

RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

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14

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Reg : Vision Plan for reduction of NPAs

While reviewing the branch-wise performance during the BMs Conference held on 07.05.10 the key area of activity on NPA reduction was dwelled at length. It was observed that the achievements of the Corporation in the field of NPA Reduction in the FY 2009-10 have not been satisfactory. Although, the Corporation recovered a sum of Rs. 17.09 crore (P.sum) from NPAs but on the other side 110 Standard Accounts having P. sum outstanding of Rs. 80.33 crores have slipped to NPA. Overall the NPA level increased from Rs. 221.06 crore (Rs. 31.03.09) to Rs. 261.15 crore (31.03.10) which is a serious cause of concern for the Corporation.

Needless to mention, reduction in NPAs is of paramount importance and would lead to better health of the Corporation and bring significant improvement in the quality portfolio of the Corporation. This would also open new opportunities for the Corporation for obtaining financial resources through IPO and other instruments as well as may facilitate the Corporation in getting the license from RBI for banking activities as has been obtained by APSFC.

It has, therefore, been decided to approach this issue in totality and to ensure that the NPA level is brought down to nil in the next five years in the following manner :-

1. 20% of the NPAs as on 31.03.10 are to be reduced in 2010-11. There has to be no new slippages during the year.
2. 20% of the NPAs as on 31.03.10 are to be reduced in 2011-2012 with no new slippages during the year.
3. 20% of the NPAs as on 31.03.10 are to be reduced in 2012-13 with no new slippages during the year.
4. 20% of the NPAs as on 31.03.10 are to be reduced in 2013-14. There should be no new slippages during the year.
5. 20% of the NPAs as on 31.03.10 are to be reduced in 2014-15. There should be no new slippage during the year thereby bringing down the NPAs as at close of 2009-10 to a near zero.

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The new slippages, if any, should be taken-up immediately and upgraded in the next quarter positively.

The yearly targets may be bifurcated on quarterly basis and performance of each individual branch will be evaluated accordingly.

All concerned are advised to make a note of above and ensure to achieve the targets in toto.



(G.S. SANDHU)
CHAIRMAN & MANAGING DIRECTOR



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