RAJASTHAN FINANCIAL CORPORATION
(FR-ARRC)

Ref: RFC/HO/FR-ARRC/Gen./ 77/786  Dated: 25.7.2006

CIRCULAR
(ARRC 140)

Reg:  Sale of units under possession

Attention is drawn towards circular No.PG-1129 dated 5.11.05
(ARRC-112) whereby the provisions of PG Chapter ARRC-1 have
been substituted in relation to sale of units under possession. In order
to recycling the funds and to reduce NPAs, it has been decided to
substitute the clause No.2 of Section 36 and section 41 of PG
regarding initial payment. Rate of interest to be applicable in sale
cases has also been changed, which are as under:

1.  Initial Payment

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Initial Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Transport loan cases</td>
<td>100% of sale price (including payment already received)</td>
</tr>
<tr>
<td>ii.</td>
<td>All sale cases of P&amp;M including movable assets (whether in rented premises or otherwise)</td>
<td>100% of sale price (including payment already received)</td>
</tr>
<tr>
<td>iii</td>
<td>Where sale consideration is upto Rs 5.00 lac</td>
<td>100% of sale price (including payment already received).</td>
</tr>
<tr>
<td>iv</td>
<td>Where sale consideration is above Rs. 5.00 lac</td>
<td>50% of sale price (including payment already received).</td>
</tr>
</tbody>
</table>

Contd....
2. **Interest Rate**

a) It is also decided that on the deferred sale consideration, the rate of interest would be applicable @ 13% p.a. However, in case of timely repayment on due dates, 1% rebate in interest rate would be allowed.

(b) Liquidated damages: In case of default the penal interest will be charged as per the prevalent norms as follows:

<table>
<thead>
<tr>
<th>Loan</th>
<th>Upto Rs. 2.00 lac</th>
<th>Above Rs. 2.00 lac but not exceeding Rs 10.00 lac</th>
<th>Above Rs 10.00 lac</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidated damages</td>
<td>Nil</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

3. In certain cases where sale consideration is above Rs 5.00 lac, initial payment upto 100% on cash down basis can be decided at HO level while issuing NIT in the newspapers

**Note:** The above said guidelines / amendments in the PG would be effective from 1.9.2006.

All concerned are advised to make a note of above and make all out efforts for speedy disposal of units under possession in the current financial year.

( Karni Singh Rathore )
Chairman & Managing Director

Copy to:-

1. All ROs/ BOs/SOs.
2. DGM(A&I), Western Zone, Ajmer
3. Standard Circulation at HO.

Circular 2