upon.

Loan cases upto Rs. 50.00 lakh can be considered under Guarantee cover of CGTMSE against the payment of one time Guarantee fee of 1.5% of the loan amount & an annual service fee of 0.75% p.a of the sanctioned amount during the tenure of loan.

12. Sanctioning Authority

The Corporation shall adopt the collective approach for the sanction of the loans. Various committees at different levels shall sanction the loans depending upon the quantum of the loan. The committees and their sanctioning powers are discussed hereunder:

12.1**Executive Committee**

comprising of the Managing Director, & two other directors on the Board of the Corporation (viz Principal Secretary, Department of Finance & Principal Secretary, I&C Department, Govt. of UT of J&K). All cases approved by the Executive Committee to be taken up in BOD meeting for information.

Loans above Rs.500.00lac to Rs.1500.00lac

12.2

Management committee to be headed by the Managing Director with General Manager, Deputy General Manager/ Asstt. Gen. Manager & a manager as members.
Loans upto Rs.500.00lac

The sanctioning authority shall be the authority to relax any condition governing the sanction of the loan.

