

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005

(RRM DIVISION)

Ref.No.RFC/23FR/HO/Policy-68/ 608

Dated: 07-08-2014

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CIRCULAR**(FR-728)****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 PG (at point No.1.58 of Chapter FR-1). Later on, the system was reviewed and to have more effective and result-oriented approach, it was decided to define 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 thereby enabling the Corporation in maintaining assets quality by prevention of slippages and up-gradation of NPAs. The jurisdiction of DRCs was also revised vide circular No.FR-687 dated 02.04.2012. and circular No.FR-697 dated 07.09.2012

The matter was again reviewed in SOM and observed that there is overlapping in jurisdiction of DRCs which needs to be reduced in numbers. Accordingly the matter was placed before PC&CC in its meeting held on 17.07.14 and it was decided that now DRC may be held at two levels only i.e. DGM and GM levels. It was also decided that to review the litigation cases, a review committee may also be constituted at the level of DGM (Ops). Accordingly the constitution of committees is as follows:

A] DRC

(i) Loan sanctioned upto Rs.1.50 crore (irrespective of amount of default):

DGM (Operation)	Chairman
Branch Manager	Member-Secretary
DM/AM (FR) of BO	Member
DM/AM (F) of BO	Member
Note: The committee will meet once in a month.	

Jurisdiction :

- 1) Progress of recovery in all cases having loan sanctioned upto Rs.1.50 crore.
- 2) All DDW cases having sanctioned amount upto Rs.1.50 crore.
- 3) All cases of units under possession.
- 4) All Court Stay cases/BIFR/AAIFR/OL cases
- 5) All suit filed cases.
- 6) All the cases in which legal action u/s 32G has been initiated.
- 7) New Defaults and slippage cases.
- 8) All the cases in which legal action u/s 30 has been initiated.

- 9) All rescheduled cases
- 10) FIR lodged cases.
- 11) Compliance of norms of Inspection of assisted units.
- 12) Compliance of prescribed monitoring mechanism (P&G-1224).
- 13) All the cases where PDCs have been dishonoured and complaints lodged u/s 138(b) of N.I.Act.

ii) Loan sanctioned more than Rs.1.50 crore (irrespective of amount of default):

GM (Operations)	Chairman
DGM (Law)	Member
DGM (Operation) concerned	Member
DGM (RRMD)	Member-Secretary
Note: The committee will meet quarterly.	

Jurisdiction :

- 1) Progress of recovery in all cases having loan sanctioned more than Rs.1.50 crore (irrespective of default or no default).
- 2) All DDW cases having loan sanctioned above Rs.1.50 crore.
- 3) All cases of units under possession.
- 4) All Court Stay cases/BIFR/AAIFR/OL cases.
- 5) All cases of new defaults and new slippages.
- 6) All cases in which PDCs have been dishonoured and complaints lodged u/s 138(b) of NI Act.
- 7) To monitor in general, the progress of recovery and follow up.
- 8) Sectoral analysis of defaults.

B] Review committee for litigation cases:

DGM (Operation)	Chairman
Branch Manager (whenever needed)	Member
OIC of the case	Member
DM/AM (Op)	Member-Secretary

However, review by legal cell will be continued as per prevailing procedure and guidelines.

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 every month.

The minutes of the DRC meeting held under the Chairmanship of DGM (Operations) will be sent to the GM (Operations), 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 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 MD regarding critical issues of RRM Division. A detailed note on the progress of recovery and risk management highlighting potential threats will also be put up 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.


(Madhusudan Sharma)
MANAGING DIRECTOR

Copy to:

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