

RAJASTHAN FINANCIAL CORPORATION
(RRMD)

Udyog Bhawan,
Tilak Marg,
JAIPUR

Ref.No.RFC/RRMD/Gen.-/36 / 986

Dated: 27.01.2016
02.02-16

CIRCULAR
(FR - 743)

Reg: **RBI Master Circular on Wilful Defaulters and Frauds –
Classification and Reporting.**

The Board of Directors in their meeting held on 29.12.2015 have decided to adopt the RBI Master Circular dated 1st July, 2015 on Wilful Defaulters and Frauds and approved the operational modalities for its implementation as follows:-

Wilful Default : A "Wilful Default" would be deemed to have occurred if any of the following events is noted:

- a) The unit has defaulted in meeting its payment / repayment obligations to the lender even when it has the capacity to honour the said obligations.
- b) The unit has defaulted in meeting its payment / repayment obligations to the lender and has not utilized the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes.
- c) The unit has defaulted in meeting its payment / repayment obligations to the lender and has siphoned off the funds so that the funds have not been utilized for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets.
- d) The unit has defaulted in meeting its payment / repayment obligations to the lender and has also disposed off or removed the movable fixed assets or immovable property given for the purpose of securing a term loan without the knowledge of the bank / lender.

Mechanism for identification of Wilful Defaulters :

In order to identify the wilful defaulters, following mechanism is laid down:-

- 1) The Field Offices will send the information on wilful defaulters in the enclosed format regularly at the end of the quarter by mail to RRMD and the concerned Operation.
- 2) The Field Offices shall compile the information relating to wilful defaulters involving loan outstanding Rs. 25.00 lac and above. Following certain measures may be taken by the Field Offices for identifying such cases:-
 - a) Meaningful scrutiny of quarterly progress reports / balance sheets of the borrowers;
 - b) Regular inspection of borrower's assets charged to the Corporation as security.
 - c) Periodical visits to the assisted units.

Handwritten signature

3) The details of wilful defaulters compiled by the Field Offices shall be presented by the DGM(OP) concerned before the following committee:-

Executive Director	-	Chairman
General Manager(Dev.)	-	Member
General Manager(OP)	-	Member
Dy. General Manager(RRMD)	-	Member Secretary

4) The evidence of wilful default will be examined by the above Committee.

5) While examining the evidence of wilful default on the part of the borrower / whole time director at the relevant time, the Committee shall also keep in view the track record of the borrower. The isolated transactions / incidents may not form part of the process.

6) If the Committee concludes that an event of wilful default has occurred, it shall issue a Show Cause Notice to the concerned borrower and the promoter / whole time director and call for their submissions and after considering their submissions, issue an order recording the facts of wilful default and the reasons for the same. An opportunity should be given to the borrower and the promoter / whole time director for personal hearing if the Committee feels such an opportunity is necessary.

7) The Board also constituted a Sub-Committee of the Board comprising of following Directors for review and confirmation of the decision of the Committee headed by Executive Director:-

Managing Director	:	Chairman
Shri Ketan Mehta	:	Member
Dr. Sanjiv Agarwal	:	Member
DGM(RRMD)	:	Convener

8) The Corporation would also submit a list of suit filed cases and non-suit filed cases of above wilful defaulters to all the following four Credit Information Companies (CICs):-

- a) Experian Credit Information Company of India Private Limited
- b) Equifax Credit Information Services Private Limited
- c) CRIF High Mark Credit Information Services Private Limited and
- d) Credit Information Bureau (India) Limited (CIBIL).

9) By way of penal measures, the Corporation would not consider additional facilities to the listed wilful defaulters and the legal process, wherever warranted against the borrowers / guarantors shall be initiated including criminal proceedings.

10) In case of any difficulty in implementation / interpretation of the provisions of the RBI Circular under reference, the Managing Director is authorized to take a view in the matter.


(Maneesh Chauhan)
Managing Director

Encl: as above

Copy to:

1. All BOs
2. All DGM (Operations)
3. Standard circulation at HO
4. Manager (Comp) for hoisting on website

BRANCH :

RAJASTHAN FINANCIAL CORPORATION
STATEMENT OF WILFUL DEFAULTERS (LOAN OUTSTANDING Rs. 25 LAC AND ABOVE)

(Rs. in lac)

S. No.	Name & Address of the unit	Name and address of Promoters/ Directors	Name and addresses of Guarantors	Amount outstanding as on 31.03.2015					Complete Details of Security available	No. of inspections made during FY. 14-15	Reason for identifying as wilful defaulter: a) Diversion or b) Siphoning of fund c) Any other reason for wilful defaulting	Remarks including penal measures taken
				NDP	ODP	INTT.	OM	TOTAL				
				5	6	7	8	9	10	11	12	13
1	2	3	4									
Total												

Prepared by

Checked by

BRANCH MANAGER

(24)