

RAJASTHAN FINANCIAL CORPORATION
(FR Section)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref.No. RFC/FR/HO/23FR/P-8/ 872

Dated : ~~09.2020~~
01.10.2020

C I R C U L A R

(FR-774)

Reg: One Time Settlement Scheme "2020-21"

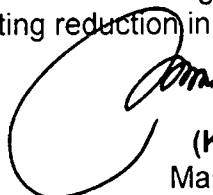
As per Resolution approved through circulation by the Board and conveyed on 23.09.2020, a new One Time Settlement scheme is being launched to provide an exit route to age old sticky NPA accounts, Transport Loan cases and DDW cases fulfilling eligibility criteria prescribed under the enclosed scheme as per Annexure 'A' and general conditions / guidelines to be followed as per Annexure 'B'.

The Branch Managers are advised to:

- i) Make wide publicity of the Scheme through press note in the local newspapers through DPR and distribute pamphlets.
- ii) Carefully go through the OTS scheme and work out the amount in eligible cases under the Scheme and inform the eligible borrowers about the details of the scheme within 7 days.
- iii) Re-ensure the deemed settlement amount while comparison as per new settlement scheme.
- iv) Dispose off the cases registered (along with upfront fees) within 7 days from the date of request of the party.

All officers / officials to whom the units are allotted are advised to contact eligible borrowers personally.

It is enjoined upon all the Branch Managers to make all out efforts to register all eligible cases so as to get rid off such old sticky accounts facilitating reduction in NPA level.


(K.C. Verma)
Managing Director

Encls: as above.

Copy to:

1. All BOs / SOs / Facilitation Centres.
2. Standard Circulation at HO.
3. Manager (MS) for hoisting on website.

ANNEXURE 'A'

**One Time Settlement Scheme, "2020-21" for NPA, Deficit, Decreeal,
Write-off, Transport loan cases**

1.	Eligibility	(A)	Having no Primary security /collateral security/ attached property security in the following cases.
		(i)	All deficit / write off cases as on 31.03.2019 and decreetal cases as on 31.03.2018.
		(B)	Having Primary security /collateral security/ attached property security in the following cases.
		(i)	NPA cases in which loan was sanctioned upto 31.03.2010 and Categorized as "Doubtful – C", or "Loss" as on 31.03.2017 having primary / collateral security / attached property upto 100% of total outstanding balance.
		(ii)	All Deficit / Write off cases as on 31.03.2019 and decreetal cases as on 31.03.2018 having Primary / Collateral Security / attached property upto 100% of total outstanding balance.
		(C)	Cases in which 'No dues certificate' has been issued and documents released but loan accounts are still showing debit balance.

2.	Non eligibility	(a)	NPA / Deficit / Decreeal / Write off cases in which primary / collateral security / attached property is more than 100% of total outstanding balance.
		(b)	Cases in which decree has been obtained after 31.03.2018.
		(c)	Joint finance case, CRE, FAAS cases.
		(d)	Compromise decree cases.

3. Settlement scheme for all Transport loan cases:

All Transport loan cases may be settled on double the disbursed amount plus other money plus 5% incentive (if any), less amount recovered since beginning (but not less than other money plus incentive if any as on date of settlement). The said formula is applicable without considering the MRV of property, if any. Registration and upfront amount shall be applicable as per OTS.



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4. **Eligible cases & Settlement formula for One Time Settlement:**

Sl. No.	Period of sanction of cases eligible for settlement	Having no Primary / collateral security / attached property	Having Primary / collateral security / attached property upto 100% of total outstanding balance.
		Deficit / Write off / cases as on 31.03.2019 and Decretal cases (upto 31.03.2018).	(a) NPA cases in which loan was sanctioned upto 31.03.2010 and Categorized as "Doubtful-C" or "Loss" as on 31.03.2017. (b) Deficit / Write off cases as on 31.03.2019 and Decretal cases (upto 31.03.2018).
a.	Sanctioned upto 31.03.1980	30% of principal sum outstanding + Other money + Incentive if any.	30% of principal sum outstanding + Other Money + Incentive, if any + 20% of MRV of security (but settlement amount will not be less than MRV).
b.	Sanctioned 01.04.1980 to 31.03.1991	50% of principal sum outstanding + Other money + Incentive if any.	50% of principal sum outstanding + Other Money + Incentive, if any + 25% of MRV of security (but settlement amount will not be less than MRV).
c.	Sanctioned 01.04.1991 to 31.03.2001	60% of principal sum outstanding + Other money + Incentive if any.	60% of principal sum outstanding + Other Money + Incentive, if any + 30% of MRV of security (but settlement amount will not be less than MRV).
d.	Sanctioned 01.04.2001 to 31.03.2010.	80% of principal sum outstanding + Other money + Incentive if any.	80% of principal sum outstanding + Other Money + Incentive, if any + 40% of MRV of security (but settlement amount will not be less than MRV).
e.	Cases in which 'No dues certificate' has been issued and documents released but loan accounts are still showing debit balance.	Simple interest on principal amount outstanding from the date of issue of 'No dues certificate' / release of documents whichever is earlier.	



