

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-108/

1317

Dated : 22nd Oct., 08

CIRCULAR
(FR-536)

**Reg : Special campaign for NPA reduction
(from 05.11.08 to 05.12.08)**

The Corporation, with a view to improve its financial health is commemorating the FY : 2008-09 as "the year of quality recovery in terms of increased interest recovery, preventing deterioration of Standard assets and cleansing of NPAs." Keeping in view this objective, Recovery Strategy has been chalked-out for the current FY (Circular no. FR-513 dated 29.04.08) and a new monitoring mechanism is being implemented for the NPA management (Circular no. FR-515 dated 29.04.08).

For ensuring reduction in NPA level a Vision Plan was also chalked-out envisaging guidelines to bring down the level of NPA to 5% or less in the next two years (FR-521 dated 03.05.08).

Further, to achieve the aforesaid objective, various settlement schemes have been launched which are in operation.

On review of progress made upto 30.09.08 it has been observed that results achieved so far are not satisfactory. Contrary to the expectations some accounts of Standard category have turned to NPAs upto 01.10.08. We have only been able to reduce the NPA level from 218.96 crore to 208.40 crore which shows that branch offices are not serious in their efforts. Despite having attractive OTS Schemes, we have been able to register only 480 cases out of 9859 eligible cases under various OTS Schemes.

It has been observed that although DO letters to the Branch Managers have been issued by me besides regular monitoring made by the GM(D), emphasizing for maintaining the assets quality by reduction in NPAs and prevention of slippages but results show that no viable efforts have been made for review of each and every case and for exploring the possibilities for recovery and regularization of accounts which is the main reason of slow progress on this front.

In view of the poor performance, it has been decided to organize a special campaign as follows:-

1. **Period of the Campaign : 05.11.08 to 05.12.08**

2. **Objectives of the campaign:**

- i) To restore the category of those cases, which have slipped from 'Standard' to NPAs.
- ii) To reduce the over-all NPAs level of the Corporation at least by 50%.
- iii) To register atleast 50% of the eligible cases under the OTS Schemes.
- iv) To recover overdues from new defaulting units.
- v) To identify properties in DDW cases and get the same attached in the cases pending with the Revenue Authorities.

3. **Action Plan for the campaign:**

- (i) Each and every case which has slipped from standard category to sub-standard category and downward should be elevated to Standard category. Likewise, the NPA cases should be reviewed and should either be up-graded to Standard or such accounts may be settled under the on going settlement schemes provided they are eligible.
- (ii) In order to reduce the overall NPA level of Corporation at least by 50%, 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 of principal or interest should be reviewed and action for takeover of possession should be taken u/s 29 immediately:-
 - i) **Commercial / Residential Complexes**
 - ii) **Cases sanctioned under Assets Financing Scheme**
 - iii) **Sanctions made from 01.04.2000 and onwards**
 - iv) **Deferred sale cases**
 - v) **Rescheduled cases**
 - vi) **Hotel and Restaurants**
 - VII) **Hospital and Nursing Homes**
 - Viii) **TUF Scheme**

- (iii) All cases under Good Borrower Schemes should be examined in detail and if there is any default, either the same be got cleared during the campaign or legal action should be initiated.
- (iv) All cases settled under OTS Schemes 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 to the original schedule of repayment. In all such cases, legal action u/s 29 & 30 should be taken.
- (v) All the cases which are eligible under ongoing settlement schemes should be contacted by teams to be constituted for the purpose by BMs during the campaign and at least 50% of the eligible cases should be got registered during the campaign.
- (vi) The cases in which there is stay from Court should be reviewed and efforts should be made to contact the parties and pursue them for exploring the possibilities for out of court settlement without prejudice to the court orders.
- (vii) 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, 2009.
- (viii) Deserving cases may be considered for reschedulement after recovery as per norms and on clearance of interest overdues so that such accounts may be upgraded to standard category at the close of the financial year.
- (ix) The cases in which cheques are bounced should be reviewed for taking action u/s 138(b) of Negotiation Instruments Act.
- (x) All the cases of Deficit/Decreetal and Write off should be analyzed and efforts should be made to identify the properties as well as pursuing such parties for settlement.
- (xi) **Action under Section 29/32(G) :** Wherever required, legal action u/s 30 followed by action u/s 29 be initiated. Likewise, where-ever required cases should also be processed for taking action u/s 32(G). Further action for disposal of units be also taken so as to reduce the number of units under possession.
- (xii) **Recovery from deficit / decreetal / written off cases :** All such cases be monitored vigorously and should be got registered under the on going OTS Scheme and it should be ensured that atleast

50% of the eligible cases are registered under the Scheme for OTS.

Special Rebate for the cases registered during the campaign under OTS Schemes:

1. The eligible cases may be registered during the campaign by accepting 50% of the requisite upfront payment.
2. In the cases registered during the campaign, interest on the settlement amount (if allowed to be paid in instalments) will be charged w.e.f. 01.01.09.
3. If the party prefers to deposit the upfront payment in instalments, the same may be allowed within the Campaign period i.e upto 05.12.08 under various OTS Schemes.

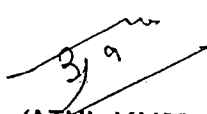
Publicity of the Campaign:

The Branch Managers should release a press note in the local news papers highlighting the campaign being organized by the Corporation clearly indicating the rebates being allowed. PRO Section at HO may also take steps for the publicity of the Campaign.

GENERAL:

The Nodal Officers will personally monitor the progress of the campaign 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. BMs should furnish Progress Report on fortnightly basis in the proforma enclosed herewith at Annexure - 'A' during the Campaign.


(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

Encl As above.

Copy to :

1. All BOs/SOs.
2. DGM(A&I) Ajmer / Jodhpur.
3. Standard Circulation at HO.
4. ALL NODAL OFFICERS

BO : _____
Fortnight ended on : 20.11.08/05.12.08
(Amount Rs. in lakh)

RAJASTHAN FINANCIAL CORPORATION

FORTNIGHTLY PROGRESS REPORT OF CAMPAIGN

I	Up-gradation of slipped A/c's	Account Slipped from Standard to <u>NPA upto 31.10.08</u> No. Amount	A/c upgraded from NPA to Standard No. Amount
II	<u>Total NPA :</u> Number Principal Interest Other Money Total	<u>On 31.03.08</u>	<u>On 20.11.08/05.12.08</u>
III	<u>Progress of Settlement Scheme:</u> a) Scheme for Settlement of Small Loans b) Scheme for Settlement of Transport Loans c) Scheme for Settlement of NPA cases d) Scheme for Waiver of Penal Interest e) Scheme for Settlement of DDW cases	<u>Total No. eligible cases</u>	Cases registered <u>Cases registered during</u> <u>Progressive</u> <u>31.10.08</u> <u>fortnight</u>
IV	New units defaulted during the year	<u>No. of units</u>	<u>Account regularized</u>
V	Properties identified during the Campaign	<u>No. of cases</u> _____	

BRANCH MANAGER