

RAJASTHAN FINANCIAL CORPORATION

(ARRC)

No. RFC/ARRC/Deficit/Gen-150/2386

Dated : 21.03.2006

CIRCULAR
(ARRC No. 124)

Sub : **Scheme for settlement of deficit cases / decreetal cases / written off cases – 2006-07**

A major amount is involved in above mentioned category cases. Pace of recovery from this category has not been encouraging despite having introduced settlement schemes for such cases in the past.

In order to reduce NPA portfolios in the category of deficit cases, decreetal cases and written off cases, it is felt that a new package of settlement may be introduced.

Accordingly, agenda note was placed before the Board of Directors on 20.3.06 and OTS scheme for the cases mentioned above has been approved by the Board.

The salient features of the scheme are as under:

1. **Duration of the scheme:**

The scheme shall be operative from 1.4.2006 to 31.07.2006.

2. **Eligibility:**

- a) Deficit cases, written off cases, decreetal cases, irrespective of any cut off date of deficit amount / date of written off amount / date of decree.
- b) Cases which have been earlier decided and the party consented to the decision of the committee prior to 1.4.03 but party could not adhere to the schedule of settlement package, with the condition that in any circumstances settlement amount would not be below / less than the settlement amount decided by the competent committee earlier.
- c) Cases earlier registered but rejected / closed by the competent committee.

Note:

All cases decided on or after 1.4.03 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, than, case can be revived by BM as per Annexure 'E' or extension in time has already been granted by the competent authority where case was decided on or after 1.4.03.

3. **Amount required for registration:**

i) **Registration of case & fees payable:**

Registration fee shall be Rs.1000/-, irrespective of nature of the case / amount involved. All the cases shall be registered at Branch level.

ii) **Upfront amount:**

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

4. **Competent Authority to decide the case:**

i) **Branch Manager :**

Where principal deficit amount / decretal amount / written off amount is upto Rs.5.00 lakh, irrespective of sacrifice amount.

ii) **DLC : (District level Empowered Settlement Committee):**

Where principal deficit amount / decretal amount / written off amount is more than Rs.5.00 lakh but upto Rs. 10.00 lakh, irrespective of sacrifice amount.

iii) **HOLC:**

Where principal deficit amount / decretal amount / written off amount is above Rs. 10.00 lakh, irrespective of sacrifice amount.

iv) **SLC:**

Appeal of DLC and HOLC cases under this scheme can be made to SLC only with registration fee of Rs.1000/- and 15% of principal deficit amount / decretal amount / written off amount as upfront amount. Appeal can be made within 30 days of the date of conveying the decision of the committee to the party. Beyond this period , no case shall be entertained as an appeal by the field offices, without prior approval of CMD.

5. **Parameters to decide registered cases by the competent authority / committee will be as per Annexure A, Annexure B, Annexure C, Annexure D and Annexure E.**

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

i) While deciding the case by the competent authority as per powers delegated, value of primary assets wherever available shall be calculated

As per existing guidelines. As far as value of collateral security is concerned, it shall be taken as per record which was mentioned at the time of sanction of loan so as to avoid further delay.

- ii) 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 installments 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:**

No appeal will be entertained in the cases where promoter / guarantor is not ready to pay even principal deficit amount / decretal amount / written off amount plus other money plus 5% recovery charges (where action u/s 32G has been initiated and proposal has been forwarded by DGM(R) to Collector concerned).

- 10. CMD may take decision in case of any difficulty in implementation / interpretation of the scheme.
- 11. Deficit / Decretal / Written off cases registered after 28.2.06 with the approval of CMD are to be considered under the said scheme.


(Karni Singh Rathore)
Chairman & Managing Director

Encl: as above

RAJASTHAN FINANCIAL CORPORATION
(ARRC)**Scheme for settlement of deficit cases / decreetal cases / written off cases – 2006-07****Competent Authority:****Branch Manager :**

Where principal deficit amount / decreetal amount / written off amount is upto Rs.5.00 lakh, irrespective of sacrifice amount and irrespective of any availability of security / third party guarantee.

a) **Deficit cases:**

These cases shall be settled on principal component of deficit amount **plus** other money **plus** 5% recovery charges, where 32G case has been filed with the Collector concerned.

b) **Decreetal cases:**

These cases shall be settled on the decreetal amount **plus** other money.

c) **Written off cases:**

These cases shall be settled on the written off amount **plus** other money **plus** 5% recovery charges where 32G case has been filed with the Collector concerned.

--- X ---

RAJASTHAN FINANCIAL CORPORATION
(ARRC)Scheme for settlement of deficit cases / decreetal cases / written off cases
- 2006-07Competent Committee:DLC : (District level Empowered Settlement Committee):

Where principal deficit amount / decreetal amount / written off amount is more than Rs.5.00 lakh but upto Rs. 10.00 lakh irrespective of sacrifice amount.

Category I:

I. Where security available is less or equal to the principal deficit amount / decreetal amount / written off amount, case shall be settled on the following terms:

a) Deficit cases:

These cases shall be settled on principal component of deficit amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector.

b) Decreetal cases:

These cases shall be settled on the decreetal amount plus other money.

c) Written off cases:

These cases shall be settled on the written off amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned.

