

RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

No. RFC/23FR/HO/Policy-102/3989

Dated : 17.04.2008

CIRCULAR
(FR No.516)

**Sub : Scheme for settlement of deficit cases/decreetal cases/
written off cases – 2008-09**

The Corporation has large number of NPAs where a substantial amount is also involved in the category of deficit, decreetal and written off cases.

Endeavour of the Corporation is to recover maximum amount from this sector, from where recovery is a remote possibility.

In order to reduce the NPAs and get rid off sticky accounts and also to effect recovery from deficit/decreetal/write off cases, the Corporation has been introducing settlement scheme from time to time, but it has been observed that the results are not encouraging and far away from the expectations.

It has therefore been decided that settlement scheme for deficit, decreetal and written off cases launched in the yester years may be liberalized so as to settle maximum number of cases and effect recovery during the year 2008-09.

The salient features of the scheme are given below:

1. **Duration of the scheme:**

The scheme shall be operative from 1.5.2008 to 31.03.2009.

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 1.4.07 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 1.4.07 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:**

10% of principal deficit amount / decretal amount / written off amount shall be payable by the party at the time of registration of the case.

Note:

The “Decretal amount” wherever is appearing shall mean the amount that has been defined vide FR circular No. 491 dated 3.1.08.

4(A) <u>Norms for Settlement for Deficit / Written off cases irrespective of sacrifice amount:</u>			
		Settlement amount	
		Deficit cases	Written off cases
i)	Where security available is upto two times of principal deficit amount / written off amount	On principal component of deficit amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned.	On written off amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned.
ii)	Where security available is more than 200% of principal deficit amount / written off amount in the cases involving principal deficit amount / written off amount upto Rs.1.00 lac	On principal component of deficit amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned.	On written off amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned
iii)	Where security available is more than 200% of principal deficit amount / written off amount in the cases involving principal deficit amount / written off amount more than Rs.1.00 lac	Such cases will be placed before Special HOLC for taking decision for settlement.	Such cases will be placed before Special HOLC for taking decision for settlement

Note:*The amount deposited by the party after written off / written back shall be adjusted against the settlement amount.*

4(B) **Norms for settlement of Decretal case irrespective of sacrifice amount - Decretal (other than deficit) cases:**

The cases where loan disbursed amount is upto Rs.1.00 lac, the settlement (irrespective of any security available) shall be on decretal amount plus other money, if any, without charging interest for the period from filing the suit in the competent court.

In the cases where loan disbursed amount is above Rs.1.00 lac, the settlement can be considered based upon the security available and its marketability. The value of security can be discounted to 75% and cases can be settled on decretal amount that has been arrived at in terms of FR Circular No. 406 dated 09.10.2006 or upto the extent of 75% of security available whichever is less but no case is to be settled below the decretal amount plus other money, if any without charging interest for the period from filing the suit in the competent court.

Deficit – decretal cases:

In the cases where prime assets have already been sold and no collateral security is available and financial position of the promoters / guarantors is very poor, settlement can be considered on the principal component of deficit amount plus other money plus 5% recovery charges where case u/s 32(G) has been filed with the Collector concerned.

Note:

In any case, settlement shall not be done below the principal and other money outstanding on the date of settlement. However, the amount deposited by the party after filing application u/s 31(1)(aa) for decree before the competent court, shall be adjusted against the settlement amount.

5. i)	<u>Competent Authority to decide the cases of deficit / written off:</u>		
Sl. No.	Where Principal Deficit / Written off amount is	Where security available is upto 200% of principal deficit / written off amount	Where security available is more than 200% of principal Deficit / Written off amount
1.	Upto Rs.1.00 lac	Branch Manager	Branch Manager
2.	More than Rs.1.00 lac upto Rs.10.00 lac	Branch Manager	Spl HOLC
3.	More than Rs. 10.00 lac upto Rs.50.00 lac	Branch Manager	Spl HOLC
4.	More than Rs. 50.00 lac	Branch Manager	Spl HOLC
ii)	<u>In Decretal cases</u> , Branch Manager shall be the competent authority to take a decision irrespective of amount involved.		

