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RAJASTHAN FINANCIAL CORPORATION
UDYOG BHAWAN
TILAK MARG
JAIPUR-302 005

Ref.No.RFC/F-11(149) | 388

Dated:- 5th September, 2005

CIRCULAR

Reg:- Change in Interest Debit Dates

The Board of Directors in their meeting held on 18th March, 2005 have decided to change the Quarterly Interest Debit Dates in all loan accounts from existing dates of 1st April, 1st July, 1st October and 1st January to 1st March, 1st June, 1st September and 1st December. Accordingly, the branches were advised vide circular dated 7th April, 2005 and 2nd May, 2005 to get the modification deed executed for change in the installment debit date so that the same falls in line with the interest debit dates.

Under equated installment method, the amount of principal due is calculated by deducting the interest amount from the installment amount. Change in interest debit dates has resulted into debiting of interest and installment of principal on different dates because interest would be debited as per revised new debit dates whereas the principal would be debited as per repayment schedule.

In order to remove this anomaly, it was directed to get modification deed executed from the entrepreneurs and inform the same accordingly to Head Office. But no information in this regard has been received by HO from the field offices by way of form- U2 which has resulted into a situation where installment and interest is being debited on different dates. This will lead to a situation particularly where post dated cheques have been taken but inspite of receipt/ realization of cheque on due date the account position would be disclosing overdues, to the extent of interest debited.

In order to avoid such situation, the interest debit dates and installment date, in cases where repayment schedule is drawn on Equated Quarterly Installment basis, have been changed enmasse in all such accounts so as to commensurate with the revised Interest Debit Dates.

All branches are advised to check the books and ensure that the interest debit dates and installment date particularly in cases where repayment schedule is drawn on Equated Quarterly Installment basis have been changed. Error, if any, noticed in this regard should be brought to the notice of Accounts Section immediately so as to take remedial steps.

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


(R.S.GUPTA)
General Manager(A/cS)

Copy to:-
All RO/BO/SO

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