Category II:

II. Where security available is more than principal deficit amount / written off amount / decreetal amount but upto 200% of principal deficit amount / decreetal amount / written off amount, case shall be settled on the following terms:

a) **Deficit cases:**

These cases shall be settled on principal component of deficit amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 25% of principal deficit amount or the interest segment of the total deficit amount as on date of appropriation of sale, whichever is less.

b) **Decretal cases:**

These cases shall be settled on the decretal amount plus other money plus 25% of decretal amount or interest payable on the decretal amount, whichever is less.

c) **Written off cases:**

These cases shall be settled on the written off amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 25% of written off amount or written back amount, whichever is less.

Category III:

III. **Where security available is more than 200% of principal deficit amount/ decretal amount / written off amount, case shall be settled on the following terms:**

a) **Deficit cases:**

These cases shall be settled on principal component of deficit amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 50% of principal deficit amount or the interest segment of the total deficit amount as on date of appropriation of sale, whichever is less.

b) **Decretal cases:**

These cases shall be settled on the decretal amount plus other money plus 50% of decretal amount or interest segment on the decretal amount, whichever is less.

c) **Written off cases:**

These cases shall be settled on the written off amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 50% of written off amount or written back amount, whichever is less.

--- X ---

RAJASTHAN FINANCIAL CORPORATION
(ARRC)Scheme for settlement of deficit cases / decreetal cases / written off cases
- 2006-07**Competent Committee:**I. **HOLC**

Where principal deficit amount / decreetal amount / written off amount is above Rs. 10.00 lakh irrespective of sacrifice amount shall be settled on the following terms.

Category I:

- I. Where security available is less or equal to the principal deficit amount / decreetal amount / written off amount, case shall be settled on the following terms:

a) **Deficit cases:**

These cases shall be settled on principal component of deficit amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector.

b) **Decreetal cases:**

These cases shall be settled on the decreetal amount plus other money.

c) **Written off cases:**

These cases shall be settled on the written off amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned.

Category II:

- II. Where security available is more than principal deficit amount / written off amount / decreetal amount but upto 200% of principal deficit amount / decreetal amount / written off amount, case shall be settled on the following terms:

a) **Deficit cases:**

These cases shall be settled on principal component of deficit amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 25% of principal deficit amount or the interest segment of the total deficit amount as on date of appropriation of sale, whichever is less.

b) **Decretal cases:**

These cases shall be settled on the decretal amount plus other money plus 25% of decretal amount or interest payable on the decretal amount, whichever is less.

c) **Written off cases:**

These cases shall be settled on the written off amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 25% of written off amount or written back amount, whichever is less.

Category III:

III. **Where security available is more than 200% of principal deficit amount/ decretal amount / written off amount, case shall be settled on the following terms:**

a) **Deficit cases:**

These cases shall be settled on principal component of deficit amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 50% of principal deficit amount or the interest segment of the total deficit amount as on date of appropriation of sale, whichever is less.

b) **Decretal cases:**

These cases shall be settled on the decretal amount plus other money plus 50% of decretal amount or interest segment on the decretal amount, whichever is less.

c) **Written off cases:**

These cases shall be settled on the written off amount plus other money plus 5% recovery charges where 32G case has been filed with the Collector concerned plus 50% of written off amount or written back amount, whichever is less.

--- X ---

RAJASTHAN FINANCIAL CORPORATION
(ARRC)

**Scheme for settlement of deficit cases / decreetal cases /
written off cases – 2006-07**

COMPETENT COMMITTEE:

SLC

- i) Appeal of DLC / HOLC cases under this scheme can be made to SLC only with registration fee of Rs.1000/- and 15% of principal deficit amount / decreetal amount / written off amount as upfront amount. Appeal can be made within 30 days of the date of conveying the decision of the committee to the party. Beyond this period , no case shall be entertained as an appeal by the field offices, **without prior approval of CMD.**
- ii) Appeal cannot be entertained in the cases where promoter / guarantor is not ready to pay even principal deficit amount / written off amount / decreetal amount alongwith other money and 5% recovery charges where 32G case has been filed with the Collector.

--- X ---

RAJASTHAN FINANCIAL CORPORATION
(ARRC)

**Scheme for settlement of deficit cases / decretal cases /
written off cases – 2006-07**

REVIVAL OF CASES SETTLED AFTER 31.3.2003

- i) Settled by Committee but not adhered to.
- ii) Settlement amount offered by the committee but not consented by the borrower

These cases can be settled with revival settlement period alongwith simple interest @ 13% p.a. for delayed period plus O.M. if any debited.

I. **Registration of application for revival:**

The borrower shall pay following fees:

- i) Registration fee : Rs. 1000/-
- ii) Keenness amount @ 25% of unpaid settlement amount.

II. **Competent authority:**

Branch Manager.

III. **Operation period of scheme:**

1.4.2006 to 31.7.2006.

IV. **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 installments 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.

--- X ---