

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005
(RRM DIVISION)

Ref.No.RFC/23FR/HO/Policy-68/1322

Dated: 30-03-2012
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CIRCULAR (FR-687)

Sub: Mechanism to monitor the units for the purpose of recovery - Reconstitution of Default Review Committees

In order to ensure effective follow-up and to facilitate decisions about the line of action, the system of review by the Default Review Committees (DRCs) is prescribed in P& (at point No.1.58 of Chapter FR-1).

In the background of recent re-organization, it has been felt that there is a need to make the system of review more effective and result-oriented by clearly defining the role, scope and responsibility/accountability of DRCs so as to have a focused attention on recovery of Corporation dues, NPA management, close follow-up and regular monitoring of assisted units thus enabling the Corporation in maintaining assets, quality by prevention of slippages and up-gradation of NPAs.

The Default Review Committees will review and analyze the causes of default in each and every case under their respective jurisdiction and will be responsible/ accountable for timely recovery of Corporation dues, new defaults and slippages.

The Default Review Committees are hereby re-constituted as under:-

(I) BRANCH LEVEL DEFAULT REVIEW COMMITTEE :

i)	Branch Manager	:	Chairman
ii)	DM/AM (Fin./Project monitoring at BO)	:	Member
iii)	DM/AM (FR)	:	Convener

(a) Branch Level DRC will meet once in months.

(b) Jurisdiction :

- 1) All cases of default irrespective of loan sanctioned/quantum of default and progress of recovery in all loan accounts under the jurisdiction of branch.
- 2) All DDW cases.
- 3) All cases of units under possession.
- 4) All Court cases.
- 5) All Suit filed cases.
- 6) All the cases in which legal action u/s 32G has been initiated.
- 7) New Defaults and slippages.
- 8) All the cases in which legal action u/s 30 has been initiated.
- 9) Rescheduled cases, cases in which units have been handed over back to the original promoter, cases in which PDCs have been taken for recovery of Corporation dues, complaints lodged u/s 138(b) of NI Act.
- 10) FIR lodged cases.

(II) DRC AT DGM OPERATIONS) LEVEL:

i)	Dy. Gen. Manager(Operations)	:	Chairman
ii)	Branch Manager	:	Member
iii)	DM/AM (Fin./Project monitoring at BO)	:	Member
iv)	DM/AM (FR)	:	Convener

(a) DGM (Operations) level DRC will meet every month.

(b) **Jurisdiction :**

- 1) All cases of default having overdues above Rs.5.00 lakh
- 2) Progress of recovery in all cases having loan sanctioned above Rs.10 lac (irrespective of default or no default).
- 3) All DDW cases.
- 4) All cases of units under possession.
- 5) All Court Stay cases/BIFR/AAIFR/OL cases
- 6) All suit filed cases.
- 7) All the cases in which legal action u/s 32G has been initiated.
- 8) New Defaults and slippages.
- 9) All the cases in which legal action u/s 30 has been initiated.
- 10) Rescheduled cases, cases in which units have been handed over back to the original promoter, cases in which PDCs have been taken for recovery of Corporation dues, complaints lodged u/s 138(b) of NI Act.
- 11) FIR lodged cases.
- 12) Compliance of norms of Inspection of assisted units.
- 13) Compliance of prescribed monitoring mechanism (P&G-1224).

(III) **DRC AT HO LEVEL UNDER THE CHAIRMANSHIP OF GM (D - RRM) :**

i)	General Manager (Dev.)	:	Chairman
ii)	Dy. Gen. Manager (Operations)	:	Member
iii)	Dy. Gen. Manager (CP&M Div)	:	Member
iv)	Dy. Gen. Manager (FMD)	:	Member
v)	Dy. Gen. Manager (Law Div.)	:	Member
vi)	Dy. Gen. Manager (RRM Div.)	:	Member Secretary
vii)	Manager/DM (I/c) concerned Section of RRM Division at HO	:	Member

(a) DRC at HO level under the chairmanship of General Manager (DRRM) will meet once in two months.

