

RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

Dated : 01.05.2007

9w RFC/23FR/HO/Policy-17/1391

CIRCULAR
(FR No. 448)

Sub : Scheme for One Time Settlement of NPAs : 2007-08

Section 24 of the SFCs Act, 1951 envisages that the Board in discharging its functions under this Act shall act on business principles, due regard being had by it to the interests of industry, commerce and the general public. The conclusion derived from this Section of the SFCs Act prompted the Corporation to devise some mechanism to settle difficult and hard cases, where early recovery is not possible / unit finds it hard to repay their loans because of non-viability of their project and cannot cope with fast changing economic scenario.

Accordingly, the Corporation brought in one time settlement scheme to settle its NPAs through empowered settlement committees for the last many years so as to get rid of such accounts and to improve its health and also to provide relief in genuine cases. The Corporation with the following objectives have decided to introduce a new One time settlement scheme for NPAs for the year 2007-08:

- i. To reduce NPAs and improve health code of loans portfolio of the Corporation;
- ii. To settle hard and difficult cases, from where recovery is a remote possibility;
- iii. Old cases where loans were sanctioned on higher rate of interest and the entrepreneurs find it difficult to clear the accumulated overdues;
- iv. Cases where technology has become obsolete and units are not viable in the fast changing economic scenario.

1. Eligibility:

- (a) The cases where loan disbursed amount is more than Rs.1.00 lac but last disbursement was made upto 31.3.2000.
- (b) The accounts categorized as 'Doubtful' or 'Loss' as on 31.3.04.

Note:

However, accounts of willful defaulters shall not be eligible for consideration under the scheme.

2. **Registration fee and upfront amount:**

Sl. No.	Particulars	Registration fee	Upfront amount
(a)	Cases where disbursed amount is more than Rs.1.00 lac but upto Rs.2.00 lac	Rs.1,000/-	30% of (principal sum + other money) on the date of registration.
(b)	Cases where disbursed amount is more than Rs.2.00 lac but upto Rs.10.00 lac	Rs. 2,000/-	-do-
(c)	Cases where disbursed amount is more than Rs.10.00 lac	Rs. 4,000/-	-do-

Note: The registration fees and upfront amount will be deposited in one stroke.

3. **Cut off dates:**

Registration of the cases under One Time settlement Scheme can be made from 1.5.07 to 30.09.07 by the intending eligible units. Cases registered shall be decided promptly.

4. **Competent Authority:**

Competent authority for settlement shall be Special HOLC and subsequently placed before the Board for information. Competent authority for appeals shall be in accordance with FR circular No. 408 dated 13.10.06.

5. **Restrictive Clause:**

- Where security (primary security + collateral security + third party guarantee) is more than 150% of the outstanding as on date of registration, the case will not be eligible for registration for OTS in case disbursed amount is above Rs.5.00 lac.
- Transport loan cases having disbursed amount above Rs.1.00 lac and deficit cases / written off cases / decretal cases will be covered under prevailing settlement schemes of the Corporation.
- Cases earlier closed or rejected by DLC/ HOLC shall not be eligible for re-registration for DLC / HOLC. However, in such cases, appeal can be made to higher committee in accordance with provisions contained in FR circular no. 408 dated 13.10.06 by depositing requisite registration fee and upfront amount as required in appeal cases.

- (d) Cases closed or rejected by SLC shall be registered afresh for SLC only irrespective of financial implications.
- (e) No case shall be settled below the principal outstanding plus other money as on date of settlement.

6. **Appeal:**

Dissatisfied by the decision of Special HOLC, appeal to SLC may be filed by depositing registration fee of Rs.5,000/- plus upfront amount equivalent to 15% of principal sum plus other money, if any, within 30 days from the date of decision of Special HOLC.

7. **Discretionary powers of CMD**

In case of any difficulty in implementation of the Scheme or any clarification or relaxation is required, CMD's decision will be final. CMD is authorized to allow registration / extension in making payment of settlement amount beyond the cut-off date, if required, depending upon merits of the case.

8. **Steps to be taken by field offices:**

- (i) BMs will give wide publicity to the scheme and will also arrange display of scheme on the Notice Board of Branch / Regional Office, DIC office, Collector's Office and Office of Local Body, etc.
- (ii) BM should issue notice to all loanes eligible for settlement where litigation or action u/s 31(a)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
- (iii) Cases where action under Section 31/ 32(G) has been initiated, the action may continue and the concerning court / authority may be informed as soon as possible when settlement is completed.
- (iv) Legal notices issued under Section 30 prior to registration of the case will be kept in abeyance till a decision is taken by the Settlement Committee.

All concerned are directed to give full publicity to the scheme and ensure that majority of eligible cases in their portfolio are settled.


(B.N. Sharma)

Chairman & Managing Director

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