

**RAJASTHAN FINANCIAL CORPORATION**  
(RRM DIVISION)

Minutes of 105<sup>th</sup> meeting of SLC held on 13.03.2013 at 4.00 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 A.R.Choudhary, ED, RFC	:	Member
Shri R P Meena, General Manager (Operations)	:	Member
Shri N.P.Gupta, General Manager (D)	:	Member
Shri D.V.Jashnani, DGM (Law)	:	Member
Shri Onkar Mal, DGM (RRM)	:	Member Secretary

- I. **Confirmation of the minutes of SLC meeting held on 20.12.2012:**  
Minutes were confirmed.
- II. **Action taken report on the decisions taken in the SLC meeting held on 20.12.12:**  
Noted
- III. **The committee considered the agenda notes of the following cases placed before it and decided as follows:**

1. **M/s Paramount Ceramics Pvt. Ltd., Pratapgarh, Chittorgarh:**

Shri Jagdish Lal Tiwari and Shri Pradeep Kumar, Directors of the company appeared before the committee.

The committee noted that it is a deficit case having collateral security and was earlier placed before SLC in its meeting held on 20.12.2012, but nobody appeared before the committee, hence consideration of the case was deferred.

A term loan of Rs.65.00 lac was sanctioned to the company on 24.10.96 for establishing a Ceramic Glaze Wall tiles manufacturing unit at Pratapgarh and a sum of Rs.51.13 lac was disbursed.

On account of default in making the repayment of loan, the possession of assets was taken by the corporation on 06.10.98 and sold on 22.03.2005 & 01.07.2006 in a total consideration of Rs.47.92 lac on cash down basis, leaving a deficit of Rs.25.03 lac. Since the loan was backed by collateral security and the value is reported to be Rs.162.00 lac, for recovery of deficit amount, the Corporation has initiated recovery action against promoter directors of the company.

As per provisions of PG as well as provisions contained at point no. 23 of the deemed settlement scheme of the Corporation, in the cases having collateral security, interest on deficit amount is chargeable as per norms which works out to Rs.72.91 lac. According to this the account position as on 01.12.2012 is as under:

Principal outstanding	Rs.19.35 lac
Interest	Rs.72.91 lac
Other money	Rs. 0.20 lac
Amount payable to Govt. Deptt. (70:30)	Rs. 1.22 lac
<b>Total</b>	<b>Rs. 93.68 lac</b>

The committee noted that the case is not eligible under the deemed settlement scheme as the value of collateral security is more than the loan outstanding but the case was registered under OTS scheme 2011-12 where no formula was prescribed. The settlement was offered on the basis of formula of the deemed settlement scheme, to liquidate the dues of the Corporation and also to get rid of long pending recovery.

After detailed discussions and considering facts of the case, the committee offered to settle the case in a consideration of Rs.59.00 lac (net settlement amount) as detailed below:

Principal outstanding	Rs.19.35 lac
Interest	Rs.37.32 lac
Other money	Rs. 0.20 lac
Amount payable to Govt. Deptt. (70:30)	Rs. 1.22 lac
Incentive payable to revenue authority	Rs. 2.91 lac
<b>Total</b>	<b>Rs.61.00 lac</b>
Less: Upfront amount	Rs. 1.96 lac
<b>Net Settlement amount</b>	<b>Rs. 59.04 lac</b>
<b>Rounded off to</b>	<b>Rs. 59.00 lac</b>

The settlement amount will be paid in six equal monthly instalment commencing from April, 2013 to September, 2013 without interest. However, if the party fails to make payment in monthly instalments by 15<sup>th</sup> of every month, interest @ 13% p.a. for delayed period shall be charged on the amount of default. The final payment of settlement amount would be paid on or before 30.09.2013. If the borrower commits default in two consecutive instalments or does not make the payment upto 30.09.2013, the settlement will be treated as cancelled and recovery action as per norms of the corporation will be initiated.

The committee also decided that the original documents of the property mortgaged with the corporation will be released after obtaining no dues of subsidy recovery from state government.

The Directors consented to the above settlement.



2. **M/s Lal Singh Dhanra, Banswara**

Shri Lal Singh Dhanra, promoter appeared before the committee.

The committee noted that it is a deficit decretal case and the same was earlier placed in the SLC meetings held on 28.06.12 & 20.12.12 but nobody appeared, hence consideration of the case was deferred.

A loan of Rs.2.86 lac was sanctioned on 29.11.96 for purchase of truck to the borrower. Out of which a sum of Rs.2.83 lac was disbursed. On account of non payment of dues of the Corporation, possession of the vehicle was taken over by the corporation on 16.05.2000 and sold on 23.10.2000 in a consideration of Rs.1.71 lac on cash down basis, leaving a deficit of Rs.1.85 lac. The committee noted that since the loan was backed by collateral security, for recovery of deficit amount, the Corporation has obtained decree in December, 2010 for Rs.315745/-. As per terms of decree the amount payable as on 01.12.2012 worked out to Rs.333271/- excluding the upfront amount of Rs.10000/- paid for SLC.

As per provisions of PG as well as provisions contained at point no. 23 of deemed settlement scheme of the Corporation, interest on deficit amount is chargeable as per norms which works out to Rs.1.18 lac. According to this would be as under:

	<u>(As on 01.12.2012)</u>
Principal outstanding	Rs. 1.85 lac
Interest	Rs. 1.18 lac
<b>Total</b>	<b>Rs. 3.03 lac</b>

The committee noted that the case is not eligible either under OTS scheme 2011-12 or under deemed settlement scheme as the decree was awarded on 16.12.2010 whereas as per deemed settlement scheme, the cases in which decree is awarded upto 31.03.2009 are only eligible. But to get rid of pending litigation and to liquidate the dues of the corporation, the case was allowed for OTS by relaxing the eligibility criteria.