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5. Special consideration:

(a)	Cases where recovery is made 4 times of disbursed amount or more (except having primary and / or collateral security / attached property cases).	May be treated as suo moto settled. However Other Money plus incentive, if any, to be recovered, without any registration fees.
(b)	Cases in which repayment have been received 3 times of disbursed amount or more (except having primary and / or collateral security / attached property cases).	Such cases will be treated as settled on the registration fees and upfront amount + Other Money plus incentive, if any, to be recovered.

6.	Registration fee:	Rs.2000/-
7.	Upfront fee	@ 5% of principal outstanding.
8.	Period of Scheme	01.09.2020 to 31.12.2020.
9.	Power to settle	(i) Branch Incharge ("A" & "B" category branches). (ii) Within 7 days of registration.
10.	Repayment:	(i) Within 30 days of decision without interest; (ii) If party wants to pay in installments then 25% of settlement amount (excluding upfront amount) will have to be paid upto 31.03.2021 and remaining amount in maximum 12 equal monthly installments with interest @ 11% p.a. on simple interest on unpaid settlement amount after 30 days of issue of OTS letter; (iii) 50% interest on unpaid settlement amount can be waived off if entire settlement amount is deposited upto 31.03.2021.
11.	Cancellation of OTS:	After default of two installments, OTS will automatically stand cancelled.

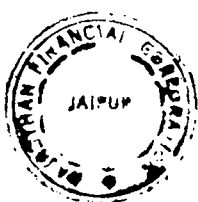
12.	Appeal:	Registration at BO	Rs.2000/-
		Upfront fee	5% of principal sum outstanding
		i) There shall be a provision of only one appeal, which shall be registered at the branch level and proposals for settlement shall be forwarded to the Head Office to reach within 15 days of the registration of appeal for placing the same before SLC.	



		ii) Appeals shall be filed within 30 days from the date of letter communicating the decision of settlement. iii) Appeal shall be entertained only when an upfront amount equal to 5% of the principal outstanding and registration fees of Rs.2,000/- is deposited. iv) Disposal of appeals at HO: The Appellate Authority (SLC) shall dispose of the appeals within 30 days of receipt of the proposal at the Head Office.
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Note:

- (a) There is no bar for registration of the cases closed / rejected by the Empowered Settlement Committee(s), competent authority.
- (b) Cases settled under SLC / HOLC / any Settlement Scheme and where part payment has been deposited need not to re-register the case. Part amount (including upfront amount), already deposited against the last settlement, shall be adjusted in the new settlement amount.
- If no payment (except upfront amount) could be deposited, then such cases will be re-registered as per norms. In such cases, upfront amount deposited earlier against the last settlement will be adjusted out of new settlement amount. No refund will be made, if settlement amount comes in minus.
- (c) If the amount deposited by party as per the Deemed Settlement Scheme 2012-13 is equal or more than the amount arrived at in the New Settlement Scheme 2020-21, then the account will be treated as settled and no dues certificate will be issued as per norms within 15 days from the date of issue of this scheme (no refund will be made).
- (d) Settlement already cancelled can be revived with the permission of MD on the merits of the case.



