

RAJASTHAN FINANCIAL CORPORATION
(RRM DIVISION)

Minutes of 106th meeting of SLC held on 12.06.2013 at 3.30 p.m under the Chairmanship of Shri Yaduvendra Mathur, IAS, CMD.

The following were present:

Shri M.K.Sharma, GM, SIDBI, Director	:	Member
Shri Kamal Mehta, Director	:	Member.
Shri Naveen Mahajan, MD, RIICO	:	Special Invitee .
Shri O.M.Chohla, ED, RFC	:	Member
Shri R P Meena, General Manager (Operations)	:	Member
Shri N.P.Gupta, General Manager (D)	:	Member
Shri Onkar Mal, DGM (RRM)	:	Member Secretary

Shri O.P.Sharma, DM (Law) was also present in the meeting.

- I. **Confirmation of the minutes of SLC meeting held on 13.03.2013:**
Minutes were confirmed.
- II. **Action taken report on the decisions taken in the SLC meeting held on 13.03.2013:**
Noted.
- III. **The committee considered the agenda notes of the following cases placed before it and decided as follows:**
 1. **M/s. Roshan PVC Industries, Samdari, Balotra**

Shri Roshan Ali appeared before the committee.

The committee noted that a loan of Rs.8,50,000/- was sanctioned to the unit on 29.9.2000 for manufacturing of PVC Pipe out of which a sum of Rs.7,60,000/- was disbursed up to 16.6.2001. Last date of repayment was 01.06.2009. The unit committed default and as per request of the loanee, reschedulement was made on 31.3.2004, within the LDR, but party did not adhere to the same.

The committee also noted that case was earlier placed before Spl. HOLC meeting dated 5.5.2010 and the operative part of decision of the committee is as under:-

"Shri Roshan Ali, Proprietor appeared to represent his case. The Committee observed that the borrower irregularly availed insurance award directly from the insurance company amounting to Rs.7.75 lac on 14.8.08. Therefore, Shri Roshan Ali was advised to immediately deposit the amount of insurance claim availed by him with interest and the case was rejected by the Committee. The promoter did not deposit the insurance claim as per decision of Spl. HOLC, and defaulted in repayment hence possession of the unit was taken over by the Corporation on 21.10.10.

As on 1.3.2013, the outstanding position is as under:-

Principal Overdue	:	Rs. 9.29 lakhs
Interest	:	Rs.17.46 lakhs
Other Money	:	<u>Rs. 2.62 lakhs</u>
Total	:	<u>Rs.29.37 lakhs</u>

The Branch has informed MRV to the tune of Rs.31.44 lakhs as under:-

(a) Land	:	Rs.2.41 lakhs
(b) Building	:	Rs.2.88 lakhs
(c) Plant & Machinery	:	Rs.1.15 lakhs
(d) Collateral security	:	Rs.25.00 lakhs
Total	:	Rs.31.44 lakhs

The committee further noted that the unit has been put to auction more than 10 times, but no bidder has turned up. However, in the last auction held on 28.03.2013 three bidders attended and highest bid of Rs. 5,70,000/- was received. The auction Committee forwarded the auction proceedings to HO for consideration as the case had been registered for SLC.

After detailed discussions and considering the facts of the case and also in view of the outcome of the auctions attempted and experience of the Corpn. for recovery from property of collateral security, particularly situated in small towns, the committee offered to settle the case in a consideration of Rs.12.00 lac payable within two months i.e. upto Aug.,2013 without interest. The committee also decided to keep the auction proceedings in abeyance till Aug.,2013, the earnest money deposited by the bidders, be refunded back, Recovery action initiated u/s 32G may also be kept in abeyance. Possession of the unit will be handed over only after payment of Rs.12.00 lac within the time period. In case the decision is not adhered to recovery action will be restarted. The borrower consented to the settlement.

2. **M/s Jainson Rubber Industries, Abu Road:**

The committee noted that the account of the concern was settled by BO on 29.8.2008 at Rs.373673/- less upfront amount of Rs.36000/- at net settlement amount of Rs.3,37,673/-. The settlement amount was payable in one go or 12 equal monthly instalments w.e.f. Sept.,2008. Interest @ 13% was payable on unpaid settlement amount from 1st Sept.,2008.