After detailed discussions and considering facts of the case, the committee offered to settle the case on the formula prescribed in deemed settlement scheme in a consideration of Rs.2.78 lac less upfront amount of Rs.10000/- but the promoter has requested that since he had also deposited the upfront amount two times but the settlement could not be reached he requested to adjust the upfront amount of Rs.20000/- deposited earlier in settlement amount. The committee considered the request and decided to settle the case in Rs.2.48 lac (net settlement amount) as detailed below:

Principal outstanding	Rs. 1.85 lac
50% of principal	Rs. 0.93 lac
<b>Total</b>	<b>Rs. 2.78 lac</b>
Less: Upfront amount	Rs. 0.30 lac
<b>Net Settlement amount</b>	<b>Rs. 2.48 lac</b>

The settlement amount will be paid by 15.04.2013 without interest. If the borrower fails to deposit the settlement amount by 15.04.2013, the settlement would be treated as cancelled and recovery action as per norms of the corporation will be initiated.

The Promoter consented to the above settlement.

**3. M/s Marudhar Dyes & Chemcials, Jaisalmer:**

The case was settled by the SLC in its meeting held on 05.10.2007 in a consideration of Rs.12.00 lac (net) which was to be paid upto February, 2008. No interest was payable upto December, 2007 and interest @ 13% was payable w.e.f. 01.01.2008 on unpaid settlement amount.

The committee noted that the settlement amount was not paid in terms of settlement and after granting extensions, the final payment of settlement amount was made on 31.03.2011. The committee also noted that the SLC had taken the decision for settlement on 05.10.2007 considering the fact that the unit was under possession of Sales Tax Department since 26.03.2001 and no recovery action u/s 29 could be taken by the Corporation. Though extension for making payment of unpaid settlement amount was granted time and again, it was with the condition that the party has to make payment of interest for delayed period. The amount of delayed period upto 31.12.2012 worked out to Rs.4.46 lac.

After detailed discussions and considering the facts that even the assets were under possession of the Sales Tax Department, the borrower has paid the entire settlement amount of Rs.12.00 lac (net) besides a sum of Rs.9.83 lac including upfront amount of Rs.0.75 lac for SLC, the committee decided to waive interest for delayed period.

**4. M/s Dhanlaxmi Psyllium Processing (P) Ltd., Jalore**

Shri Ghewar Chand Jain, Director of the company appeared before the committee.

It is a case where a decision for settlement was taken by the Spl. HOLC in its meeting held on 26.11.2009 in a consideration of Rs.72.01 lac net which was to be paid upto 15.03.2010. No interest was to be charged upto 31.12.2009 and, thereafter, interest @ 13% p.a. shall be charged w.e.f. 01.01.2010 on unpaid settlement amount.

The committee noted that on request of the party, the Corporation extended the time for payment of settlement amount with the condition to pay the interest in terms of settlement for delayed period on unpaid settlement amount. The committee also noted that the settlement amount was not paid on the settled terms even after granting extensions and the final payment of settlement amount was made on 23.02.2013. The amount of delayed period interest upto 23.02.2013 worked out to Rs.5.91 lac.

The Director of the company represented that he has made the payment of settlement amount by selling his personal properties at Jalore and is not having any more properties for sale to make further payment towards settlement.

After detailed discussions and considering the facts that the Corporation has already disposed of the prime assets of the company and no collateral security is available and the borrower has paid the entire settlement amount of Rs.80.00 lac besides sale consideration of Rs.75.21 lac of prime assets of the company, the committee decided to waive interest for delayed period.

**5. M/s Speed Batteries, Falna, Pali**

Shri Mohd. Haroon, proprietor of the unit appeared before the committee. The case was settled by Spl. HOLC in its meeting held on 23.02.2010 in a consideration of Rs.6.00 lac less upfront amount of Rs.0.53 lac i.e. at the net payable amount of Rs.5.47 lac payable upto 31.03.2010. Subsequently, instead of making payment, the borrower has requested to extend the time for depositing the settlement amount which was considered with the condition to pay interest @ 16% on unpaid settlement amount for delayed period. Though the borrower has not paid the settlement amount even after granting extension but finally paid the entire settlement amount on 11.02.2013. The interest for delayed period worked out to Rs.1.48 lac.

The proprietor has represented that on account of long illness of his wife who ultimately died, the settlement amount could not be deposited in time. He also represented that since he has incurred lot of money on the treatment of his wife, he is not in a position to pay interest for delayed period.

After detailed discussions and considering the request of the borrower, the committee decided to waive interest for delayed period.

**6. M/s Choudhary Metal Udyog, Sikar**

Shri Sagar Mal Choudhary, Proprietor of the unit appeared before the committee.

The committee noted that a loan of Rs.20.60 lac (including deferred loan of Rs.2.40 lac) was sanctioned to the unit in year 1999 for setting up a unit for Tasla & Parati at RIICO Indl. Area, Sri Madhopur, Sikar. It was also noted by the committee that after availing the loan from the Corporation not a single penny was paid by the borrower to the corporation rather he preferred to approach the Hon'ble High Court against recovery action initiated by the Corporation in the year 2003, ever after deciding the case by the Hon'ble court on 11.02.2003 allowing to borrower to pay Rs.3.00 lac upto 30.04.2003.

The committee also noted that the borrower has approached the Corporation for settlement only when recovery action u/s 29 i.e. possession was fixed on 18.10.2011 and got the case registered under OTS by paying Rs.1.75 lac in two parts on 18.10.2011 & 20.10.2011.

