

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg
JAIPUR – 302005

Ref. : RFC/ARRC/ 1237

Dated : 8.11.2005

CIRCULAR
(FR-ARRC113)

Reg.: On the Spot Sale Drive 2005-06

The Corporation is having a substantial number of units under possession in spite of its efforts to dispose of them by general auction, counter sale, and Special Sale Drive. Presently, the Corporation is having about 150 units which could not be disposed off even after conducting more than 20 auctions/publishing them under "counter sale Scheme". Out of these, number of units are under possession of the Corporation prior to April, 2000.

The Corporation had introduced an "On the Spot Sale Drive Scheme" in the year 2002-03 vide ARRC Circular No.58 dated 4.1.2003 for sale of units under possession where 20 or more auctions had already been conducted. The results were encouraging as the Corporation was able to sale out a considerable number of units under possession by this "On the Spot Special Drive". Drawing impetus from the over-whelming response received to that "On the Special Sale Drive", **the Corporation has decided to introduce another "On the Special Sale Drive" in the current financial year 2005-06 for the following category cases:**

- (i) Cases where 20 or more auctions have already been attempted.
- (ii) Units are under possession prior to 1st April, 2000; and
- (ii) All units covered under counter sale scheme, which was issued vide ARRC Circular No.103 dated 13.6.05

The objectives of this "On the Spot Sale Drive" are to:

- (a) reduce maximum number of units, which are under possession of the Corporation for a long time but it has not been possible to sell them out through general auctions/counter sale scheme;
- (b) improve NPAs. percentage; and
- (c) avoid over-head expenditure to the maximum possible extent being incurred on watch & ward and on advertisement etc.

Note: Joint finance cases, cases where stay has been granted by court and units located in fast-moving industrial areas and units having MRV more than 25.00 lac shall not be included under the said Scheme.

The salient features of the scheme are as under :

- (1) The Scheme shall be known as "On the Spot Sale Drive 2005-06.

(2) **Period of Drive:**

For Publication of NIT (for 1 st , 2 nd and 3 rd phase)	9 th to 13 th November, 2005
Date of auction	
For 1 st Phase	21 st to 29 th November, 2005
For 2 nd Phase	20 th to 29 th December, 2005
For 3 rd Phase	20 th to 29 th January, 2006

Tender date of each branch office shall be decided within above framework only..

(3) **Authority to finalise the sale:**

The RO level Sale-cum-Negotiation Committee is authorised for finalising the sale without considering rider of amount disbursed or any higher offer received in the past. However, proposal below 50% of MRV may be referred to Head Office for final decision alongwith justification and recommendations.

(4) **Incentive :**

It is felt that assets of units under possession, particularly, building and plant & machinery have been deteriorated and generally respective buyers do not show their interest to buy such assets. Therefore, the units under possession, particularly located in remote areas, have not been disposed off by the Corporation even after attempting several auctions. **With a view to attract buyers and to dispose off the old stocks, 0.5% less interest rate than the prevailing rate of interest shall be charged on the deferred loan amount from the purchaser party.**

(5) **Other Terms & conditions and issue of sale letter:**

Existing guidelines be followed strictly in this regard. Also, the modification in guidelines issued vide PG Circular No. 1123 & 1129 should be strictly followed.

(6) NIT for remaining units available for sale units other than "On the Spot sale drive" will be issued separately.

(7) **Strategy:**

- (i) Branch Manager and DGM(R) concerned should pay serious attention for speedy disposal of such units. Reasons, for not selling out such units soon after second phase of the drive (20-29 Dec., 05), be furnished to HO.
- (ii) Purchaser parties who showed interest in last 3 years and prospective buyers may be informed about the auction programme appending photocopy of the NIT being published so that they could make up their mind to participate in the auction programme.

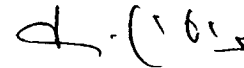
- (iii) Units should be distributed to staff/officer(s) and they are required to go in the field and contact the prospective purchaser(s). Branch Manager and DGM(R) should monitor the progress.

Note: (i) Intimation to original promoter(s)/partner(s)/director(s) of the unit regarding auction programme be sent well in advance in the format already prescribed.

(ii) BO may ensure recalculation of MRV of the fixed assets under possession as per prevailing guidelines where MRV was assessed prior to September, 2004.

(iii) If units under possession, which are being auctioned under "On the Spot Sale Drive 2005-06", are not sold out by January, 2006, then BO/RO may lodge claims under Section 32-G by deferring auction programme where they feel that recovery can expeditiously be effected.

All concerned are advised to make a note of above and ensure complete success of the "On the Spot Sale Drive".



(KARNI SINGH RATHORE)
Chairman & Managing Director

cc.to:

1. GM(WZ), Jodhpur, DGM(A&I), WZ, Ajmer
2. All ROs / BOs / SOs.
3. All Nodal Officer to review the progress during their visit.
4. Standard circulation at HO.