

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-27/2413

Dated 20.09.2007

CIRCULAR
(FR No. 472)

Sub: Budget allocation for hiring of taxis for recovery purposes for the financial year 2007-08

In partial modification of FR circular No.469 dated 31.8.07, the following amendments are made with immediate effect:

- i) Office vehicle available with Branch Office Kota, Jodhpur, Bikaner and Udaipur also be made available to BO Jhalawar, Jaisalmer, Nagaur and Chittorgarh respectively for five days in a month. The BO Balotra shall also share the vehicle available at Jodhpur for 5 days in a month. As such, budget allocation made to BOs Jhalawar, Jaisalmer, Nagaur, Balotra and Chittorgarh is withdrawn.
- ii) The budget allocation for BO Abu Road is increased from Rs.5,000/- to Rs.7,000/- per month.
- iii) Consequent upon the arrangements made by GAD Cell at HO that vehicle of Jaipur City Branch shall be shared by Jaipur (Rural) Branch, the budget allocation made to Jaipur (Rural) branch is reduced from Rs.10,000/- to Rs.5,000/- per month.
- iv) Budget provided to BOs Kota, Jodhpur, Bikaner, Udaipur and Jaipur City under the head "Running expenses of the vehicle" will be incurred proportionately by the concerned BOs viz. Jhalawar, Jaisalmer, Balotra, Nagaur, Udaipur and Jaipur (Rural) on the basis of number of days.

All concerned are advised to make a note of above and ensure that effective results are achieved and record of vehicle and recovery effected is maintained.

(Purushottam Biyani)
General Manager (Dev.)

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy85/2327

Dated 06.09.2007

CIRCULAR
(FR No. 471)

Sub: Organising campaign during the period 16.09.07 to 30.09.07 for registration of cases under various settlement schemes

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, various settlement schemes have been introduced for the Financial Year 2007-08; scheme for one time settlement of NPAs vide FR circular No.448 dated 01.05.07, scheme for settlement of small loan cases having disbursed amount upto Rs. 1.00 lac vide FR circular No.449 dated 01.05.07, scheme for settlement of transport loan cases having disbursed amount above Rs. 1.00 lac vide FR circular No.450 dated 01.05.07 and scheme for settlement of deficit / decreetal / written off cases vide FR circular No.451 dated 1.5.07.

On reviewing the progress made under the various settlement schemes, it has been observed that the results are not encouraging. The loanees are not forthcoming to avail the benefits under these schemes.

Considering the above, it has been decided to organize a special campaign during the period 16.09.07 to 30.09.07 at the level of branch offices. The Branch officials should personally contact all the eligible units under the Settlement schemes and make them aware of the benefits / relief which are available.

As an incentive, the prescribed registration fees may be reduced by 50% for the cases which will be registered under the Settlement schemes during the campaign period.

All concerned are advised to make a note of above and act accordingly. They should give wide publicity to the settlement schemes introduced by the Corporation and make out all efforts so that majority of eligible cases in their portfolio are settled.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-2/2318

Dated: 01.09.2007

CIRCULAR
(FR No. 470)

**Reg: Scheme for waiver of penal interest in loan cases having
sanctioned amount above Rs. 2.00 lac : 2007-08**

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, it has been decided to introduce a scheme for 100% waiver of penal interest in loan cases having sanctioned amount above Rs. 2.00 lac for the year 2007-08 provided loanee clears remaining balance outstanding either in one go or latest by 31.01.2008. The salient features of the scheme are given below:-

1. ELIGIBILITY

The cases where loan was sanctioned upto 31.03.2000 and the accounts categorized as "Doubtful" or "Loss" as on 31.03.05 will be eligible.

NOTE :

Transport loan cases / Deficit / Decretal / Written off cases will be covered under the prevailing schemes of the Corporation and such cases shall not be considered / registered under the scheme.

2. SALIENT FEATURES:

- a) This scheme would include all types of cases including industrial units, service units and the units which are in possession of the Corporation and deferred sale cases.
- b) The benefit of waiver of entire penal interest charged in the account would be allowed (irrespective of primary security/collateral security/third party guarantee/net worth of the promoter/guarantors), if the loanee clears remaining balance outstanding either in one go or latest by 31.01.2008.
- c) Accounting procedure for waiver and method of calculation of relief for waivement of penal interest shall be in strict adherence to O&M Circular No. 417 dated 07.02.1997.
- d) Waiver of penal interest is limited to interest outstanding as on date of registration of the case. Meaning thereby, principal outstanding plus other money in the books as on date of registration is to be recovered in full and remaining interest outstanding after deduction of penal interest is also to be recovered. Where case under Section 32(G) has been filed with the Collector concerned, 5% recovery charges shall be obtained in addition to the amount recoverable under the scheme.
- e) In all such cases, documented rate of interest is to be charged upto the date of final payment .
- f) All such cases are not required to be analysed from the security point of view and the working results of the loanee units requesting for waiver of penal interest

under the scheme are also not to be analysed and no proof of closure or working at low capacity is required to be ascertained.

- g) There is no bar for registration of cases under the scheme which were earlier closed / rejected by competent authority / empowered settlement committee(s), if these are otherwise eligible. However, the cases which were earlier settled by Empowered Settlement Committee(s) / competent authority (except under the scheme for waiver of penal interest : 2006-07) with the consent of loanee shall not be registered afresh under the scheme.
- h) In the cases where court case has been filed by the party, that will have to be withdrawn before issue of "No Dues Certificate".

3. CUT-OFF DATE OF REGISTRATION : 31.10.2007

4. REGISTRATION FEE:

The cases will be registered alongwith registration fee of Rs. 1,000/- and upfront amount equivalent to 15% of (principal sum + other money) on the date of registration. The upfront amount shall be adjusted against the amount recoverable.

NOTE:

The registration fee and upfront amount will be deposited in one stroke.

5. COMPETENT AUTHORITY

Competent authority to waive penal interest upto Rs. 5 lac shall be the Branch Incharge. However, in the cases where sacrifice amount by way of waiver of penal interest is more than Rs. 5 lac shall be forwarded to Head Office for placing them before PC&CC. The PC&CC shall take a decision in such cases.