(b) **Jurisdiction :**

- 1) All cases of default having overdues above Rs.20.00 lakh
- 2) Progress of recovery in all cases having loan sanctioned above Rs.50 lac (irrespective of default or no default).
- 3) All DDW cases having overdues above Rs.10 lakh.
- 4) All cases of units under possession.
- 5) All Court Stay cases/BIFR/AAIFR/OL cases
- 6) All cases of new defaults.
- 7) All cases of new slippages.
- 8) Rescheduled cases; cases in which units have been handed over back to the original promoter, cases in which PDCs have been taken for recovery of Corporation dues, complaints lodged u/s 138(b) of NI Act.
- 9) All the cases in which legal action u/s 30 has been initiated.
- 10) All cases of willful defaulters.
- 11) Will monitor, in general, progress of recovery and follow up.
- 13) Sectoral analysis of defaults.

(IV) **DRC AT HO LEVEL UNDER THE CHAIRMANSHIP OF ED :**

i)	Executive Director	:	Chairman
ii)	GM (F)/FA/ED (F)	:	Member
iii)	General Manager (Dev.)	:	Member
iv)	Dy. Gen. Manager (Operations) concerned	:	Member

v)	Dy. Gen. Manager (CP&M Div.)	:	Member
vi)	Dy. Gen. Manager (FMD)	:	Member
vii)	Dy. Gen. Manager (Law Div.)	:	Member
viii)	Dy. Gen. Manager (RRM Div.)	:	Member Secretary
ix)	Manager/DM (I/c) concerned Section of RRM Division at HO	:	Member

(a) DRC at HO level under the chairmanship of Executive Director will meet every quarter.

(b) **Jurisdiction :**

- 1) All cases of default having overdues above Rs. 50.00 lakh
- 2) Progress of recovery in all cases having sanctioned amount above Rs.1.00 crore (irrespective of default or no default).

Besides the above, it is reiterated that the Branch Managers will conduct review of each and every case as per the system of conducting review on every Monday by the Follow-up & Recovery Committee (FRC) as P&G (Point No.1.43 - 1.45 of Chapter FR-1). Details about new defaults must be sent to DGM (RRMD) by 8th of the due month.

The minutes of Branch level DRC meeting will be sent to the DGM (Operations) every month who will critically examine the line of action decided/course of action being adopted for recovery by branch and will issue necessary instructions for effective action for timely recovery. Likewise, the minutes of the DRC meeting held under the Chairmanship of DGM (Operations) will be sent to the GM (D), who will take necessary action to issue instructions if he is not satisfied with the line of action and efforts and in case inaction/slackness in efforts at the level of Branch/DGM (Operations) is noted.

The DGM (RRM) will ensure that the DRCs are conducted regularly at HO. Likewise, he will also monitor that the DRCs at BO level and DGM (Operations) level are being conducted as per above prescribed schedule.

The DGM (RRM) will also put up a review note, on monthly basis, for perusal of CMD regarding the cases having overdues above Rs.1 crore, new defaults, slippages, up-gradation, industry-wise/sectoral analysis of defaults, willful defaulters, recovery in rescheduled cases, progress in the cases in which action u/s 138(b) is being initiated/initiated, cases of legal action u/s 30/29, FIR lodged cases, note on compliance of norms of Inspection of assisted units and compliance of prescribed monitoring mechanism, progress in BIFR/AAIFR/OL/ stay cases, progress of disposal of units under possession, suit field cases, cases in which action u/s 32G is going on, progress of recovery in DDW cases and a detailed note on the progress of recovery and risk management highlighting potential threats so as to mitigate risks and take preventive steps based on the early alert signals to take care of the same while taking policy decisions for further financing etc.

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


(YADUVENDRA MATHUR) 2/4

CHAIRMAN & MANAGING DIRECTOR

Copy to:

1. All BO/SO Offices
2. DGM (Operations)
3. A&I, Ajmer/Jodhpur.
4. Standard Circulation at HO.