

KERALA FINANCIAL CORPORATION
HEAD OFFICE, THIRUVANANTHAPURAM

**Government Bill Discounting to Suppliers/ Accredited Agencies of
Government Departments/ Institutions / LSGD – New Loan Scheme**

Government, vide G.O.(P)No.7/2020/Fin dated 15.01.2020, have extended the existing Bill Discounting System to Suppliers, Accredited Agencies of Government Departments, Institutions, Local Self Government Department, etc. The salient features of the new scheme of KFC are as follows:

- (a) The applicant entity shall be an eligible borrower as per Credit Policy of the Corporation and the networth of such entity shall not be more than Rs.30 crore.
- (b) The applicant must be eligible to obtain Promissory note from Government under BDS.
- (c) The applicant entity shall be sanctioned with a LoC for a period of five years, renewable annually, based on the amount of receivables expected from Government in next five years.
- (d) 100% discounting of Promissory Note shall be allowed. Disbursements shall be done, holding the interest portion upfront.
- (e) The net effective interest rate will be 9.5% pa at present.
- (f) Processing fee for LoC shall be 0.5% plus GST, subject to maximum of Rs.5 lakh plus GST. 25% of estimated processing fee should be remitted as advance at the time of registering the application.
- (g) No additional processing fees shall be charged for discounting any PN during the first year of sanction. Second year onward, 0.10% plus GST, subject to a minimum of Rs.2500 plus GST per PN will be charged.