It is an NPA case and was placed earlier before SLC in its meeting held on 04.05.2012. During discussions, the borrower has raised objection with regard to calculation of MRV, therefore, the committee deferred the consideration of the case with the directions to re-assess the MRV of primary as well as collateral security.

In compliance of said decision, the MRV was got re-assessed and the details of MRV of the properties are as under:

		(Rs.in lac)	
	Details of property	MRV as per earlier assessment	Re-assessed MRV
A	Prime Security situated at RIICO Indl. Area, Sri Madhopur, Sikar:		
	Land	6.17	6.83
	Building	6.48	5.42
	P & M	7.50	3.53
	<b>Total (A)</b>	<b>20.15</b>	<b>15.78</b>
B	Collateral Security:		
	Shop at Sikar Road, Opp. Road No.1, VKIA, Jaipur	21.19	22.36
	Residential house at Shankar Nagar, Sikar Road, Opp. Road No.1, VKIA, Jaipur	39.00	46.49
	<b>Total (B)</b>	<b>60.19</b>	<b>68.85</b>
	<b>Grand Total (A + B)</b>	<b>80.34</b>	<b>84.63</b>

The outstanding position of loan account of the concern as on 01.12.2012 is as under:

Particulars	A/c-I (TL)	A/c-II (Deferred Loan)	A/c-III (WCTL)	Total
Principal	960500/-	180000/-	600000/-	1740500/-
Interest	5873944/-	992385/-	3724207/-	10590536/-
Other Money	1940/-	--	90/-	2030/-
<b>Total</b>	<b>6836384/-</b>	<b>1172385/-</b>	<b>4324297/-</b>	<b>12333066/-</b>

After re-assessment of MRV, the case was again placed before SLC in its meeting held on 28.06.2012. After detailed discussions and keeping in view the MRV of assets, the committee offered to settle the case in a consideration of Rs.67.50 lac (80% of MRV) under deemed settlement scheme but the promoter did not agree hence the case was rejected with the direction to take recovery action for liquidation of dues of the corporation as per norms.

Aggrieved with the above decision, the borrower approached to Hon'ble High Court and the Hon'ble Court vide order dated 14.12.2012 directed the party to make a fresh representation before the Corporation for OTS within 15 days from the date of order.

In compliance of direction of Hon'ble Court, to place the case before empowered settlement committee, the borrower was advised to deposit the registration fee and upfront amount but he did not agree to deposit any amount. Yet in the spirit of directions of Hon'ble Court, the committee considered the representation / proposal without registration and upfront amount.

After detailed discussions and in view of the directions of Hon'ble Court though the settlement amount according to deemed settlement scheme i.e. 80% of MRV (Rs.84.63 lac) comes to Rs.67.50 lac but the committee offered to settle the

account in a consideration of Rs.65.00 lac out of which Rs.20.00 lac would be paid before 31.03.2013 and remaining Rs.45.00 lac shall be payable in 6 monthly instalments commencing from April, 2013 to September, 2013 without interest but the promoter did not agree, hence the case was rejected by the committee with the direction to place the fact before Hon'ble Court.

The committee further decided that since there is no stay against the recovery action and the promoter is also not inclined to pay the dues of the Corporation, recovery action u/s 29 may be taken against prime assets immediately besides recovery action u/s 32-G against the collateral security for recovery of Corporation dues. The facts may also be placed before Hon'ble Court through OIC.

#### **7. M/s Vinayak Stone Crusher, Kota**

Shri S K Mathur, partner of the firm appeared before the committee.

The committee noted that it is a case of deferred sale in which the fixed assets of M/s. Bhagirath Stone Crusher were purchased by M/s. Vinayak Stone Crusher, Kota in a consideration of Rs.31.11 lac on 30.08.2002. The deferred loan amount was Rs.23.23 lac. The possession of the unit was handed over to the purchaser on 19.09.2002 but on account of status quo granted by Hon'ble High Court in favour of original borrower, the process of start of production could not be taken by the purchaser.

After vacating the stay on 23.04.2003 the dues of JVVNL were paid by the Corporation on 22.07.2003 as per policy. The party had requested for waiver of interest for the period during which he could not start production due to status-quo granted by the Hon'ble High Court and thereafter for want of power connection. Due to non consideration of representation of the party, they approached the Hon'ble High Court and Hon'ble High Court has directed on dated 15.07.2008:

"Two months time is given to the party for negotiation. The petitioner is directed to appear before the Managing Director alongwith fresh representation. The report of negotiation will be submitted before this court after two months."

In compliance of above directions the case was placed before Special HOLC in its meeting held on 01.09.2008 as a grievance case and the committee offered to waive the interest from the date of handing over possession (19.09.2002) to the date when the payment against electricity dues made by the corporation (22.07.2003) which was worked out to Rs.2.94 lac. The party consented on the decision made by the special HOLC.

The committee noted that though party had submitted his consent to the decision of Spl. HOLC but later on submitted a representation for re-casting his loan account from 22.07.2003 but the same was not considered. Aggrieved with this the promoter again represented before Hon'ble Court for the said relief. Though, the stay against recovery proceedings is still in operation yet, the borrower wants to settle the case out of court, therefore, after seeking opinion of panel advocate of the corporation, the request of the borrower is placed before the committee for consideration.

The committee noted that if the loan account is re-casted according to the request of the borrower, the amount payable as on 01.03.2012 worked out to Rs.14.65 lac where as the outstanding balance as per books of the Corporation is Rs.26.50 lac.

