



## GOVERNMENT OF KERALA

### Abstract

Finance Department- Government Guarantee in favour of the Kerala Financial Corporation for providing financial assistance to start ups in the IT & Biotechnology sectors- provided-Orders issued.

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### FINANCE (PUBLIC UNDERTAKING -A) DEPARTMENT

G.O.(Ms)No. 417/2018/Fin

Dated, Thiruvananthapuram, 02/11/2018

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- Read: 1) Letter No.KFC/Credit/87/2018 dated 12/04/2018 from the Chairman & Managing Director, Kerala Financial Corporation.
- 2) Minutes of the meeting held by Hon'ble Minister for Finance on 17-09-2018.

### ORDER

Hon'ble Minister for Finance declared a scheme in the budget speech 2018-19 to assist start-ups, financed by Kerala Financial Corporation, with government Guarantee. KFC has accordingly formulated two schemes for funding startups in the IT & Biotechnology sectors. The Chairman & Managing Director, Kerala Financial Corporation as per letter read above informed that the Board of Directors of Corporation at its meeting held on 23/03/2018, accorded approval for implementation of the following schemes for financing startups and sought sanction of government guarantee to cover an amount of Rs. 25 crores, initially, for financial assistance proposed to be provided under the schemes in the IT & Biotechnology Sectors.

- i. Scheme for Financing working capital requirements of Start ups for executing purchase Orders.
- ii. Scheme for funding Venture Debt for IT Hardware and Software Enterprises.

2) Government have examined the matter in detail and are pleased to provide Government Guarantee to Kerala Financial Corporation during this Financial Year for enabling start-ups in the IT & Biotechnology sectors to avail financial assistance to the tune of Rs. 25 crores subject to the conditions specified below.

**Guarantee Conditions**

1. The KFC should adopt a Credit Guarantee scheme at par with the policy of CGTSME scheme. The scheme shall cover loans sanctioned between 01 April 2018 to March 2021 (three years period) under the start-up schemes of the Corporation, limited to a total amount of Rs. 25 Crores. The Guarantee for each individual loan shall be limited to first five years of the loan period from the date of first disbursement. Sanctioned loan applications are to be registered with Government within a period of three months from the date of sanction.
2. Government will give a partial guarantee ie. 75% of the amount provided by KFC to the start ups.
3. KFC should pay guarantee fee and an annual service fee to Government as per CGTSME scheme.
4. Guarantee Commission@ 0.75% shall be remitted as per order in G.O.(Ms) 487/04/Fin dated 16.10.2004 & Guarantee Act.
5. Simple interest @ 12% shall be charged for delayed payments as specified in clause 5 of Government Order dated 16.10.2004.
6. Half Yearly report shall be sent to Government in Finance Department with attested copies of chalans remitting Guarantee Commission & Penal interest, if any, indicating details of guaranteed amount, outstanding amount, guarantee commission payable (with details of Calculation).
7. Since Guarantee Commission cannot be waived as per Guarantee Act, in order to evolve a proper mechanism for the strict payment of Guarantee Commission

without any fault, MD, KFC shall furnish quarterly report regarding payment of guarantee commission to Government without fail.

8. Managing Director, KFC shall furnish a report on the Audited Accounts Clearance every year as per Circular No. 42/17/Fin dated 29/05/2017 of Finance (PAC-B) Department.

9. Managing Director, KFC shall update the details of Guarantee in the GIMS (Guarantee Information Management System) Portal of the Official Website of Finance Department using the log-in-ID of the Corporation.

10. KFC should maintain a corpus for operating the guarantee fund and deposit the guarantee fee in the corpus and use that corpus in case of default. The corpus should be managed by a committee consisting of Managing Director, Kerala Financial Corporation, Secretary, Finance Resources and Secretary, Finance-Expenditure.

(By order of the Governor)  
MANOJ JOSHI  
PRINCIPAL SECRETARY (FINANCE)

To:

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.  
The Accountant General (A&E), Kerala, Thiruvananthapuram  
The Chairman & Managing Director, Kerala Financial Corporation ,  
Thiruvananthapuram  
The Principal Secretary (Finance)  
The Principal Secretary (Finance- Resources)  
The Secretary (Finance-Expenditure)  
The Nodal Officer [www.finance.kerala.gov.in](http://www.finance.kerala.gov.in)  
The Stock file/Office copy

Forwarded/by order

  
Section Officer