

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref. No. RFC/23.FR/HO/Policy-85 /) ²⁸ Dated : 27th June, 2006

CIRCULAR
(FR No. 392)

Sub : Scheme for Settlement of Transport Loan cases having sanctioned amount above Rs. 2.00 lac: 2006-07

In order to get rid of sticky accounts in transport sector and reduce NPAs portfolio of the Corporation, it has been decided to introduce a scheme for settlement of Transport Loan Cases having sanctioned amount above Rs.2.00 lac for the year 2006-07. The salient features of the scheme are given below :

1. ELIGIBILITY

The cases where loan was sanctioned upto 31.3.2000 and the accounts categorized as "Doubtful" or "Loss" as on 31.3.04 will be eligible.

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

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 plus 5% recovery

charges, where case u/s.32(G) has been filed with the Collector concerned.

- b) The cases which were earlier registered but rejected / closed by the competent authority/committee or that were decided but party did not give his consent shall also be registered, if they are otherwise eligible.
- c) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".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: 01.07.2006 to 30.9.2006.

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. The upfront amount shall be adjusted in the settlement amount.

5. COMPETENT AUTHORITY

Competent authority shall be the Branch Manager/In-charge Branch. The Branch Manager/In-charge Branch shall decide the case within 30 days from the date of registration.

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 by way of post dated cheques in advance of the date of 15th of every month payable at branch, 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 sum plus other money and interest equal to 50% of principal amount on the date of settlement plus 5% recovery charges, where case u/s.32(G) has been filed with the Collector concerned.**
- 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.

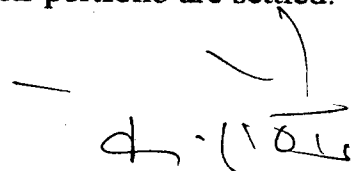
9. GENERAL

- a) All parties to be contacted personally and concrete efforts should be made in consultation with the DGM(R).
- 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) BM should issue notice to all loanees eligible for settlement. Where litigation or action u/s.31(1)(aa) or 32-G is pending, the notice will be issued "without prejudice".
- d) Cases where action under Section 31/32(G) has been initiated, the action may continue and the concerning court/authority may be informed when settlement is completed.
- e) 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.
- f) BM while conveying decision to party for deposition of settlement amount shall specifically mention the quantum of upfront amount which has been adjusted against the settlement amount.
- g) Seed capital assistance, if any, provided shall not be eligible for settlement and shall be recovered as per norms of the Corporation.
- h) The Branch Manager is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.

All concerned are directed to give full publicity to the scheme and ensure that majority of eligible cases in their portfolio are settled.



(Karni Singh Rathore)
Chairman and Managing Director

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