

RAJASTHAN FINANCIAL CORPORATION
UDYOG BHAWAN, TILAK MARG, JAIPUR – 302 005
(RRM DIVISION)

Ref.No.RFC/23FR/HO/Policy-8/1372

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CIRCULAR
(FR-692)

Reg : One-time Settlement Scheme for NPA accounts

In order to reduce NPA and to improve health code portfolio, the Corporation has been bringing One Time Settlement Schemes since 1994 making certain changes year after year restricting / liberalizing some of the parameters. Last in the series were the OTS Schemes : 2011-12 providing more relief to those who had repaid comparatively more to the Corporation.

The progress made under the OTS Schemes : 2011-12 has been reviewed by the Committee constituted by the Board and it has been observed that out of total 5536 eligible cases, 1169 cases have been finally settled and still there are more than 4000 age old sticky accounts as on 31.03.2012 and getting rid of them is of vital importance for the Corporation.

It has been observed that sometimes the eligible loanees do not come forward for settlement in the hope of more liberal schemes in the years to come and this is one of the significant reasons for slow progress and is proving counter-productive for the Corporation.

The Committee felt that there is a need to convey clearly that the Schemes being launched for OTS will not be further liberalized in any way in future. The Committee decided to introduce perpetual and ongoing settlement schemes having non-discretionary and non-discriminatory character.

Accordingly, OTS Schemes are being launched (**Annexure 'A'**) as a perpetual and an ongoing OTS policy of the Corporation to provide an exit route to age old sticky NPA accounts fulfilling eligibility criteria prescribed under the enclosed Schemes. The salient features of these schemes are as follows :-

- 1) The settlement amount arrived at as per the prescribed formula under the scheme will be termed as **"deemed settlement amount as on 31.03.2012"**.
- 2) The eligible loanee will be required to deposit the requisite registration fee and up-front payment as prescribed for relevant category under the scheme.

- 3) The deemed settlement amount as on 31.03.2012 plus simple interest @13% p.a. w.e.f. 01.04.2012, till the date of deposit, will be required to be deposited within 30 days of the letter communicating decision of settlement.

However, if the party opts to make payment of the aforesaid amount in instalments then maximum six monthly instalments may be allowed alongwith continuing simple interest @13% on the unpaid amount till the date of deposit.

4) **Rebate for prompt payment :**

- a) Rebate of 3% of the settlement amount shall be allowed to the applicant who pays the entire settlement amount (i.e. deemed settlement amount as on 31.03.2012 plus interest w.e.f. 01.04.2012 to the date of final payment) including the up-front payment within a period of one month from the date of issue of letter communicating decision of settlement.
- b) However, such rebate for prompt payment shall not result in any sacrifice in the deemed settlement amount i.e. this rebate of 3% shall be out of the interest payable w.e.f. 01.04.2012 / from the date of sale (in the cases of units sold in deficit after 31.03.2012).
- 5) Under the Scheme, in some category of cases, the eligibility is linked with MRV. In such cases, the BM should ensure to get the MRV calculated and decide as to whether a particular case is covered under the Scheme or not. This process should be completed latest by 15.06.2012.

While calculating MRV, due weight-age should be given to the defects / damages in the building and other factors affecting MRV and condition of assets (i.e. Building, Plant & Machinery) with balanced application of mind as to what price it may actually fetch, so as to have a realistic valuation of assets (i.e. primary security and collateral security).

The assessment of value of securities at BO level will be subject to random checking by the DGM(Operations) / Head Office and if in random checking variation is found to be more than 10% either side, shall be viewed seriously and may call for the action against the BM/ Branch In-charge / Officers who assessed the MRV.

This action for random checking will be completed by the concerned DGM(Operations) by 30.06.2012.

- 4) The Branch Managers will list-out eligible cases under the scheme and ensure to calculate the deemed settlement amount as on 31.03.2012 as per the prescribed formula and will ensure to intimate the eligible loanees and guarantors latest by 15.07.2012.

