

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref. No.F.23/FR/HO/P-28/ 1275

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14

CIRCULAR
(FR- 578)

• Reg: Reschedulement, recovery and follow up action
in GBD cases

Recovery Strategy includes that in the cases under "Good Borrower Scheme" no default should be allowed and default of even one instalment should draw attention of Branch Manager immediately.

However, as provided in P&G at point no. 12 of Chapter LA-5 Reschedulement can be considered in genuine cases on exceptional basis on the merits of individual case. But it is not specified that what would be the terms & conditions i.e. rate of interest etc. while considering reschedulement in such cases.

The matter has been examined and it has been decided that reschedulement will be considered on the ~~Standard~~ terms & conditions of reschedulement with the special conditions as follows:--

- 1 In case a loan provided under GB Scheme is rescheduled then the interest as applicable in case of General Loan Schemes (Prevailing at the time of reschedulement) or the documented rate of interest (Gross i.e. without rebate) which ever is higher shall be charged from the date of reschedulement or the terms & conditions which may be mutually agreed upon.
2. The service charges as applicable, prior to reschedulement if any, shall continue to be charged as usual.

Competent authority to allow reschedulement in such cases will be the CMD.

Further, in order to take effective and efficient action for recovery, procedure has been defined in Circular no. GBD/Gen/25/2195 dated 21.05.04. In order to streamline, provision no. 1 of the aforesaid circular is hereby amended as follows :-

"1. In case of default, Branch Manager besides taking necessary action u/s 138(b) of NI Act without referring the case to any superior authority irrespective of the sanctioned amount shall debit additional interest calculated manually equal to the component of rebate over and above liquidated damages. Necessary guidelines in this regard have already been prescribed vide O&M circular No.599 dated 12.01.2004.

In case the loanee clears the default subsequently then the BM should ensure that the additional interest so debited on account of rebate has been recovered along with the liquidated damages and interest on the amount of PDC has also been recovered for the period of delay. Of course, other charges if any, as leviable in case of dishonoured cheques as per norms will also be cleared."

Point no. 2 & 3 of the aforesaid circular which deals with the monitoring aspect of such cases will remain the same.

It is mentioned that reschedulement in Good Borrower Scheme cases should be considered only in exceptional circumstances in genuine cases.

All concerned are advised to take a note of the above and act accordingly.


(ATUL KUMAR GARG)
CHAIRMAN & MANAGING DIRECTOR

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