6. MODE OF PAYMENT

The loanee party is required to pay 50% of recoverable amount (upfront amount included) **by 31st December, 2007. Remaining 50% shall be paid by 31.01.2008.**

NOTE:

The above can be better understood with an illustrative example as under:-

| | | |
|---------------|---|----------------------|
| Principal sum | : | Rs. 10.00 lac |
| Interest | : | Rs. 20.00 lac |
| Other Money | : | <u>Rs. 2.00 lac</u> |
| Total | : | <u>Rs. 32.00 lac</u> |

The party deposited Rs. 1.80 lac as upfront amount. Presuming that the quantum of penal interest charged is Rs. 10.00 lac, therefore, in the cited example, party is required to pay further Rs. 9.20 lac[(Rs. 11.00 lac – Rs. 1.80 lac(upfront))] by 31st December, 2007 and remaining 50% i.e. Rs. 11.00 lac by 31.01.2008 alongwith documented rate of interest without penal.

7. RESTRICTIVE CLAUSE

- a) The case, where the account has already squared up shall not be re-opened.
- b) Waiver of penal interest is limited to interest outstanding as on date of registration of the case. Meaning thereby, principal outstanding plus other money in the books as on date of registration is to be recovered in full and remaining interest outstanding after deduction of penal interest is also to be recovered. Where case under Section 32(G) has been filed with the Collector concerned, 5% recovery charges shall be obtained in addition to the amount recoverable under the scheme.
- c) No refund in any case is to be made if as a result of waiver of penal interest, there works out a credit balance in the loan account of the party.
- d) Effect of waiver of penal interest will be given only after full amount has been recovered.
- e) The cases registered but loanee units did not make requisite payment i.e. 50% of amount recoverable (upfront amount included) upto 31st December, 2007 shall be deregistered.
- f) While computing quantum of penal interest for the purpose of waiver, it should be ensured that **penal interest, if any, waived earlier has been taken into account and reduced.**

8. DISCRETIONARY POWERS OF CMD

In case of any difficulty in implementation/interpretation of the scheme or any clarification or relaxation is required, CMD's decision will be final. CMD is authorized to allow registration/extension in making payment of recoverable amount beyond the cut off date, if required, depending upon merits of the case.

9. GENERAL

- a) All parties to be contacted personally and concrete efforts should be made by Branch Incharge. Branch Incharge to make aware to all eligible units about the scheme.
- b) The Nodal Officer shall review the attainment made by the concerned Branch on monthly basis and provide feedback to FR section at HO.
- c) Branch Incharge should issue notice to all loanees eligible under the scheme. Where litigation or action under Section 31(1)(aa) or 32(G) is pending, the notice will be issued "without prejudice".
- d) Cases where action under Section 31/32(G) has been initiated, the action may continue and the concerning court/authority may be informed when entire payments have been received and account stands squared up.
- e) Branch Incharge while conveying decision to party for deposition of amount shall specifically mention the quantum of upfront amount which has been adjusted against the amount recoverable under the scheme.
- f) The Branch Incharge is authorized to approve tour programme for using the services of "B" & "C" class employees in contacting the promoters.
- g) Registered cases shall be decided by Branch Incharge within a period of seven days positively.

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/FR/HO/Policy-27/2310

Dated: 31.08.2007

**CIRCULAR
(FR No. 469)**

Sub: Budget allocation for hiring of Taxis for recovery purposes for the financial year 2007-08

The competent authority has allowed hiring of taxis / alternate vehicle to the branch offices with the maximum financial limit in a month as indicated against each Branch hereunder which shall be made applicable w.e.f. 1.8.07 and shall be in force upto 31.3.08:

| Name of the BO | Monthly monetary ceiling (Rupees) |
|-----------------------|--|
| Beawar | 3000/- |
| Kishangarh | 5000/- |
| Makrana | 5000/- |
| Alwar | 5000/- |
| Bharatpur | 5000/- |
| Dholpur | 3000/- |
| Bikaner | 5000/- |
| Churu | 5000/- |
| Sriganganagar | 4000/- |
| Hanumangarh | 4000/- |
| Nagaur | 5000/- |
| Dausa | 4000/- |
| Jaipur (City) | 5000/- |
| Jaipur (Rural) | 10000/- |
| Jaipur (VKIA) | 3000/- |
| Jhunjhunu | 5000/- |
| Sikar | 5000/- |
| Tonk | 3000/- |
| Abu Road | 5000/- |
| Balotra | 3000/- |
| Jaisalmer | 3000/- |
| Jalore | 5000/- |
| Jodhpur | 5000/- |
| Pali | 5000/- |
| Jhalawar | 4000/- |
| Sawai Madhopur | 5000/- |
| Banswara | 4000/- |

| | |
|-------------|--------|
| Chittorgarh | 4000/- |
| Rajsamand | 4000/- |

The vehicle of A&I WZ, Ajmer shall be used by BO Ajmer for 7 days in a month. The concerned BOs shall provide the vehicles to SOs under their administrative control as per the requirement within the overall budgetary ceiling allotted to BOs.

The BM, Jaipur Rural shall also provide the vehicle for the purpose of regular follow up of all 32(G) cases pending with the Revenue Authorities in Jaipur District.

Maximum budget for hiring the vehicle is restricted to Rs.800/- per day.

All concerned are advised to make a note of it and ensure that effective results are achieved and record of vehicle and recovery effected is maintained.

(B.N. Sharma)
Chairman & Managing Director

Copy to:

1. DGM, GAD
2. Concerned ROs/BOs/SOs
3. DGM(A&I), WZ, Ajmer / DGM(A&I), Jodhpur
4. Standard Circulation at HO.

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005

Ref.No.RFC/23FR/HO/Policy-28/2262

Dated: 24.08.2007

CIRCULAR (FR No. 468)

Reg: Recovery strategy for reduction in NPAs

Attention is invited to FR circular No. 447 dated 1.5.07 whereby, recovery strategy for the Financial Year 2007-08 was circulated.

The performance of NPA was reviewed recently. It has been decided that in any case endeavour of the Corporation is to reduce the NPA level from 30% to 16%.

In order to achieve the object of quality recovery, reduction in NPA and regularising the already slipped accounts, the following actions should be taken:

- i) It should be ensured that legal action u/s 30 & 29 is taken in all the cases where there is default of two or more consecutive instalments of principal / interest.
- ii) It should be ensured that accounts which were standard as on 31.3.06 but slipped during the Financial Year 2006-07, are upgraded to Standard category as on 31.3.08.
- iii) Wide publicity of various one time settlement schemes introduced for the year 2007-08 be made by way of contacting the eligible parties in person. Efforts be made that maximum number of cases are registered under the schemes.
- iv) It should be ensured that line of action has been decided in each and every case and its follow up / compliance is being made in strict adherence.
- v) Action for reschedulement be taken in all deserving cases as per norms.
- vi) Action for taking over possession of collateral security should be taken simultaneous to the action u/s 30 / 29 for attachment of primary assets.
- vii) Revenue authorities be contacted personally and progress report be sent to GM(D) in all 32(G) cases by 31.8.07.
- viii) It should be ensured that visits / inspections are carried out strictly as per norms. Compliance report of the visits/ inspections carried out so far be sent to GM (D) by 31.8.07.
- ix) It should be ensured that there is no slippage in the cases sanctioned from 1.4.2000.
- x) The cases where there is stay from the respective courts should be closely followed-up and efforts made for early vacation of stay orders.
- xi) To review all cases, DRC and Deficit cases review meetings be conducted as per norms and compliance report sent to GM(D) by 31.8.07.