The committee also noted that the party has deposited Rs.2,60,500/- upto 28.2.13. The BO has intimated that upto 22.3.13 the balance settlement amount with interest amount works out to Rs.1,63,882/- against which the concern has deposited Rs.1.00 lac on 22.03.13 and requested for waiver of part interest amounting to Rs.63,882/- as on 22.03.13.

The committee further noted that the main partner of the concern Mrs.Rajkumari Jain W/o Shri Inderchand Jain has requested for waiver of part interest because her husband Shri Inderchand Jain who was the key person of the unit, suffered major illness like heart attack, knee operation during the period and therefore could not deposit the settlement amount as per decision.

The matter was placed before the competent authority i.e. CMD and it was decided to waive part interest for delayed period amounting to Rs.63,882/- with the direction to place the case before SLC for ex-post-facto approval.

After detailed discussions and considering the facts and circumstances of the case, the committee ratified the decision taken by the CMD.

3. M/s.Sparklite, Industrial Area, Bindaika, Jaipur (Rural) :

Major Hakim Ali, promoter and Shri Jakir Hussain his Son appeared before the committee.

The committee noted that a loan of Rs.8.96 lac was sanctioned to the unit on 28.01.1997, out of which a sum of Rs.7.09 lac was disbursed upto 15.06.1998. Due to non payment of Corporation's dues, possession of the unit was taken over on dt.16.06.2000 and was sold in a consideration of Rs.7.75 lac on 22.12.2003. After appropriation of sale price, deficit as on date of sale was Rs.5.89 lac [principal Rs.3.84 lac (including govt.dues of Rs.71367/-), Intt. 1.92 lac and OM Rs.0.13 lac]

The committee noted that the case was settled on 27.09.10 at Rs.4,30,200/- less upfront amount Rs.41,000/- i.e. net settlement amount of Rs.3,89,200/- payable before 01.10.2010, otherwise 13% p.a. interest shall be charged.

The committee further noted that Major Hakim Ali Khan vide his letter on 14.05.2013 mentioned that due to his serious health problems during 2011-12, 2012-13 and recently had paralytic attack, he could not deposit the total settlement amount in time. Now after recovering, he has deposited the total settlement amount of Rs.3,89,200/- on 07.05.2013 and has requested that looking to his serious health problems, the interest for delayed period may be waived.

The committee also noted that since beginning a sum of Rs.12.05 lac was deposited by the unit including above said settlement amount and the Corpn. is still pursuing for recovery through ROD sent on 04.03.2006 to Distt. Collector, Jaipur & forwarded to Distt. Collector, Jhunjhunu on 03.04.2006.

After detailed discussions and considering the facts and circumstances of the case, the committee decided to waive the interest for the delayed period.

4. M/s.Laxmi Chemicals, Gotan, Distt: Nagaur

Shri Brij Gopal Pitti and Shri Ved Prakash, partners appeared before the committee.

The committee noted that the case was then placed before in the meeting constituted by the Board of Directors to explore the possibility of selling the NPA accounts to Assets Re-construction Companies held on 14.05.2013.. The decision of the said committee is reproduced as below :-

"It is an NPA case where No dues certificate has already been issued, but the title documents have not yet been released. While issuing NOC, benefit of waiver was given in excess against the decision of waiver of penal interest. The borrower has

filed writ petition before the Hon'ble High Court, Jodhpur against recovery action. It was decided that the case may be dealt on file and the case may be placed before the SLC as a grievance case to take a final view on merits of the case so as to settle a long pending litigation."

The committee discussed the case with Shri Pitti and advised to offer the amount they want to pay but again they reiterated that since they had already paid the amount payable to the Corpn. no amount is further due against the unit.

The committee noted the brief facts as under:

- (i) A loan of Rs.15.00 lacs was sanctioned to the unit on 15.06.1981 for establishing a Hydrated Lime Unit at Industrial Area, Gotan Distt: Nagaur. Out of this sanction amount a sum of Rs.8.84 lac was disbursed upto 31.03.1984. The unit did not work efficiently since beginning & suffered losses.
- (ii) The loanee approached the Corporation in the year 1995-96 to square up his loan account waiving penal interest for the period from 1981 to March-1989. Corporation agreed for waiver of penal interest amounting to Rs.1.89 lac.
- (iii) The BO has recasted the account by giving effect of waiver of penal interest w.e.f. 31.03.1989. According to the calculation, a sum of Rs.1,96,550/- was deposited by the unit on 06.08.1996 and No Dues Certificate was issued by the BO on the same day i.e. 06.08.1996, but the effect of waiver was not given in the books of accounts and the account could not be squared up.
- (iv) Later on it was observed that due to wrong interpretation of the Circular No.PG-514/92 regarding waiver of penal interest, the BO has waived Rs.4.25 lac, besides the sum of Rs.1.89 lac. Meaning by an excess amount of Rs.4.25 lac (Rs.3.14 lac principal & Rs.1.11 lac intt.) was waived, which was supposed to be recovered with the amount deposited by the unit on 06.08.1996.
- (v) The party desired to release of original documents on the basis of No Dues Certificate and as all the outstanding amount as calculated and informed by the BO was deposited by the unit. But since the mistake was noticed, therefore, it was asked to deposit the balance amount.
- (vi) Against the action of recovery of dues, party moved Hon'ble High Court, Jodhpur and the High Court granted Stay on 09.07.2000 against recovery action u/s 29 of SFCs Act on the basis of NDC issued by BO. The case is still pending in High Court in due course.
- (vii) The party approached for settlement of A/c under Settlement Scheme 2006-07 on 10.10.2006. The request of the unit was considered and case was placed before Spl. HOLC as a grievance case on 31.8.2007. The committee noted that the unit had approached Corporation for waiver of penal interest and Corporation had agreed to waive penal interest for the period from 1981 to 1989 amounting to Rs.1.89 lac in the year 1995-96 with the condition that remaining balance outstanding would be cleared by the unit within a period of 30 days. The unit did not deposit the balance outstanding within the stipulated period and disputed the figure of penal interest of Rs.1.89 lac.

The committee also noted that the BO, Nagaur have calculated the amount of penal interest by giving cumulative effect of penal interest waived Rs.1.89 lakh w.e.f. 31.03.1989 and got deposited Rs.1,96,550/- on 06.08.1996 and also issued No outstanding certificate. Simultaneously, the BO have sent the matter for confirmation at HO and HO directed the branch office to waive Rs.1.89 lakhs only instead of Rs.4.25 lakh waived by the Branch giving retrospective/cumulative effect.

After detailed discussions with Shri Pithi, partner of the firm the committee asked Shri Pithi to offer the amount which he wanted to pay now towards settlement but Shri Pithi mentioned that since he has already paid the outstanding of the Corporation therefore, he is not supposed to pay any further amount. Therefore, no settlement could be reached and case was rejected."

(viii) Total outstanding as on 01.12.2012 was Rs.56.85 lac (Prin. Rs.3.14 lac & interest Rs.53.71 lac)

After detailed discussions and considering the facts of the case, the committee noted that since the borrower had made the payment bonafidely as demanded by the Corpn. and the Corpn. had also issued No outstanding certificate based on which the borrower has succeeded in getting stay against recovery of dues, the Corpn. should honour its decision of issuance of NOC. The committee decided to treat the account settled on the date of issue of NOC i.e. on 6.8.96. However the title documents of the property will be released only after withdrawal of the court case by the party.

5. M/s.Smt. Rai Kanwar (Transport Loan case), Makrana :

Shri Bhagirath Singh son of proprietor appeared before the committee.

The committee noted that the case was registered for settlement by depositing Rs.0.52 lac as upfront amount on 07.01.2013.

The committee also noted the facts of the case as under:

(i) A Term loan of Rs.3.29 lac was sanctioned to the unit on 30.08.91 and seed capital (Ex-Serviceman) of Rs.0.65 lac was sanctioned on 27.09.91 and same was disbursed upto 29.02.1992.

(ii) The promoter of the unit did not pay the dues of the Corporation. The A/c. position as on 31.03.2013 is as under :-

	Term Loan	Seed Capital
Principal	3.29	0.65
Interest	212.55	0.67
OM	Nil	Nil
Total:	215.84	1.32

(iii) The financed Truck is reportedly not traceable hence possession could not be taken. FIR in this case was lodged by the loanee and FR was filed by Police Authority.

(iv) Due to non availability of truck, MRV of same i.e. prime security has not been calculated by B.O. MRV of the collateral security was calculated to Rs.6.00 lac at the time of sanction of loan. It is reported by the BO that the MRV is negative as property is situated in Rural Area and may not fetch value more than principal sum i.e. Rs.3.94 lacs now.