Copy of the list of eligible cases showing the amount of deemed settlement as on 31.03.2012 will be sent by the BM to the DGM(Operations) by 05.07.2012.

- 5) The aforesaid list of cases eligible for settlement will be final and no new case will be added in future except the cases in which sale by the Corporation results into deficit after 31.03.2012.
- 6) Loans not eligible for settlement under this scheme are required to be paid over & above the settlement amount of eligible loans within the scheduled time period allowed for payment of settlement amount.

The eligibility criteria, settlement formula, details of registration fee and up-front payment under different schemes are at **Annexure - 'A'**. The general conditions / guidelines to be followed while taking-up cases under any of the one time settlement schemes are enclosed at **Annexure - 'B'**.

All the Branch Managers are advised to carefully go through these OTS schemes and list-out the cases eligible under different schemes and work-out the details required as per settlement formula latest by 30.06.2012 and send the category-wise details of the number of eligible cases, amount involved (principal interest and other money) and the deemed settlement amount as on 31.03.2012 to the DGM(Operations) so as to reach latest by 05.07.2012 positively. The DGM(Operations) will submit the consolidated information (branch-wise) to the GM(D), along with the list of eligible cases and details of deemed settlement amount as on 31.03.2012, latest 10.07.2012.

The Branch Managers should inform all eligible borrowers about the details of the schemes and the benefit available in the event of settlement latest by 15.07.2012 positively. It should be clearly informed that the schemes being launched are final and will be perpetual and there will be no change in the eligibility criteria and no relaxation will be made in terms and conditions of the scheme as such the eligible loanes should come forward at the earliest and get their accounts settled to avoid burden of continuing interest on the deemed settlement amount.

The Branch Managers should distribute all the cases eligible under different schemes amongst the different teams constituted for the purpose and these teams should ensure to contact the promoters / guarantors of these cases and make them aware about the benefits which they will get in case of settlement under these schemes.

The Branch Managers will send monthly progress report to the DGM(RRM) regarding the cases eligible under OTS schemes in the enclosed format at **Annexure 'C'** by 7th of the following month.

The Branch Managers are also advised to make wide publicity of these schemes through Press notes in the local news papers through DPR.

It is enjoined upon all the Branch Managers to make all out efforts to register all eligible cases so as to get rid off such old and sticky accounts thus facilitating reduction in NPA level.

The cases in which assets and promoters both are missing and there are no chances of recovery may be identified by the BMs and case-wise details, with recommendations to finally write off, may be sent to the GM(D) through concerned DGM(Operations) with clear-cut and categorical recommendations, which after detailed scrutiny will be placed before the Board of Directors for final decision regarding writing off.



(YADUVENDRA MATHUR)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

1. All BOs / SOs
2. DGM (Operations I to VI)/ A&I Offices Ajmer / Jodhpur.
3. Standard circulation at HO.

ONE-TIME SETTLEMENT SCHEMES

PART - I : NPA CASES AND THOSE DDW CASES IN WHICH THERE IS PRIMARY AND / OR COLLATERAL SECURITY (EXCLUDING CASES OF COMPROMISE DECREE AND CASES IN WHICH DECREE WAS OBTAINED BY RFC AFTER 31.03.2009) EXCEPT JOINT FINANCE CASES, BIFR / AAIFR / OL CASES AND FAAS / CRE CASES

[1] Eligibility :

(a) NPA cases sanctioned upto 31.03.2001 (including Single Window / Composite Loan / Seed Capital Loan / Transport Loan) and which stand categorized as "doubtful" or "loss" as on 31.03.2006 shall be eligible.

(b) All DDW cases having primary and / or collateral security. However, compromise decree cases and the cases in which decree has been obtained after 31.03.2009 shall not be eligible.