Further, it has been decided that the FR activities like Reviews & Inspections / Visits which were earlier performed by the DGM(R) will henceforth be done by the concerned Branch Managers.

All concerned are advised to make a note of above and ensure strict compliance.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005

Ref. No.RFC/FR/CAG (Comml.)/04-05/74/2195

Dated: 21.08.2007

CIRCULAR (FR No. 467)

Reg : Action for identification of properties of the assisted units immediately on default in repayment of Corporation dues

It has been observed that the promoters / guarantors of the assisted units, sometimes, dispose off their properties (other than the prime security) of which they had given affidavit of non disposal during the currency of loan. The fact regarding disposal of such assets sometimes noticed at the time of initiating legal action for recovery of deficit and the Corporation finds it helpless in effecting recoveries.

The issue also came up during examination by the PUC on 7.8.07 and 8.8.07.

Keeping in view the above, it has been decided to be vigilant at the time of first default and to keep an eye on such events and accordingly all BMs are advised to take immediate necessary action to identify the properties other than Collateral security also and keep a constant vigil immediately after first default so that in time of need these properties may be attached by Revenue Officers to recover dues under LR Act.

All concerned are advised to take a note of above and ensure strict compliance.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005

Ref.No.RFC/23FR/HO/Policy-24/2111

Dated: 14.08.2007

CIRCULAR (FR No. 466)

Reg: Issuing certificate of demand to District Collectors u/s 32(G) for recovery as arrears of land revenue

Attention is invited to Notification No. FR10/IND/2/89 dated 28.11.95 whereby, all DGMs(R) of the Corporation were authorized to issue certificate of demand to the District Collectors concerned for recovery as arrears of land revenue, for the amount due to the Corporation in respect of any accommodation granted by it to any industrial concern.

In the process of restructuring set up of the Corporation, all Regional Offices have been abolished vide office order No.RFC/F/PA-9(6)/1180 dated 31.7.07 hence for the purpose of legal action u/s 32(G) entire Rajasthan will be termed as one Region.

It has, therefore, been decided that DGM(FR) at the headquarters looking after the work related to deficit, decretal and write off cases shall act as DGM(Regions) to exercise the powers for the purpose of sending certificate of demand u/s 32(G) to District Collectors after following the prescribed procedure. The BOs are advised that they should send the Requisition of Demand to DGM(FR) treating him as DGM(Regions) for the purpose of issuing certificate of demand u/s 32(G).

In the cases where concerned DGM(R)s have issued notices to the defendants, the BOS concerned shall review each and every such case and advise the parties to submit their objections, if any, to the DGM(Regions) at the headquarter.

All concerned are advised to take a note of above and ensure strict compliance.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

4. All ROs/BOs/SOs
5. DGM(A&I), Ajmer / Jodhpur
6. Standard Circulation at HO.

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/FR/HO/Policy-102/2025

Dated: 02.08.2007

**CIRCULAR
(FR No. 465)**

Sub: Settlement of decretal cases

Attention is invited to FR circular No. 438 dated 28.3.07, whereby the Branch Offices were required to forward the cases to HO that have been settled earlier in deviation of FR circular No.406 dated 9.10.06 so that these may be placed before Special HOLC for decision.

It has been noticed that a considerable period has passed away but many of the branches have still not sent the cases to HO. This is not desirable on their part.

All concerned are therefore enjoined upon to ensure that that they should send the required information within a period of 15 days positively failing which it shall be presumed that there is no case pertaining to their branch which was settled earlier in deviation of FR circular No. 406 dated 9.10.06 and the required information shall be treated as "Nil" and no further correspondence in this regard shall be entertained.

**(Purushottam Biyani)
General Manager (Dev.)**

Copy to:

Concerned Branch offices.

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/FR/HO/Policy-8/2035/

Dated: 01.08.2007

**CIRCULAR
(FR No. 464)**

**Sub: Scheme for Settlement of Small Loan cases having
disbursed amount upto Rs.1.00 lac : 2007-08**

Scheme for settlement of Small Loan cases having disbursed amount upto Rs.1.00 lac – 2007-08 was launched vide FR circular No. 449 dated 1.5.07. The progress made under the Scheme was reviewed and it has been observed that out of approx 4500 eligible cases, only 62 cases have been registered upto 15.7.07. The progress made in this scheme is far from expectations.

It has been decided to extend the **operative period** of the scheme **upto 30.9.07**.

All concerned are advised to make strenuous efforts and ensure to contact each and every eligible case and get the same registered under the scheme. Simultaneously, the legal action should also follow.

It will be the personal responsibility of the Branch Managers to ensure that each and every eligible case is contacted and maximum number of cases are settled. Any laxity will attract stern action.

(B.N. Sharma)
Chairman & Managing Director

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005

Ref.No.RFC/23FR/HO/Policy-17/1838

Dated: 07.07.2007

CIRCULAR

(FR No.463)

Reg: Charging rate of interest in the cases to be settled under various settlement schemes or by Empowered Settlement Committees

Attention is invited to FR circular No. 440 dated 9.4.07 regarding above. The matter was subsequently placed before the Board in its meeting held on 25.5.07 for ex post facto approval of the decision taken. The Board decided to continue with the present rate of interest i.e. 13% p.a. The Board also decided that in case of default in accepted instalments, the Corporation may charge interest @ 16% p.a.

Thus, in accordance with the decision taken by the Board, it has been decided that in the cases to be settled now onwards, 13% rate of interest per annum on simple basis instead of 16% rate of interest p.a. shall be charged, if settled amount is accepted in instalments. In case the party defaults as per schedule of payment, extension with the approval of competent authority will be done by charging interest @ 16% p.a. on simple basis. This proviso shall also be applicable in the cases to be settled under various one time settlement schemes introduced for the financial year 2007-08.