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 @ 13% 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 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 10% of principal deficit amount / decretal 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

Copy to:

1. All ROs/BOs/SOs
2. DGM(A&I), (WZ), Ajmer / Jodhpur
3. Standard circulation at HO.

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-17/156

Dated : 02.05.08

**CIRCULAR
(FR No. 517)**

Sub : Scheme for One Time Settlement of NPAs : 2008-09

Section 24 of the SFCs Act, 1951 envisages that the Board in discharging its functions under this Act shall act on business principles, due regard being had by it to the interests of industry, commerce and the general public. The conclusion derived from this Section of the SFCs Act prompted the Corporation to devise some mechanism to settle difficult and hard cases, where early recovery is not possible / unit finds it hard to repay their loans because of non-viability of their project and cannot cope with fast changing economic scenario.

Accordingly, the Corporation brought in one time settlement scheme to settle its NPAs through empowered settlement committees for the last many years so as to get rid of such accounts and to improve its health and also to provide relief in genuine cases. The Corporation with the following objectives have decided to introduce a new One time settlement scheme for NPAs for the year 2008-09:

- i. To reduce NPAs and improve health code of loans portfolio of the Corporation;
- ii. To settle hard and difficult cases, from where recovery is a remote possibility;
- iii. Old cases where loans were sanctioned on higher rate of interest and the entrepreneurs find it difficult to clear the accumulated overdues;
- iv. Cases where technology has become obsolete and units are not viable in the fast changing economic scenario.

1. Eligibility:

- (a) The cases where loan disbursed amount is more than Rs.1.00 lac but last disbursement was made upto 31.03.2001.

(b) The accounts categorized as 'Doubtful' or 'Loss' as on 31.03.2005.

(c) The cases settled prior to 31.03.05 with the consent of loanee but loanee either did not deposit any amount or deposited part amount and is willing to get the case registered afresh under current Scheme provided it is otherwise eligible for registration.

Note:

However, accounts of willful defaulters shall not be eligible for consideration under the scheme.

2. Registration fee and upfront amount:

Sl. No.	Particulars	Registration fee	Upfront amount
(a)	Cases where disbursed amount is more than Rs.1.00 lac but upto Rs.2.00 lac	Rs.1,000/-	10% of (principal sum + other money) on the date of registration.
(b)	Cases where disbursed amount is more than Rs.2.00 lac but upto Rs.10.00 lac	Rs. 2,000/-	15% of (principal sum + other money) on the date of registration
(c)	Cases where disbursed amount is more than Rs.10.00 lac	Rs. 4,000/-	20% of (principal sum + other money) on the date of registration

Note: *The registration fees and upfront amount will be deposited in one stroke.*

3. Cut-off dates:

Registration of the cases under One Time settlement Scheme can be made from 01.05.08 to 31.12.08 by the intending eligible units. Cases registered shall be decided promptly.

4. Competent Authority:

Competent authority for settlement shall be Special HOLC and subsequently placed before the Board for information. Competent authority for appeals shall be in accordance with FR circular No. 408 dated 13.10.06.

5. Restrictive Clause:

- (a) Where security (primary security + collateral security + third party guarantee) is more than 150% of the outstanding as on date of registration, the case will not be eligible for registration for OTS in case disbursed amount is above Rs.5.00 lac.
- (b) Transport loan cases having disbursed amount above Rs.1.00 lac and deficit cases / written off cases / decretal cases will be covered under prevailing settlement schemes of the Corporation.
- (c) Cases earlier settled by Empowered Settlement Committee (s) after 31.03.05 with the consent of loanee but payments are not made as per the settlement reached shall not be registered afresh under the Scheme. However, those cases which were earlier closed or rejected by DLC / HOLC shall be eligible for re-registration for Special HOLC.
- (d) Cases closed or rejected by SLC shall be registered afresh for SLC only irrespective of financial implications.
- (e) No case shall be settled below the principal outstanding plus other money as on date of settlement.

6. Appeal:

Dissatisfied by the decision of Special HOLC, appeal to SLC may be filed by depositing registration fee of Rs.5,000/- plus upfront amount equivalent to 15% of principal sum plus other money, if any, within 30 days from the date of decision of Special HOLC.

7. Discretionary powers of CMD

In case of any difficulty in implementation of the Scheme or any clarification or 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.

