

RAJASTHAN FINANCIAL CORPORATION
(FR-DDW SECTION)

No. RFC/HO/FR-DDW/Policy-2/256

Dated: 01.06.2010

CIRCULAR No. C12

2

Sub: Scheme for settlement of Deficit/written off cases 2010-11

The Corporation has large number of NPAs where a substantial amount is also involved in the category of Deficit /written off cases. Endeavour of the Corporation is to recover maximum amount from this sector.

In order to reduce the NPAs and to get rid off sticky accounts and also to effect recovery from Deficit/written off cases, the Corporation has been introducing settlement scheme from time to time, but it has been observed that the results are not encouraging and are far away from the expectations.

It has therefore been decided that settlement scheme for Deficit/Written off cases launched in the yester years may be further liberalized so as to settle maximum number of cases and effect recovery during the year 2010-11.

The salient features of the scheme are given below:

1. **Duration of the scheme:**

The scheme shall be operative from 1.6.2010 to 31.10.2010.

2. **Eligibility:**

- a) All Deficit/written off cases (excluding deficit-decreetal and written off – decreetal cases).
- b) Deficit/written off cases earlier registered but rejected/closed by the competent authority/ committee.
- c) Deficit/written off cases settled upto 31.3.09 but party did not deposit the settled amount.
- d) Deficit in seed capital account shall also be eligible for settlement under the scheme.

***Note:** All cases decided on or after 1.4.09 by the settlement committee and party consented to the settlement but payment could not be made as per schedule and now the party intends to get the case revived, then case can be revived by BM by charging interest @ 16% p.a. on simple basis on balance unpaid amount of settlement (as per circular No.FR-462 dt.7.7.2007). The last instalment of settlement amount (as full and final payment) should be received upto 28.2.2011 in any case.*

3. Registration fee and upfront payment :

The case will be registered on deposition of registration fee and upfront payment as per the following table:

Deficit/written off amount	Regn. fee (Rs.)	Upfront payment (i.e. % of P.sum deficit/written off amount)
i) Upto Rs.10000/-	100/-	Nil
ii) Rs.10001/- to Rs.25000/-	100/-	5%
iii) Rs.25001/- to Rs.1.00 lac	500/-	10%
iv) Above Rs.1.00 lac	1000/-	10%

Note:

- 1) No registration fee shall be charged from the entrepreneurs belonging to SC/ST/Disabled person/Ex-Servicemen. Such cases will be registered only by getting the requisite upfront fee deposited. All the cases shall be registered at branch level.
- 2) The upfront payment, wherever applicable, shall be payable by the party at the time of registration of the case in one go or within 30 days from the date of deposition of registration amount.

4. Norms for Settlement for Deficit/Written off cases irrespective of sacrifice amount:

S. No	Principal Deficit / Written off amount	Settlement amount	Competent authority
i)	Upto Rs.10000/-	10% of P.sum deficit/written off amount + OM+ 5% recovery charges of 32G, if any.	BM
ii)	Rs.10001/- to Rs.25000/-	25% of P.sum deficit/written off amount + OM. + 5% recovery charges of 32G, if any.	BM
iii)	Rs.25001/- to Rs.50000/-	35% of P.sum deficit/written off amount + OM. + 5% recovery charges of 32G, if any.	BM
iv)	Rs.50001/- to Rs.75000/-	50% of P.sum deficit/written off amount + OM. + 5% recovery charges of 32G, if any.	BM
v)	Rs.75001/- to Rs.1.00 lac	60% of P.sum deficit/written off amount + OM. + 5% recovery charges of 32G, if any.	BM
vi)	Above Rs.1.00 to 5.00 lac	P.sum deficit/written off amount + OM. + 5% recovery charges of 32G, if any.	BM
vii)	Above Rs.5.00 lac : (a) Where security available is upto 200% of P. sum deficit / written off amount	P.sum deficit/written off amount + OM + 5% recovery charges of 32G, if any + (5% of P.sum deficit / written off amount on account of interest OR total interest outstanding, whichever is less).	DMC