After detailed discussions and considering the facts of the case, the committee considered the request of the party and allowed the party to pay the amount worked out after recasting the loan account amounting to Rs. 14.65 lac as on 01.03.2012 alongwith further interest at documented rate w.e.f. 01.03.2012 in three equal monthly instalment commencing from April, 2013. If the borrower fails to pay the settled amount by 30.06.2013, the settlement will be treated as cancelled and the Corporation will take necessary action for recovery in view of directions of the writ petition. No dues and original documents will be released only after withdrawal of court case by the party.

The partner of the firm has consented to the settlement.

**8. M/s Jain Plastic Inds., Baran**

Shri Dinesh Kumar Jain, proprietor and his son Shri Sourabh Jain appeared before the committee.

The committee noted that it is a case where the Land and Building of the concern are under possession of the corporation, since 09.11.2006. A loan of Rs.4.30 lac was sanctioned on 28.09.2002 to the unit for setting up a PVC pipe, out of which Rs.3.86 lac was disbursed. On account of default in making payment of dues, the Corporation had taken over possession of the unit on 09.11.2006. The P & M has been sold by the corporation in a consideration of Rs.1.45 lac on 03.02.2010.

The committee also noted that the borrower earlier also approached the Corporation for OTS and the case was placed before the Spl. HOLC in its meeting held on 26.07.2010. The committee offered to settle the case in a consideration of Rs.5.00 lac but the promoter did not agree, hence the case was rejected.

Aggrieved with the above decision, the party approached to Hon'ble High Court and Hon'ble court directed the party vide order dated 06.10.2010 to approach RFC for settlement by furnishing fresh application. In compliance of above directions, the party has registered the case for OTS on 12.12.2012.

The committee noted that in view of the MRV of assets mortgaged to the Corporation and also the case was sanctioned after 31.03.2001, the case is not eligible under deemed settlement scheme of the Corporation. But in the spirit of direction of Hon'ble court, the request of the party was allowed to place before empowered settlement committee for consideration. The details of MRV and outstanding in the loan account are as under:

(Rs.in lac)

MRV (as on 21.02.2013)		Outstanding as on 01.12.2012	
Land	6.55	Principal	3.76
Building	1.72	Interest upto poss.	0.29
Collateral security	7.50	Intt. for poss. period	2.63
<b>Total</b>	<b>15.77</b>	Other money	0.35
		<b>Total</b>	<b>7.03</b>



After detailed discussions and considering the fact, the committee noted that though the case is not covered under deemed settlement scheme, yet to resolve the matter out of court, the request for settlement was considered. In view of the MRV and outstanding loan, the committee offered to settle the account in a consideration of Rs.6.50 lac payable in three months i.e. upto 30.06.2013 without interest but the borrower did not agree, hence the case was rejected with the direction that as there is no stay against recovery action, the prime assets may be put to auction for liquidating dues of the corporation immediately. The facts of the case may also be placed before the Hon'ble Court.

**9. M/s Shree Rakhi Broiler Farm (P) Ltd., Dholpur**

Shri M V Nair, Director of the company appeared before the committee.

The above said case was earlier placed before SLC in its meeting held on 04.05.2012 and following decision was taken:

"The case was discussed in detail. Shri Nair, Director of the company has offered to settle the account in Rs. 55.00 lac but it was not agreed to keeping in view the MRV of the mortgaged assets. The Director of the company Shri M.V. Nair was of the view that the MRV of the assets assessed by the Corporation is on quite higher side and has requested in writing to re-calculate the same. The Committee, in consideration with the request of the party, deferred the case with the directions to DGM (OP-V) & Branch Manager to re-assess the MRV and put up the case in the next meeting".

In compliance of directions of SLC, the MRV was re-assessed a team of officers of the corporation. The team has reported that the MRV of Rs.241.11 lac as against the earlier MRV of Rs.175.25 lac which was also calculated by the team of officers of the corporation.

Since there was difference between earlier MRV (4.1.12) and MRV (11.6.12), a decision was taken by the competent authority on 26.6.12 to get the MRV of the prime and collateral security of the company calculated by an independent private valuer of Corporation on panel to satisfy the grievances of the party about MRV of the unit. Accordingly, M/s Kamal Kant & Associates, Chartered Engineer and registered valuer with the Corporation, was appointed to reassess the MRV of the assets of the company. He has submitted his assessment of MRV at Rs.52.56 lac vide his letter dated 20.08.2012.

Looking to the large difference between the MRV calculated by the RFC officers and private valuer, it was decided to depute another team comprising of two officers who were not the part of earlier team.

However, before any further action could be taken, the Hon'ble high Court, Jaipur has pronounced orders on 21.11.2012 in the SBCWP No. 11166/2008 which reads as under:-

"Counsel for the petitioner says that the petitioner has applied for 'one time settlement' as per the Scheme in the year 2011-2012. He has deposited the requisite upfront charge. Respondents are taking time and not deciding the matter

finally. Respondents called for valuation report, which is on record as Annexure-2 and 3 and this would decide the matter of the petitioner on the basis of 'one time settlement'.

Earlier also this Court vide order dated 22<sup>nd</sup> of February, 2008 directed the respondents to consider the case of the petitioner for 'one time settlement'. Respondents did not accept the system of the petitioner. Petitioner is prepared to pay legitimate dues of the respondents.

Having regards to the facts and circumstances, the petition stands disposed of requiring the respondents to decide the case of the petitioner within three months from the date of receipt of certified copy of this order. In doing so, respondents obviously would also consider the valuation reports.

In compliance of above directions, the case was placed before the SLC on 20.12.2012.