8. Steps to be taken by field offices:

- a. All parties to be contacted personally and given notice in writing. Concrete efforts should be made in this direction and it should be ensured that the notice about the scheme is

delivered to the loanee / guarantor in the prescribed format circulated vide Circular No. FR-456 dated 02.06.07

- b. The Branch Manager is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.
- c. The Nodal Officer shall review the attainment made by the concerned Branch on monthly basis and provide feedback to FR section at HO.
- d. BMs will give wide publicity to the scheme and will also arrange display of scheme on the Notice Board of Branch / DIC office, Collector's Office and Office of Local Body, etc.
- e. BM should issue notice to all loanees eligible for settlement where litigation or action u/s 31(a)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
- f. Cases where action under Section 31/ 32(G) has been initiated, the action may continue and the concerning court / authority may be informed as soon as possible when settlement is completed.
- g. Legal notices issued under Section 30 prior to registration of the case will be kept in abeyance till a decision is taken by the Settlement Committee.

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

Copy to:

1. All BOs / SOs
2. DGM(A&I), (WZ), Ajmer / Jodhpur.
3. Standard circulation at HO.

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-85/157

Dated : 02.05.08

**CIRCULAR
(FR No. 518)**

**Sub : Scheme for Settlement of Transport Loan cases having
disbursed amount above Rs. 1.00 lac: 2008-09**

In order to get rid of sticky accounts in transport sector and reduce NPA portfolio of the Corporation, it has been decided to introduce a Scheme for Settlement of Transport Loan Cases having disbursed amount above Rs.1.00 lac for the year 2008-09. The salient features of the scheme are given below:

1. ELIGIBILITY:

The cases where loan was sanctioned upto 31.3.2002 and the accounts categorized as "Doubtful" or "Loss" as on 31.3.07 will be eligible.

Note:

- i) There is no bar for registration of deferred sale cases under the scheme, if these are otherwise eligible.
- ii) Deficit / decretal / written off cases will be covered under the prevailing scheme of the Corporation and such cases shall not be considered/ registered under this scheme.
- iii) The seed capital loan account will also be treated as loan and will be eligible for settlement as per the scheme.

2. SALIENT FEATURES :

- i. The cases (irrespective of primary security/collateral security/third party guarantee/net worth of promoter/guarantors) shall be settled **on principal sum plus other money and interest equal to 15% of principal amount on the date of settlement plus 5% recovery charges, where case u/s 32(G) has been filed with the Collector.**
- ii. The cases which were earlier registered but rejected / closed by the competent authority/committee or that were decided but

party did not give his consent shall also be registered, if they are otherwise eligible.

- iii. In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

3. OPERATIVE PERIOD OF THE SCHEME:

01.05.2008 to 30.09.2009.

4. REGISTRATION FEE:

The cases will be registered alongwith registration fee of Rs. 1,000/- and up-front amount equivalent to 15% of (principal sum plus other money) on the date of registration. The upfront amount shall be adjusted in the settlement amount.

5. COMPETENT AUTHORITY:

Competent authority shall be the Branch Manager/In-charge Branch who shall decide the case within 30 days from the date of registration. However, if there is a delay and case is settled after 30 days then the BM will send a report to HO about the reasons for delay. However, in such cases also decision will be taken for settlement by the BM.

6. PAYMENT OF SETTLEMENT AMOUNT:

Generally, settlement amount is to be received in one instalment. However, if party opts to make payment in instalments, then, party be allowed to pay settlement amount in monthly instalments by way of post dated cheques in advance of the date of 15th of every month payable at branch, but in any case repayment period would not be beyond 28th Feb., 2009. Interest @ 13% p.a. shall be charged from the first day of the following month of the date of settlement on balance settlement amount.

7. RESTRICTIVE CLAUSE:

- i) The case, where the account has already squared up shall not be re-opened.
- ii) The cases having Seed Capital loan earlier settled by Empowered Settlement Committees / competent authority prior to 01.04.07 with the consent of loanee but loanee either did not deposit any amount or deposited part amount may also be registered afresh under the scheme. However, the amount deposited earlier will not be considered for appropriation against the amount recoverable under the current scheme. The

cases which were settled on or after 01.04.07 by Empowered Settlement Committees / competent authority with the consent of loanee shall not be registered afresh under the scheme. In such cases where last date of payment has expired will be settled on the balance unpaid amount as settled earlier plus interest @ 16% per annum on balance amount.

