



Ref.No.KSFC/HO/CMD/ED(F)/123/2010-11

Date 04.05.2010

CIRCULAR No.849(E)

Sub: Chronic Asset Resolution Scheme – Extension of Validity.

Ref: Circular No.849 dated 17.02.2009;

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The Executive Committee in its meeting held on 26.04.2010 noted that the D-III portfolio is resolved to the tune of Rs.54 crore during FY 2009-10 which has released that much provisioning. This was possible because of introduction of CAR scheme. However, the D-III assets continue to be of the order of Rs.300 crore as on 31.03.2010. Higher settlement of these sticky cases will help write back of provisioning which positively impacts the profitability. Therefore, the EC after discussion extended the validity of the CAR scheme upto **31.12.2010** on the same terms and conditions issued vide above referred circular. A copy of the said circular is enclosed for ready reference.

The contents of this Circular shall be brought to the notice of all the concerned in your office / department.

Sd/-
**CHAIRMAN AND
MANAGING DIRECTOR**

To:

All BMs
All ZMs / DGMs of Super 'A' Branches / IA cells
All Principal Officers / Section Heads in HO
All General Managers
Library

Executive Directors - for information



Ref.No.KSFC/HO/MD/2008-09

Date 17.02.2009

CIRCULAR NO.849

Sub : Introduction of Scheme for Chronic Asset Resolution in the Corporation during the month of February / March 2009.

The Management Committee in its meeting held on 07.02.2009 deliberated on the white paper on the prevailing financial position of the Corporation for the current financial year which was placed before the Board of Directors in its meeting held on 13.01.2009. The Board while taking stock of the facts of the matter noted that in the FY 2008-09 an incremental provisioning of Rs.140.00 crore is required, which will directly impact the profitability of the Corporation. The Board also took note that resolution of chronic and sticky D-III accounts need to be given due focus.

Considering the above factors and the urgency and seriousness of the present situation, the Management Committee discussed the subject in depth with the Senior Officers and the Office bearers of all the three Associations. After examining the pros & cons of the matter, the Management Committee was of the unanimous view that resolution of hardcore D-III assets by 31.03.2009 is an immediate necessity. Therefore, ways and means of achieving this goal by implementing a suitable policy which minimizes discretions while resolving these sticky accounts were explored.

After examining the various aspects of the matter, the Management Committee recommended for the introduction of a scheme for chronic asset resolution to be put in operation in the months of February and March 2009 for resolution of sticky accounts; particularly the assets in D-III category. Accordingly, introduction of a scheme for chronic assets resolution in the Corporation to be operated in the months of February and March 2009 was proposed to the Board.

Considering the immediacy of the matter, a scheme was proposed to the Board and the said proposal was circulated in the form of a resolution amongst the Board of Directors and the same has been approved by the Board for immediate implementation in the Corporation.

The salient features of the scheme are as detailed below:-

1. ACCOUNTS ELIGIBLE FOR SETTLEMENT:

- (a) Accounts under D-III category as on 01.04.2008;
- (b) Accounts under MR category.



2. THE RESOLUTION FORMULA WILL BE AS FOLLOWS:

2.1 Cases where no assets are available:

	RESOLUTION FORMULA
(a) No primary assets	Minimum amount – Principal default + Other debits (PD+OD)
(b) No collateral assets	
(c) No PP assets identified	

The branch offices / recovery department at HO shall submit personal property investigation reports certified by the BM / Department Head in detail proposing settlement of account for accepting PD+OD.

2.1.1 Authority to approve the Resolution (irrespective of waiver of interest):

(a) Branch Office cases	DGMs of respective Zones
(b) Super “A” Grade Branch Offices	DGMs of Super “A” Grade Branch Offices
(c) Head Office cases	Executive Director (O)

2.2 Cases where only personal property assets are available:

	RESOLUTION FORMULA
(a) No primary assets	50% of net value of personal properties identified (market value in case of Urban Areas viz., Bangalore – BBMP Limits, Mysore, Mangalore, Hubli-Dharwad and Belgaum – City Corporation Limits and in other areas SR value)
(b) No collateral assets	
(c) PP assets identified	
	OR
	PD + OD whichever is higher

The branch offices / recovery department at HO shall submit personal properties investigation reports certified by the BM / Department Head in detail proposing resolution of account.



2.2.1 Authority to approve the resolution (irrespective of waiver of interest):

(a) Branch Office cases	General Managers of respective Zones
(b) Head Office cases	Executive Director(O)

2.3 Cases where primary / collateral / personal property assets are available:

	SETTLEMENT FORMULA
(a) Primary / collateral assets available	100% of market value of primary assets / collateral and 50% of net value of personal properties located in Urban Areas viz., Bangalore – BBMP Limits, Mysore, Mangalore, Hubli-Dharwad and Belgaum – City Corporation Limits. In other areas, 100% of SR value of primary / collateral and 50% of net value of personal property on SR basis OR PD + OD whichever is higher
(b) PP assets identified	

(i) The primary / collateral assets should have been brought for sale at least on 3 occasions including one public auction.

(ii) The branch offices / recovery department at HO shall submit personal property investigation reports certified by the BM / Department Head in detail proposing resolution of account.

2.3.1 Authority to approve the resolution (irrespective of waiver of interest):

(a) Up to Rs.50.00 lakhs of resolution amount	General Managers
(b) Upto Rs.75.00 lakhs of resolution amount	Executive Directors
(c) Above Rs.75.00 lakhs of resolution amount	Managing Director

3. GENERAL CONDITIONS:

- (a) Reliefs under this scheme cannot be claimed as a matter of right. The Corporation reserves the right to accept or reject any proposal for resolution under the scheme at its discretion;
- (b) An upfront payment of 25% of PD+OD amount shall be collected before processing the proposal which shall be held in ARPA till final resolution of the account is decided upon. The said amount shall not be refunded;



- (c) The balance resolution amount shall be collected or before 31.03.2009. There shall be no extension of time after 31.03.2009 and in the event of non payment of the entire resolution amount on or before 31.03.2009, the reliefs and concessions extended under the resolution package shall lapse automatically without any scope for revival of the same by any authority;
- (d) If the entire resolution amount under the scheme is not paid within the stipulated time, the initial amount shall be appropriated to the PD+OD in the account and further recovery action shall be initiated in the normal course by cancelling the resolution package under the scheme;
- (e) There shall be no revision and no discretion provided under the scheme to collect the resolution amount less than what is prescribed by the resolution formula;
- (f) The accounts already settled under OTS schemes prevalent in the Corporation prior to 01.04.2008 and remain unsettled without OTS payment or part payment made shall also be considered under the scheme subject to eligibility under this scheme. But however, any OTS payment received as initial payment or part payment already allocated in the books of their account shall not be taken as payment made for settlement of the said amounts under the scheme. In all these cases 25% of the initial amount will be collected afresh.
- (g) The initial amount / part payment of OTS amount still kept in ARPA / suspense account shall be taken into consideration towards 25% of initial payment as required under the scheme.
- (h) The resolution package as approved by the competent authority shall be placed before the next higher authority for information.

The scheme shall come into operation with immediate effect and shall be in force till 31.03.2009.

Sd/-
MANAGING DIRECTOR

To:

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