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

(B.N. SHARMA)

CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

No: RFC/23FR/Policy-107/2421

Dated: 20.09.07

**CIRCULAR
(FR-473)**

Reg : Publication of names of defaulters in the newspapers

It has been observed that in several cases the Corporation is unable to trace out the details of the properties of the promoters / guarantors. The Corporation has also introduced a scheme for providing incentive @ 2% of the amount recovered to those persons who can provide the details of the properties of the promoters / guarantors of such loanee units but no encouraging results could be achieved. The issue was also discussed in the BM's Conference as well as in PC&CC.

It has been decided that each Branch will publish names of 24 defaulters having principal outstanding above Rs.5.00 lac. If there are defaulters more than 24 in this category, then it should be ensured that name of defaulters having principal outstanding of Rs.10.00 lac or above are included and the remaining names may be published next time.

These notices will be published in the local edition of the Rajasthan Patrika or the Dainik Bhaskar latest by 30.09.2007 positively. A specimen is enclosed herewith at Annexure A in which names can be published. The rate chart and other details are also enclosed herewith at Annexure B. Expenditure on this publication will be ranging from Rs.10,000/- to Rs.30,000/- depending upon the area. The expenditure will be debited in the loan account of respective units proportionately.

All the Branch Managers will ensure to send the compliance by 05.10.2007 alongwith a copy of the notice published in the newspapers and also send a detailed report on the outcome / reaction of these notices after 10 days of publication.

**(B.N.SHARMA)
CHAIRMAN & MANAGING DIRECTOR**

Encls: as above.

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-39/2464

Dated : 27th Sept., 07

CIRCULAR
(FR-474)

Reg : Sale of fixed assets with the mutual consent of the loanee and the purchaser

It has been decided that henceforth in mutual sale cases processing fee (non-refundable) @ 1% of outstanding amount shall be charged. Accordingly, the request for mutual sale shall be entertained only after getting deposited processing fees equivalent to 1% of the balance loan outstanding in addition to the keeness amount @ of 5% of amount outstanding.

Accordingly, point no.1 of para 5.2 of Chapter FR-5 of P&G is hereby amended and may be read as follows :-

1. *“Such sale would be approved with the mutual consent of the original borrower and the prospective purchaser. The request for mutual sale shall be entertained only after getting deposited processing fee @ 1% of outstanding amount besides keeness amount @ 5% of outstanding amount. The processing fee of 1% will be non-refundable.”*

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to :

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/HO/Policy-108/2516

Dated 29.09.2007

**CIRCULAR
(FR No. 475)**

Sub: Review of Recovery performance

The performance of recovery from NPAs and progress of reduction in NPAs has been reviewed by the CMD and during review, the CMD expressed his serious concern on the progress made. It has been observed that the BOs are not following the instructions of HO in letter and spirit as contained in Recovery Strategy Circular No. FR 447 dated 1.5.07 and subsequent circular no. FR 468 dated 24.8.07.

It has been decided that it should be ensured by BMs that there is no default in the cases sanctioned after 31.3.2000 and if **default of more than two consecutive instalments** of principal sum / interest is noticed in any such case, it shall attract **disciplinary action against the branch officials including BM.**

Accordingly, all Branch Managers are advised to keep a constant follow up of all the cases sanctioned after 31.3.2000 and ensure that there is no default of more than two consecutive instalments of principal sum / interest. It should be ensured that legal action followed by action u/s 29 is taken immediately if there is default of more than two consecutive instalments of principal sum or interest.

All concerned are advised to send the information about such cases in the enclosed format at Annexure-A so as to reach HO latest by 15.10.07 positively.

(Purshottam Biyani)
General Manager (Dev)

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/HO/Policy-17/2537

Dated 1.10.2007

**CIRCULAR
(FR No. 476)**

Sub: Schemes for settlement of Loan accounts

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, the Corporation has introduced following schemes for settlement of accounts for the year 2007-08:

- i) Scheme for one time settlement of NPAs vide FR circular No. 448 dated 1.5.07
- ii) Scheme for settlement of Small Loan cases having disbursed amount upto Rs.1.00 lac vide FR circular No. 449 dated 1.5.07
- iii) Scheme for settlement of Transport Loan cases having disbursed amount above Rs.1.00 lac vide FR circular No. 450 dated 1.5.07
- iv) Scheme for settlement of deficit cases / decretal cases / written off cases vide FR circular No. 451 dated 1.5.07

The progress made under the schemes was reviewed. It has been observed that out of total number of eligible cases i.e. 11,151 (approximate), only 230 cases have been settled so far. The progress made in these schemes is, therefore, far away from expectations.

Considering the above, it has been decided to extend the operative period in all the schemes, as above, upto 31.12.07.

All concerned are advised to make strenuous efforts and ensure to contact each and every eligible case and get the same registered under the scheme.

It will be the personal responsibility of the Branch Managers to ensure that each and every eligible case is contacted and maximum number of cases are settled. Any laxity noticed will attract stern action.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/HO/Policy-8/2606

Dated 11.10.2007

**CIRCULAR
(FR No.477)**

Sub: Scheme for settlement of Small loan cases having disbursed amount upto Rs.1.00 lac

Attention is invited to FR circular No. 449 dated 1.5.07 followed by FR circulars No. 462 dated 30.6.07 and 464 dated 1.8.07 regarding above.

During the course of meeting of Branch Managers held on 5.9.07 to 7.9.07, some of the Branch Managers stated that there are some cases which were settled in the yester years but loanee parties either did not deposit any amount or deposited only the part amount, therefore, left over amount is liable to be recovered alongwith interest for the delayed period but they are not in a position to pay even the principal sum. Owing to this position, the accounts are remaining unsettled.

The Branch Managers strengthened their view point on the premise that if all these cases are allowed to be registered under the present scheme, these may be settled on principal sum plus other money plus 5% recovery charges where case u/s 32(G) has been filed with the Collector irrespective of primary security / collateral security / third party guarantee / networth of promoters / guarantors.

The matter has been examined. It has been decided that the cases which were settled prior to 31.3.06 by Empowered settlement committees / competent authority with the consent of loanee but loanee either did not deposit any amount or deposited part amount shall be allowed to be registered afresh under the scheme, if these are otherwise eligible.

Accordingly, footnote appearing at point No.1 of the scheme under the heading "Eligibility" is substituted by the following:

Note:

"There is no bar for registration of cases earlier closed / rejected by Empowered Settlement Committee(s) / competent authority / deferred sale cases or the cases which were settled prior to 31.3.06 with the consent of loanee but loanee either did not deposit any amount or deposited part amount, if these are otherwise eligible. However, the cases which were settled on or after 31.3.06 by Empowered Settlement Committee(s) / competent authority with the consent of loanee shall not be registered afresh under the scheme."

