

RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

No. RFC/23FR/HO/Policy-8/ 1R 2

Dated : 22.04.09

CIRCULAR
(FR No. 565)

27

**Reg : Scheme for Settlement of Small Loan cases having
disbursed amount upto Rs. 1.00 lakh : 2009-10**

In order to get rid of small and sticky accounts and reduce NPA portfolio of the Corporation, Scheme for Settlement of Small Loan cases having disbursed amount upto Rs. 1.00 lakh was launched for the FY 2008-09. The progress made has been reviewed and it has been observed that still a big number of such eligible accounts remained unsettled.

The OTS Schemes play a vital role in NPA reduction. It has, therefore, been decided to re-introduce the scheme, on the same lines, for settlement of small loan cases **having disbursed amount upto Rs.1.00 lakh for the year 2009-10**. The salient features of the scheme are given below:

1. ELIGIBILITY

The following type of cases, where the last disbursement of loan was made upto 31.03.2001 and the accounts categorized as "Doubtful" and "Loss" as on 31.03.2006, may be covered under the Scheme:

- a) Loan cases having disbursed amount upto Rs. 1.00 lakh including Single Window/Composite Loan / Seed capital loan.
- b) Loan under Shilpbari Scheme
- c) Transport Loan cases having disbursed amount upto Rs. 1.00 lakh

Note:

There is no bar for registration of cases earlier closed /rejected by Empowered Settlement Committee (s) / competent authority / deferred sale cases or the cases which were settled upto 31.03.07 with the consent of loanee but loanee either did not deposit any amount or deposited part amount, if these are otherwise eligible. However, the cases which were settled after 31.03.07 by Empowered Settlement Committee (s) / competent authority with the consent of loanee shall not be registered afresh under the scheme.

2. **SALIENT FEATURES**

- a) The cases (irrespective of primary security/collateral security / third party guarantee / net worth of promoter / guarantors) shall be settled **on principal sum plus other money on the date of settlement plus 5% recovery charges where case u/s 32(G) has been filed with the Collector.** This shall also be made applicable in the cases where the units are under possession of the Corporation.
- b) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

3. **OPERATIVE PERIOD OF THE SCHEME**

01.05.2009 to 30.09.09.

4. **REGISTRATION FEE**

The cases will be registered alongwith registration fee of Rs. 1,000/- and up-front amount equivalent to 10% of (principal sum plus other money) on the date of registration.

Note:

The registration fee and up-front amount will be deposited in one stroke. However, if required relaxation may be allowed by Branch Manager / Incharge Branch to the extent that the loanee party may deposit required upfront amount within a period of one month from the date of deposition of registration fee. The case shall be considered for settlement only after the loanee party deposited registration fee and upfront amount within the stipulated period.

5. **COMPETENT AUTHORITY**

Competent authority shall be the Branch Manager / In-charge Branch who shall decide the case within 30 days from the date of registration. However, if there is a delay and case is settled after 30 days then the BM will send a report to HO about the reasons for delay. However, in such cases also decision will be taken for settlement by the BM.

6. **PAYMENT OF SETTLEMENT AMOUNT**

Generally, settlement amount is to be received in one instalment. However, if party opts to make payment in instalments, then, party be allowed to pay settlement amount in monthly instalments, but in any case repayment period would not be beyond 28.02.2010.

Interest @ 13% p.a. shall be charged from the first day of the following month of the date of settlement on balance settlement amount.

7. RESTRICTIVE CLAUSE

- a) The cases, where the account has already squared up shall not be re-opened.
- b) The cases already decided by Empowered Settlement Committee / competent authority but last date of payment in terms of decision of settlement has not expired shall not be eligible for registration under the scheme.
- c) The cases; settled after 31.03.07; in which last date of payment has expired will not be eligible for registration under the Scheme. However, in such cases the Branch Manager may condone the delay and settle the account by getting deposited the balance settlement amount plus interest @ 16% p.a. on the balance settlement amount.
- d) In no eventuality, the cases can be settled below principal sum plus other money on the date of settlement.
- e) In cases where other money is more than the principal sum then other money equivalent to principal sum on the date of settlement may be taken.
- f) Effect of settlement will be given only after full amount of settlement has been recovered.

8. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation/interpretation 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.

9. GENERAL

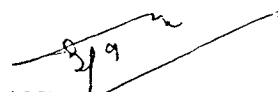
- a. All parties to be contacted personally and given notice in writing. Concrete efforts should be made in this direction and it should be ensured that the notice about the scheme is delivered to the loanee / guarantor in the prescribed format circulated vide Circular No. FR-456 dated 02.06.07.
- b. 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 u/s 30/29 prior to registration of the case will be kept in abeyance till the party do not commit default in making payment of settlement amount.

10. **MONITORING SYSTEM**

- a) The Branch Manager shall look into each and every case, personally at his level and constitute a team / teams of officers to visit each and every case and review the visit reports of the teams.
- b) Unit wise record shall be maintained at BO in a separate register.

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


 (ATUL KUMAR GARG)
 CHAIRMAN & MANAGING DIRECTOR.

Copy to:

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