RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

No. RFC/23FR/HO/Policy-102/ 13.01

Dated : 01.05.2007

CIRCULAR
(FR No. 451)

Sub : Scheme for settlement of deficit cases / decreetal cases / written off cases – 2007-08

A substantial amount is involved in the category of Deficit / Decreetal and Written-off cases. Pace of recovery has however not been encouraging despite having introduced settlement schemes for such cases in the past.

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, it has been decided to introduce a settlement scheme for deficit cases, decreetal cases and written off cases for the year 2007-08. The salient features of the scheme are given below:

1. **Duration of the scheme:**
   
   The scheme shall be operative from 1.5.2007 to 30.09.2007.

2. **Eligibility:**
   
   a) All deficit cases, written off cases and decreetal cases.
   
   b) Cases earlier registered but rejected / closed by the competent committee.
   
   c) Cases settled before 1.4.06 but party did not deposit the settled amount.
   
   d) Deficit in seed capital account shall also be eligible for settlement under the scheme.

**Note:**
All cases decided on or after 1.4.06 by the settlement committee and party consented to the settlement but payment could not be made as per schedule and now the party intends to get the case revived, then, case can be revived by BM by charging interest @ 16% p.a. on simple basis on balance unpaid amount of settlement.

3. **Registration of case & fees payable:**
   
   i) Registration fee shall be Rs.1000/-, irrespective of nature of the case / amount involved. All the cases shall be registered at Branch level.
ii) **Upfront amount:**

15% of principal deficit amount / decreetal amount / written off amount shall be payable by the party at the time of registration of the case.

**Note:**
The "Decreetal amount" wherever is appearing shall mean the amount that has been defined vide FR circular No. 406 dated 9.10.06.

<table>
<thead>
<tr>
<th>4(A)</th>
<th>Norms for Settlement for Deficit / Written off cases irrespective of sacrifice amount:</th>
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<tbody>
<tr>
<td>Settlement amount</td>
<td></td>
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<tr>
<td></td>
<td>Deficit cases</td>
</tr>
<tr>
<td>i)</td>
<td>Where security available is upto two times of principal deficit amount / written off amount</td>
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<tr>
<td>ii)</td>
<td>Where security available is more than 200% of principal deficit amount / written off amount</td>
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<tr>
<th>4(B)</th>
<th>Norms for settlement of Decreetal case irrespective of sacrifice amount:</th>
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<tbody>
<tr>
<td>The Decreetal cases may be settled on Decreetal amount as defined in Circular No. FR 406 dated 9.10.06</td>
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<tr>
<th>5. i)</th>
<th>Competent Authority to decide the cases of deficit / written off:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sl. No.</td>
<td>Where Principal Deficit / Written off amount is</td>
</tr>
<tr>
<td>1.</td>
<td>Upto Rs.10.00 lac</td>
</tr>
<tr>
<td>2.</td>
<td>More than Rs.10.00 lac upto Rs.50.00 lac</td>
</tr>
<tr>
<td>3.</td>
<td>More than Rs. 50.00 lac</td>
</tr>
</tbody>
</table>

| ii) | In Decreetal cases, Branch Manager shall be the competent authority to take a decision irrespective of amount involved. |

**Note:**
Those cases which were decided before 1.4.06 and party did not deposit settled amount can be registered and settled as per above criteria but credit of amount already deposited as upfront amount at the time of previous registration will not be given and that amount will be appropriated against interest segment.
6. **SECURITY:**

**Criteria for calculation of value of primary assets / collateral security:**

While deciding the case by the competent authority as per powers delegated, if primary assets are available then latest MRV shall be calculated as per existing guidelines. As far as value of collateral security is concerned, it shall be taken at present market rates.

**Note:**

This is to clarify that while settling such cases, third party personal guarantee shall not be taken into account.

7. **Payment by party:**

Party may deposit whole settled amount in one go or the party may opt to make payment of settlement amount in not more than 12 monthly instalments from the date of settlement. Interest @ 16% p.a. shall be payable on the unpaid amount from 1st day of next month falling from the date of settlement.

8. **Strategy:**

i) Branch Manager shall ensure that all eligible cases are identified and distributed among the officials of the Branch for proper follow up.

ii) Branch Manager shall issue notice to all eligible loanees for settlement. However, where litigation u/s 31(1)(aa) or 32G is pending, the notice will be issued without prejudice to the court cases.

9. **Appeal:**

i) Appeal against the decision of Branch Manager / DLC / HOLC can be made to Special HOLC and against the decision of Spl HOLC to SLC within 30 days of the date of conveying decision to the party by depositing upfront amount equivalent to 15% of principal deficit amount / decreetal amount / written off amount and registration fees Rs.5,000/- Beyond this period no case shall be entertained as an appeal by the field offices without prior approval of CMD.

ii) Appeal in cases decided by Special HOLC may be made to SLC but no second appeal will be allowed in those cases which have been decided by Special HOLC as appeal cases.
10. In case of any difficulty in implementation / interpretation of the scheme or any clarification / relaxation is required, CMD's decision will be final. CMD is authorized to allow registration / extension in making payment of settlement amount beyond the cut-off date, if required, depending upon merits of the case.

All concerned are directed to give full publicity to the scheme and ensure that majority of eligible cases in their portfolio are settled.

(B.N. Sharma)
Chairman & Managing Director

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