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/HO/Policy-25/2605

Dated 11.10.2007

**CIRCULAR
(FR No. 478)**

Reg: Delegation of powers

Consequent upon abolition of Regional Offices vide order No.F/PA-9(6)/ 1180 dated 31.7.07, the matter regarding delegation of powers relating to F&R activities was placed before PC&CC in its meeting held on 20.8.07 and subsequently before the Board in its meeting held on 26.9.07.

The Board has decided that all powers relating to F&R activities which were being exercised by the DGM(R) be delegated to concerned Branch Incharge.

Accordingly, in spirit of the decision taken by the Board, the word "DGM(R)" wherever is mentioned in the existing delegation of powers given in Schedule 3/1 of "Procedure & Guidelines" circulated vide FR circular No.314 dated 27.9.04 followed by subsequent amendments made vide FR circular No.340 dated 15.4.05 is hereby substituted by the word "Branch Incharge" irrespective of his rank.

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/Policy- 107/2708

Dated 2.11.2007

**CIRCULAR
(FR No. 479)**

Reg: Publication of names of defaulters in the newspapers

Attention is invited to FR circular No. 473 dated 20.9.07 regarding above. It was decided that each branch will publish names of defaulters having principal outstanding above Rs.5.00 lac. The notices will be published in the local edition of Rajasthan Patrika or the Dainik Bhaskar latest by 30.9.07 positively and compliance report sent to FR section by 5.10.07.

The Branch Managers were requested to send a detailed report on the outcome / reaction of these notices after 10 days of the publication.

It has been noted that many of the branches have still not taken action for publishing list of defaulters in the newspapers. Those branches who have published list of defaulters in the newspapers have not sent detailed report on the outcome / reaction of the notices to FR section so far.

All concerned are therefore requested to immediately take action for publishing list of defaulters in the newspapers and send compliance report to FR section. Those Branch Managers who have published the list of defaulters in the newspapers should send a detailed report on the outcome / reaction of the notices published within a week's time.

(S.K. Malhotra)
Dy. General Manager (FR)

Copy to: Concerned BOs/SOs.

RFC/PG /1208

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref.No.RFC/23FR/NP/JD(R)/144/2955

Dated 14.11.2007

**CIRCULAR
(FR No. 480)**

Reg: Guidelines for waiver of penal interest

Considering the fact that the Corporation has changed the interest dues dates from April, July, October and January to June, September, December and March respectively and by this way, in majority of the cases, there remains no interest outstanding as on 1st April of the year as the endeavour of the Corporation is to recover atleast the interest outstanding from the defaulting units by the end of the financial year, the proposal for making an amendment in the exiting PG provisions with regard to guidelines for waiver of penal interest was placed before the Board in its meeting held on 25.5.07 and subsequently in the meeting held on 29.9.07.

In spirit of the decision taken by the Board in its meetings held on 25.5.07 and 29.9.07, sub-point (v) of point No. 2.40 (b) under the heading "Guidelines for waiver of penal interest" of Chapter FR-2 of PG is substituted by the following:

"In any case, the extent of penal interest waiver is to be limited to the amount of interest outstanding as on 1st June of the financial year".

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-63/2978

Dated : 17.11.2007

**CIRCULAR
(FR No.481)**

Reg: Transport loan provided to SC entrepreneurs in the year 1980-81 for purchase of Buses which were attached with RSRTC

The Corporation had provided financial assistance to SC entrepreneurs way back in the year 1980-81 for purchase of buses for attachment with RSRTC. Some of the loanee units have made repayment of Corporation dues and their accounts have been closed. But, still there are number of cases where the loanee units have not made repayment of Corporation dues and accounts are alive.

In order to get rid of sticky accounts and reduce NPA portfolio, the Corporation has launched various settlement schemes for the year 2007-08. The cut off date of registration under these schemes is 31.12.07.

All Branch Managers are therefore, enjoined upon that they should put all endeavours to settle the remaining accounts and depute an officer not below the rank of Assistant Manager to contact promoters / guarantors of these loanee units personally. The officer so deputed should provide copy of the settlement scheme to them and also make them understand the salient features of the scheme, amount required to be deposited if account is settled etc. Thereafter, a certificate duly signed by the Branch Manager should be sent to DGM(FR) latest by 30.11.07 positively mentioning that promoters / guarantors of each and every unit has been contacted with personally. While sending the certificate, the outcome / reaction of the promoters / guarantors should also be indicated in clear and candid terms.

**(Suman Kumar Vig)
General Manager (Dev)**

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-25/3012

Dated : 23.11.2007

**CIRCULAR
(FR No.482)**

Reg: Empowered Settlement Committee

Consequent upon abolition of Regional Offices vide order No. F/PA-9(6)/1180 dated 31.7.07, the constitution of District Level Committee has been revised as under:

| | | |
|--|---|-----------------|
| Branch Manager (Irrespective of rank) | - | Chairman |
| General Manager – DIC or his Nominee not below the rank of DIO | - | Member |
| Sr. Regional Manager / Regional Manager – RIICO or his nominee Not below the rank of Assistant Regional Manager | - | Member |
| DM / AM (FR) | - | Member Convener |

Accordingly, clause 12.2(A) of PG Chapter regarding Empowered Settlement Committees be updated with the above changes.

All other provisions / terms & conditions of PG circular No.1038 dated 28 / 29.1.04 followed by PG circular No.1163 dated 11 /13.10.06 shall remain unchanged.

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-27/3035

Dated : 27.11.2007

**CIRCULAR
(FR No.483)**

Reg: Budget allocation for hiring of Taxis for recovery purposes for the financial year 2007-08

Attention is invited to FR Circular No. 469 dated 31.08.07 followed by FR Circular No. 472 dated 20.09.07 regarding above. The maximum Budget for hiring the vehicle for recovery purposes was restricted to Rs. 800/- per day.

Some of the Branch Offices made reference to HO that vehicle is not available in the restricted limit of Rs. 800/- per day. The matter was examined.

Considering the references received from the field offices, it has been decided to withdraw the condition of per day ceiling of Rs. 800/- as prescribed in Circular No. FR-469 dated 31.08.07. Accordingly, the BOs may hire taxi as per the prevailing market rates in the area. However, the monthly monetary ceiling will be the same as prescribed in the aforesaid circulars.

All concerned are advised to make a note of above and ensure that effective results are achieved and record of vehicle and recovery effected is maintained.

