

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg,

Jaipur

Ref.No.RFC/23FR/HO/P-8/ 270

Dated: 23.03.2006

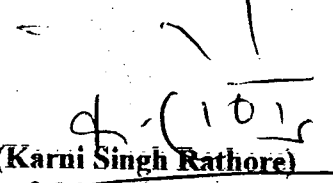
CIRCULAR
(FR No. 378)

Reg: Scheme for settlement of Small Loan Cases.

In order to get rid of small and sticky accounts and reduce NPA portfolio of the Corporation, a proposal was placed before the Board of Directors in their meeting held on 20.03.2006 to launch two schemes for the financial year 2006-07; one for settlement of small loans having sanctioned amount upto Rs. 0.50 lac and another for the cases having sanctioned amount above Rs. 0.50 lac, but upto Rs. 1.00 lac.

The Board considered and approved the proposal. Copies of both the schemes i.e. Scheme for settlement of small loan cases having sanctioned amount upto Rs. 0.50 lac and scheme for settlement of small loan cases having sanctioned amount above Rs. 0.50 lac but upto Rs. 1.00 lac, as approved by the Board, are enclosed at Annexure-"A" and Annexure-"B" respectively.

All concerned are directed to give full publicity to these schemes and ensure that majority of small loan cases in their portfolio are settled. Monthly report should be sent to GM(D) at HO in the format enclosed as Annexure 'C' before 10th of every month.


(Karni Singh Rathore)

Chairman & Managing Director

Encl: As above

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

**Scheme for Settlement of Small Loan cases having
sanctioned amount upto Rs. 0.50 lac : 2006-07**

In order to cleanse the NPAs., the Corporation has been launching various schemes over the years. Segment of Small Loans having sanctioned amount upto Rs. 0.50 lac is one such area where NPA accounts are in large number. In order to cleanse this portfolio, the scheme is being launched.

1. ELIGIBILITY

The following type of cases, where the last disbursement of loan was made upto 31.03.2000 and the accounts categorized as "Doubtful" and "Loss" as on 31.03.2005, may be covered under the Scheme:

- a) Loan cases having sanctioned amount upto Rs. 50,000/- including Single Window/Composite Loan.
- b) Loan under Shilpbari Scheme
- c) Transport Loan cases having sanctioned amount upto Rs. 50,000/-

2. SALIENT FEATURES

- a) The cases(irrespective of primary security/collateral security/third party guarantee/net worth of promoter/guarantors) shall be settled **on principal sum plus other money on the date of settlement.** This shall also be made applicable in the cases where the units are under possession of the Corporation.
- b) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

3. OPERATIVE PERIOD OF THE SCHEME: 01.04.2006 to 31.07.2006.

4 .REGISTRATION FEE

The cases will be registered alongwith registration fee of Rs. 1,000/- and up-front amount equivalent to 15% of principal sum plus other money on the date of registration.

NOTE: The registration fee and up-front amount will be deposited in one stroke.

5. COMPETENT AUTHORITY

Competent authority shall be the Branch Manager/In-charge Branch.

6. PAYMENT OF SETTLEMENT AMOUNT

Generally, settlement amount is to be received in one instalment. However, if party opts to make payment in instalments, then, party be allowed to pay settlement amount in monthly instalments, but in any case repayment period would not be beyond Feb., 2007. Interest @ 13% p.a. shall be charged from the first day of the following month of the date of settlement on balance settlement amount.

7. RESTRICTIVE CLAUSE

- a) The case, where the account has already squared up shall not be re-opened.
- b) The cases already decided by Empowered Settlement Committee but last date of payment in terms of decision of settlement committee has not expired shall not be eligible under the scheme. The cases in which last date of payment has expired will be settled on the balance unpaid amount as settled earlier plus interest @13% per annum on balance amount.

- c) In no eventuality, the cases be settled below principal plus other money.
- d) In cases where other money is more than the principal sum then other money equivalent to principal sum on the date of settlement may be taken.
- e) Effect of settlement will be given only after full amount of settlement has been recovered.

8. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation/interpretation of the scheme or any clarification or relaxation is required, CMD's decision will be final. CMD is authorized to allow registration/extension in making payment of settlement amount beyond the cut off date, if required, depending upon merits of the case.

9. GENERAL

- a) All parties to be contacted personally and concrete efforts should be made in consultation with the DGM®.
- b) The DGM® shall review the branch-wise attainment in Regional Meetings and provide feed-back through a special note after every visit, with regard to attainments of each branch.
- c) The Branch Manager is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.

10. MONITORING SYSTEM

- a) The Branch Manager shall look into each and every case, personally at his level and constitute a team/teams of officers to visit each and every case and prepare a visit report in the format given at **Annexure- 1**.
- b) Unit wise record shall be maintained at BO in a separate register in the format at **Annexure-2**.

