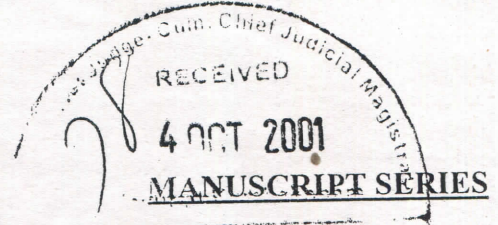
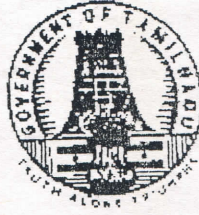


©
GOVERNMENT OF TAMILNADU
2001



FINANCE (LOANS AND ADVANCES CELL) DEPARTMENT

**G.O. Ms.No. 308, dated 7th August, 2001.
Vishu, Aadi - 23, Thiruvalluvar Aandu 2032.**

Guarantee Fund - Fixing up of terms and conditions and rate of interest for the loans/advances extended from guarantee fund - Orders - Issued.

READ:

1. G.O.Ms.No.236, Finance (LC) Department. dated 27.5.1998.
2. Government Letter No.4434/L&A/2000-1, dated 2.2.2000 issued from Finance Department.

ORDER :

In the Government Order read above, orders were issued for the constitution of guarantee fund to which the guarantee fee shall be credited and expenditure on discharge of invoked guarantees if any shall be debited in such contingencies.

2. In the letter read above, certain instructions were issued with regard to the head of account of guarantee fund.

3. After careful consideration, Government have decided to fix the terms and conditions and rate of interest for the loans extended from Guarantee Fund to meet liabilities on account of invocation of State Government Guarantee by lenders. Accordingly the interest on loans is fixed on par with cost of funds to Government. Hence the interest on loans from guarantee fund for the years 1999-2000 and 2000-2001 is fixed at 13.50% per annum.

4. With regard to repayment of loans extended from guarantee fund, Government have decided that easy repayments may be scheduled to give relief to the defaulted borrowing organizations. Hence the terms and conditions are fixed as follows:

- i) A Holiday period of at least 2 years and upto 3 years according to the individual cases will be allowed for repayment of Principal alone.

PTO.....