After detailed discussions and considering the facts and position of the case, the committee observed that there is a vast difference between the MRV worked out by the teams of officers of the Corporation and private valuer. Therefore, the consideration of the case was deferred with the direction that the matter regarding difference in MRV may be examined in detail viz base rates considered while calculating the MRV, rates considered while sanction of loan, reasons for vast difference in MRV and final MRV to be considered for deciding the case and case may again be placed before the committee for consideration.

In compliance of above decision, the MRV was re-examined and the summarized position is as under:

(Rs in lac)

Particulars	Earlier MRV (4.1.12)	Reassessed MRV (11.6.12)	MRV by private valuer (20.08.12)	MRV as per SLC decision dt. 20.12.12
<b>(A) PRIME SECURITY</b>				
Land (2063 Sq.Mtr)	10.00	92.34	10.18	10.00
Building	106.42	84.99*	8.76	46.87
<b>Total (A)</b>	<b>116.42</b>	<b>177.33</b>	<b>18.94</b>	<b>56.87</b>
*Building constructed on mortgaged land				
<b>(B) COLLATERAL SECURITY</b>				
Land (14066 Sq.yard)	49.23	55.80	31.83	45.63
Buildings	9.60	7.98	1.74	6.44
<b>Total (B)</b>	<b>58.83</b>	<b>63.78</b>	<b>33.62</b>	<b>52.07</b>
<b>TOTAL (A + B)</b>	<b>175.25</b>	<b>241.11</b>	<b>52.56</b>	<b>108.94</b>

Details of Loan outstanding as on 01.12.2012 without adjusting upfront amount:

(Rs.in lac)

Principal	43.00
Interest	522.22
Other Money	Nil
<b>Total</b>	<b>565.22</b>

After detailed discussions and considering the facts of the case, the committee noted that though the amount payable as per deemed settlement scheme i.e. 80% of MRV of Rs.108.94 lac comes to Rs.87.15 lac but in the spirit of direction of Hon'ble High Court to resolve the litigations out of court, the committee further reduced the MRV to Rs.100.00 lac. According to this the committee offered to settle the account in consideration of Rs.80.00 lac less upfront amount of Rs.4.31 lac i.e. net settlement amount of Rs.75.69 lac payable in six months without interest. Out of this settlement amount 10% of the settlement amount would be paid before 31.03.2013 and the balance settlement amount will be paid in six equal monthly instalments commencing from April, 2013 to September, 2013 without interest. However, if the party fails to make payment of monthly instalments by 15<sup>th</sup> of every month, interest @ 13% p.a. for delayed period shall be charged on the amount of default. The final payment of settlement amount would be paid on or before 30.09.2013. If the borrower makes default in two consecutive instalments or does not make the payment upto 30.09.2013, the settlement will be treated as cancelled and recovery action as per norms of the corporation will be initiated. The facts may be placed before Hon'ble Court through OIC.

The Directors consented to the above settlement.

**10. M/s Krishna Tubewell, Bhilwara**

Shri Vinod Kumar Vishnoi, partner of the firm appeared before the committee.

The committee noted the facts of the case as detailed below:

1. A loan of Rs.14.30 lac was sanctioned to the above loanee concern on 19.02.88 for purchase of drilling boring rig. As per loan proposal the loan was repayable in 5 years in monthly installments. First installment was to fall due on the 1<sup>st</sup> day of 3<sup>rd</sup> month reckoned from the date of first disbursement. Rate of interest was to be charged as per proposal @ 12.5% p.a. but mode of payment of interest is not clarified, whereas as per sanction letter dated 19.02.88, the loan was repayable in 5 years in quarterly installments and first installment was to be due on 1<sup>st</sup> day of 3<sup>rd</sup> month reckoned from the date of first disbursement. Interest was to be charged @ 12.5% p.a. but again mode of payment of interest was not clarified.
2. As per loan agreement dated 02.04.88, the loan was repayable in 5 years in 58 monthly installments. First installment was to be due on 1<sup>st</sup> day of 3<sup>rd</sup> month reckoned from the date of first disbursement. The interest was to be charged @12.5% p.a. on quarterly basis whereas as per deed of hypothecation dated 2.4.88, the loan was repayable in monthly installments alongwith interest @ 12.5% p.a.
3. Interest in loan account is being debited quarterly and installments are being due monthly.
4. In FY 1991-92, permission for change in constitution was allowed alongwith rescheduling of balance outstanding. As per deed of modification for repayment period dated 19.2.92, the concern was to repay the outstanding balance in 38 monthly installments w.e.f. 1.2.92 interest was to be paid @ 18.75% p.a. in monthly

installments. Further as per condition No.3 of the referred deed interest after original LDR i.e. 1.3.93 was to be charged as normal rate of interest i.e. 21% p.a.