Am

2

2

	(b) Where security available is more than 200% but upto 300% of P. sum deficit / written off amount	P.sum deficit/written off amount + OM + 5% recovery charges of 32G, if any. + (25% of P.sum deficit / written off amount on account of interest OR total interest outstanding, whichever is less).	DLC
	(c) Where security available is more than 300% but upto 400% of P. sum deficit / written off amount	P.sum deficit/written off amount + OM + 5% recovery charges of 32G, if any. + (50% of P.sum deficit / written off amount on account of interest OR total interest outstanding, whichever is less).	DLC
	(d) Where security available is more than 400% but upto 500% of P. sum deficit / written off amount	P.sum deficit/written off amount + OM + 5% recovery charges of 32G, if any. + (75% of P.sum deficit / written off amount on account of interest OR total interest outstanding, whichever is less).	DLC
	(e) Where security available is more than 500% of P. sum deficit / written off amount	P.sum deficit/written off amount + OM + 5% recovery charges of 32G, if any. + (85% of P.sum deficit / written off amount on account of interest OR total interest outstanding, whichever is less).	DLC

5. SECURITY:

Criteria for calculation of value of primary assets / collateral security:

While deciding the case by the competent authority as per powers delegated, if primary assets are available then latest MRV shall be calculated as per existing guidelines. As far as value of collateral security is concerned, it shall be taken at present market rates.

Note: This is to clarify that while settling such cases, third party personal guarantee shall not be taken into account.

6. Payment by party :

In the cases having P. sum deficit / written off amount upto Rs. 1.00 lac, the party will be required to deposit the entire settlement amount in one go. However, in the cases having P.sum deficit/written off amount above Rs.1.00 lac, if the party opts to make payment of the settlement amount in instalments then it may be allowed to deposit the settlement amount in monthly instalments from the date of settlement (not more than 6 monthly instalments). The last date of deposition of settlement amount (as full and final payment) should not be later than 31.03.2011 in any case. The case will not be allowed to spill-over in the next financial year.

MU

7. Appeal:

No appeal shall lie against the order of the BM/DLC unless the decision for settlement is against the provisions of the scheme. In such cases the Appeal against the decision of Branch Manager/DLC can be made to HOLC (there will be a provision of only one appeal) within 15 days of the date of conveying decision to the party by depositing upfront amount equivalent to 10% of principal Deficit/written off amount and registration fees of Rs.5,000/-. No registration fee for appeal shall be charged from the entrepreneurs belonging to SC/ST/Disabled persons/Ex-Servicemen / cases having P. sum deficit / written off amount upto Rs.1.00 lac and such cases will be registered only by getting the requisite upfront fee deposited. All the appeal cases shall be registered at branch level and proposal will be forwarded to HO within 15 days by the date of registration of Appeal for placing the same before HOLC.

8. In case of any difficulty in implementation/interpretation of the scheme or any clarification/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:

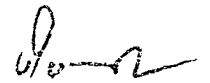
- i) Branch Level cases Branch Manager/DLC shall decide within 30 days of registration.

HO Level Appeal cases Proposal of appeal should reach within 15 days to HO. The Appellate authority shall dispose of the same within 30 days of receipt of the proposal at HO.

- ii) BMs will give wide publicity to the scheme and will also arrange display of the scheme on the notice board of the branch/DLC/Collector's office/office of the local bodies/Industrial Associations etc.
- iii) Branch Manager to ensure that all eligible cases are identified and distributed among the officials of the Branch for proper follow up.
- iv) 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.
- v) A register will be maintained at Branch having S.No., date of Regn., Name of unit, Category, Regn.fee, Upfront amount, Outstanding balance, Settlement amount, Instalment allowed if any, Date of settlement, If delay, reasons and Remarks.
- vi) The Nodal officer shall review the attainment made by the concerned branch on monthly basis and provide feed back to the GM(D).

- vii) The branch will send monthly information by 5th of every month to DGM (DDW) about the No. of cases registered, amount settled and recovery effected.
- viii) After deposition of the entire settlement amount "NO DUES CERTIFICATE" will be issued mentioning the fact that account is settled under OTS scheme of the Corporation and Corporation has sacrificed more than Rs.
- ix) All the officers of the branch to whom the cases are allotted, will ensure that eligible borrowers are intimated about the scheme, contacted personally and if needed pamphlets as per directions of HO vide circular letter No. RFC/HO-FR-11/WZ/101-89/2044 dated 14.12.02 are circulated. It is also directed that all pending RODs are sent upto 30.6.2010.

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



(G.S. Sandhu)

Chairman & Managing Director



Copy to:

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