



ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆ ಅನ್ವಯ ಸ್ಥಾಪಿತ

KARNATAKA STATE FINANCIAL CORPORATION

Established under the State Financial Corporations' Act, 1951



ಸಂಖ್ಯೆ : ಕ.ರಾ.ಹ.ಸಂ./ಪ್ರ.ಕ./
Ref. No. KSFC/H.O./ ED-I/secy/32/2016-17

ದಿನಾಂಕ :
Date... 26-05-2016...

CIRCULAR No. 924

Sub : Reliefs and concessions for closure of loan
accounts of Post MoU Doubtful cases
-:0:0:-

The existing Modified Chronic Assets Resolution Scheme (Further Amended) issued vide Circular No.922 dated 14.01.2016, covers the cases sanctioned on or before 31.10.2003 for settlement of chronic Doubtful-III accounts. There is no resolution scheme for cases sanctioned on or after 01.11.2003.

It was felt necessary to introduce a resolution scheme for post-MoU doubtful category cases and cases which are not fulfilling the eligibility criteria of the existing MCAR (Amended) Scheme. In this background, a proposal was placed before the Board in its meeting held on 13.05.2016 and after detailed deliberations, the Board approved a proposal for extending reliefs and concessions for closure of these loan accounts by waiver of part of penal interest. The scheme details are enclosed at Annexure-I. The eligible proposal shall be submitted as per the format given at Annexure-II

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

Encl: As above.

EXECUTIVE DIRECTOR - I

To:
All BMs / AGMs / DGMs of Branches
All IA cells
All Department Heads in HO
All General Managers
Library
EA to CMD

cc: Executive Director-II - for information

ಪ್ರಧಾನ ಕಛೇರಿ : ಕೆ.ಎಸ್.ಎಫ್.ಸಿ. ಭವನ, ನಂ. 1/1, ತಿಮ್ಮಯ್ಯ ರಸ್ತೆ, ಕಂಟೋನ್ಮೆಂಟ್ ರೈಲ್ವೆ ನಿಲ್ದಾಣದ ಹತ್ತಿರ, ಬೆಂಗಳೂರು-560 052
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ANNEXURE - I

RELIEFS AND CONCESSIONS FOR CLOSURE OF LOAN ACCOUNTS OF POST-MOU DOUBTFUL CASES

1. ELIGIBILITY CRITERIA:

The unit shall meet the following eligibility criteria:-

- Primary assets are either sold or taken over under Section 29 / SARFAESIA and brought for sale atleast on three occasions and remained unsold; and
- The account is in doubtful category as on 31.03.2016.

2. INELIGIBLE CASES:

The doubtful loan accounts where the Corporation has not been able to initiate recovery action for reasons of Court Stay, Legal impediments posed by the borrowers to evade recovery action, such cases will not be eligible for any relief under the scheme OR the cases of units working profitably but not paying the dues, willful defaulters, fraud and malfeasance are excluded from the coverage.

The legal route is the only recourse available to the Corporation against willful defaulters, fraudulent and malfeasant borrowers. However, there may be cases where legal action may not ensure recovery of loan to a reasonable extent, keeping in view the availability of security, its nature, enforceability, realizable value, etc. In such cases, it would be prudent to get the accounts closed by offering some concessions, without prejudice to the criminal cases against the borrowers / guarantors. However, these cases be placed before the Executive Committee for resolution and upon its recommendation, the proposal shall be placed before the Board for approval.

3. RELIEF/CONCESSIONS THAT CAN BE EXTENDED:

Waiver of penal interest from the date of account becoming NPA without any principal write-off. In respect of accounts where there is upward / downward movement in asset class, the latest date of becoming NPA shall be reckoned.