- iii) **In no eventuality, the cases be settled below principal sum plus other money and interest equal to 15% of principal amount on the date of settlement plus 5% recovery charges, where case u/s.32(G) has been filed with the Collector concerned.**
- iv) In cases where other money is more than the principal sum then other money equivalent to principal sum on the date of settlement may be taken.
- v) Effect of settlement will be given only after full amount of settlement has been recovered.
- vi) The cases that have already been settled under the settlement scheme(s) shall not be reopened and recovery in those cases will be made as per terms of the settlement.

8. DISCRETIONARY POWERS OF CMD:

In case of any difficulty in implementation/interpretation of the scheme or any clarification or 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.

9. GENERAL :

- a. All parties to be contacted personally and given notice in writing. Concrete efforts should be made in this direction and it should be ensured that the notice about the scheme is delivered to the loanee / guarantor in the prescribed format circulated vide Circular No. FR-456 dated 02.06.07.
- b. The Nodal Officer shall review the attainment made by the concerned Branch on monthly basis and provide feedback to FR section at HO.
- c. BMs will give wide publicity to the scheme and will also arrange display of scheme on the Notice Board of Branch / DIC office, Collector's Office and Office of Local Body, etc.
- d. BM should issue notice to all loanees eligible for settlement where litigation or action u/s 31(a)(aa) or 32(G) is pending, the notice will be issued "without prejudice".

- e. Cases where action under Section 31/32(G) has been initiated, the action may continue and the concerning court/authority may be informed when settlement is completed.
- f. Legal notices issued u/s 30/29 prior to registration of the case will be kept in abeyance till the party do not commit default in making payment of settlement amount.
- g. BM while conveying decision to party for deposition of settlement amount shall specifically mention the quantum of upfront amount which has been adjusted against the settlement amount.
- h. The Branch Manager is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.

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

Copy to:

- 1. All BOs/SOs
- 2. DGM(A&I), (WZ), Ajmer / Jodhpur
- 3. Standard circulation at HO.

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-8/158

Dated : 02.05.08

**CIRCULAR
(FR No. 519)**

**Reg : Scheme for Settlement of Small Loan cases having
disbursed amount upto Rs. 1.00 lac : 2008-09**

In order to get rid of small and sticky accounts and reduce NPA portfolio of the Corporation, it has been decided to introduce a scheme for settlement of small loan cases **having disbursed amount upto Rs.1.00 lac for the year 2008-09**. The salient features of the scheme are given below:

1. ELIGIBILITY

The following type of cases, where the last disbursement of loan was made **upto 31.03.2001** and the accounts categorized as "**Doubtful**" and "**Loss**" as on **31.03.2006**, may be covered under the Scheme:

- a) Loan cases having disbursed amount upto Rs. 1.00 lac including Single Window/Composite Loan / Seed capital loan.
- b) Loan under Shilpbari Scheme
- c) Transport Loan cases having disbursed amount upto Rs. 1.00 lac

Note:

There is no bar for registration of cases earlier closed /rejected by Empowered Settlement Committee (s) / competent authority / deferred sale cases or the cases which were settled upto 31.03.07 with the consent of loanee but loanee either did not deposit any amount or deposited part amount, if these are otherwise eligible. However, the cases which were settled after 31.03.07 by Empowered Settlement Committee (s) / competent authority with the consent of loanee shall not be registered afresh under the scheme.

2. SALIENT FEATURES

- a) The cases (irrespective of primary security/collateral security / third party guarantee / net worth of promoter / guarantors) shall be settled **on principal sum plus other money on the date of settlement plus 5% recovery charges where case u/s 32(G) has been filed with the Collector.** This shall also be made applicable in the cases where the units are under possession of the Corporation.
- b) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

3. OPERATIVE PERIOD OF THE SCHEME

01.05.2008 to 31.12.2008.

4. REGISTRATION FEE

The cases will be registered alongwith registration fee of Rs. 1,000/- and up-front amount equivalent to 10% of (principal sum plus other money) on the date of registration.

