



# KARNATAKA INDUSTRIAL AREAS DEVELOPMENT BOARD

(A Government of Karnataka Undertaking)

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IADB/COF/9386 /2016-17

Date: 20.09.2016

## OFFICIAL MEMORANDUM

Sub: Revision of levy of interest rate.

Ref: 343<sup>rd</sup> KIAD Board Meeting held on 27.08.2016.

1. The Board in its 343<sup>rd</sup> Meeting held on 27.08.2016 decided to revise the levy of interest rate from 12.75% p.a. to 10% p.a., since many banks have reduced the interest rates. The extract of the Board Resolution is as follows:

a. "Approval be accorded to reduce the rate of interest from 12.75% to 10.00% p.a for the delay in;

i. Payment of balance cost of land (70% / 80%) by the allottees within the stipulated period mentioned in the allotment letter.

ii. Payment of any additional cost of land / difference in cost of land due to revision in rate of allotment after expiry of the stipulated period mentioned in the demand letter issued to the allottees.

iii. Payment of difference in final price and cost of land after expiry of the stipulated period mentioned in the demand letter issued to the allottees.

iv. Payment of difference in cost of land on account of transfer of lease hold rights after expiry of the stipulated period mentioned in the demand letter issued to the allottees.

v. Payment of water supply charges, maintenance charges, lease rentals, penalties etc, after expiry of the stipulated time for payment.

b. Approval be accorded to levy interest at 10% for the first six months and to revise the interest rate once in 6 months keeping in view lending rate of Nationalized Banks / Financial Institutions."

2. The revised interest rate of 10% p.a. shall be levied in respect of the following cases:

a) Payment of balance cost of land (70%/80%) by the allottees within the stipulated period mentioned in the allotment letter.

b) Payment of any additional cost of land / difference in cost of land due to revision in rate of allotment after expiry of the stipulated period mentioned in the demand letter issued to the allottee.

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- c) Payment of difference in final price and cost of land after expiry of the stipulated period in the demand letter issued to the allottees.
  - d) Payment of difference in cost of land on account of transfer of lease hold rights after expiry of the stipulated period mentioned in the demand letter issued to the allottees.
  - e) Payment of water supply charges, maintenance charges, lease rentals, penalties etc, after expiry of the stipulated time for payment.
3. The levy of interest at 10% p.a. shall be in force for the first six months i.e. from **01.10.2016 to 31.03.2017**. Further, the interest rate will be revised again in the month of **March-2017** to be made applicable for the first half year of Financial Year 2017-18. The Controller of Finance will personally ensure that the agenda for revision of Interest Rate comes before the Board in both halves of the year.
4. The revision of interest rate shall come into effect for all cases listed out in para 2 from 01.10.2016.

Sd/-  
Chief Executive Officer  
& Executive Member

- 1. Secretary-1, KIADB.
- 2. Secretary-2, KIADB.
- 3. Secretary-3, KIADB.
- 4. All the Development Officers, KIADB.
- 5. All the Assistant Secretaries

Copy to:

- 1. Special. D C, KIADB.
- 2. Special DC (Metro & BMICP)
- 3. GM, KIADB.
- 4. CE & CDO, KIADB.
- 5. Controller of Finance, KIADB.
- 6. JD(TP), KIADB.
- 7. JD (IT-Cell), KIADB.
- 8. AO, KIADB.
- 9. All the Deputy Development Officers.
- 10. Technical Assistant 1 & 2, KIADB.

  
Chief Executive Officer  
& Executive Member

## EXTRACT OF THE PROCEEDINGS

SUBJECT NO.23  
File No: COF Sec.

343<sup>rd</sup> meeting dt.27-8-2016

Revision of levy of interest rate.

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23.1 The CEO&EM informed that the Board in its meeting dated 03-02-2003 decided to levy uniform interest @ 12.75% p.a. in all the Industrial Areas w.e.f. 03-02-2003 and to revise the interest rate once in 6 months depending on the Prime Lending Rate of State Bank of India. He further informed that since then, the interest rates are not revised based on the prime lending rate of the SBI since 2003 and that KIADB has availed overdraft facility of Rs.250 crore at the interest rate of 9.50% p.a. from Vijaya Bank, Corporate Banking Branch, Bengaluru and this rate will continue for one year. He also mentioned that interest is being levied in the following circumstances:

- i. Delay in payment of balance cost of land (70%/80%) by the allottees within the stipulated period mentioned in the allotment letter.
- ii. Delay in payment of any additional cost of land / difference in cost of land due to revision in rate of allotment after expiry of the stipulated period mentioned in the demand letter issued to the allottee.
- iii. Delay in payment of difference in final price and cost of land after expiry of the stipulated period mentioned in the demand letter issued to the allottees.
- iv. Delay in payment of difference in cost of land on account of transfer of lease hold rights after expiry of the stipulated period mentioned in the demand letter issued to the allottees.
- v. Delay in payment of water supply charges, maintenance charges, lease rents, penalties etc, after expiry of the stipulated time for payment.

23.2 It was mentioned that of late, many banks have reduced the interest rates and that there is need to evolve a policy and mechanism to revise the rate of interest in KIADB regularly on par with market lending rates.

23.3 The Board noted that presently, KIADB is levying interest at the rate of 12.75% per annum and that the rate of interest being paid to bank is at 9.5% per annum.





23.4 The matter was considered in detail. After detailed deliberations, it was resolved that:

- a) Approval be accorded to reduce the rate of interest from 12.75% to 10% per annum for the delay in;
  - i. Payment of balance cost of land (70%/80%) by the allottees within the stipulated period mentioned in the allotment letter.
  - ii. Payment of any additional cost of land / difference in cost of land due to revision in rate of allotment after expiry of the stipulated period mentioned in the demand letter issued to the allottee.
  - iii. Payment of difference in final price and cost of land after expiry of the stipulated period mentioned in the demand letter issued to the allottees.
  - iv. Payment of difference in cost of land on account of transfer of lease hold rights after expiry of the stipulated period mentioned in the demand letter issued to the allottees.
  - v. Payment of water supply charges, maintenance charges, lease rents, penalties etc, after expiry of the stipulated time for payment.
- b) Approval be accorded to levy interest at 10% for the first six months and to revise the interest rate once in 6 months keeping in view lending rate of Nationalised Banks / financial institutions.

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