

RAJASTHAN FINANCIAL CORPORATION

(FR Section)

Udyog Bhawan, Tilak Marg,

JAIPUR - 302 005

Ref.RFC/23FR/HO/Policy/17/ 2951

Dated: 30.11.2005

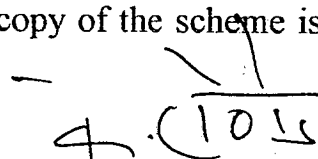
**CIRCULAR
(FR NO. 370...)**

Reg: One Time Settlement Scheme for NPA Accounts.

The Corporation is operating One Time Settlement Scheme since 1994 and in the year 1998 Empowered Settlement Committee at State Level (SLC), at Head Office Level (HOLC) and at District Level (DLC) were formed.

In order to cleanse the NPAs., a new scheme for One Time Settlement is being launched for the financial year 2005-06.

All concerned are directed to give full publicity to the scheme and ensure that majority of cases in their portfolio are settled. A copy of the scheme is being enclosed for information and necessary action.


(Karmi Singh Rathore)

Chairman & Managing Director

Encl: As above

Copy to:

- 1) All ROs/BOs/Sub-Offices
- 2) DGM(A&I), Western Zone
- 3) Standard Circulation at HO

RAJASTHAN FINANCIAL CORPORATION, JAIPUR
(FR Section)

SCHEME FOR ONE TIME SETTLEMENT OF NPAs 2005-06

Section 24 of the SFCs Act, 1951 envisages that the Board in discharging its functions under this act shall act on business principles, due regard being had by it to the interests of industry, commerce and the general public. The conclusion derived from this Section of the SFCs Act prompted the Corporation to devise some mechanism to settle difficult and hard cases, where early recovery is not possible/unit finds it hard to repay their loans because of non-viability of their project and can not cope with fast changing economic scenario.

Accordingly, the Corporation brought in one time settlement scheme to settle its NPAs through empowered settlement committees for the last many years so as to get rid of such accounts and to improve its health and also to provide relief to genuine cases. To make the existing scheme more cleaner and leaner, the Corporation has decided to introduce a new One Time Settlement Scheme for NPAs 2005-06 with the following objects:-

- (1) To reduce NPAs and improve health-code of loans port folio of the Corporation
- (2) To settle hard and difficult cases, from where recovery is a remote possibility
- (3) Old cases, where loans were sanctioned on higher rate of interest and the entrepreneurs find it difficult to clear the accumulated over dues.
- (4) Cases where technology has become obsolete and units are not viable in the fast changing economic scenario.

1. ELIGIBILITY

The accounts categorized as 'Doubtful' or 'Loss' as on 31.03.2004 will be eligible provided last disbursement was made up to 31.03.2000. However, accounts of willful defaulters shall not be eligible for consideration under the Scheme.

Note: Deficit/decreetal/writeen off cases will be covered under the prevailing Scheme of the Corporation and such cases shall not be considered/registered under this scheme.

2. REGISTRATION FEE AND UP-FRONT AMOUNT

S.No.	Particulars	Registration fee	Up-front amount
(a)	Cases where disbursed amount is more than Rs. 50,000/- but upto Rs. 2.00 lac	Rs. 1,000/-	10% of total outstanding or 15% of Principal + other money as on 01.09.05, whichever is lower.

(b)	Cases where disbursed amount is more than Rs. 2.00 lac but upto Rs. 10.00 lac	Rs. 2,000/-	-do-
(c)	Cases where disbursed amount is more than Rs.10.00 lac	Rs. 4,000/-	-do-

Note: The registration fees and up-front amount will be deposited **in one stroke**.

2. CUT OFF DATES

Registration of the cases under One Time Settlement Scheme 2005-06 can be made from 1.12.05 to 31.01.06 by the intending eligible units. Cases registered shall be decided promptly.

3. COMPETENT AUTHORITY

Competent authority for settlement and for appeals shall be as approved by the Board of Directors, which has been circulated vide PG Circular No.1038 (FR No.297) dated 29.1.2004.

4. RESTRICTIVE CLAUSE

- (a) Where security (primary security + collateral security + third party guarantee) is more than 150% of the outstanding as on date of registration, the case will not be eligible for registration for O.T.S. **in case disbursed amount is above Rs. 5.00 lac.**
- (b) Small loans cases having disbursed amount upto Rs. 50,000/- and deficit cases/ written-off cases/ decreetal cases will be covered under prevailing Settlement Schemes of the Corporation.
- (c) Cases earlier closed or rejected by DLC/HOLC shall not be eligible for re-registration for DLC/HOLC. However, in such cases, appeal can be made to SLC by depositing requisite registration fee and upfront amount **as required in appeal cases.**
- (d) Cases closed or rejected by SLC shall be registered afresh for SLC only irrespective of financial implications.
- (e) **No case shall be settled below the principal outstanding plus other money as on date of settlement.**

Note : Each case shall be decided by the Empowered Settlement Committee on merit of individual case.

5. APPEAL

Dissatisfied by the decision of any Empowered Settlement Committee, appeal to next Committee may be filed by depositing registration fee of Rs. 5,000/- plus upfront amount equivalent to 15% of principal sum plus other money, if any, **within 30 days from the date of decision of lower committee.**

6. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation of the Scheme or any clarification or relaxation is required, CMD's decision will be final.

7. STEPS TO BE TAKEN BY FIELD OFFICES

- (1) BMs will give wide publicity to the scheme and will also arrange display of scheme on the notice Board of Branch/Regional Office, DIC Office, Collector's Office and Office of Local Body etc.
 - (2) BM should issue cyclostyled notice to all loanes eligible for settlement. Where litigation or action u/s 31(1)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
 - (3) Cases where action under Section 31/32 (G) has been initiated, the action may continue and the concerning court/authority may be informed as soon as possible when settlement is completed.
 - (4) Legal notices issued under section 30 prior to registration of the case will be kept in abeyance till a decision is taken by the Settlement Committee.
 - (5) On default of two consecutive installments decided by the Committee, the settlement reached will automatically stand cancelled.
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