Note:

The registration fee and up-front amount will be deposited in one stroke. However, if required relaxation may be allowed by Branch Manager / Incharge Branch to the extent that the loanee party may deposit required upfront amount within a period of one month from the date of deposition of registration fee. The case shall be considered for settlement only after the loanee party deposited registration fee and upfront amount within the stipulated period.

5. COMPETENT AUTHORITY

Competent authority shall be the Branch Manager / In-charge Branch who shall decide the case within 30 days from the date of registration. However, if there is a delay and case is settled after 30 days then the BM will send a report to HO about the reasons for delay. However, in such cases also decision will be taken for settlement by the BM.

6. PAYMENT OF SETTLEMENT AMOUNT

Generally, settlement amount is to be received in one instalment. However, if party opts to make payment in instalments, then, party be allowed to pay settlement amount in monthly instalments, but in any case repayment period would not be beyond 28th Feb., 2009. Interest @ 13% p.a. shall be charged from the first day of the following month of the date of settlement on balance settlement amount.

7. RESTRICTIVE CLAUSE

- a) The cases, where the account has already squared up shall not be re-opened.
- b) The cases already decided by Empowered Settlement Committee but last date of payment in terms of decision of settlement committee has not expired shall not be eligible under the scheme. The cases in which last date of payment has expired will be settled on the balance unpaid amount as settled earlier plus interest @16% per annum on balance amount by the BM.
- c) In no eventuality, the cases can be settled below principal sum plus other money on the date of settlement.
- d) In cases where other money is more than the principal sum then other money equivalent to principal sum on the date of settlement may be taken.
- e) Effect of settlement will be given only after full amount of settlement has been recovered.
- f) The cases that have already been settled under the settlement scheme(s) shall not be reopened and recovery in those cases will be made as per terms of the settlement.

8. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation/interpretation of the scheme or any clarification or 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.

9. GENERAL

- a. All parties to be contacted personally and given notice in writing. Concrete efforts should be made in this direction and it should be ensured that the notice about the scheme is delivered to the loanee / guarantor in the prescribed format circulated vide Circular No. FR-456 dated 02.06.07.
- b. The Branch Manager is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.
- c. The Nodal Officer shall review the attainment made by the concerned Branch on monthly basis and provide feedback to FR section at HO.

- d. BMs will give wide publicity to the scheme and will also arrange display of scheme on the Notice Board of Branch / DIC office, Collector's Office and Office of Local Body, etc.
- e. BM should issue notice to all loanees eligible for settlement where litigation or action u/s 31(a)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
- f. Legal notices issued u/s 30/29 prior to registration of the case will be kept in abeyance till the party do not commit default in making payment of settlement amount.

10. MONITORING SYSTEM

- a) The Branch Manager shall look into each and every case, personally at his level and constitute a team / teams of officers to visit each and every case and review the visit reports of the teams.
- b) Unit wise record shall be maintained at BO in a separate register.

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

Copy to:

- 1. All BOs / SOs
- 2. DGM(A&I), (WZ), Ajmer / Jodhpur
- 3. Standard circulation at HO.

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/HO/Policy-2/159

Dated: 02.05.08

**CIRCULAR
(FR No. 520)**

**Reg: Scheme for waiver of penal interest in loan cases having
sanctioned amount above Rs. 2.00 lac : 2008-09**

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, it has been decided to introduce a scheme for 100% waiver of penal interest in loan cases having sanctioned amount above Rs. 2.00 lac for the year 2008-09 provided loanee clears remaining balance outstanding either in one go or latest by 31.01.2009. The salient features of the scheme are given below:-

1. ELIGIBILITY

The cases where loan was sanctioned upto 31.03.2001 and the accounts categorized as "Doubtful" or "Loss" as on 31.03.06 will be eligible.

NOTE :

Transport loan cases / Deficit / Decretal / Written off cases will be covered under the prevailing schemes of the Corporation and such cases shall not be considered / registered under the scheme.

2. SALIENT FEATURES:

- a) This scheme would include all types of cases including industrial units, service units and the units which are in possession of the Corporation and deferred sale cases.
- b) The benefit of waiver of entire penal interest charged in the account would be allowed (irrespective of primary security/collateral security/third party guarantee/net worth of the promoter/guarantors), if the loanee clears remaining balance outstanding either in one go or latest by 31.01.2009.
- c) Accounting procedure for waiver and method of calculation of relief for waivment of penal interest shall be in strict adherence to O&M Circular No. 417 dated 07.02.1997.

