

RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

No. RFC/23FR/HO/Policy-68/ 216

Dated : 14.05.2010

CIRCULAR
(FR No. 607)

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Reg : Mechanism to monitor the units for the purpose of recovery

In order to have a focused attention on NPA Management and for ensuring close follow-up and regular monitoring of our assisted units so as to prevent slippages and up-gradation of NPAs to Standard, monitoring mechanism was prescribed vide Circular no. P&G 1224 (FR-515) dated 29.04.08. Besides this, norms for Inspection of assisted units have also been prescribed vide circular no. P&G 1221 (FR-498) dated 19.02.08. System of conducting review on every Monday by Follow-up & Recovery Committee (FRC) (Point no. 1.43 -1.45 of Chapter FR-1) is already prescribed in P&G.

Default Review Committees at BO level and HO level are also required to review the position of defaults on regular intervals.

Needless to mention that regular follow-up and close monitoring is the key for maintaining assets quality which is of paramount importance for a financial Institution.

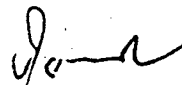
Despite well laid system of monitoring mechanism last year we witnessed considerable increase in NPA level. Keeping this in view it has been decided to take the following actions :-

1. Besides meeting of FRC on every Monday at BO level, the Branch level DRC meeting will be held every month. Branch level DRC will review all cases of default irrespective of amount of loan sanctioned / quantum of default.
2. Default Review Committee at HO level under the Chairmanship of GM(D) will review the cases having overdues above Rs. 20.00 lakh and upto Rs. 50.00 lakh every month (except DDW / BIFR / units under possession). This Committee will also review the progress of recovery in all the cases having sanctioned amount above Rs. 50.00 lakh and upto Rs. 1 crore (irrespective of default or no default).
3. Default Review Committee at HO level under the Chairmanship of ED will review the cases having overdues above Rs. 50.00 lakh every month (except DDW / BIFR / units under possession). This Committee will also review the progress of recovery in all the cases having sanctioned amount above Rs. Rs. 1 crore (irrespective of default or no default).

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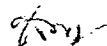
4. The new defaults and slippages will be reviewed every month by the concerned DGM (FR) and a report will be submitted to the GM (D) / CMD.
5. The DDW cases having deficit amount above Rs. 10.00 lakh will be reviewed every month by the GM (D) with the DGM (DDW).
6. The BIFR cases / cases of units under possession / OL cases will be reviewed every month by the GM (D) with the DGM (ARRC) and DGM (Law/I/c-Law).
7. The Stay cases will be reviewed every month by the GM (D) with the DGM (Law/I/c-Law) and concerned DGM (FR).
8. The Nodal Officers will ensure compliance of norms on "Inspection of assisted units" and will specifically mention in their visit reports about number of units required to be visited by the officers of Branch as per norms (prescribed vide Circular no. P&G 1221 (FR-498) dated 19.02.08) and actually visited during the month and reasons for non-compliance.

All concerned are advised to take a note of above and adhere to the time schedule prescribed.



(G.S. SANDHU)

CHAIRMAN & MANAGING DIRECTOR



Copy to:

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