

RAJASTHAN FINANCIAL CORPORATION
Udyog Bhawan, Tilak Marg, Jaipur-302 005

Ref.No.RFC/23FR/HO/Policy-17/ 1134

Dated: 03.04.2007
29

CIRCULAR

(FR No. 440)

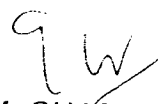
Reg: Charging rate of interest in the cases settled by Empowered Settlement Committees

The matter in regard to charging rate of interest in the cases settled by Empowered Settlement Committees was discussed in the meeting of Special HOLC held on 9.3.07. The committee noted that the cost of funds has become more costlier on account of increased rate of interest on borrowings. As a corollary to it, the Corporation has enhanced its rate of interest on various loan schemes in the month of January, 2007.

The committee also noted that the Corporation is presently charging interest @ 13% on simple basis (without compounding and without penal interest) on the settled as well as defaulted amount of settlement. This may be misused by the loanee concerns with the intention to make the payment of settlement amount delayed.

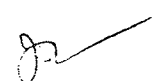
The committee has therefore, decided that in the cases to be settled now onwards, **16% rate of interest on simple basis instead of 13% rate of interest shall be charged if settled amount is accepted in instalments.** Likewise if in the earlier settled cases, the party defaults as per schedule of payment, **extension / regularization after 1.4.07 with the approval of competent authority will be done by charging interest @ 16% p.a. on simple basis.**

All concerned are advised to take a note of above and act accordingly. In the cases already decided by competent settlement committee, rate of interest will be charged as decided by the Committee if instalments are received as per schedule.


(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

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