(v) The case was earlier decided in a consideration of Rs.4.20 lac less upfront amount of Rs.0.40 lac deposited on 14.3.2011 i.e. net settlement amount of Rs.3.80 lac, but party did not pay the settlement amount, therefore, recovery action u/s 32(G) was initiated against the borrower and guarantors.

(vi) A representation was made before Hon'ble Industry Minister, GOR by the loanee on 26.12.12 with the request to waive entire interest and to settle the account by depositing the balance amount, after deducting the amount deposited from disbursement made. After discussions, a view was taken that the balance amount arrived after deducting the amount deposited since beginning from disbursed amount, be got deposited from loanee to settle the a/c. The representative assured to deposit the amount within two months.

(vii) The loanee has deposited an amount of Rs.3.54 lac since beginning against the disbursed amount of Rs.4.17 lac (Rs.3.94 lac + OM i.e. 0.23 lac), hence remained a sum of Rs.0.63 lac outstanding.

After detailed discussions and considering the facts of the case and also decision taken on the general agenda to settle all the cases of SC/ST and ex-servicemen on these lines, the committee decided to settle the account on the basis of general decision and advised the party to deposit the remaining amount in a lumpsum amount of Rs.0.65 lac within 10 days.

The representatives has consented to the settlement.

6. M/s.A.Daga Steel Overseas Corporation, Mahapura, Kalwara Road, Jaipur (Rural) :

Nobody appeared before the committee.

The committee noted that the case was placed before Sub Committee of the Board of Directors in its meeting held on 14.5.2013 to explore the possibility of selling the NPA account to Assets Re-construction Companies. The committee observed that the borrower has paid the amount as per decision of the Hon'ble High Court. As per books a sum of Rs.11,235/- remained unpaid due to calculation of interest. The Corporation is now raising demand for this amount alongwith further interest but the borrower filed writ petition against this demand. It was decided that the case may be dealt on the file and may be placed before the SLC for taking a final view.

The committee also noted that M/s. A Daga Steel Overseas Corporation had purchased fixed assets of M/s. Rajasthan Industrial Corporation and the Rajasthan Plastic Craft Industries Pvt. Ltd. in a consideration of Rs.42.50 lacs and agreement to sell was executed on 30.3.1995. The unit had deposited Rs.14.00 lacs as initial deposit thereby remaining Rs.28.50 lacs to be deposited as deferred payment.

The committee also noted that the purchaser filed a Writ Petition No. SBCWP 5054/2000 before Hon'ble High Court, Jaipur Bench that a unit namely Ms. Laxmi Fitting and Pipe Pvt. Ltd. had filed a Writ Petition in High Court declaring them as owner of both the units purchased by M/s. A. Daga Steel Overseas Corporation. There was stay from the court upto 05.01.1996, so purchaser could not start the unit. As such the purchaser made a request to Hon'ble High Court for not charging interest from the date of execution of agreement to sell i.e. 30.3.1995 to 05.01.1996 till stay remained in force.

The committee further noted that the matter regarding redressal of grievance with regard not to charge interest for the disputed period from 31.03.1995 to 05.01.1996 was placed before Special HOLC meeting held on 28.7.2000. The decision of the Committee is as follows :-

"The Committee was not convinced with the grounds put forward by Shri Daga, one of the partners of the concern as apart from the fact that the status quo was with respect to registration of agreement to sale. The details furnished by the unit reveal that during the operation of the stay, they have acquired plant and machinery and equipment and have also shown working results. Even if it is presumed that the actual operation of the unit started in the month of February, 1996 and March, 1996 i.e. after dismissal of writ petition on 05.01.96, it is well established that the factory premises were used for undertaking action preparatory for implementation of the project. Hence, request for waiver of interest during the stay period was not found acceptable to the Committee, therefore the case was rejected."

