

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref. No. RFC/FR/FI/23 FR/HO/2161

Dated :10.11.06

**CIRCULAR
(FR- 412)**

**Reg : Campaign for Reduction in NPAs
(From 01.12.06 to 15.12.06)**

In order to achieve the object of reduction in NPAs and regularization of already slipped accounts recovery strategy for 2006-07 was circulated vide Circular no. FR-381 dated 10.04.2006. Besides this, the Corporation has launched various settlement schemes for Small Loans upto Rs. 2.00 lac, Transport Loans, Deficit/Decreetal and Write off cases and Waiver of Penal Interest in order to achieve the object of reduction in NPAs.

It has been observed that despite the above efforts the results achieved so far are not satisfactory. It appears that the Branch Offices are not serious in pursuing the loanee concerns for availing the benefits under the respective settlement Schemes as is evident from the fact that as against 11805 number of eligible cases, only in 873 cases the loanee has got their cases registered for settlement under these schemes. Besides this, there is an alarming situation on the front of slippage of standard accounts to NPAs during current financial year despite clear instructions for initiating legal action in case the default is for more than two consecutive instalments of principal sum or interest.

The DGM(R)s are also not paying desired attention towards a detailed review of the NPA cases which is also the main reason of slow progress in reduction of NPAs.

Therefore, to bring down the level of the NPA of the Corporation, it has been decided to hold a campaign from 1st Dec., 06 to 15th Dec., 06.

1) The objectives of the campaign :

The objective of the campaign would be

- i) Restore the category of those cases, which has been slipped from Standard to Sub-standard and downward to its original category i.e. standard.
- ii) To reduce the overall NPAs level of Corporation at least by 15%.

II) Action Plan for the campaign:

- i) Each and every case which has slipped from standard category to sub-standard category and downward be elevated to its original category as it was on 31.03.06
- ii) In order to reduce the overall NPA level of Corporation at least by 15% the following measures be taken.
 - a) All cases of slippage of health code category should be thoroughly reviewed and parties should be persuaded to clear the overdues
 - b) All cases in which loans have been provided under the following schemes and there is default of more than two consecutive instalments principal or interest should be reviewed and action for takeover of possession should be taken u/s 29 immediately.
 - a) Commercial Complexes
 - b) Cases sanctioned under Assets Financing Scheme
 - c) Sanctions made from 01.04.2000 and onwards
 - d) Deferred sale cases
 - e) Rescheduled cases
 - f) Hotel and Restaurants
 - g) Hospital and Nursing Homes
 - h) TUF Scheme

All cases under Good Borrower Schemes should be examined in detail and if there is any default then either the same be got cleared during the campaign or legal action should be initiated.

- III) All cases settled under OTS Scheme/respective settlement Committees should be reviewed and if there is default of two consecutive instalments of settlement package then settlement should be treated as withdrawn and action may be taken to revert back to the original schedule of repayment. In all such cases of default legal action followed action 29 should be taken.
- IV) All the cases which are eligible under ongoing settlement schemes should be contacted by the teams constituted for the purpose by BMs during campaign and maximum number of cases should be got registered during the campaign.
- V) The cases in which there is stay from Court should be reviewed and efforts should be made to contact the party and pursue them for exploring the possibilities for out of court settlement.
- VI) No NPA case should be left without deciding firm line of action to effect recoveries and to regularize the account in such a way so that it is upgraded to standard category by March, 2007.

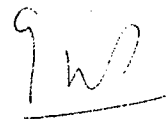
- VII) Deserving cases may be considered for reschedulement after recovery as per norms and on clearance on interest overdues so that such accounts may be upgraded to standard category at the close of the financial year.
- VIII) The cases in which cheques are bounced should be reviewed for confirming action u/s 138(b) of Negotiation Instrument Act.
- IX) All the cases of Deficit/Deceitful and Write off should be analyzed and efforts should be made to identify the properties as well as pursuing such parties for settlement.

GENERAL:

The DGM(R) will personally monitor the progress of the campaign and review all cases of all the branches in his jurisdiction and will ensure deciding firm line of action in order to elevate health code category and to prevent slippage of accounts.

Branch Managers will screen each and every case slipped to NPAs category during the year and branch officials will be assigned to contact the loanee party during the campaign period. At the end of the campaign BMs should furnish Action Taken Report specifically mentioning the cases regularized during the campaign and cases not regularized during the campaign indicating reasons.

DGM(R) concerned should review the progress of the campaign on daily basis and send their consolidated report by 25th Dec., 2006.



10.11.06

(B.N. Sharma)

CHAIRMAN & MANAGING DIRECTOR



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