**(SUMAN KUMAR VIG)
GENERAL MANAGER (D)**

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-2/3054

Dated : 28.11.2007

**CIRCULAR
(FR No. 484)**

Reg: Scheme for waiver of penal interest in loan cases having sanctioned amount above Rs. 2.00 lac : 2007-08

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, the Corporation has introduced scheme for waiver of penal interest in loan cases having sanctioned amount above Rs. 2.00 lac for the year 2007-08 vide FR Circular No. 470 dated 01.09.07.

The progress made under the scheme was reviewed. It has been observed that the progress made under the scheme is not satisfactory and far away from expectations. In the other settlement schemes introduced for the year 2007-08, the cut off date of registration under the schemes has been extended upto 31.12.07 vide FR Circular No. 476 dated 01.10.07.

Considering the above, it has been decided to extend the operative period in the scheme for waiver of penal interest upto 31.12.07.

All concerned are advised to make strenuous efforts and ensure that each and every eligible case is contacted and maximum number of cases is settled. Any laxity noticed will attract stern action.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/HO/FR-DDW//Policy-32/1221

Dated : 1.12.2007

**CIRCULAR
(FR No. 485)**

All the Branch Managers should send complete set of RODs to the Branch Office concerned where the property identified is located. While sending complete set of RODs, it should be ensured that copy of letter through which the District Revenue authority forwarded the case to another District Revenue authority for taking recovery action u/s 32(G) by way of attachment of property in LR Act has been enclosed.

**(SUMAN KUMAR VIG)
GENERAL MANAGER (D)**

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)**

No. RFC/23FR/HO/Policy-17/3169

Dated : 20.12.2007

**CIRCULAR
(FR No. 486)**

**All DGM(Br.) / Managers Br.
Dy. Manager (Incharge Branch) of the Corporation**

It has come to the notice of the management that Branch Incharges are reluctant / declined to accept registration fee and upfront amount even from the promoters of eligible loanee units, who come forward to register their cases for settlement under One Time settlement Schemes of the Corporation.

It is, therefore, strictly reiterated and enjoined upon all Branch Incharges of the Corporation to accept registration fee and upfront amount from all eligible loanee parties, who come forward to get their cases registered under On Time Settlement Schemes of the Corporation for settlement of their accounts. Any laxity in this regard shall be viewed seriously.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

1. DGM(A&I) Ajmer / Jodhpur
2. Standard Circulation at HO.
3. Nodal Officers

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-85/3172

Dated 20.12.2007

CIRCULAR
(FR No.487)

**Sub: Scheme for settlement of transport loan cases having
disbursed amount above Rs.1.00 lac : 2007-08**

Attention is invited to FR circular No. 450 dated 1.5.07 regarding above.

References have been received from Branch Offices that in order to get rid of sticky account in transport sector and reduce NPA portfolio of the Corporation, the cases already decided by Empowered Settlement Committee may also be considered for registration.

The matter has been examined. It has been decided that the cases earlier settled by Empowered Settlement Committees prior to 31.3.06 with the consent of loanee but loanee either did not deposit any amount or deposited part amount may also be registered afresh under the ongoing settlement scheme. However, the amount deposited earlier will not be considered for appropriation against the amount recoverable under the current scheme.

Accordingly, sub-point (ii) of point No.7 under the heading “Restrictive Clause” is substituted by the following:

“The cases earlier settled by Empowered Settlement Committees / competent authority prior to 31.3.06 with the consent of loanee but loanee either did not deposit any amount or deposited part amount may also be registered afresh under the ongoing settlement scheme. However, the amount deposited earlier will not be considered for appropriation against the amount recoverable under the current scheme. The cases which were settled on or after 31.3.06 by Empowered Settlement Committees / competent authority with the consent of loanee shall not be registered afresh under the scheme. In such cases where last date of payment has expired will be settled on the balance unpaid amount as settled earlier plus interest @ 16% per annum on balance amount.”

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

No: RFC/23FR/Policy-108/3176

Dated: 22.12.07

**CIRCULAR
(FR- 488)**

Reg: Review of default cases of more than 2 instalments – cases sanctioned after 31.3.2000

Attention is invited to FR circular No.447 1.5.07 and subsequent directions vide circular No.FR 468 dated 24.8.07 and No.FR 475 dated 29.9.07 vide which instructions were given specifically stressing upon that the cases sanctioned after 31.3.2000 should be closely monitored and it should be ensured that there is no default in these cases and these accounts should not be slipped.

The review of position of slippage and NPA cases out of the cases sanctioned after 31.3.2000 reveals that as on 30.11.07, 385 accounts are NPA out of the cases sanctioned after 31.3.2000 which is an alarming position and needs to be taken up for close follow up and regular monitoring.

It has been decided that the BOs should ensure to have a constant follow up of these cases and see that all these accounts are regularized by 15.1.2008 positively and the BMs should send a certificate by 20.1.2008 that there is no case left NPA out of the cases sanctioned after 31.3.2000.

All concerned are advised to take note of the above and ensure strict compliance.

(Suman Kumar Vig)
General Manager (Dev.)

Copy to :

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-17/3248

Dated 03.01.2008

CIRCULAR
(FR No.489)

Sub: Schemes for settlement of Loan accounts

In order to get rid of sticky accounts and reduce NPA portfolio of the Corporation, the Corporation has introduced following schemes for settlement of accounts for the year 2007-08:

- v) Scheme for one time settlement of NPAs vide FR circular No. 448 dated 1.5.07
- vi) Scheme for settlement of Small Loan cases having disbursed amount upto Rs.1.00 lac vide FR circular No. 449 dated 1.5.07
- vii) Scheme for settlement of Transport Loan cases having disbursed amount above Rs.1.00 lac vide FR circular No. 450 dated 1.5.07
- viii) Scheme for settlement of deficit cases / decretal cases / written off cases vide FR circular No. 451 dated 1.5.07
- ix) Scheme for waiver of penal interest in loan cases having sanctioned amount above Rs.2.00 lac vide FR Circular No. 470 dated 01.09.07.

On reviewing the progress, it was observed that the progress made in the settlement schemes was not encouraging and far away from the expectations. The matter was therefore placed before the Board in its meeting held on 28.12.2007 for extending operative period of the settlement schemes so as to settle maximum number of cases and reduce NPA portfolio of the corporation.

In accordance with the decision taken by the Board in its meeting held on 28.12.2007, the operative period in all the schemes, as above is extended upto 31.03.2008.

All concerned are advised to make strenuous efforts and ensure to contact each and every eligible case and get the same registered under the scheme.

