

No. A/cs (Rec)/POLICY /002/2005-2006

Date: - 07/04/2006

**CIRCULAR**

In continuation of Circular No. A/cs (Rec) /Policy/002/2005-2006 dated 02/01/2006 regarding the rate of interest chargeable on CBC loans for Village Industries and Marketing Programmes other than Polyvastra, it is to inform that the average of the Prime Lending Rates (PLR) of five major member banks of CBC, inclusive of interest tax, as communicated by SBI, the leader of Consortium Banks, is **10.70% p.a.** for the quarter from 1<sup>st</sup> JANUARY., 2006 to 31<sup>st</sup> MARCH., 2006. The rate applicable to State/U.T. KVI Boards for the said quarter is **9.70% p.a.** (State/U.T. KVI Boards will collect 10.70% from their beneficiaries, retain 1% as service charges and remit 9.70% to KVIC).

2. In view of the above change in PLR, for the last quarter of 2005-2006, all the CBC loanees are requested to re-calculate the interest on CBC availed under Village Industries and Marketing Programmes other than Polyvastra by using the rate mentioned at para 1 above and to adjust the difference, if any, while making payment of interest for the next quarter. However, while adjusting the difference of interest, in any future quarter, a detailed worksheet may be enclosed along with the covering letter, for such remittances.
3. For Khadi and Polyvastra Programmes financed out of the CBC funds in the past, the rate of interest will continue to be **4.5% p.a.**
4. The implementing agencies are advised to remit the interest for the quarters by adopting these rates till further intimation about any revision in the rate of interest.
5. All Zonal Heads, State / Regional Directors and Heads of State /UT KVI Boards are requested to bring the contents of this Circular to the notice of all the loanees as well as their personnel.
6. This Office has taken decision for waiver of penal interest on KVI loan under certain conditions and necessary guidelines has been prescribed vide circular No.Finance/Policy/01/2002-03 dated 28.02.2003. Inquires are still being made by certain KVI Boards, whether the guidelines under the aforesaid circular are applicable for CBC loan also. Therefore, it is made clear to all State KVI Boards that, waiver of penal interest under the said circular is applicable only to KVI loans and **not to CBC loans.**

  
DIRECTOR (ACCOUNTS)

TO

1. The JT. Chief Executive Officer, KVIC, Mumbai.
2. All Dy.CEOs of KVIC at Zonal Offices.
3. All State/Regional Directors of KVIC, who will communicate the new rates to all Institutions in their jurisdiction and pursue the institutions & State Board for timely remittance of dues. A letter in the form of demand notice may be issued to all CBC beneficiaries.
4. All State/UT Khadi and V.I. Boards.
5. CEO Cell
6. FA Cell

Copy To.