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ANNEXURE 'B'

General conditions / guidelines to be followed while taking up cases under One Time Settlement Scheme, 2020-21

The General conditions / guidelines to be followed while taking up cases under "One Time Settlement" scheme and other salient features are as follows:

1. The cases belonging to SC/ ST / disabled persons / ex- serviceman / BPL Card holders will be exempted from paying registration fee. Such cases will be registered only by getting the requisite up-front payment prescribed under the Scheme, under which they are eligible.
2. In cases where other money is more than the principal sum, then other money to be taken shall be restricted to the principal sum outstanding only but not in the cases where primary / collateral security or attached property is available.
3. Effect of settlement will be given only after receipt of full settlement amount.
4. Cases where action under Section 31/32(G) of SFCs Act has been initiated and the party registers its case under OTS, then the concerned Branch Manager shall request the Revenue Authorities for keeping the action in abeyance till realization of settlement amount.

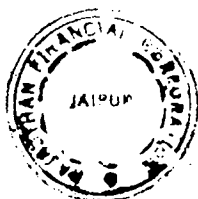
In case the party commits default in paying the settlement amount then the Revenue Authorities are to be requested to re-initiate the action from the stage it was kept in abeyance.

In the cases already settled (in any scheme), if party is not paying and also not showing interest to register in New Scheme, then the Branch Manager has to initiate legal action as per norms.

5. Legal notices issued u/s 30 / 29 of SFCs Act prior to registration of the case shall be kept in abeyance till such time as the party commits default in making payment of settlement amount.
6. The amount deposited by the party after the decision to write-off / write-back shall be adjusted against the written off amount.

For the purpose of calculating settlement amount, the written-off amount less amount deposited after writing off, shall be the principal sum.

7. Accounts already closed shall not be re-opened under any circumstances.



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8. Cases financed under Agency Loan Scheme against Government guarantee may be settled as per provisions of the settlement schemes. If such cases are settled in any Branch Office, the details of such cases, shall be sent to the Head Office (in the format contained in circular No.FR-649 dated 24.01.2011) so that claims with the Government could be lodged.
9. The benefit of OTS shall not be extended to the cases of wilful default, fraud or malfeasance committed by unscrupulous borrowers / guarantors etc. and where criminal cases are pending (except cases wherein complaints have been lodged u/s 138(b) of the Negotiable Instruments Act). However:
 - a) If OTS is found to be a better exit route of recovery, such cases may be processed with due care and be referred to HO for permission, for considering under the OTS scheme.
 - b) One time Settlement of such loan accounts will be without prejudice to any action / outcome of any criminal case(s) initiated / to be initiated by the Corporation / other Law Enforcing Agencies.
 - c) The borrowers of such cases shall not be absolved from any action and his / her / their liability on account of wilful default / fraud, / malfeasance committed with any other Financial Institution / Agencies.
10. **Subsidy / Interest Free loan (IFL), if any, shall be recovered separately as per norms.** Settlement will be subject to payment of settlement amount along with the entire outstanding dues of all loans which are not covered under settlement scheme pertaining to that particular loanee concern.
11. In the cases of loan accounts of purchasers of units sold by the Corporation u/s 29 of SFCs Act, the date of agreement to sale shall be considered as date of sanction for ascertaining the category under the scheme.
12. In "mutual consent sale cases", the date of sanction and amount will be that date/ amount which has been sanctioned to the original / first loanee pertaining to the accounts settlement of which is eligible and being considered under the scheme.
13. While arriving at the settlement amount in deficit cases, the amount debited in the loan account against Government Department dues will be treated / considered as part of other money and not part of principal sum, so that the share of Government Department dues can be recovered in full at the time of settlement of loan account (Policy decision conveyed vide letter No. FR-668 dated 03.10.2011 will be applicable in letter and spirit). However, if any amount, (out of 30% of sale price) is still lying in the Government Department liabilities Head, GL Code 3440, such amount may be transferred in the account as per HO guidelines immediately before settlement of the account except court stay for making such payment.
14. In cases where RFC has obtained a decree from a competent court with or without interest on the decreed amount, the settlement amount will be the decreed amount along with interest, or the settlement arrived under the



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Scheme, whichever is less, (except cases having primary security/ collateral security / attached property).