Note:

(i) *There is no bar for registration of the cases closed / rejected by the Empowered Settlement Committee(s), competent authority upto 31.03.2011 or cases which were settled upto 31.03.2011 with the consent of the loanee but where the loanee either did not deposit any amount or deposited part amount only, if these are otherwise eligible.*

(ii) *The cases which were settled after 31.03.2011, by the Empowered Settlement Committee(s) / competent authority or the cases in which although settlement decision was taken upto 31.03.2011 but time allowed to deposit the settlement amount has not expired upto 31.03.2012 shall not be considered for settlement afresh under the scheme and these borrowers are required to pay the unpaid settlement amount along with interest @13% p.a. on simple basis for the delayed period. In such cases the concerned DGM(Operations) shall be the competent authority to revive the settlement and allow paying the unpaid settlement amount along with interest for the delayed period.*

The cases registered under the OTS Schemes : 2011-12 and still pending shall be settled as per the provisions of the OTS Schemes : 2011-12.

The cases closed / rejected by the Empowered Settlement Committee(s) / competent authority after 31.03.2011 shall not be eligible under the scheme.

(iii) *The amount so worked-out as per prescribed formula given in the concerned OTS Scheme under which a case is eligible, will be termed as the "amount of deemed settlement as on 31.03.2012". Such borrowers would be required to pay the amount of deemed settlement along with simple interest @ 13% p.a. w.e.f. 01.04.2012 to the date of final payment plus required registration fee.*

The party will be required to deposit the entire settlement amount within 30 days of the letter communicating decision of settlement. However, if the party opts to make payment of the settlement amount in instalments, then they may be allowed to deposit the same along with interest as above in maximum six monthly instalments.

(iv) **Rebate for prompt payment :**

- a) Rebate of 3% of the settlement amount shall be allowed to the applicant who pays the entire settlement amount (i.e. deemed settlement amount as on 31.03.2012 plus interest w.e.f. 01.04.2012 to the date of final payment) including the up-front payment within a period of one month from the date of issue of letter communicating decision of settlement.
- b) However, such rebate for prompt payment shall not result in any sacrifice in the deemed settlement amount i.e. this rebate of 3% shall be out of the interest payable w.e.f. 01.04.2012 / from the date of sale (in deficit sale cases).

(v) As per existing guidelines / practices being followed all live accounts are clubbed-up for ascertaining the eligibility for settlement and ascertaining the settlement amount in cases where a borrower is having multiple accounts.

(vi) Deficit cases of units sold after 31.03.2012 (i.e. sale documents executed after 31.03.2012), the deficit amount will be settled as per the formula prescribed for settlement and simple interest @13% p.a. shall be payable on such settlement amount w.e.f. the date of sale to the date of final payment of the settlement amount.

[2] **Date of deemed settlement : 31.03.2012 or the date of sale (in case of deficit sale cases) whichever is later.**

[3] **Competent authority (irrespective of quantum of sacrifice) : Branch Manager / Branch In-charge.**

[A] CASES WHERE SANCTIONED AMOUNT IS UPTO RS. 2.00 LAKH :

Loan sanctioned amount	Settlement formula	Registration Fee (Rs.)	Up-front payment (Rs.)
Up to Rs. 25,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since inception till date of application OR 10% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	200	10% of sum (principal + other money)
Above Rs. 25,000/- and up to Rs. 50,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since inception till date of application OR 30% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	200	20% of sum (principal + other money)
Above Rs. 50,000/- and up to Rs. 1,00,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since inception till date of application OR 40% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	1000	20% of sum (principal + other money)
Above Rs. 1,00,000/- and up to Rs. 2,00,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since inception till date of application OR 60% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	2000	20% of sum (principal + other money)

Note: There will be no refund of registration fee, or the up-front amount paid, whatsoever, in case one has already repaid to the Corporation over and above the settlement amount as per the applicable parameters, indicated above. However, in such a case the settlement amount will be equivalent to the amount of up-front payment (i.e., 10% / 20% of the principal sum outstanding plus 10% / 20% of other money as on date of registration).