- d) Waiver of penal interest is limited to interest outstanding as on date of registration of the case. Meaning thereby, principal outstanding plus other money in the books as on date of registration is to be recovered in full and remaining interest outstanding after deduction of penal interest is also to be recovered. Where case under Section 32(G) has been filed with the Collector concerned, 5% recovery charges shall be obtained in addition to the amount recoverable under the scheme.
- e) In all such cases, documented rate of interest is to be charged upto the date of final payment.
- f) All such cases are not required to be analysed from the security point of view and the working results of the loanee units requesting for waiver of penal interest under the scheme are also not to be analysed and no proof of closure or working at low capacity is required to be ascertained.
- g) There is no bar for registration of cases under the scheme which were earlier closed / rejected by competent authority / empowered settlement committee(s), if these are otherwise eligible. However, the cases which were earlier settled by Empowered Settlement Committee(s) / competent authority (except under the scheme for waiver of penal interest : 2006-07 & 2007-08) with the consent of loanee shall not be registered afresh under the scheme.
- h) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

3. **CUT-OFF DATE OF REGISTRATION** : 01.05.08 to 30.11.2008

4. **REGISTRATION FEE**

The cases will be registered alongwith registration fee of Rs. 1,000/- and upfront amount equivalent to 15% of (principal sum + other money) on the date of registration. The upfront amount shall be adjusted against the amount recoverable.

NOTE:

The registration fee and upfront amount will be deposited in one stroke.

5. COMPETENT AUTHORITY

Competent authority to waive penal interest upto Rs. 5 lac shall be the Branch Incharge. However, in the cases where sacrifice amount by way of waiver of penal interest is more than Rs. 5 lac shall be forwarded to Head Office for placing them before PC&CC. The PC&CC shall take a decision in such cases.

6. MODE OF PAYMENT

The loanee party is required to pay 50% of recoverable amount (upfront amount included) **by 31st December, 2008. Remaining 50% plus interest shall be paid by 31.01.2009.**

NOTE:

The above can be better understood with an illustrative example as under:-

<i>Principal sum</i>	<i>:</i>	<i>Rs. 10.00 lac</i>
<i>Interest</i>	<i>:</i>	<i>Rs. 20.00 lac</i>
<i>Other Money</i>	<i>:</i>	<i><u>Rs. 2.00 lac</u></i>
<i>Total</i>	<i>:</i>	<i><u>Rs. 32.00 lac</u></i>

The party deposited Rs. 1.80 lac as upfront amount. Presuming that the quantum of penal interest charged is Rs. 10.00 lac, therefore, in the cited example, party is required to pay further Rs. 9.20 lac (Rs. 11.00 lac – Rs. 1.80 lac(upfront)) by 31st December, 2008 and remaining 50% i.e. Rs. 11.00 lac by 31.01.2009 alongwith documented rate of interest without penal.

7. RESTRICTIVE CLAUSE

- a) The case, where the account has already squared up shall not be re-opened.
- b) Waiver of penal interest is limited to interest outstanding as on date of registration of the case. Meaning thereby, principal outstanding plus other money in the books as on date of registration is to be recovered in full and remaining interest outstanding after deduction of penal interest is also to be

recovered. Where case under Section 32(G) has been filed with the Collector concerned, 5% recovery charges shall be obtained in addition to the amount recoverable under the scheme.

- c) No refund in any case is to be made if as a result of waiver of penal interest, there works out a credit balance in the loan account of the party.
- d) Effect of waiver of penal interest will be given only after full amount has been recovered.
- e) The cases registered but loanee units did not make requisite payment i.e. 50% of amount recoverable (upfront amount included) upto 31st December, 2007 shall be deregistered.
- f) While computing quantum of penal interest for the purpose of waiver, it should be ensured that **penal interest, if any, waived earlier has been taken into account and reduced.**

8. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation/interpretation of the scheme or any clarification or relaxation is required, CMD's decision will be final. CMD is authorized to allow registration/extension in making payment of recoverable amount beyond the cut off date, if required, depending upon merits of the case.

