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RAJASTHAN FINANCIAL CORPORATION
Udyog Bhawan, Tilak Marg, JAIPUR

Ref.: RFC/23FR/HO/Policy-28/443

10th April, 2006

CIRCULAR
(FR.381)

RECOVERY STRATEGY : 2006-07

Quality assets has assumed much importance in the last one decade. Once the asset is booked, maintaining the assets quality is of paramount importance. No slippage should be allowed from 'standard' to sub-standard category. Simultaneously status of sub-standard and doubtful category should also be elevated. Therefore, in order to achieve the object of reduction in NPA and regularizing the already slipped accounts, the strategy for the financial year 2006-07 may include the following :

1. It may be ensured that in following cases legal action followed by the action u/s.29 of SFCs Act may immediately be taken if there is default of more than two consecutive instalments of principal or interest.
 - a) Commercial complexes
 - b) Cases sanctioned under Assets Financing Scheme.
 - c) The sanctions made from 1st April, 2000 and onwards
 - d) Deferred Sale Cases.
 - e) Rescheduled Cases.
 - f) Hotel and restaurants.
 - g) Hospitals and nursing homes.
 - h) TUF Scheme.
2. In the cases under 'Good Borrower' Scheme, no default to be allowed. Default of even one instalment to be taken care of by Branch Manager immediately. In case of inaction Branch Manager will be held responsible personally.

(1)

3. All cases need to be reviewed where possession of the assets was handed over to original loanee after March, 2005.

4. PDCs should invariably be taken in the following circumstances :

- a. At the time of Reschedulement of loan.
- b. At the time of withdrawal of legal notice.
- c. At the time of handing over possession to the original loanee.

5. Cases settled under OTS Scheme.

If there is default of two consecutive instalments of settlement package, settlement may be treated as withdrawn and action may be taken to revert back to the original repayment schedule. In all such cases, immediate legal action followed by action u/s.29 of SFCs Act, 1951 be taken.

NOTE :

i) A list of cases falling in the above category be got prepared by 29.4.06 and legal course of action as mentioned above be decided by 10.5.06.

ii) BM should prepare a list of all the above cases and send it to GM(D) by 20.5.06 in the format enclosed.

6. Action u/s.32(G)

Targets for initiating action u/s.32(G) have been circulated to field offices separately. BM should ensure to forward such cases to DGM(R) in the following manner :

Month	Percentage of Targets
May, 2006	20%
June, 2006	20%
July, 2006	20%

Aug., 2006	20%
Sep., 2006	20%

Note : DGM(R) shall monitor these cases at his personal level.

7. Where there is no possibility of regularization of accounts or chances of regularization of accounts/ revival of unit are bleak in other than the category mentioned above, BM shall prepare a list of all such cases by 15.5.2006 and a line of action decided considering position of the unit.
8. It should be ensured that assets sold through auction are handed over to purchaser party within 30 days from the date of issue of sale letter after completion of required formalities. In case of failure and BM is convinced that no further time should be allowed to purchaser party, sale letter issued may be cancelled after giving 15 days time through Registered A.D. letter. The entire amount deposited by purchaser party may be forfeited and unit be put to re-auction by following the guidelines prescribed. Where Branch Manager feels that extension in time is required considering problems of purchaser party, he should immediately seek approval from DGM(R) who shall be authorized to give further extension for maximum 30 days.
9. DGM(R)s should review all the cases where sale letters were issued prior to March, 2006 but required formalities are not completed as yet owing to which possession could not be handed over to purchaser party. This is important for the reason that in good number of cases field offices have failed to forfeit the amount deposited by purchaser party and also did not re-auction the unit even after lapse of one year.
10. In the cases where no recovery was received during financial year 2005-06 should be reviewed by BM immediately and line of action w/s. 30/29/32(G) be taken, depending upon merits of the case.

(3)

- 3) Inspection reports shall be submitted to higher authority as prescribed in the circular No.341 dated 16th April, 2005.

14. DGM(R) concerned will hold monthly DCRM and minutes to be sent to DGM(ARRC) by First Week of each month. This meeting may be made effective enabling the Corporation to effect recovery in deficit cases/written off cases/decreetal cases.

15. Decreetal Cases

The decreetal cases may be reviewed by Branch Manager on monthly basis. Cases where application for execution has not yet been filed, property of promoters/guarantors should be identified promptly and execution application be filed by 20.05.2006. DGM(R) should also monitor this activity personally and send case-wise position with all details to DGM(ARRC) by 27.05.2006.

All concerned are advised to make the compliance of above guidelines.


(Karni Singh Rathore)
Chairman and Managing Director

CC to :

- 1) All ROs/BOs/SOs
- 2) A&I(WZ), Ajmer
- 3) All Nodal Officers.

**LIST OF CASE SETTLED UNDER OTS SCHEME WHERE THERE IS DEFAULT OF TWO OR MORE
CONSECUTIVE INSTALMENTS OF SETTLEMENT PACKAGE**

S.No.	Name of the Unit	Outstanding as on 31.3.06					Competent authority to settle the case	Date of settlement & amount	Amount received towards settlement	No. of instalments where default committed	Legal course of action decided	Remarks
		Prin. Not due	Prin. due	Intt.	OM	Total						

Note : To be sent to GM(D) by 20.5.2006