[B] CASES WHERE SANCTIONED AMOUNT IS MORE THAN RS. 2.00 LAKH AND UPTO RS. 10.00 LAKH :

- (1) Cases in which MRV of primary assets and collateral security is equal to or less than total outstanding :

<i>Settlement formula</i>	<i>Registration Fee (Rs.)</i>	<i>Up-front payment (Rs.)</i>
Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable)	4,000	20% of sum (principal + other money)

- (2) Cases in which MRV of primary assets and collateral security is more than total outstanding but less than 300% of total outstanding :

<i>Total payment made since beginning</i>	<i>Settlement formula</i>	<i>Registration Fee (Rs.)</i>	<i>Up-front payment (Rs.)</i>
Thrice or more of principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 10% of principal sum outstanding OR 50% of MRV whichever is less.	4,000	20% of sum (Principal + Other Money)
Between twice to thrice the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 30% of principal sum outstanding OR 60% of MRV whichever is less.	4,000	20% of sum (Principal + Other Money)
More than principal sum to twice the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 50% of principal sum outstanding OR 70% of MRV whichever is less.	4,000	20% of sum (Principal + Other Money)
Equal to OR Less than the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 70% of principal sum outstanding OR 80% of MRV whichever is less.	4,000	20% of sum (Principal + Other Money)

Note : i) But in no case, settlement will be below the outstanding principal sum plus other money plus incentive paid / payable / other money being debited, if any.
ii) The cases having loans sanctioned above Rs. 2.00 lakh and upto Rs. 10.00 lakh in which MRV of primary assets plus collateral security is more than 300% of total outstanding shall not be eligible for settlement under the scheme.

[C] CASES WHERE SANCTIONED AMOUNT IS MORE THAN RS. 10.00 LAKH IN WHICH MRV OF PRIMARY ASSETS AND COLLATERAL SECURITY IS EQUAL TO OR LESS THAN TOTAL OUTSTANDING :

Total payment made since beginning	Settlement amount	Registration Fee (Rs.)	Up-front payment (Rs.)
Thrice or more of principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 30% of interest outstanding OR 50% of MRV whichever is less	10,000	20% of sum (principal + other money)
Between twice to thrice the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 40% of interest outstanding OR 60% of MRV whichever is less	10,000	20% of sum (principal + other money)
More than principal sum to twice the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 50% of interest outstanding OR 70% of MRV whichever is less.	10,000	20% of sum (principal + other money)
Equal to OR Less than the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable) + 60% of interest outstanding OR 80% of MRV whichever is less	10,000	20% of sum (principal + other money)

Note : i) But in no case settlement will be below the outstanding Principal sum plus other money plus incentive paid / payable / other money being debited, if any.
ii) The cases having loans sanctioned above Rs. 10.00 lakh in which MRV of primary assets plus collateral security is more than total outstanding shall not be eligible for settlement under the scheme.

PART - II ONE-TIME SETTLEMENT SCHEME FOR SETTLEMENT OF DEFICIT, DECREETAL AND WRITTEN-OFF CASES

[1] Eligibility :

Deficit / Written off cases and Deficit – Written off decreetal cases not having primary and / or collateral security, but excluding following category of cases, will be eligible under the scheme :

- a) Cases having primary and / or collateral security;
- b) Compromise decree cases;
- c) Cases in which decree was obtained after 31.03.2009
- d) FAAS / CRE cases

Note:

(i) *There is no bar for registration of the cases closed / rejected by the Empowered Settlement Committee(s), competent authority upto 31.03.2011 or cases which were settled upto 31.03.2011 with the consent of the loanee but where the loanee either did not deposit any amount or deposited part amount only, if these are otherwise eligible.*

(ii) *The cases which were settled after 31.03.2011, by the Empowered Settlement Committee(s) / competent authority or the cases in which although settlement decision was taken upto 31.03.2011 but time allowed to deposit the settlement amount has not expired upto 31.03.2012 shall not be considered for settlement afresh under the scheme and these borrowers are required to pay the unpaid settlement amount along with interest @13% p.a. on simple basis for the delayed period. In such cases the concerned DGM(Operations) shall be the competent authority to revive the settlement and allow paying the unpaid settlement amount along with interest for the delayed period.*

The cases registered under the OTS Schemes : 2011-12 and still pending shall be settled as per the provisions of the OTS Schemes : 2011-12.

