RAJASTHAN FINANCIAL CORPORATION (ARRC)

No. RFC/ARRC/Deficit/Gen-77  

Dated: 17.09.05

CIRCULAR (ARRC No. 110)

Sub: Scheme for Settlement of Deficit Cases, Decretal cases and Written-off/Written back cases above Rs 2.00 Lac (Cases other than covered under ARRC Circular No.100)

In order to reduce NPAs in the category of deficit cases, decretal cases and written-off/written back cases a Scheme is introduced to settle such cases involving amount above Rs 2.00 lac (cases other than covered under ARRC Circular No.100). The salient features of the scheme are given below:

i) Eligibility:  
   1. Deficit cases having absolute principle sum above Rs 2.00 lac as on date of sale.  
   2. Written off cases having written off amount above Rs 2.00 lac.  
   3. Decretal cases where decretal amount is above Rs 2.00 lac.

ii) Operative period  
   20.9.05 to 31.12.06

iii) Registration  
   a) Registration fee is to be taken as under:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Registration fee</th>
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<tbody>
<tr>
<td>a) DLAC</td>
<td>Rs 1000/-</td>
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<tr>
<td>b) HOLC</td>
<td>Rs 2000/-</td>
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<tr>
<td>c) SLC</td>
<td>Rs 3000/-</td>
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   b) Upfront amount: 10% of the outstanding as on date of registration or 15% of principal plus other money which ever is less. Upfront amount shall be adjusted from the settlement amount.
iv. Norms for settlement

a) No case shall be settled below the principal segment of deficit, decreetal amount and written-off amount plus other money outstanding on the date of registration of the case.
b) Each case shall be decided on its merit based on the value of collateral security, value of the property of guarantor(s) and net worth of the promoter(s).

Note:
On deficit amount, decreetal amount and written off amount, simple documented rate of interest shall be charged and not the compounding rate of interest. Cases may be settled by the committee on the basis of amount arrived at as per above and security available.

v. Competent authority to settle the cases

DLAC Cases where financial implication (sacrifice) is upto Rs 2.00 lac.

HOLC Where financial implication (sacrifice) is upto Rs 30.00 lac and appeal cases of DLAC.

SLC Where sacrifice is above Rs 30.00 lac and appeal cases of HOLC.

vi. Strategy

1. Manager shall issue notice to all eligible loanees for settlement. However, where litigation w/s 31(1) (aa) or 32-G is pending, the notice will be issued without prejudice to the court case. The cases in which action under section 32-G or 31(1)(aa) have yet not been initiated shall be taken immediately so that desired result in this scheme could be achieved.

2. All eligible cases would be distributed amongst the officials of the branch. Each and every case shall be monitored by Br.Manager.
Exercises with regard to identification of property and its value belonging to the promoter(s) & its guarantor(s) (including not worth of the promoter(s)) would be completed latest by 15.10.2006.

Wide publicity of the scheme would be ensured by distributing pamphlets/hand bills, brochures etc. to the eligible entrepreneurs and the Industrial Associations.

Copies of the scheme may also be got displayed on the notice board of the Branch, R.O., office of the Distt. Collector and the office of the Gen.Manager, DIC.

Weekly information in the enclosed proforma would be sent to ARRC HQ on every Saturday.

Deposition of the entire amount of settlement shall be ensured latest by 28.2.2006.

As soon as the payment of settlement is received, relevant documents may be released subject to fulfilling of norms and other terms and conditions.

Loanee concern/guarantor may withdraw the case filed by them before issue of no dues certificate.

Cases pending in courts of law or with the Distt. Authorities shall be deemed to have been settled finally only after covering the said proceedings to end.
Appeal to the next higher committee can be made by depositing registration fee of Rs 5000/- and upfront amount equivalent to 15% of principal sum plus other money within 30 days of the decision of lower committee.

All concerned are advised to take a note of above and make earnest efforts to settle maximum number of cases under the scheme.

(Karni Singh Rathore)
Chairman & Managing Director

Encl: As above.

Copy to:
1. GM(WZ), Jodhpur, DGM(A&I), WZ, Ajmer
2. All ROs / BOs / SOs.
3. Standard circulation at HO.
<table>
<thead>
<tr>
<th>Name of the Branch</th>
<th>Eligible cases as on 31.3.05</th>
<th>Cases registered</th>
<th>Upfront Amt. received</th>
<th>Decision taken for settlement</th>
<th>Recoverable amount as on date of settlement</th>
<th>Actual recovery including upfront Amt.</th>
<th>Expected recovery upto 31.3.06</th>
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<tbody>
<tr>
<td>1</td>
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