

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/FR/23FR/HO/P-8/1213

Dated : 19.07.06

CIRCULAR
(FR No.394.)

Sub : Scheme for settlement of Small Loan Cases

Attention is invited to FR Circular No.378 dated 23.3.06, thereby two schemes ; 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 to Rs.1.00 lac were issued followed by FR Circular No.386 dated 4.5.06. Attention is also invited to FR Circular No.391 dated 13.6.06, thereby the scheme for settlement of small loan cases having sanctioned amount above Rs.0.50 lac to Rs.1.00 lac was extended with the same terms and conditions for the cases having sanctioned amount upto Rs.2.00 lac.

Considering the fact that a substantial amount is involved in the cases having sanctioned amount upto Rs.2.00 lac but the entrepreneurs are not coming forward for settlement of their cases under the schemes and Corporation has to make 100% provision of principal outstanding in DA-3 category cases, the matter was placed before the Board of Directors through resolution by circulation on 17.07.06 to liberalise the existing scheme for settlement of small loans having sanctioned amount above Rs.0.50 lac to Rs.2.00 lac.

As per the decision taken by the Board of Directors, the following amendments have been made in the existing scheme for settlement of small loan cases having sanctioned amount above Rs.0.50 lac to Rs.2.00 lac :

Clause	Existing	Revised
Sub-Clause(a) of Clause 2 – Salient features	The cases (irrespective of primary security / collateral security / third party guarantee / net worth of promoter/guarantors)	<i>The cases having sanctioned amount above Rs.0.50 lac upto Rs.1.00 lac shall be settled on principal sum plus other money on the date of settlement and cases having sanctioned amount above Rs.1.00 lac upto Rs.2.00 lac shall be settled on principal sum plus other</i>

	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.	<i>money and interest equal to 15% of principal amount on the date of settlement, irrespective of primary security/collateral security/third party guarantee/net worth of promoters/guarantors. This shall also be made applicable to the cases where the units are under possession of the Corporation.</i>
Sub-Clause (c) of Clause 7 – Restrictive Clause	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.	<i>In any eventuality, the cases having sanctioned amount above Rs.0.50 lac upto Rs.1.00 lac shall not be settled below principal sum plus other money on the date of settlement and cases having sanctioned amount above Rs.1.00 lac upto Rs.2.00 lac shall not be settled below principal sum plus other money and interest equal to 15% of principal amount on the date of settlement.</i>
New Clause 7 (f)	----	<i>The cases that have already been settled under the existing scheme(s) shall not be re-opened and recovery in those cases will be made as per terms of the settlement.</i>

All other terms and conditions of the referred circulars shall remain unchanged.

All concerned are advised to take a note of above and ~~act~~ accordingly.


 (Karni Singh Rathore)
 Chairman & Managing Director

CC to :

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