The cases closed / rejected by the Empowered Settlement Committee(s) / competent authority after 31.03.2011 shall not be eligible under the scheme.

(iii) *The amount so worked-out as per prescribed formula given in the concerned OTS Scheme under which a case is eligible, will be termed as the "amount of deemed settlement as on 31.03.2012". Such borrowers would be required to pay the amount of deemed settlement along with simple interest @ 13% p.a. w.e.f. 01.04.2012 to the date of final payment plus required registration fee.*

The party will be required to deposit the entire settlement amount within 30 days of the letter communicating decision of settlement. However, if the party opts to make payment of the settlement amount in instalments, then they may be allowed to deposit the same along with interest as above in maximum six monthly instalments.

(iv) **Rebate for prompt payment :**

- a) *Rebate of 3% of the settlement amount shall be allowed to the applicant who pays the entire settlement amount (i.e. deemed settlement amount as on 31.03.2012 plus interest w.e.f. 01.04.2012 to the date of final payment) including the up-front payment within a period of one month from the date of issue of letter communicating decision of settlement.*

- b) However, such rebate for prompt payment shall not result in any sacrifice in the deemed settlement amount i.e. this rebate of 3% shall be out of the interest payable w.e.f. 01.04.2012 / from the date of sale (in deficit sale cases).
- (v) As per existing guidelines / practices being followed all live accounts are clubbed-up for ascertaining the eligibility for settlement and ascertaining the settlement amount in cases where a borrower is having multiple accounts.
- (vi) Deficit cases of units sold after 31.03.2012 (i.e. sale documents executed after 31.03.2012), the deficit amount will be settled as per the formula prescribed for settlement and simple interest @13% p.a. shall be payable on such settlement amount w.e.f. the date of sale to the date of final payment of the settlement amount.
- [2] Date of deemed settlement : 31.03.2012 or the date of sale (in case of deficit sale cases) whichever is later.
- [3] Competent authority (irrespective of quantum of sacrifice) : Branch Manager / Branch In-charge.
DEFICIT/WRITTEN-OFF CASES (INCLUDING DEFICIT / WRITTEN OFF DECREETAL CASES)
- [A] Where sanctioned amount is up to Rs. 2,00,000/- having no primary and / or collateral security :

Loan sanctioned amount	Settlement formula	Registration Fee (Rs.)	Up-front payment (Rs.)
Up to Rs. 25,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since beginning till date of application (including net sale price of assets credited in the loan account) <u>OR</u> 5% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	200	5% of sum (principal + other money)
Above Rs. 25,000/- and up to Rs. 50,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since beginning till date of application (including net sale price of assets credited in the loan account) <u>OR</u> 20% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	200	20% of sum (principal + other money)
Above Rs. 50,000/- and up to Rs. 1,00,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since beginning till date of application (including net sale price of assets credited in the loan account) <u>OR</u> 30% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	1000	20% of sum (principal + other money)
Above Rs. 1,00,000/- and up to Rs. 2,00,000/-	Amount disbursed + other money debited in the account since beginning + incentive paid / payable to the revenue authorities (if applicable) minus total payment made since beginning till date of application (including net sale price of assets credited in the loan account) <u>OR</u> 50% of principal sum outstanding + other money + incentive paid / payable to the revenue authorities (if applicable) whichever is less.	2000	20% of sum (principal + other money)

Note: There will be no refund of registration fee, or the up-front amount paid, whatsoever, in case one has already repaid to the Corporation over and above the settlement amount as per the applicable parameters, indicated above. However, in such a case the settlement amount will be equivalent to the amount of up-front payment (i.e., 5% / 20% of the principal sum outstanding plus 5% / 20% of other money as on date of registration).

