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RAJASTHAN FINANCIAL CORPORATION

HO : Udyog Bhawan, Tilak Marg, C-Scheme, Jaipur -302 005

Ref. No. RFC.F.Law-3/LPM/10/... 583

Dated 31st March, 2009

CIRCULAR
(Conv. 25..)

**Re: Incorporation of condition for treatment of
bounced cheque in the draft of Loan Agreement**

Recently, in the DRC meeting held on 28.01.2009 it has been decided that a sum of Rs. 500/- may be charged as a penalty on dishonour of each cheque besides initiating legal action u/s 138-B of the Negotiable Instrument Act, hence accordingly it has been decided to incorporate a new condition bearing **No. 11(xviii)** in the draft of our Loan Agreement as under:-

“That the borrower hereby agrees to pay a penalty of Rs. 500/- on its every dishonored cheque given by the borrower to the Corporation and the borrower further agrees and gives its consent that in case of non-payment of above penalty by the borrower the Corporation has every right to recover and debit the above amount in his loan account under the head of ‘other charges’ of the Corporation without prejudice to all other legal rights of the Corporation available under the provisions of the Negotiable Instrument Act and/or under the provisions of all other law in force.”

The above condition shall also be incorporated in the loan proposal/sanction letter in the form of taking an Undertaking from the promoters.

All concerned are directed to ensure that the above condition is incorporated in the loan proposal, sanction letter and loan agreement while executing the loan documents with the borrower positively.


(Pawan Arora)

Executive Director

Copy to:

- 1) All BOs/SOs
- 2) Eastern/Western/Central Zones of A&I
- 3) Standard Circular at HO