

RAJASTHAN FINANCIAL CORPORATION
Udyog Bhawan, Tilak Marg,
JAIPUR.

Ref.RFC/23FR/HO/Policy/ 17/249

Dated: 24.01.07
-27-----

CIRCULAR
(FR No.424)

Reg : Method of calculation of interest to be charged for delayed payment

There have been instances where the cases were settled by respective empowered settlement committees but the loanee parties committed default in making payment of settlement amount within the stipulated period / schedule decided by the committee and after a lapse of considerable period, approached the Corporation for settlement of account. In order to effect recovery of Corporation dues, such requests of loanee parties depending upon merits of the case, have been considered and settlement amount is accepted by charging interest @ 13% p.a. for the delayed period.

There is a confusion at some corners whether the interest for the delayed period should be charged on simple basis or on compounding basis.

The matter was considered by Special HOLC in its meeting held on 14.12.06. In accordance with the decision taken by the committee, it is made clear that while accepting settlement amount, the interest for the delayed period shall be charged @ 13% p.a. on simple basis. However, if in any case, the settlement amount has already been accepted by charging interest for the delayed period @ 13% p.a. on compounding basis and account has been squared up, such case(s) shall not be reopened.

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

9 W
(B.N. Sharma)
Chairman & Managing Director

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