[B] Where sanctioned amount is more than Rs. 2,00,000/- having no primary and / or collateral security :

Total payment, including net sale price credited in the loan account, made since beginning	Settlement formula	Registration Fee (Rs.)	Up-front payment (Rs.)
Four times or more of principal sum disbursed	50% of principal sum + other money + incentive paid / payable to the revenue authorities (if applicable)	2,000	10% of sum (principal + other money)
Between thrice to four times of principal sum disbursed	60% of principal sum + other money + incentive paid / payable to the revenue authorities (if applicable)	2,000	10% of sum (principal + other money)
Between twice to thrice the principal sum disbursed	70% of principal sum + other money + incentive paid / payable to the revenue authorities (if applicable)	2,000	10% of sum (principal + other money)
More than the principal sum up to twice the principal sum disbursed	80% of principal sum + other money + incentive paid / payable to the revenue authorities (if applicable)	2,000	10% of sum (principal + other money)
Equal to OR less than the principal sum disbursed	Principal sum + other money + incentive paid / payable to the revenue authorities (if applicable)	2,000	10% of sum (principal + other money)

General conditions / guidelines to be followed while taking up cases under any of the "Schemes for Deemed One-Time Settlement"

The General conditions / guidelines to be followed while taking up case under any of the "Schemes for Deemed One-Time Settlement", and other salient features are follows :

- 1) The cases having loans sanctioned up to Rs. 5.00 lakh belonging to SC / ST / disabled persons / ex-serviceman / BPL Card holders will be exempt from paying registration fee. Such cases will be registered only by getting the requisite up-front payment prescribed under the Scheme, under which they are eligible for OTS, deposited.
- 2) In cases where other money is more than the principal sum then other money to be taken shall be limited to the principal sum.
- 3) Effect of settlement will be given only after receipt of full amount.
- 4) Cases where action under Section 31/32(G) has been initiated, and the party registers its case under OTS, then the concerned Branch Manager shall request the revenue authorities for keeping the action in abeyance till realization of settlement amount.

In case the party commits default in paying the settlement amount then the revenue authorities are to be requested to re-initiate the action from the stage it was kept in abeyance.

- 5) Legal notices issued u/s 30/29 prior to registration of the case shall be kept in abeyance till such time as the party commits default in making payment of settlement amount.

- 6) **Payment of settlement amount by the party :** The amount so worked-out as per prescribed formula given in the concerned OTS schemes, as per eligibility, will be the "**amount of deemed settlement**" as on **31.03.2012**. The loanee / guarantor will be required to pay the above amount of deemed settlement along with **interest @ 13% p.a. w.e.f. 01.04.2012**. The loanee / guarantor will be required to get its case registered under the Scheme by deposition of requisite registration fee and up-front payment. The Branch Office will communicate the amount payable under the Scheme within seven days of registration. The loanee / guarantor will deposit the entire settlement amount **within 30 days** of the letter communicating the decision of settlement. However, if the party opts to make payment of the settlement amount in instalments, then they may be allowed to deposit the same in **maximum six monthly instalments** alongwith continuing interest @13%.

7) - Rebate for prompt payment :

- a) Rebate of 3% of the settlement amount shall be allowed to the applicant who pays the entire settlement amount (i.e. deemed settlement amount as on 31.03.2012 plus interest w.e.f. 01.04.2012 to the date of final payment) including the up-front payment within a period of one month from the date of issue of letter communicating decision of settlement.
- b) However, such rebate for prompt payment shall not result in any sacrifice in the deemed settlement amount i.e. this rebate of 3% shall be out of the interest payable w.e.f. 01.04.2012 / from the date of sale (in the cases of units sold in deficit after 31.03.2012).