Against the decision of Special HOLC, the concern made an appeal to SLC. The said case was placed before State Level Committee in its meeting held on 19.09.2000. The decision of the said SLC is reproduced here below :-

"Shri Prasanna Daga appeared before the Committee to represent the case. Shri Daga narrated the background of the case particularly, the legal position of the case during the period March, 1995 when the agreement to sell was executed and January, 1996, when the writ was finally dismissed. He pleaded before the Committee that according to his version, he was legally not in a position to run the unit on account of stay order passed by the Court, particularly, when he was also made a party. The Committee observed that basically the stay was operative for RFC and since he had already taken the possession of the unit from the Corporation before grant of stay, the stay, in fact, had become infructuous as he was free to utilize the land and building to take up the activities. The Committee further noted that though the unit came into production only after dismissal of writ petition but there are some records to show that in earlier period, factory premises was used for undertaking activities preparatory for implementation of the project. However, giving due weightage to the legal position prevalent in the year 1996-97, the Committee offered to settle the account by waiving penal interest charged on a sum of Rs.11.12 lakhs (amount payable after waiver of penal interest as on 1.4.2000) if this amount is paid by October, 2000. Since the offer was not accepted by the promoter, the Committee decided to reject the appeal."

The committee also noted that as per the order dt. 03.01.2001 of Hon'ble High Court, the purchaser deposited entire dues of Rs.15,03,641/- and meager amount of Rs.11,235/- remained in the books due to calculation of interest.

The committee further noted that the panel Advocate in this case Shri Virendra Singh Yadav has opined vide his letter dated 31.11.2001 that since party has deposited entire amount as per calculation provided by us in the court and as per court order as such the Corporation should not insist for recovery of further amount.

After detailed discussions and considering the facts and circumstances of the case, the committee decided to settle the case on principal sum + OM outstanding to be paid upto June,2013 and the NOC will be issued on withdrawal of court case by the party.

7. Redressal of grievances of transport loanees having sanctioned amount above Rs.2.00 lac :

The committee noted that references were received from the transport loanees stating that in DDW cases recoverable amount according to the formula prescribed in the OTS scheme 2011-12 for transport loan cases was more than the NPA cases where the vehicles are with the borrowers whereas in deficit cases the primary assets i.e. vehicles were sold by the Corpn. Under the OTS scheme for transport loan cases (NPA) the cases were proposed to be settled as per prescribed formula, irrespective of security available and the BM was competent authority whereas in DDW cases having collateral security no formula was prescribed and the cases were required to be placed before Spl.HOLC and the committee was deciding the cases based on the value of security available.

The committee also noted that the matter was discussed at various levels and ultimately to overcome the ambiguity, the cases were taken at par to the general loanees of SSI units, which were linked with the security in the Deemed OTS Scheme launched vide circular No.FR-692 dated 23.05.2012. This scheme was introduced to maintain transparency and non-discrimination, yet some of the loanees are still representing that the cases in which primary assets i.e. vehicles have been sold, may be considered as per parameters of transport loan scheme of 2011-12.

The committee further noted that the representations were also made before the Hon'ble Industries Minister, by the loanees of Makrana on the above lines and after discussions, it was decided that in the cases of loan sanctioned under the SEMFEX Scheme and SC/ST borrower (Deficit cases) where the primary assets i.e. vehicles have been sold by the Corpn. and the borrowers are ready to pay the balance principal sum after deducting the amount paid by them including sale price of vehicles, a sympathetic view may be taken.

The agenda note placed before the committee was discussed in detail. The committee noted that all the cases of SEMFEX and SC/ST including NPA accounts may be decided on same pattern. The details of such cases are summarized as under:

The cases in which the borrower has paid less than the amount disbursed:

(Rs.in lac)

Particulars	No. of units	Sanction	Disb.	Total Recovery made since beginning to 31.12.12	Difference between recovery & disbursement (Recovery-Disb)	Amount outstanding as on 31.12.2012			
						Prin.	Intt.	OM	Total
SC/ST:									
Write off	23	53.22	51.73	29.81	-21.92	46.10	245.37	0.03	291.50
Deficit	3	6.46	6.46	4.59	-1.87	5.82	4.41	0.09	10.32
Decretal	4	8.82	8.61	5.30	-3.31	7.51	82.64	0.18	90.33
Total	30	68.50	66.80	39.70	-27.10	59.43	332.42	0.30	392.15
Ex-Servicemen									
Write off	2	5.35	5.19	3.14	-2.05	4.02	6.20	0.00	10.22
Deficit	24	73.17	70.31	47.56	-22.75	64.56	219.13	2.15	285.84
Decretal	6	10.13	9.85	3.58	-6.27	8.33	142.36	0.27	150.96
Total	32	88.65	85.35	54.28	-31.07	76.91	367.69	2.42	447.02
NPA:									
SC/ST	2	5.40	5.37	1.31	-4.06	5.20	271.83	0.16	277.19
Ex-Servicemen	15	51.26	50.45	27.13	-23.32	43.16	1621.33	0.26	1664.75
Total	79	213.81	207.97	122.42	-85.55	184.70	2593.27	3.14	2781.11