It will be the personal responsibility of the Branch Managers to ensure that each and every eligible case is contacted and maximum numbers of cases are settled. Any laxity noticed will attract stern action.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

- 1. All BOs/SOs.
- 2. DGM(A&I) Ajmer / Jodhpur
- 3. Standard Circulation at HO.

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-102/1649

Dated 03.01.2008

CIRCULAR
(FR No. 490)

Reg: **Scheme for settlement of deficit / decretal / written off cases**

Attention is invited to FR circular No. 451 dated 1.5.07 whereby the Corporation has introduced a scheme for settlement of deficit / decretal / written off cases for the financial year 2007-08.

Some of the Branch Managers explained in the Branch Manager's Conference held on 5th - 7th September, 2007 that it shall yield good results if deficit / written off cases where principal deficit amount / written off amount is upto Rs.1.00 lac are allowed to be settled on principal component of deficit amount / written off amount (irrespective of primary security/ collateral security /third party guarantee / networth of promoters/ guarantors). They also put forward their view point that these cases may be settled at the level of Branch Office instead of placing them before Special HOLC as the promoters belonging to such cases are having low financial means and not in a position to incur considerable expenditure on their visit to HO.

The matter was examined and placed before the Board in its meeting held on 28.12.07 for reviewing the norms for settlement and the competent authority to decide the cases.

In accordance with the decision taken by the Board in its meeting held on 28.12.07, Clause 4(A) of the Scheme under the heading "Norms for Settlement for Deficit / Written off cases irrespective of sacrifice amount" has been substituted by the following:

| | | Settlement amount | |
|-----|---|--|--|
| | | Deficit cases | Written off cases |
| i) | Where security available is upto two times of principal deficit amount / written off amount | On principal component of deficit amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned. | On written off amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned |
| ii) | Where security available is more than 200% of principal deficit amount / written off amount in the cases involving principal deficit amount / written off amount upto | On principal component of deficit amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned. | On written off amount plus other money plus 5% recovery charges where 32(G) case has been filed with the Collector concerned |

| | | | |
|--|-------------|--|--|
| | Rs.1.00 lac | | |
|--|-------------|--|--|

| | | | |
|------|--|---|---|
| iii) | Where security available is more than 200% of principal deficit amount / written off amount in the cases involving principal deficit amount / written off amount more than Rs.1.00 lac | Such cases will be placed before Special HOLC for taking decision for settlement. | Such cases will be placed before Special HOLC for taking decision for settlement. |
|------|--|---|---|

Further, clause 5(i) of the Scheme under the heading “Competent Authority to decide the cases of deficit / written off” has also been substituted by the following:

| Sl. No. | Where Principal Deficit / Written off amount is | Where security available is upto 200% of principal deficit / written off amount | Where security available is more than 200% of principal Deficit / Written off amount |
|---------|---|---|--|
| 1. | Upto Rs.1.00 lac | Branch Manager | BM |
| 2. | More than Rs.1.00 lac upto Rs.10.00 lac | DLC | Spl HOLC |
| 3. | More than Rs. 10.00 lac upto Rs.50.00 lac | DLC | Spl HOLC |
| 4. | More than Rs. 50.00 lac | HOLC | Spl HOLC |

All concerned are advised to make a note of above and act accordingly. They should make strenuous efforts and to ensure that each and every eligible case is contacted and maximum number of cases are settled.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-102/1650

Dated 03.01.2008

CIRCULAR
(FR No. 491)

Reg: **Scheme for settlement of deficit / decreetal / written off cases**

Attention is invited to FR circular No. 451 dated 1.5.07 whereby the Corporation has introduced a scheme for settlement of deficit / decreetal / written off cases for the financial year 2007-08.

References were received from the field offices times and again that the definition of decreetal amount as given in the FR circular No.406 dated 9.10.06 may be reviewed as the loanee parties in the cases where decree has been awarded by the competent court are not in a position to make the payment of requisite amount that has been arrived at in terms of referred FR circular No.406 dated 9.10.06, because of their poor financial position.

The matter was examined and placed before the Board in its meeting held on 28.12.07 for reviewing the definition of decreetal amount.

The Board has taken the following decisions:

- i) In the cases where loan disbursed amount is upto Rs.1.00 lac, the settlement (irrespective of any security available) can be considered on decreetal amount plus other money, if any without charging interest for the period from filing the suit in the competent court.
- ii) In the cases where loan disbursed amount is above Rs.1.00 lac, the settlement can be considered based upon the security available and its marketability. The value of security can be discounted to 75% and cases can be settled on decreetal amount that has been arrived at in terms of FR Circular No. 406 dated 09.10.2006 or upto the extent of 75% of security available whichever is less but no case is to be settled below the decreetal amount plus other money, if any without charging interest for the period from filing the suit in the competent court. However, in the cases where no security is available, settlement can be considered on decreetal amount plus other money, if any without charging interest for the period from filing the suit in the competent court.

Note:

In any case, settlement shall not be done below the principal and other money outstanding on the date of settlement.

iii) The Branch Manager may be authorized to settle the cases as per norms.

All concerned are advised to take a note of decision taken by the Board as above and act accordingly. They should make strenuous efforts and to ensure that each and every eligible case is contacted and maximum number of cases are settled.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-8/3342

Dated : 15th Jan., 08

CIRCULAR
(FR- 492)

Reg : Scheme for Settlement of Small Loan cases
having disbursed amount upto Rs. 1.00 lakh

Attention is invited to FR Circular No. 449 dated 01.05.07 vide which Scheme for Settlement of Small Loan cases having disbursed amount upto Rs. 1.00 lakh was introduced for the FY 2007-08.

The progress made under the Scheme upto 31.12.07 has been reviewed in the Review Meeting held on 09.01.08 and it has been observed that the progress made so far is far from expectations.

In order to make the Scheme more simplified and to avoid delays so as to make the progress of decision making much faster, it has been decided to amend the clause no. 7(b) and clause no. 5 of the aforesaid scheme contained in Circular no. FR-449 dated 01.05.07 as follows and accordingly clause no. 5 and clause no. 7(b) of the scheme may be substituted by the following :

“5. Competent Authority :

Competent authority shall be the BM/Incharge Branch, who shall decide the case within 30 days of registration. However, if there is a delay and case is settled after 30 days then the BM will send a report to HO about the reasons for delay. However, in such cases also decision will be taken for settlement by the BM.”

“7. Restrictive Clause :

(b) The cases already decided by Empowered Settlement Committee/competent authority but last date of payment in terms of decision of settlement Committee has not expired shall not be eligible under the Scheme. The cases in which last date of payment has expired will be settled on the balance unpaid amount as settled earlier plus interest @ 16% p.a. on balance amount by the BM.”