8) **Appeal**

There shall be a provision of only one appeal.

[i] **Appeals against decisions of the Branch Manager / Branch In-charge :**

No appeal shall lie against the order of the Branch Manager unless the decision on settlement is against the provisions of the scheme. In such cases appeal against the decision of the Branch Manager can be made to the Head Office Level Committee (HOLC).

(ii) Appeal cases shall be registered at the branch level and proposals for settlement shall be forwarded to the Head Office to reach within 15 days of the registration of appeal for placing the same before HOLC.

(iii) Appeals shall be filed within 30 days from the date of letter communicating the decision of settlement.

(iv) Appeal shall be entertained only when an up-front amount equal to 10% of the principal outstanding and registration fees of Rs. 10,000/- is deposited. However, no registration fee for appeal shall be charged from the entrepreneurs belonging to SC/ST/disabled persons/ex-servicemen / BPL Card holders cases where sanctioned amount is up to Rs.2,00,000/-.

(v) **Disposal of appeals at HO:** The Appellate authority shall dispose of the appeals within 30 days of receipt of the proposal at the Head Office.

9) The amount deposited by the party after the decision to write-off / write-back shall be adjusted against the written-off amount.

For the purpose of calculating settlement amount, the written-off amount less amount deposited after writing off, shall be the principal sum.

10) Accounts already closed shall not be re-opened under any circumstances.

11) Cases financed under agency loan scheme against Government guarantee may be settled as per provisions of the settlement schemes. If such cases are settled in any branch office, the details of such cases shall be sent to the Head Office (in the format contained in circular no. FR-649 dated 24.01.2011) so that claims with the government could be lodged.

12) The benefit of OTS shall not be extended to the cases of wilful default, fraud or malfeasance committed by unscrupulous borrowers / guarantors etc. and where criminal cases are pending (except the cases wherein complaints have been lodged u/s 138(b) of the Negotiable Instruments Act).

However, if OTS is found a better exit route of recovery, such cases may be processed with due care and be referred to HO through the respective DGM(Operations) for permission for considering under the OTS Schemes.

However, One time Settlement of such loan accounts will be without prejudice to any action / outcome of any criminal case(s) initiated / to be initiated by the Corporation / other Law enforcing Agencies.

Further, the borrowers of such cases shall not be absolved from any action and his / her their liability on account of wilful default / fraud /malfeasance committed with any other financial Institution Agencies.

13) Subsidy / Interest free loan (IFL), if any, shall be recovered separately as per norms. Settlement will be subject to payment of settlement amount along with the entire outstanding dues of all ineligible loans - pertaining to that particulars loanee concern.

