

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref. No. RFC/ HO/23.FR/ Policy-20/1950

Dated : 12.10.2006

C I R C U L A R
(FR No.407)

**Sub : Non compliance of PG provisions with regard to withdrawal of
Legal Notice**

As per P&G(FR-4), point no.4.11 and 4.12, Legal Notice U/s 30 may be withdrawn on payment of 50% of the overdues as on date of Legal Notice and in case the unit is not in a position to pay an amount equivalent to 50% of overdues then PG provides that it should make payment atleast to the following extent depending upon the Category of the account :-

Category of Account	Minimum payment (% of amount outstanding on the date of issue of legal notice)
Loss assets	5%
Doubtful assets Category B	10%
Doubtful assets Category A	15%
Standard and sub standard assets	20%

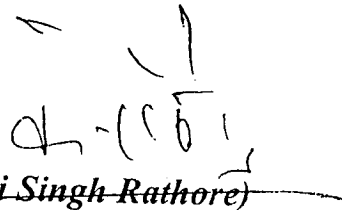
In the spirit of the aforesaid clear provisions contained in PG the loanee should deposit either 50% of the overdues or the minimum amount as per category of account as specified above after issuance of Legal Notice immediately and in case they fail to deposit the said amount then action U/s 29 for take over of possession should invariably be taken meaning thereby either the party should make the payment as per above or immediately after expiry of Legal Notice, date of possession should be fixed by the BO and possession should be taken over in case payments have not been made as per above.

It has come to notice that many Branches are accepting Post Dated Cheques for the aforesaid stipulated amount which is in contravention of provisions of PG contained in Point No.4.12(B).

It is, therefore, once again reiterated that in case the party fails to deposit the amount on cash down basis immediately after issue of Legal Notice as per existing provisions then date of possession should be fixed and possession should be taken over on expiry of Legal Notice.

Only in those cases where party makes the payment as per above provisions then Legal Notice should be withdrawn after arriving at a clear understanding with the party for payment of remaining dues regularly PDCs should also be obtained for the remaining dues and accounts should be regularized as per norms.

Any violation will be viewed seriously.



(Karni Singh Rathore)

Chairman and Managing Director

CC to :

1. All ROs/BOs/SOs
2. A&I (WZ), Ajmer
3. Standard Circulation at HO