RAJASTHAN FINANCIAL CORPORATION

Annexure-'1'

Name of Branch Office _____

Date _____

Time _____

NPA REDUCTION DRIVE 2006-07

(Small Loan Cases having sanctioned amount upto Rs. 50,000/-)

VISIT REPORT

1.	Name of the Unit with Address	:	
2.	Name of the Promoter(s)	:	
3.	Outstanding as on	:	
	PND POD IOD OM Total		
4.	Date and amount of last payment received	:	
5.	Status of Unit	:	Running/Closed/Abandoned
6.	Comments of visiting team for registration for settlement/ affecting recovery/ action proposed for recovery	:	

Signature of Visiting Officer/ Staff

8. Line of action decided by Branch Manager for settlement/ initiate action for recovery.

Manager/ Dy. Manager(I/C)

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RAJASTHAN FINANCIAL CORPORATION

BRANCH NAME _____

Scheme for settlement of Small Loan Cases
(2006 - 2007)

S.No.	Name of Unit	Type of loan	Outstanding				Date of registration	Settlement amount	Sacrifice amount	Recovery received	Remarks
			Prin.	Intt.	O.M.	Total					
1	2	3	4	5	6	7	8	9	10	11	12

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Scheme for Settlement of Small Loan cases having sanctioned amount above Rs. 0.50 lac, but upto Rs. 1.00 lac : 2006-07

In order to cleanse the NPAs., the Corporation has been launching various schemes over the years. Segment of Small Loans having sanctioned amount above Rs. 0.50 lac, but upto Rs. 1.00 lac is one such area where NPA accounts are in large number. In order to cleanse this portfolio, the scheme is being launched.

1. ELIGIBILITY

The following type of cases, where the last disbursement of loan was made upto 31.03.2000 and the account categorized as "Doubtful" and "Loss" as on 31.03.2005, may be covered under the Scheme:

- a) Loan cases having sanctioned amount above Rs. 0.50 lac, but upto Rs.1.00 lac including Single Window/Composite Loan.
- b) Loan under Shilpbari Scheme
- c) Transport Loan cases having sanctioned amount above Rs. 0.50 lac, but upto Rs.1.00 lac.

2. SALIENT FEATURES

- a) The cases(irrespective of primary security/collateral security/third party guarantee/net worth of promoter/guarantors) shall be settled on **principal sum plus other money and interest equal to 50% of principal amount on the date of settlement.** This shall also be made applicable in the cases where the units are under possession of the Corporation.
- b) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

NOTE: The above can be better understood with an illustrative example as under:-

Principal sum	Rs. 1.00 lac
Interest	Rs. 2.00 lac
Other Money	Rs. 0.30 lac

Total	Rs. 3.30 lac

The above account can be settled in Rs. 1.80 lac (Principal sum Rs. 1.00 lac x 1.5 + other money Rs. 0.30 lac)

3. OPERATIVE PERIOD OF THE SCHEME: 01.04.2006 to 31.07.2006.

4. REGISTRATION FEE

The cases will be registered alongwith registration fee of Rs. 1,000/- and up-front amount equivalent to 15% of principal sum plus other money on the date of registration.

NOTE: The registration fee and up-front amount will be deposited in one stroke.

5. COMPETENT AUTHORITY

Competent authority shall be the Branch Manager/In-charge Branch.

6. PAYMENT OF SETTLEMENT AMOUNT

Generally, settlement amount is to be received in one instalment. However, if party opts to make payment in instalments, then, party be allowed to pay settlement amount in monthly instalments, but in any case repayment period would not be beyond Feb., 2007. Interest @ 13% p.a. shall be charged from the

first day of the following month of the date of settlement on balance settlement amount.

7. RESTRICTIVE CLAUSE

- a) The case, where the account has already squared up shall not be re-opened.
- b) The cases already decided by Empowered Settlement Committee but last date of payment in terms of decision of settlement committee has not expired shall not be eligible under the scheme. The cases in which last date of payment has expired will be settled on the balance unpaid amount as settled earlier plus interest @13% per annum on balance amount.
- c) In no eventuality, the cases be settled below double the principal plus other money.
- d) In cases where other money is more than the principal sum then other money equivalent to principal sum on the date of settlement may be taken.
- e) Effect of settlement will be given only after full amount of settlement has been recovered.

8. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation/interpretation of the scheme or any clarification or relaxation is required, CMD's decision will be final. CMD is authorized to allow registration/extension in making payment of settlement amount beyond the cut off date, if required, depending upon merits of the case.

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- a) All parties to be contacted personally and concrete efforts should be made in consultation with the DGM®.
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note after every visit, with regard to attainments of each branch.

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RAJASTHAN FINANCIAL CORPORATION

Annexure-'I'

Name of Branch Office _____

Date _____

Time _____

NPA REDUCTION DRIVE 2006-07

(Small Loan Cases having sanctioned amount above Rs. 0.50 lac, but upto Rs. 1.00 lac)

VISIT REPORT

1.	Name of the Unit with Address	:	
2.	Name of the Promoter(s)	:	
3.	Outstanding as on	:	
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5.	Status of Unit	:	Running/Closed/Abandoned
6.	Comments of visiting team for registration for settlement/ affecting recovery/ action proposed for recovery	:	

Signature of Visiting Officer/ Staff

7. Line of action decided by Branch Manager for settlement/ initiate action for recovery.

Manager/ Dy. Manager(I/C)

RAJASTHAN FINANCIAL CORPORATION

BRANCH NAME _____

Scheme for settlement of Small Loan Cases
(2006 - 2007)

S.No.	Name of Unit	Type of loan	Outstanding				Date of registration	Settlement amount	Sacrifice amount	Recovery received	Remarks
			Prin.	Intt.	O.M.	Total					
1	2	3	4	5	6	7	8	9	10	11	12

(11)

**RAJASTHAN FINANCIAL CORPORATION
MONTHLY REPORT**

BRANCH NAME _____
MONTH _____

SCHEME FOR SETTLEMENT OF SMALL LOAN CASES
(2006 - 2007)

S.No.	No. of units eligible under the scheme	No. of cases registered		No. of decision made for settlement	No. in which final amt. received	No. in which part payment received	Total amount received		Total amount sacrificed		%age of settled	Remarks
		During the month	Cumulative				During the month	Cumulative	During the month	Cumulative		
1	2	3	4	5	6	7	8	9	10	11	12	13

12