9. GENERAL

- a) All parties to be contacted personally and concrete efforts should be made by Branch Incharge. Branch Incharge to make aware to all eligible units about the scheme.
- b) The Nodal Officer shall review the attainment made by the concerned Branch on monthly basis and provide feedback to FR section at HO.
- c) Branch Incharge should issue notice to all loanees eligible under the scheme. Where litigation or action under Section 31(1)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
- d) Cases where action under Section 31/32(G) has been initiated, the action may continue and the concerning court / authority may be informed when entire payments have been received and account stands squared up.
- e) Branch Incharge while conveying decision to party for deposition of amount shall specifically mention the quantum of

upfront amount which has been adjusted against the amount recoverable under the scheme.

- f) The Branch Incharge is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.
- g) Registered cases shall be decided by Branch Incharge within a period of seven days positively.

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

Copy to:

1. All BOs / SOs.
2. DGM(A&I) Ajmer / Jodhpur
3. Standard Circulation at HO.

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-8/2173

Dated : 5/6th March, 09

CIRCULAR
(FR-551)

**Reg : Scheme for Settlement of Small Loan cases having
disbursed amount upto Rs. 1.00 lakh : 2008-09**

The progress made so far under the Scheme for Settlement of Small Loan cases having disbursed amount upto Rs. 1.00 lakh has been reviewed and it has been observed that the achievements made so far are far behind the expectations.

There have been references from the various BOs insisting to extend the validity of the Scheme as it is expected to get more cases registered / settled in the current financial year.

Since the Scheme for Settlement of Small Loan cases having disbursed amount upto Rs. 1.00 lakh is expected to facilitate the Corporation in reduction in NPA level, it has been decided to extend the cut-off date of registration and also to change the mode of payment of settlement amount under this Scheme as follows :-

1	Cut-off date of registration	Upto 31.03.2009
2	Mode of Payment of the Settlement amount	In any case the party will be required to deposit the entire settlement amount by 31.03.09.

It is mentioned that the cases registered upto 31.12.08 will have to deposit the recoverable amount as per the mode of payment contained in Circular no. FR-519 dated 02.05.08 and the cases registered as per circular no. 548-dated 01.01.09 will have to deposit the settlement amount as per the mode of payment contained in the said circular. In case of failure to deposit, immediate legal action as per norms may be taken.

All concerned are advised to make a note of above and make sincere efforts to make aware all the eligible loanee concerns about the Scheme and ensure to register all the eligible cases.

Sd/-
(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

Copy to :

1. All BOs/SOs.
2. DGM(A&I) Ajmer / Jodhpur.
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RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-2/2174

Dated : 2nd/6th March, 09

CIRCULAR
(FR-552)

**Reg : Scheme for Waiver of Penal Interest in loan
cases having sanctioned amount above
Rs. 2.00 lakh : 2008-09**

The progress under the Scheme for Waiver of Penal Interest (launched vide Circular no. FR-520 dated 02.05.08) has been reviewed and it has been observed that the progress made so far is not satisfactory.

Since the Scheme is expected to facilitate the Corporation in reduction in NPA level, it has been decided to extend the cut-off date of registration and also to change the mode of payment as follows:-

1. Cut-off date of registration : Upto 31.03.2009
2. Mode of Payment : The loanee party is required to pay entire recoverable amount (upfront amount included) by 31.03.2009.

It is mentioned that the cases registered upto 30.11.08 will have to deposit the recoverable amount as per the mode of payment contained in circular no. FR-545 dated 02.05.08 and the cases registered upto 31.01.09 will have to deposit the recoverable amount as per the mode of payment stated in circular no. FR-545 dated 05.12.08. In case of failure to deposit immediate legal action as per norms may be taken.

All concerned are advised to make a note of above and ensure compliance.

(ATUL KUMAR GARG)
Chairman & Managing Director

Copy to :

1. All BOs/SOs.
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RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-17/2175

Dated : 5/6th March, 09

CIRCULAR
(FR-553)

Reg : Scheme for One Time Settlement of NPAs : 2008-09

In order to reduce the NPA level and improve health code of loan portfolio and in order to get rid of the sticky accounts, Scheme for OTS of NPAs : 2008-09 was launched vide Circular no. FR-517 dated 02.05.08.