5. The calculations have been got done by charging interest @ 12.5% p.a. from beginning thereafter @ 13% p.a. from 1.10.91 and @ 18.75% w.e.f. 1.2.92 and @ 21% p.a. w.e.f. 1.3.93 according to which outstanding balance as on 1.1.01 comes to Rs.23,93,844/- while balance as per computer books comes to Rs.83,167/- only. Interest is being charged @ 13% p.a. till date.
6. Changed rate of interest was not fed into the computer as per Modification Deed dated 19.02.92, which was corrected in June, 2001 and short interest of Rs.24.17 lac debited in the account in June, 2001 after obtaining approval from HO vide letter dated 4.4.01 (copy enclosed). This mistake came to notice when party came to square up the account.
7. There are errors on the part of RFC itself due to which unfortunate mistakes have occurred. Therefore, an opportunity was given to the party to get the account settled under OTS. Accordingly, the case was placed before HOLC in its meeting held on 17.03.05. *After detailed discussions and considering all the facts and position of the case, the committee offered to settle the case on simple documented interest basis but the promoter did not agree to the offer given by the committee and he requested to settle the case by recovering Rs.76,000/- only therefore, the settlement could not be reached and hence the case was rejected with the directions that BO may immediately initiate recovery action and report to HO by 20<sup>th</sup> April, 2005.*
8. As per above offer the amount recoverable by applying simple rate of interest as per O&M 417 as on 01.01.05 was Rs. 26.96 lac (including principal sum of Rs.0.76 lac).
9. Since the financed assets i.e. drilling rig (boring machine) is not traceable for the last 12 years, the BO took action u/s 32(G) for recovery of Corporation dues. Accordingly legal notice was served to it on 23.1.06. ROD was sent to District Collector on 8.3.06 for recovery of Rs.70.28 lac. The present value of collateral security is Rs.81.00 lac (copy enclosed).
10. Aggrieved by legal action initiated by the Corporation u/s 32(G), the unit filed a civil suit alongwith TI application in the ADJ FT-2 Court Bhilwara. The Hon'ble Court vide its order dated 16.4.08 dismissed the main suit itself on the ground that party has failed to deposit adequate security against the admissible court fee, as per directions of Hon'ble High Court, Jodhpur. As on date, there is no litigation pending in the court of law.
11. The party vide letter dated 05.03.2013 has approached to the Corporation to consider their case for settlement in a consideration of Rs.75985/- that was the principal sum in the books of accounts as on 31.3.01. As per statement of accounts furnished by them the total outstanding in the books of accounts as on 31.3.01 was Rs.83,167/- which includes principal sum of Rs.75985/-. The request of the party is that they are ready to square up the loan account by depositing the balance outstanding in the books of accounts as on 31.3.01 plus simple interest @

13% p.a. on the said amount from 1.4.2001 to till date, according to which the recoverable amount comes to Rs. 2,29,574/- as on 01.03.13.

12. After examining the facts and position of the case, it was decided by the competent authority to place the case before SLC as a Grievance case without asking for registration fee and upfront amount. Accordingly, the case is being placed before SLC for consideration and taking necessary action.

After detailed discussions and facts of the case, the committee was of the view that though there was no fault on the part of borrower and the mistake / lapses took place in the case were on the part of corporation employees, therefore, the borrower should not be penalized. Accordingly, the committee offered to settle the case on the principal + Interest outstanding as on 31.03.2001 in the books of accounts of the corporation which was reported to Rs.83167/- alongwith future interest @ 13% p.a. on simple basis w.e.f. 01.04.2001 to till date. The amount on this basis worked out to Rs. 229574/- say Rs.2.30 lac as on 01.03.2013 which will be paid by 20.03.2013 by the borrower. The partner has consented to the settlement.

The committee also noted that since the matter involves detailed examinations involving recovery of Rs.324.02 lac which includes Rs. 11.00 lac as principal sum, other money Rs.0.10 lac and interest part is Rs.312.92 lac. Therefore, the matter may be placed before Board for ratification of the decision taken by the SLC.

**11. M/s Khandela Woollen Mills Ltd., Sikar**

Shri Amar Kishore Pareek, Director of the company appeared before the committee.

The committee noted that it is a deficit and decretal case. On account of default in making payment of dues of the Corporation, the fixed assets of the company were disposed of on 31.03.1989 in a consideration of Rs.9.31 lac leaving a deficit of Rs. 6.48 lac. The Corporation filed a civil suit with DJ Court, Sikar on 28.02.1990 for recovery of deficit amount of Rs. 703645/- (including interest). The Hon'ble ADJ Court had awarded a decree on 24.09.94 for Rs.545653/- with interest @ 13.5% on decretal amount w.e.f. 03.03.90 + court expenses of Rs.35554/-.

The party had appealed before Hon'ble High Court against the decree order which is still pending. The party has requested to settle the matter out of court but proposed settle the account as per deemed settlement scheme considering the principal amount Rs.5.46 lac i.e. the decree amount whereas as per books of the Corporation the principal deficit amount is Rs.6.16 lac besides other money of Rs.0.66 lac. The request of the party was processed and advice to get the case registered under deemed settlement scheme.

Instead of registering the case under deemed settlement scheme, the party again represented before CMD to consider his proposal to settle the account only in Rs.5.00 lac stating that out of seven Directors of the company, four Directors have expired and the age of remaining three Directors is about 70 years having no resources, wants to get rid of the liability of the corporation and mental agony vide request dated 07.03.2013.

After discussions and considering the facts of the case that though the corporation is having decree for recovery of deficit amount since 1994 but as no personal guarantee of Directors is available with the Corporation, the execution of decree could not be enforced. Therefore, to liquidate the dues of the Corporation, the committee offered to settle the account in a consideration of Rs.5.46 lac i.e. the original decree amount, forgoing the amount of other money and interest payable on the decree amount. The settlement amount will be paid in three equal monthly instalments commencing from April, 2013 to June, 2013 without interest. However, if the party fails to make payment of monthly instalment by 15<sup>th</sup> of every month, interest @ 13% p.a. for the delayed period shall be charged on the amount of default. The final payment of settlement amount would be paid on or before 30.06.2013. If the borrower makes default in two consecutive instalments or does not make the payment of 30.06.2013, the settlement would be treated as cancelled and recovery action as per norms of the corporation will be initiated.

The Directors of the company has consented to the above settlement.