The cases in which the borrower has paid more than the amount disbursed:

SC/ST:									
Write off	7	16.24	16.24	22.74	6.50	9.18	106.99	0.05	116.22
Deficit	2	4.87	4.24	5.12	0.88	2.67	3.92	0.03	6.62
Total	9	21.11	20.48	27.86	7.38	11.85	110.91	0.08	122.84
Ex-Servicemen									
Deficit	39	93.81	93.17	142.01	50.72	66.55	133.46	1.83	201.84
Decretal	2	6.33	6.02	7.78	1.76	4.14	57.57	0.12	61.83
Total	41	100.14	99.19	149.79	52.48	70.69	191.03	1.95	263.67
NPA:									
SC/ST	5	11.11	9.62	13.46	3.84	4.27	7.30	0.03	11.60
Ex-Servicemen	20	46.11	43.41	72.93	30.14	14.88	152.47	0.11	167.46
Total	25	57.22	53.03	86.39	33.98	19.15	159.77	0.14	179.06
	75	178.47	172.70	264.04	93.84	101.69	461.71	2.17	565.57

While reviewing the cases of above categories, the committee noted that these loanees have paid Rs.386.46 lac against the disbursed amount of Rs.380.67 lac and further sum of Rs.85.55 lac is also recoverable. Meaning thereby the total recovery from these loanees would be Rs.472.01 lac against the disbursed amount of Rs.380.67 lac.

It was further noted by the committee that out of 154 cases 75 cases will be squared up suo-moto, as these borrowers had already paid Rs.264.04 lac against the disbursed loan of Rs.172.70 lac and the Corporation has to concentrate now only on 79 cases. Though there are guarantees in the form of collateral security/personal guarantee in these cases, but chances of recovery are remote, due to location of the securities.

After detailed discussions and considering the facts and circumstances of the opinion received from the field offices, the committee decided out of 154 cases, 75 cases will be treated as settled suo-moto and the remaining 79 cases may be settled at amount disbursed + OM minus amount repaid and accordingly action may be taken to recover the remaining amount.

8. M/s Shree Shyam Marble Inds., Patan, Sikar:

Nobody appeared before the committee. The committee noted that a term loans of Rs.13.60 lacs and Rs.7.50 lacs were sanctioned to the unit on 21.07.1999 and 17.10.2000 respectively (totaling to Rs.21.10 lacs), out of which a sum of Rs.19.54 lacs was availed by the unit.

Due to default in repayment, the unit was taken into possession on 21.08.2008. The promoter approached the Corporation for settlement. The Spl. HOLC in the meeting held on 22.02.2010 settled the account in a consideration of Rs.20.00 lacs less upfront amount Rs.3.00 lacs i.e. net settlement amount of Rs.17.00 lacs which was to be paid upto 31.03.2010.

The borrower could not make payment of settlement as per schedule and approached HO for extension in time for deposition of settlement amount several times. The requests for extension were considered favourably and possession was given back in original hands on 03.02.11. Later, the party did not meet the commitment and PDCs were dishonoured.

Time and again the party has been requesting for extension in making payment of settlement amount and the Corpn. has been taking a lenient view and given chance to the party to deposit the amount. Due to lack of commitment, the unit was taken into possession and handed over back three times as detailed below:

Possession taken over	Possession handed over
21.8.08	03.02.11
09.09.11	31.07.12
03.12.12	01.03.13

The borrower has been making payment of settlement in parts from time to time and final settlement amount was deposited on May,2013. Further payment of Rs.3.58 lac was also made towards Other Money and part of interest for the delayed period. Thus a sum of Rs.23.58 lac was received against settlement amount of Rs.20 lac.

After detailed discussions and considering the facts of the case and also keeping in view the promoters bonafide intention to revive the unit, as it is lying closed since 2008, the committee decided to treat the case as settled finally on the amount already paid as above.

