

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-17/ 180

Dated : 22.04.09

**CIRCULAR
(FR No. 563)**

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Sub : Scheme for One Time Settlement of NPAs : 2009-10

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 progress made so far has been reviewed and it has been observed that we have to make more efforts to bring down the NPA level. OTS Schemes play a vital role in NPA reduction. The Corporation with the following objectives have decided to introduce a One Time Settlement Scheme for NPAs; on the lines of the earlier scheme; for the year 2009-10:-

- 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 31.03.2001.

- (b) The accounts categorized as 'Doubtful' or 'Loss' as on 31.03.2005.
- (c) The cases settled prior to 31.03.05 with the consent of loanee but loanee either did not deposit any amount or deposited part amount and is willing to get the case registered afresh under current Scheme provided it is otherwise eligible for registration.

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/-	10% 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/-	15% of (principal sum + other money) on the date of registration
(c)	Cases where disbursed amount is more than Rs. 10.00 lac	Rs. 4,000/-	20% of (principal sum + other money) on the date of registration

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 01.05.09 to 30.09.09 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

- (a) 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.
- (b) Transport loan cases having disbursed amount above Rs.1.00 lac and deficit cases / written off cases / decreetal cases will be covered under prevailing settlement schemes of the Corporation.
- (c) Cases earlier settled by Empowered Settlement Committee (s) after 31.03.05 with the consent of loanee but payments are not made as per the settlement reached shall not be registered afresh under the Scheme. However, those cases which were earlier closed or rejected by DLC / HOLC shall be eligible for re-registration for Special HOLC.
- (d) Cases closed or rejected by SLC shall be registered afresh for SLC only.
- (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, or 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

- a. All parties to be contacted personally and given notice in writing. Concrete efforts should be made in this direction and it should be ensured that the notice about the scheme is delivered to the loanee / guarantor in the prescribed format circulated vide Circular No. FR-456 dated 02.06.07

- b. The Branch Manager is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.
- c. The Nodal Officer shall review the attainment made by the concerned Branch on monthly basis and provide feedback to FR section at HO.
- d. BMs will give wide publicity to the scheme and will also arrange display of scheme on the Notice Board of Branch / DIC office, Collector's Office and Office of Local Body, etc.
- e. BM should issue notice to all loanees eligible for settlement where litigation or action u/s 31(a)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
- f. 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.
- g. 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.

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(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

1. All BOs / SOs
2. DGM(A&I), (WZ), Ajmer / Jodhpur.
3. Standard circulation at HO.