- 14) In the cases of loan accounts of purchasers of units sold by the Corporation u/s 29, amount of sale price shall be considered as sanctioned amount for ascertaining the category under the scheme.
- 15) In "mutual consent sale cases", the sanctioned amount will be that amount which has been sanctioned to the original / first loanee pertaining to the accounts settlement of which is eligible and considered under the scheme.
- 16) While arriving at the settlement amount in deficit cases, the amount debited in the loan account against Govt. Deptt. dues will be treated / considered as part of other money and not part of principal sum, so that the share of Govt. Deptt. dues can be recovered in full at the time of settlement of loan account (Policy decision conveyed vide circular no. FR-668 dated 03.10.2011 will be applicable in letter and spirit).
- 17) In the cases where RFC has obtained a decree from a competent court with or without interest on the decreed amount, the settlement amount will be the decree amount alongwith interest, if any, or the settlement arrived under the Scheme, whichever is less.
- 18) Cases under litigation / pending with BIFR /AAIFR/ OL will be treated as settled when loanee concerned withdraws the case filed by it and commits to this effect in writing.
- 19) Recovery action may be initiated in case of first default in repayment of settlement amount.
- 20) Joint Finance cases (except deficit cases), BIFR cases, AAIFR cases, OL cases, cases where the winding-up proceedings have been passed and where BIFR / AAIFR has recommended / taken a view for winding-up - such cases, if otherwise eligible, shall be referred to HO for placing the same before the Empowered Settlement Committee for taking decision for settlement.
- 21) Cases where a decision has been taken for sale of assets of units under possession of the Corporation u/s 29 of the SFCs Act, 1951 or under SARFAESI Act, 2002 or in possession of Revenue Authorities under LR Act pursuant to action u/s 32(G) initiated by the Corporation, shall be considered for OTS only in the event of cancellation of sale. In such cases, highest bid / sale consideration or the calculated settlement amount whichever is higher shall be the settlement amount in case of non-materialization of sale / auction for whatever reasons.
- 22) In the cases of units under possession, account is to be settled considering the interest for the possession period as per norms of the Corporation prescribed for handing over back the possession of the unit to the original promoter.
- 23) In the deficit cases having collateral security, account is to be settled considering the interest on deficit amount, chargeable as per norms, from the date of sale.
- 24) For settlement of decretal cases, the Branch Manager / Branch In-charge will either certify that all efforts for execution of decree have been made but no fruitful result has come-out OR to record reasons of not affecting recovery through execution of decree and specify clearly as to how settlement is in the interest of the Corporation.
- 25) Where security (MRV of primary security plus collateral security) is more than the prescribed limits (wherever applicable) will not be eligible under the Scheme.

However, in case of objection by the loanee with regard to correctness / soundness of MRV assessment, screening of the value can be done as per the process hereunder :-

- a) The loanee concern will deposit a fee of Rs. 5000/- in case of loans above Rs. 2.00 lakh but upto Rs. 10.00 lakh and Rs. 10,000/- in case of loans above Rs. 10.00 lakh for getting the value of securities (i.e. primary security and collateral security) re-assessed.
- b) The BM / Branch In-charge will ensure re-assessment of value of securities within 15 days form the date of deposition of the fee.

The assessment of the value of securities at BO level will be subject to random checking by the DGM(Operations) / HO and if in random checking variation is found to be more than 10% either side, shall be viewed seriously and may call for the action against the BM / Branch In-charge / Officers who assessed the MRV.

- 26) the cases; in which No Dues Certificate has been issued; but loan accounts are still showing debit balance; will also be considered under the Scheme, if otherwise eligible.
- 27) Branch Managers will give wide publicity to the schemes and will also arrange display of the schemes on the notice board of the Branch/DIC/Collector's office/office of the local bodies/Industries Associations, etc.
- 28) Branch Managers shall ensure that all eligible cases are identified and distributed among the officials of the branch for proper follow-up.
- 29) All parties should 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.
- 30) A register shall be maintained at each Branch. This register shall have column for serial number, date of registration., name of unit, category, registration fee, upfront amount, outstanding balance, deemed settlement amount, installment allowed, if any, date of letter conveying decision of settlement, if there is delay, reasons for the same, and, remarks.
- 31) The branch will send monthly information by the 7th of each month to the General Manager (Development) about the number of cases registered, amount settled and recovery affected.
- 32) After depositing the entire settlement amount "No Dues Certificate" shall be issued stating that the account is settled under OTS scheme of the Corporation and specify the amount that the Corporation has sacrificed while settling the account.
- 33) All officers of the branch to whom the cases are allotted, will ensure that eligible borrowers are informed of the OTS schemes that parties are contacted personally, and, if needed, pamphlets are distributed as per norms.
- 34) Doubts relating to interpretation of any term or clause or any ambiguity or confusion arising during interpretation or implementation of the scheme or any clarification / relaxation is required, CMDs decision will be final.

The Corporation will continue to consider cases of grievances and of hard nature (not eligible under the above schemes) as per the existing mechanism of redress of grievances.