9. General Discussions:

While reviewing the progress of deemed settlement scheme it was pointed out that in some of the cases loans were sanctioned under MUN and SEMFEX schemes, seed money was also provided to them by the SIDBI. On account of default in making payment of dues of the Corpn. either the assets the unit/borrower mortgaged to the Corpn. have been disposed of or in NPA cases the assets available with the borrowers are not having much value which can match the amount recoverable from the borrowers. The committee observed that in a few cases, though the borrower had paid more than term loan provided by the Corpn. but on inclusion of seed money, either the account is debarred from deemed settlement or the amount recoverable is on higher side.

After detailed deliberations/discussions, it was proposed that in the cases where the borrower had paid the amount more than term loan of the corpn. excluding seed money, the recoverable amount under deemed settlement scheme may be calculated only on the basis of amount paid by the borrowers against term loan and possibility of recovery of seed money may be explored while settling the case.

The committee also proposed a reference to SIDBI on the above issues may be made that if the Corpn. is not able to recover the seed money, SIDBI has to sacrifice the same.

While discussing the aforesaid issue a case namely M/s Durable Cold Retreaders, Ajmer was referred in the discussion before the committee. The details of the case are as under:

It is a deficit case and financial assistance was granted only for P&M which have been sold by the Corporation u/s 29 of SFCs Act and recovery action for deficit amount has been initiated u/s 32-G.

The facts of the case in brief are as under:

Name of the partners	1. Shri Neeraj Dosi S/o Sh.Lal Chand Dosi 2. Ms. Neeru Dosi D/o Sh.Lal Chand Dosi			
Loan Sanctioned :	19.04.1991			
- Term Loan	Rs.7.49 lac			
- Seed capital loan	Rs.1.50 lac			
Amount Disbursed :	Rs.Rs.8.81 lac			
- Term Loan	Rs.7.34 lac			
- Seed capital loan	Rs.1.47 lac			
Date of possession	20.11.1998			
Date of sale	10.01.2000			
Sale amount	Rs.2.10 lac			
Deficit Amount as on date of sale:	Principal	Interest	O.M	Total
- Term Loan	7.24	0.02	0.13	7.39
- Seed capital loan	1.29	0.30	--	1.59
- TOTAL	8.53	0.32	0.13	8.98
Amount of deemed settlement	Principal	Interest	O.M	Total
	8.53	--	0.56	9.09
Amount paid since beginning	Rs.7.59 lac (including sale amount of Rs.2.10 lac)			
Simple interest on deemed settlement amount w.e.f. 01.04.12 to 31.03.13	Rs.1,18,170/-			

Personal guarantee i.e. house of Shri Lal Chand Dosi has reportedly sold/ transferred to his daughter-in-law Smt. Jyoti Dosi i.e. wife of Shri Neeraj Dosi. Both Shri Lal Chand and his daughter-in-law have filed writ petition in Court against recovery proceedings initiated u/s 32G.

As per the deemed settlement scheme the case is covered under the last category where the borrower have paid equal to or less then principal sum disbursed and the recoverable amount would be P.sum + OM + Incentive paid / payable with the revenue authorities.

The disbursement of term loan amount in this case was Rs.7.34 lac and a sum of Rs.1.47 against Seed Capital. Though the total recovery Rs.7.59 lac including sale price exceeds the disbursed amount of term loan of Rs.7.34 lac but as per provision of the scheme the disbursement means total disbursed amount is including term loan as well as seed capital.

After detailed discussions and considering the facts and circumstances, it was noted by the committee that even the Corpn. having personal guarantee, yet is not able to recover the deficit amount since 2000 and decided to settle the case for consideration of Rs.6.00 lac by considering the repayment made by the borrower against term loan only and the recoverable amount would be as under:

(Rs. In lac)

Principal sum outstanding Rs.7.24 lac; 80% of principal sum as per deemed settlement scheme (excluding seed money)	5.79
Other money	0.13
Incentive payable 1%	0.06
Total	5.98 (Say Rs. 6.00 lac)

The party has to pay the settlement amount within two months i.e. by end of Aug.,2013, failing which the settlement will be treated as cancelled and the Corpn. will continue the recovery action.

GENERAL CONDITIONS:

- 1) Wherever settlement amount is to be paid in installments, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.
- 2) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
- 3) Recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is affected on account of action initiated under Section 32(G).
- 4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
- 5) The party shall withdraw court case, if any, before issue of no dues certificate.
- 6) Subsidy, if any, shall be recoverable separately as per norms.


 Dy. General Manager (RRMD)
 MEMBER-SECRETARY