15. Cases under litigation / pending with BIFR / AAIFR / OL will be settled when loanee concern withdraws the case filed by it and commits to this effect in writing.
16. All live accounts are clubbed up for ascertaining eligibility for settlement amount in case of multiple accounts. The eligible amount would be worked out on the basis of latest date of sanction.
17. Joint finance cases (except deficit cases), BIFR cases, AAIFR cases, OL cases, cases where the winding-up proceedings have been passed and where BIFR / AAIFR has recommended / taken a view for winding up such cases, if otherwise eligible, shall be referred to HO for placing the same before the SLC for taking decision for settlement.
18. Cases where a decision has been taken for sale of assets of units under possession of the Corporation u/s 29 of the SFCs Act, 1951 or under SARFAESI Act, 2002 or in possession of Revenue Authorities under LR Act pursuant to action u/s 32(G) initiated by the Corporation, shall be considered for OTS only in the event of cancellation of sale. In such cases, highest bid / sale consideration or the calculated settlement amount whichever is higher shall be the settlement amount in case of non-materialization of sale / auction for whatever reasons.
19. In cases of units under possession, outstanding is to be calculated considering the interest for the possession period as per norms of the Corporation (PG Para 58, ARRC-1) prescribed for handing over back the possession of the unit to the original promoter for the settlement purpose.
20. **In the deficit cases having collateral security, outstanding is to be calculated considering the interest on deficit amount chargeable as per norms, from the date of sale for the settlement purpose.**
21. For settlement of decretal cases, the Branch Manager / Branch Incharge will either certify that all efforts for execution of decree were made but no fruitful results have come out OR to record reasons of not affecting recovery through execution of decree and specify clearly as to how settlement is in the interest of the Corporation.
22. In case of objection by the loanee with regard to correctness/soundness of MRV assessment, screening of the value can be done as per the process here under:
 - a) The loanee concern will deposit a fee of Rs.5000/- for getting the value of securities (i.e. primary security and collateral security/attached property-) re-assessed.
 - b) The Branch Manager will ensure re-assessment of value of securities within 15 days from the date of deposition of the fee.



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The assessment of the value of securities at BO level will be subject to random checking by the DGM (FR), HO and if in random checking variation is found to be more than 10% either side, shall be viewed seriously and may call for action against the BM / Officers who assessed the MRV.

23. The cases in which "No Dues Certificate" has been issued and documents released but loan accounts are still showing debit balance, will also be considered under the Scheme, if otherwise eligible.
24. Branch Managers will give wide publicity to the scheme and will also arrange display of the scheme on the notice board of the Branch / DIC / Collector's Office/ office of the Local Bodies / Industrial Associations, etc.
25. Branch Managers shall ensure that all eligible cases are identified and a proper follow-up by the officers / officials to whom cases have been allotted is to be done.
26. All parties should be contacted personally and given notice in writing. Concrete efforts should be made in the directions and it should be ensured that the notice about the scheme is delivered to the loanee / guarantors well in time. Continuous efforts are to be made to make OTS scheme successful.
27. A register shall be maintained at each Branch Officer. This register shall having columns for serial number, date of registration, name of unit, category, registration fee, upfront amount, outstanding balance, settlement amount, date of settlement, installments allowed, if any, date of letter conveying decision of settlement, if there is delay, reasons for the same and remarks.
28. After depositing the entire settlement "No Dues Certificate" shall be issued stating that the account is settled under OTS scheme of the Corporation and specify the amount that the Corporation has sacrificed while settling the account.
29. All officers / officials, to whom the cases are allotted, will ensure that eligible borrowers are informed about the OTS scheme and that parties are contacted personally, also pamphlets are distributed as per norms. Continuous efforts are to be made. Industrial Associations are to be informed about settlement to give wide publicity to the scheme.
30. Doubts relating to interpretation of any terms or clause or any ambiguity or confusion arising during interpretation of the scheme or any clarification / relaxation is required, MD's decision will be final.
31. Guarantor / legal heir can also apply for the OTS.
32. If the settlement amount is more than the outstanding balance, the request for settlement will be rejected by the Branch and registration fees is refundable.



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33. Left out cases having disbursement amount upto Rs.2.00 lakh fulfilling the eligibility criteria of Deemed Settlement Scheme 2012-13 may be finally written off as per FR circular Nos.692, 700 and 720.

34. The account will be settled on the amount arrived as per earlier settlement scheme along with interest or settlement amount as per New Settlement Scheme whichever is less (except cases having primary security/collateral security/ attached property).

35. Cases which have been settled under OTS Scheme 2017-18, 2018-19 and 2019-20, Branch Manager would be the competent authority for condonation of delay in receiving settlement amount with interest.

The Corporation will continue to consider cases of grievances and of hard nature (not eligible under the above scheme) as per the existing mechanism to redress the grievances (as per PG para No.12.3 of FR-12).



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