

RAJASTHAN FINANCIAL CORPORATION  
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-75/ 2030

Dated : 13<sup>th</sup> Feb., 09

CIRCULAR  
(FR-550)

16<sup>th</sup>

Reg : Reschedulement in deserving cases

In order to achieve the object of quality recovery, reduction in NPA level and prevention of slippages; a new monitoring mechanism has been introduced vide Circular No. P&G - 1224 (FR-515) dated 29.04.08. A recovery strategy was also circulated vide circular no. FR-513 dated 29.04.08.

The new monitoring mechanism facilitates us to have close and regular monitoring of assisted units so as to avoid slippages and to maintain the quality of assets.

Prevention of slippages and up-gradation of already slipped accounts may be ensured by recovery of overdues by persuasions or by resorting to legal action. But there may be cases which may have genuine difficulties and are not in a position to clear entire overdues and regularize their loan accounts. This ultimately reflects adversely on the health code classification of assets portfolio of the Corporation. The NPA not only prevents yielding of income generation but it also requires provisioning on the principal amount outstanding, thus, affecting the profitability of the Corporation.

Timely action is absolutely warranted in dealing with the NPAs. Failure to stitch in time can be catastrophic. Present economic recession is also creating stress for the otherwise viable units.

Provisions already exist in P&G for considering reschedulement in deserving cases but it has been observed that prompt action is not taken, resulting into slippages.

In the aforesaid background it is reiterated that the BMs should identify the deserving cases facing genuine difficulties where it is found that the unit is not in a position to clear entire overdues then in such deserving cases action for reschedulement of principal sum may be taken, as per norms / procedure prescribed in P&G, after recovery of overdue interest and interest falling due on 01.03.09 positively. Of course, PDCs as per reschedulement should be taken invariably.

It should be ensured that no reschedulement is allowed in those cases to whom financial assistance has been provided under Special Schemes i.e FAAS / CRE / GB Schemes and others where there is specific provision not to consider reschedulement.

All concerned are advised to make a note of the above and take necessary action accordingly so as to maintain the quality of assets portfolio of the Corporation.

(S. AHMAD)  
CHAIRMAN & MANAGING DIRECTOR

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