12. **Sh. Panchulal Raiger S/o Sh. Girdhari Lal Raiger, Sikar**

The committee noted that a term loan of Rs. 1.84 lacs was sanctioned to Shri Panchulal Raiger on 18.8.1982 for acquisition of a Truck under the Transport Loan Scheme. A sum of Rs. 182300/- was disbursed on 18.11.1982. The loan is also secured by personal guarantees of the following two persons:

1. Shri Surja Ram S/o Shri Bhura Ram V&P Danta, Distt. Sikar
2. Shri Balu Ram S/o Shri Swaroop Narain V&P Danta, Distt. Sikar

Due to continuous defaults, possession of truck was taken by the Corporation on 17.11.1985 and was sold in auction on 10.02.1986 in sale consideration of Rs.1.49 lac. A sum of Rs.1.37 lac is remained as deficit amount.

The present outstanding is as under:

Principal sum	Rs. 126574/-
Interest	Rs. -
Other Money	Rs. 5787/-
<b>Total</b>	<b>Rs. 132361/-</b>

The court has awarded a decree on 18.08.1993 for Rs. 170137/-. For execution of decree, an application was filed in the court and the court has kurked the property of the promoter on 26.12.2011.

After the Kurki, the promoter visited BO, Sikar on 29.12.2011 and registered the case under OTS and deposited Rs. 10000/- as upfront amount.

As per Note (ii) appended to para B II (A) (a) of Annexure-B at page no. 10 of the One Time Settlement Scheme 2011-12 which provides as under :

“Before settlement of the decreetal cases the BM will certify that all efforts of execution of decree have been made but no fruitful results have come out.”

In the light of above the BM, BO, Sikar observed that after kurki of the property further action for auction is being taken and as such efforts for execution of decree are under progress, therefore, BO has rejected the application of the party for OTS on 01.02.2012 and the decision has been communicated to the promoter.

Since the case was registered under OTS Scheme 2011-12, it was not eligible under Deemed Settlement Scheme as per norms. Otherwise it would have been written off as per the norms of Circular No.FR 700 dated 12.10.2012.

Total recovery received since inception is Rs.185300/-

The above case was reviewed in the meeting held on 26.12.12 under the chairmanship of Hon'ble Industries Minister, Govt. of Rajasthan, Jaipur wherein after discussions it was decided to write off the complete outstanding considering the fact that the sanction is up to Rs. 2.00 lacs and Corporation has already taken a decision to write off the case having sanction up to Rs. 2.00 lacs.

In view of the facts narrated above, the committee ratified the decision taken at the competent level for finally write off the loan account.

13. **M/s. Rajasthan Ice & Ice Cream Factory, Sikar**

The committee noted that a term loan of Rs. 2.00 lacs was sanctioned to the unit on 21.02.1981 and the entire amount of Rs. 2.00 lacs was disbursed.

Name of the Partners	:	1.	Sh. Bhanwar Singh S/o Sh. Sultan Singh, Sikar
		2.	Sh. Nihal Singh S/o Sh. Bidha Ram, Sikar

The present outstanding is as under :

Principal sum	Rs. 200000/-
Interest	Rs. 5023731/-
Other Money	Rs. 35/-
<b>Total</b>	<b>Rs. 5223796/-</b>

There is only equitable mortgage of primary security in the case, MRV of the same is assessed by BO, Sikar on 15.05.2007 as Rs. 10.03 lacs and it has been stated that it is very tough to realize the value because clear cut approach is difficult. There is no collateral security available in the case.

The account is alive. Decree orders were passed by the Court on 07.08.2003 for recoverable amount of Rs. 14.94 lacs alongwith interest w.e.f. 01.01.2001 upto the date of final payment @ 11% p.a.

The party filed an appeal against decree orders on 16.10.2003 in Rajasthan High Court, Jaipur and the case is still pending with Hon'ble Court.

The execution application for decree has already been filed by the Corporation in the Court at Sikar. There is equitable mortgage in the case and details of property of primary security have been submitted before ADJ Court, Sikar.

The party had applied in our OTS Scheme on 26.08.2011 and party had deposited Rs. 1000/- for Regn. Fee and Rs. 21000/- upfront amount.

The request for settlement could not be considered as decree execution is pending with Court of Law. The party was conveyed the decision vide letter dt. 13.01.2012 by BO, Sikar.

Since the case was registered under OTS Scheme 2011-12, it was not eligible under Deemed Settlement Scheme as per norms. Otherwise it would have been written off as per the norms of Circular No.FR 700 dated 12.10.2012.

The above case was reviewed in the meeting held on 26.12.12 under the chairmanship of Hon'ble Industries Minister, Govt. of Rajasthan, Jaipur wherein after discussions it was decided to write off the complete outstanding considering the fact that the sanction was upto Rs. 2.00 lacs and Corporation has already taken a decision to write off the case having sanction up to Rs. 2.00 lacs.

In view of the facts narrated above, the committee ratified the decision taken at the competent level for finally write off the loan account.

**14. Loan cases having loan sanctioned amount upto Rs.2 lac and debarred from Deemed Settlement Scheme:**

As per decision of SLC meeting dated 20.12.12, the cases having sanctioned amount upto Rs.2 lac and debarred from the scheme were placed before the committee and discussed in detail. The details of debarred cases are as under:

Category	No. of Units	Amount Outstanding as on 31.03.2012 (Rs.in lac)			
		Prin.	Intt.	OM	Total
Cases settled/closed/rejected after 31.03.2011	40	28.22	475.44	1.63	505.29
Cases in Which Time allowed To deposit the settlement amt. after 31.03.2012	2	0.99	0.17	0.00	1.16
Decree obtained after 31.03.2009	2	2.85	73.48	0.03	76.36
Court cases pending	8	1.89	22.20	0.03	24.12
Sanctioned after 31.3.2001 and categories other than doubtful/loss	7	4.47	4.21	0.03	8.71
<b>Total</b>	<b>59</b>	<b>38.42</b>	<b>575.50</b>	<b>1.72</b>	<b>615.64</b>



While reviewing the details of the cases, the committee noted that :

- (i) Out of 59 cases debarred from the scheme, 40 cases were debarred only on the ground that these were registered and settled/ rejected/closed by the settlement committees after 31.03.11 under the OTS scheme 2011-12.
- (ii) 12 cases were of other category like time extended for payment of settlement amount after 31.03.12, cases of decree obtained after 31.03.09 and likewise court cases against recovery.