All concerned are advised to take a note of above and make all out efforts to settle maximum cases under the said scheme.

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to :

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-8/ 3343

Dated : 10th Jan., 08

CIRCULAR
(FR- 493)

Reg : Scheme for Settlement of Small Loan cases
having disbursed amount upto Rs. 1.00 lakh

The Scheme for Settlement of Small Loan cases having disbursed amount upto Rs. 1.00 lakh has been launched vide Circular No. FR-449 dated 01.05.07.

The progress made under the Scheme upto 31.12.07 has been reviewed and it has been observed that despite passing more than eight months the progress made is far from expectations.

It has, therefore, been decided that all the Branch Managers and Nodal Officers will personally monitor the implementation of the Scheme and should ensure that atleast 30% of the eligible cases are settled under the said scheme by 31.03.08.

Any laxity will be viewed seriously

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to :

1. All BOs/SOs.
2. DGM(A&I) Ajmer / Jodhpur.
3. Shri _____(Nodal Officer BO _____)
4. Standard Circulation at HO.

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-17/3345

Dated 15.01.2008

CIRCULAR
(FR No. 494)

Sub: Scheme for one time settlement of NPAs : 2007-08

Attention is invited to FR circular No.448 dated 1.5.07 whereby the Corporation has introduced scheme for one time settlement of NPAs for the Financial Year 2007-08.

On reviewing the progress made under the settlement scheme, it has been observed that the results are not encouraging. The loanees are not forthcoming to avail the benefits under the scheme.

Considering the above and in order to get rid of sticky accounts and reduce NPAs, it has been decided to provide relaxation in the norms in regard to upfront amount which is required to be obtained from loanee parties for registration of cases under the settlement scheme. Accordingly, the upfront amount required is reduced from 30% to 20% (of principal sum plus other money) on the date of registration.

Further, it has also been decided that the cases which were settled prior to 1.1.05 with the consent of loanee but the loanee either did not deposit any amount or deposited part amount, may be allowed for registration afresh under the scheme.

Accordingly, sub-clause (c) that reads as under has been added in clause 1 under the heading 'Eligibility' of the scheme:

"The cases settled prior to 1.1.05 with the consent of loanee but loanee either did not deposit any amount or deposited part amount and is willing to get the case registered afresh under current scheme provided it is otherwise eligible for registration."

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-102/1784

Dated 16.01.2008

CIRCULAR
(FR No. 495)

**Sub: Scheme for Settlement of Deficit / Decretal /
Written off cases : 2007-08**

Attention is invited to FR circular No.451 dated 1.5.07 whereby the Corporation has introduced scheme for one time settlement of Deficit / Decretal / Written off cases for the financial year 2007-08.

On reviewing the progress made under the settlement scheme, it has been observed that the results are not encouraging. The loanees are not forthcoming to avail the benefits under the scheme.

Considering the above and in order to get rid of sticky accounts and reduce NPAs, it has been decided to provide relaxation in the norms in regard to upfront amount which is required to be obtained from loanee parties for registration of cases under the settlement scheme. Accordingly, the upfront amount required is reduced from 15% to 10% of principal deficit amount / decretal amount / written off amount on the date of registration of the case with immediate effect.

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-103/

Dated 23.01.2008

CIRCULAR
(FR No.496)

Sub: Review of recovery performance

The performance of recovery from NPAs and progress of reduction in NPAs was reviewed by CMD in the recent past. During the course of review, the CMD expressed serious concern on the progress made. It has been observed that the BOs are not following the instructions of HO in letter and spirit as contained in recovery strategy circular No.FR 447 dated 1.5.07 followed by subsequent circulars issued in this regard.

It was decided that Regional Review meetings shall be held under the chairmanship of CMD in the remaining part of the current financial year and the Branch Managers shall review each and every case and scrutinize from the view point as to how a particular account can be regularized i.e. by way of recovery / reschedulement.

It is, therefore, enjoined upon all the Branch Managers that they should scrutinize each and every case and take effective steps to regularize the account. If the account can be regularised by way of recovery / reschedulement etc., and such action is in the interest of the Corporation, the immediate action should be taken. If it is not within the powers of Branch Manager, the approval thereof should be obtained from the competent authority on the spot during the course of Regional Review Meeting.

All concerned are advised to take a note of above and ensure compliance. There should not be any laxity in this regard.

(SUMAN KUMAR VIG)
GENERAL MANAGER (DEV)

Copy to:

4. All BOs/SOs.
5. DGM(A&I) Ajmer / Jodhpur
6. Standard circulation at HO.

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-24/3471

Dated 29.01.2008

CIRCULAR
(FR No.497)**Sub: Charging interest in case of units (primary security) taken into possession u/s32 (G) and system of ascertaining surplus/deficit/at par in the cases where there is collateral security**

The Procedure & Guidelines provide that interest shall not be debited in the loan account of the concern after the date the unit is taken into possession invoking provisions of Section 29 of SFCs Act, 1951. However, in the cases where the Corporation opts to take legal action u/s 32(G) against primary security and possession thereof is taken-over by the Revenue Authorities under LR Act, charging of interest is not stopped.

Further, in case of sale at par, interest for the possession period is not charged inspite of the fact that collateral security is available and collateral security is also released. However, in case where the unit is sold in surplus, interest for the possession period is charged to the extent of surplus. Likewise in deficit cases where collateral security is available, the deficit is worked out without disposal of collateral security.

In order to remove these anomalies and safeguard interest of the Corporation, the matter was placed before PC&CC in its meeting held on 20.9.07 and subsequently in the Board in its meeting held on 28.12.07 in which it has been decided to stop debiting interest from the date of takeover in the cases where possession of primary assets is takenover u/s 32(G) by the Revenue Authorities so as to have uniformity with the cases in which the possession is taken over u/s 29 of SFCs Act by the Corporation.

It has also been decided that in the cases where collateral security is available, the deficit / surplus / at par will be arrived at after disposal of the collateral security. In case, disposal of the collateral security results into surplus then interest for the possession period will also be charged maximum to the extent of surplus. If party after disposal of primary assets by the Corporation, makes request for release of the collateral security, release will be considered only after when the party deposited interest for the possession period.

Accordingly, relevant provisions of P&G are hereby amended.

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

(B.N. SHARMA)
CHAIRMAN & MANAGING DIRECTOR

Copy to:

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2. DGM(A&I) Ajmer / Jodhpur
3. Standard Circulation at HO.

