

Government of West Bengal  
Finance Department  
Budget Branch

No. 2211 - F.B.

Kolkata, the 25<sup>th</sup> March, 2013

From : Goutam Chatterjee  
Joint Secretary  
Government of West Bengal.

To : The Accountant General (A&E), West Bengal,  
(Book II Section), Treasury Buildings, Kolkata – 700 001

Subject : Loans and Advances of the State Govt - Interest rates and other terms and conditions for the year 2012-2013

Sir,

In continuation of this Deptt. Order No. 3173 - F.B. dated the 30<sup>th</sup> March, 2012, I am directed to say that the Governor has been pleased to fix the following rates of interest for the year 2012-2013 in respect of different categories of loans mentioned below along with other terms and conditions :

<b>I. <u>Category of borrower and type of loan</u></b>	<b><u>Rate of interest per annum</u></b>
1. Loans to Local Bodies - Municipal Corporations, Municipalities, Improvement Trusts, Development Authorities, Zilla Parishads, Anchalic Parishads, Panchayat Samities, Housing Boards etc.	11.5%
2. Loans to Co-operative Societies (excluding Loans financed by the NABARD, NCDC etc.)	10%
3. Industrial & Commercial Undertakings of the State Government	
(a) State Electricity Corporations / State Transport Corporations	
(i) Working Capital Loans / Loans for Meeting Cash deficit	13.5%
(ii) Loans for other purposes	11.5%
(b) Other Public Undertakings :	
(i) Working Capital Loans / Loans for Meeting Cash Deficit	13.5%
(ii) Loans to WBREDC under RE (MNP)	10%
(iii) Loans to WBREDC under REC	5.5%
(iv) Loans for other purposes	11.5%
4. Loans for Payment of Sales Tax Arrear to the Sick Units	9.25%
5. Industrial and Commercial Undertakings in the Private Sector	12%
6. Ways & Means Advances / Short term Loans (Recoverable within the year)	8.5%
7. Other Miscellaneous Loans	11.5%

**II. Terms and conditions applicable to loans under categories 1 to 7 above as follows :-**

1. Recovery of Loan

(a) Rebate : The interest rates prescribed above assume timely repayments and interest payments and hence no further rebate in rates is to be allowed for timely payments.

(b) Recovery of Principal

- (i) Recoverable within the period to be specified in each case of sanction of loan in equal annual instalments commencing from the first anniversary date of drawal of loan unless a moratorium is allowed.
- (ii) The period for repayment of loans for all parties should be restricted to the minimum possible. Normally, no loan should be granted for a period exceeding 10 years.
- (iii) The period of repayment of working capital loans should preferably be restricted to 2 or 3 years. In no case, however, the period of these loans should exceed 5 years.

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