

**RAJASTHAN FINANCIAL CORPORATION
(ARRC)**

No. RFC/ARRC/23-HO/2915

Dated: 18.12.2003

**CIRCULAR
(ARRC No. 81)**

Reg: Scheme for settlement of Deficit cases/written off cases for F.Y. 2003-04

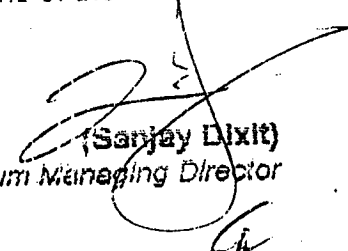
The portfolio of loss assets and written off cases of the Corporation is quite large and it is increasing year after year. Though efforts are being made to effect recovery from these sectors by following usual legal recourse envisaged under the provisions of SFCs Act, 1951 but expected results could not be achieved on account of lengthy and complicated procedures. The matter has been examined and the Board of Directors, in its meeting held on 3rd December, 2003 has approved the Scheme for Settlement of Deficit cases/written off cases for F.Y. 2003-04 to effect recovery from these loss cases and to generate more income. The scheme covers deficit cases classified as loss assets as on 31.3.2003 and cases already written off/written back as bad debts in past. The scheme is enclosed at Annexure 'A'.

The scheme is to be operated at the field level, the Branch Managers are enjoined upon to contact loanees individually and to persuade them to avail benefits envisaged under the scheme. Modus-operandi of the scheme would be as under:

- i) Copy of the scheme may be sent to all eligible borrowers latest by 31.12.2003.
- ii) All eligible cases are to be distributed amongst the officers of the Branch with an advise to contact and persuade individual borrowers latest upto 15.01.2004.
- iii) The cases may be registered during the course of visit by accepting Rs. 1000/- towards registration fee and 10% upfront amount. However upfront amount if not paid immediately PDCs may be obtained (payable on course prior to 31.01.2004).
- iv) The campaign for the left out cases however, shall be organised from 15.1.04 to 31.1.04
- v) All the cases registered would be attended immediately and a final decision be taken by the BM within a period of 10 days from the date of registration. Whatever cases are registered and upfront amount deposited, post dated cheques for the required balance amount should be taken in advance payable latest by 31.3.2004. In deserving cases, if it is felt that further extension upto 6 months is required beyond 31.3.2004, the post dated cheques for the remaining amount together with current rate of interest may also be collected. However, atleast 50% of settled amount shall have to be collected upto 31.3.2004.

- vii) Soon after final settlement of the account the documents of security available with the Corporation, if any, shall have to be released/ discharged immediately not later than 30 days from the date of last payment
- viii) A fortnightly progress report will be sent by RO after consolidating information of their BOs to HO (ARRC) in the prescribed format enclosed at Annexure 'B'. The fortnightly report will be despatched by RO immediately. First such report shall be sent for the period upto 15.01.2004.

Since the scheme does not require detailed calculation, it is expected that there will be no practical difficulty in operating the scheme effectively. Our endeavour should be to cover maximum number of cases through persuasion, personal contact and by seeking help of the Industrial Associations of the area


(Sanjay Dixit)
Chairman cum Managing Director

Encl : as above.

Copy to :

1. GM(WZ), Jodhpur, DGM(A&I), WZ, Ajmer
2. All ROs / BOs / SOs.
3. Standard circulation at HO.

**RAJASTHAN FINANCIAL CORPORATION
(ARRC)**

Annexure 'A'

Scheme for settlement of Deficit cases / Written Off cases - 2003-04

1. ELIGIBILITY:

The following category of cases can be covered under the scheme:

- i) Loans accounts in deficit and classified as loss assets as on 31.3.2003 including litigation cases, but excluding decree cases.
- ii) Cases already written off / written back as bad debts in the past.

Note: Cases having disbursed amount upto Rs.50,000/- shall be covered in the scheme for settlement of small loans issued vide circular No. FR-287 dated 30.09.2003 and circular No. FR-289 dated 20.10.2003.

2. CASES NOT ELIGIBLE:

- i) Deficit cases where collateral security is available.
- ii) Cases where decree has already been awarded in favour of RFC.
- iii) Cases where the value of known property of the promoter(s)/ guarantor(s) as per records of the Corporation is far more than the amount of deficit / recovery except where the promoter gives an affidavit that the value of his property or the property of guarantor(s) is not sufficient to recover the amount of deficit or is not saleable.

3. NORMS FOR SETTLEMENT

Such cases can be settled on following norms

	Category of case	Extent of relief
A	Deficit cases:	
i	Cases where deficit is more than principle outstanding and other money on the date of sale after adjustment of sale proceeds.	The amount of relief in such cases shall be to the extent of 20% of the deficit amount or the total deficit in interest (after adjusting the sale price) whichever is higher plus interest on deficit amount after date of sale*.
ii	Cases where deficit is less than principal outstanding and other money on the date of sale after adjustment of sale proceed.	The amount of relief in such cases shall be to the extent of interest on deficit amount after date of sale.

B. Written off / written back cases:		
i.	Cases where amount was written off and written back	The amount of relief in such cases can be to the extent of 20% of the written off / written back amount or the total written back amount, whichever is higher*
ii.	Cases where amount was written-off and no amount was written back	No relief.

***Note:** It is clarified that no account will be settled below principal and other money in deficit cases. The relief in respect of written-off / written back cases will be restricted to only written back amount.

4. **COMPETENT AUTHORITY:**

The competent authority to settle such cases would be the Branch Manager, irrespective of his cadre. He shall dispose-off the cases within a period of 10 days from the date of registration.

5. **REGISTRATION OF CASE:**

The Interested parties would be required to get the case registered by depositing **Rs.1000/-** as registration fee alongwith up-front amount equal to **10% of principal outstanding** included in deficit. In written-off case, the up-front amount would be 10% of principal outstanding. The upfront amount shall be included in the settlement amount

6. **LAST DATE FOR REGISTRATION:**

The Interested parties would be required to get their case registered alongwith registration fee and up-front amount by **31.01.2004**.

7. **PERIOD:**

The settlement amount is to be recovered by **31.03.2004**. In deserving cases, the competent authority can grant further extension upto **30.09.2004** by recording justification, provided promoter(s) / guarantor(s) pay atleast **50% of settled amount upto 31.03.2004**. However, current rate of interest would be charged on amount remaining unpaid after **31.03.2004**. No further extension after **30.09.2004** shall be granted.

8. **RELEASE OF DOCUMENTS:**

The competent authority should ensure that the documents of security are released / discharged within 30 days from the date of receipt of last payment as per settlement.