The progress made so far in the key area of NPA reduction has been reviewed and it has been observed that the achievements made upto 28.02.09 are far behind the expectations as envisaged in the "Vision Plan" for reduction of NPA (Circular no. FR-521 dated 03.05.08).

There have been references from the various BOs insisting to extend the validity of the Scheme as it is expected to get more cases registered / settled in the current financial year

Since the Scheme for One Time Settlement of NPAs is expected to facilitate the Corporation in reduction in NPA level, it has been decided to extend the cut-off date of registration under the Scheme for One Time Settlement of NPAs : 2008-09 (FR-517 dated 02.05.08) upto 31.03.09.

All concerned are advised to make a note of above and make sincere efforts to make aware all the eligible loanee concerns about the Scheme and ensure to register all the eligible cases.

Sd/-
(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

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RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-96/2183

Dated : 2nd/9th March., 09

CIRCULAR
(FR-554)

**Reg : Timely presentation of PDCs and criminal action in the cases
where cheques have been dishonoured**

Instances have been noticed that the post dated cheques obtained from the loanees for repayment of Corporation dues are not presented on due dates. Further, it has also been observed that timely action to issue notice and filing case under N.I. Act is not being taken resulting into increasing tendency of bouncing of cheques.

A timely action u/s 138(b) of the Negotiable Instruments Act have deterrent effect. To curb the increasing tendency of bouncing of cheques, the BOs are advised to take the following actions :-

1. The BMs / Supervisory Officers / Cashier should adopt a pro-active approach to get the PDCs cleared in time. It may be ensured by having constant and regular follow-up with the loanees.
2. PDCs should be presented strictly on due dates without any relaxation.
3. In case any cheque is dishonoured then immediate action to issue notice / initiating criminal action under Negotiable Instruments Act i.e. filing complaint within the stipulated time frame in the competent court should be taken in terms of Circular no. O&M/428 dated 02.07.1997, O&M/640 dated 27.12.05, O&M/650 dated 24.07.06 & O&M/656 dated 04.12.06.

It has been decided that responsibility will be fixed of the concerned Branch Manager / Supervisory Officer / Cashier and disciplinary action will be initiated for the lapses, if any, with regard to delayed presentation of cheques and not initiating timely action to issue notice and file complaint under N.I. Act.

Further, as already stated in the Recovery Strategy : 2008-09 (FR-513 dated 29.04.08), the Branch Managers should initiate immediate legal action u/s 30/29 of the SFCs Act against such loanee concerns whose cheques have been dishonoured.

All concerned are advised to make a note of the above and ensure compliance.

Sd/-
(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

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RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-85/2184

Dated : 6/9th March, 09

CIRCULAR
(FR- 555)

Reg : Scheme for Settlement of Transport Loan cases having disbursed amount above Rs. 1.00 lakh : 2008-09

In order to get rid of the sticky accounts in Transport sector and reduce NPA portfolio of the Corporation, Scheme for Settlement of Transport Loan cases having disbursed amount above Rs. 1.00 lakh was launched vide circular no. FR-518 dated 02.05.08.

There have been references from the various BOs insisting to extend the validity of the Scheme as it is expected to get more cases registered / settled in the current financial year.

The progress made so far has been reviewed and it has been observed that the achievements made so far are far behind the expectations.

Since the Scheme for Settlement of Transport Loan cases having disbursed amount above Rs. 1.00 lakh is expected to facilitate the Corporation in reduction in NPA level, it has been decided to extend the cut-off date of registration and also to change the mode of payment of settlement amount under this Scheme as follows :-

1	Cut-off date of registration	Upto 31.03.09
2	Mode of Payment of the Settlement amount	In any case the party will be required to deposit the entire settlement amount by 31.03.09

It is mentioned that the cases registered upto 31.12.08 will have to deposit the recoverable amount as per the mode of payment contained in Circular no. FR-518 dated 02.05.08 and the cases registered as per Circular no. 549 dated 01.01.09 will have to deposit the settlement amount as per the mode of payment contained in the said circular. In case of failure to deposit immediate legal action as per norms may be taken.

All concerned are advised to make a note of above and make sincere efforts to make aware all the eligible loanee concerns about the Scheme and ensure to register all the eligible cases.

Sd/-
(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

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