Out of 59 cases, 7 cases are of loan sanctioned after 31.03.2001 and also not under doubtful/loss assets as on 31.03.2006. Therefore, the committee was of the view that these cases should not be considered for finally write off and recovery action may be continued as per norms against these cases.

The committee noted that since the Corporation has decided to write off the cases having sanctioned amount upto Rs.2.00 lac, which were eligible under deemed settlement scheme vide Circular No.FR-700 dated 12.10.12, the remaining borrowers are not coming forward to pay the dues of the Corporation on the pretext that their cases (loan sanction upto Rs.2 lac) have also been written off by the Corporation.

The committee also noted that if these cases at (i) above 40 in number were not registered/decided during the year 2011-12, they would have been written off finally in terms of circular No.FR-700 dated 12.10.2012. Further the cases 12 in number as at (ii) above are of the category where recovery action is pending in respective courts since long and no recovery is being effected rather incurring further expenses and time as well. Therefore, the committee recommended to finally write off these 52 cases subject to further checking.

#### **General Suggestions for amendment in deemed settlement scheme:**

While reviewing the progress upto 28.02.13 of deemed settlement scheme, the committee observed that the performance is far away from expectations, even then the Corporation has introduced a non-discriminatory and non-discretionary settlement scheme. The committee noted that only 92 cases are registered and 84 cases are settled out of total eligible 1500 cases. The committee, therefore, felt that there is a need of wide publicity and few riders of the scheme likewise the cut off date of sanction upto 31.03.2001 and also cases of decree awarded upto 31.03.2009 needs review. Hence it was suggested to extend the cut off date of sanction to 31.03.2003 and date of decree to 31.03.2010, so that maximum cases can be covered under the scheme.

The committee also noted that though the borrowers whose cases have been settled under deemed settlement scheme and have paid part payment, but could not pay full amount, as the scheme carries interest @ 13% p.a. w.e.f. 1.4.2012. This may be another reason for poor performance. Therefore, the committee suggested that the cases which were registered under deemed settlement scheme, no interest should be charged from 1.4.12 to 31.03.13. However, the borrowers should pay interest @ 13% p.a. on unpaid amount w.e.f. 01.04.13 to the date of final payment.

15. **Redressal of grievances of transport loanees having sanctioned amount above Rs.2.00 lac (except DDW Cáses)**

Deferred.

16. **M/s. Bhincher Marble Udyog, Makarana**

Shri Sukhram Bhincher son of proprietor Shri Bhura Ram Bhincher appeared before the committee.

The committee noted that a loan of Rs.24.50 lacs was sanctioned to the above unit on 11.10.95, out of which Rs.18.49 lacs was disbursed. On account of default in repayment of Corporation's dues, the assets were taken over into possession on 10.8.05 and sold out plant & machinery, land & building for Rs.6.51 lacs and Rs.5.11 lacs (in a total consideration of Rs.11.62 lacs) on 5.6.2008 & 24.9.2008 respectively. After appropriation of sale price the deficit amount worked out to the order of Rs.29.91 lacs. 30% of the sale price i.e. 3.49 lac was also included in principal sum as per 30:70 policy.

ROD has been sent in the case to Collector on 17.9.2009. Action for kurki of the agriculture land measuring 7.15 bigha belonging to son of loanee was done on 13.12.2010 by the Revenue Authorities. Meanwhile the party registered its case under ongoing settlement scheme 2010-11 and the case was settled at branch level at Rs.17.50 lacs less upfront amount deposited Rs.1.49 lacs i.e. net settlement amount Rs.16.01 lacs. The party was to pay the net settlement amount of Rs.16.01 lacs upto 31.3.11 in equal monthly instalments alongwith intt. @ 13% p.a. from January, 2011.

Against the settlement amount the party deposited Rs.7.49 lacs including upfront amount. Since the party did not honor the settlement, the Branch has issued letter dated 11.12.2012 that settlement stand cancelled and action u/s 32(G) is being taken. The total amount deposited by the party including sale price since beginning is Rs.41.14 lacs. The interest for the delayed period is Rs.3.25 lacs upto 31.3.13.

The representative of the concern has represented that the fixed assets of the concern has already been sold by the Corporation and he has paid the part settlement amount by selling his properties and presently there are no resources of income. Therefore, he is unable to make the payment of interest for delayed period. However, he has agreed to pay the remaining settlement amount of Rs.10.01 lac by 15.04.2013 and requested to waive the interest for delayed period by reviving the earlier settlement.

After detailed discussions and considering the facts that the borrower has paid Rs.41.14 lac against disbursed loan of Rs.13.49 lac and also to make the payment of Rs.10.01 lac of remaining settlement amount, the committee revived the settlement and also waived the interest for delayed period with the condition that the remaining settlement amount of Rs.10.01 lac will be paid by the borrower on or

before 15.04.2013 without interest. If the borrower fails to adhere this decision, recovery action as per norms of the corporation for recovery of deficit amount will be initiated.

The representative consented to the settlement.

**GENERAL CONDITIONS:**

- 1) Wherever settlement amount is to be paid in installments, the party will produce PDCs in the BO payable on 15<sup>th</sup> 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**