Ref.No.RFC/23FR/HO/Policy-102/ 1649

Dated 02.01.2008

CIRCULAR
(FR No. 490)

Reg: **Scheme for settlement of deficit / decreetal / written off cases**

Attention is invited to FR circular No. 451 dated 1.5.07 whereby the Corporation has introduced a scheme for settlement of deficit / decreetal / written off cases for the financial year 2007-08.

Some of the Branch Managers explained in the Branch Manager's Conference held on 5th - 7th September, 2007 that it shall yield good results if deficit / written off cases where principal deficit amount / written off amount is upto Rs.1.00 lac are allowed to be settled on principal component of deficit amount / written off amount (irrespective of primary security/ collateral security /third party guarantee / networth of promoters/ guarantors). They also put forward their view point that these cases may be settled at the level of Branch Office instead of placing them before Special HOLC as the promoters belonging to such cases are having low financial means and not in a position to incur considerable expenditure on their visit to HO.

The matter was examined and placed before the Board in its meeting held on 28.12.07 for reviewing the norms for settlement and the competent authority to decide the cases.

In accordance with the decision taken by the Board in its meeting held on 28.12.07, Clause 4(A) of the Scheme under the heading "Norms for Settlement for Deficit / Written off cases irrespective of sacrifice amount" has been substituted by the following:

		Settlement amount	
		Deficit cases	Written off cases
i)	Where security available is upto two times of principal deficit amount / written off amount	On principal component of deficit amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned.	On written off amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned
ii)	Where security available is more than 200% of principal deficit amount / written off amount in the cases involving principal deficit amount / written off amount upto Rs.1.00 lac	On principal component of deficit amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned.	On written off amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned

iii)	Where security available is more than 200% of principal deficit amount / written off amount in the cases involving principal deficit amount / written off amount more than Rs.1.00 lac	Such cases will be placed before Special HOLC for taking decision for settlement.	Such cases will be placed before Special HOLC for taking decision for settlement.

Further, clause 5(i) of the Scheme under the heading "Competent Authority to decide the cases of deficit / written off" has also been substituted by the following:

Sl. No.	Where Principal Deficit / Written off amount is	Where security available is upto 200% of principal deficit / written off amount	Where security available is more than 200% of principal Deficit / Written off amount
1.	Upto Rs.1.00 lac	BM	BM
2.	More than Rs.1.00 lac upto Rs.10.00 lac	DLC	Spl HOLC
3.	More than Rs. 10.00 lac upto Rs.50.00 lac	DLC	Spl HOLC
4.	More than Rs. 50.00 lac	HOLC	Spl HOLC

All concerned are advised to make a note of above and act accordingly. They should make strenuous efforts and to ensure that each and every eligible case is contacted and maximum number of cases are settled.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

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