4. GENERAL GUIDELINES:

- (i) All the eligible proposals under the scheme will be placed before the Executive Committee for approval.
- (ii) Reliefs under this scheme cannot be claimed as a matter of right. The Corporation reserves the right to accept or reject proposal for resolution under the scheme at its discretion.
- (iii) 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. Further, in case the proposal is not backed either by secured assets or by PP assets, the designated authority to decide the down payment to be made.
- (iv) Approved settlement amount has to be paid within 90 days from the date of communication without interest. 25% of the approved amount (including initial deposit) should be paid within 30 days. Another 25% should be paid by the end of 60 days from the date of communication and the balance 50% before the expiry of 90 days from the date of communication. The settlement package offered should lapse automatically at the end of the 90th day from the date of communication. The head of recovery departments in HO and Branch heads are responsible for communication of cancellation of the resolution immediately after the expiry of 90 days.
- (v) If the entire resolution amount under the scheme is not paid within the stipulated time, the initial amount will be adjusted to the loan account and further recovery action shall be initiated in the normal course by cancelling the resolution package under the scheme.
- (vi) There shall be no revision and no discretion provided under the scheme to collect the resolution amount less than what is prescribed under the scheme.
- (vii) The cases which are eligible for settlement under MCAR Amended Scheme will not be covered under this scheme.
- (viii) In respect of cases where assets are brought for sale and offer received is more than the liability and acceptance of offer is communicated to the prospective buyer and in the meanwhile the borrower comes forward with the settlement proposal, such proposals shall not be entertained.
- (ix) The scheme is valid upto 31.12.2016.

KARNATAKA STATE FINANCIAL CORPORATION

ITEM NO.

PLACED BEFORE THE
E.C. ON

Sub : Proposal for resolution of account under Closure of
Post-MoU Doubtful cases Scheme in respect of
M/s / Shri / Smt.
Name of the Branch Office / Dept

1	NAME OF THE UNIT / PARTY & ADDRESS				
2	ACCOUNT NUMBER				
3	CONSTITUTION (PROPRIETARY / PARTNER-SHIP / COMPANY)				
4	NAME OF THE PROMOTER/S				
5	NAME OF THE GUARANTOR/S				
6	LOAN DETAILS (TO SHOW SSC PORTION SEPARATELY)*	Date of sanction	Amount sanctioned	Amount disbursed	ROI
7	ACTIVITY / PRODUCT				
8	WHETHER THE ACCOUNT IS ELIGIBLE UNDER EXISTING AMENDED MCAR SCHEME				

* Loan details shall include assistance like lease/NCD/HP/DPG/Factoring, equity participation if any.

9	CUMULATIVE DEMAND UPTO _____:	TERM LOAN		SSC	
		NORMAL	SI on contract rate	NORMAL	SI
	Principal Interest Other debits TOTAL:				
10	REPAYMENT RECEIVED SO FAR: Principal Interest Other debits TOTAL:				
	By direct payment By sale of assets By subsidy TOTAL:				
11	IRR for the repayment recd. so far				
12	PRESENT DUES POSITION (as on) Principal Interest Other debits TOTAL:				
13	Asset category as on 31.03.2016				
14	Date of account becoming NPA (in respect of accounts where there is upward / downward movement in asset class, the latest date of becoming NPA shall be reckoned)				
15	Whether the unit is eligible to be covered under the closure of Post-MoU Doubtful cases Scheme and not fall under ineligible clause				
16	Component of penal interest from the date of account becoming NPA				

17	DETAILS OF SECURITY AVAILABLE (valuation report enclosed):	Memorandum value	Present	
			SR rate	Market value
	a) Land b) Building c) Plant & machinery d) Collateral security e) Current assets			
18	Details of Corporate guarantee obtained for the loan if any : a) Details of assets b) Details of liabilities c) Working results d) Networth of the company			
19	Details of assets brought for sale a) Primary assets - Land and building - Plant and machinery - Current assets b) Collateral security	No. of Advt.	Highest offer received and date	
20	LITIGATION / COURT STAY / INJUNCTION / PENDING BEFORE BIFR/AIFR AND OTHER FORUM IF ANY			
21	WORKING STATUS OF THE UNIT			
22	DETAILS OF INITIAL AMOUNT PAID	Date : Amount :		

23. Financial analysis of the applicant unit (for working unit):

Financial year			[Rs. in lakhs]
Turnover / gross receipts			
Depreciation			
Net profit / loss			
Cash profit / loss			
Capital + reserves / accumulated loss			

24. DETAILS OF LOAN / ASSISTANCE AVAILED BY OTHER INSTITUTIONS LIKE KSIIDC, BANK ETC.:

a)	Name of the institution / bank	
b)	Name of the lead institution in case of joint finance	
c)	Amount sanctioned	
d)	Present liability	
e)	Details of recovery initiated	
f)	OTS offered by them if any	

25. RELIEF/CONCESSION AND AMOUNT TO BE PAID (As on):

[In rupees]

a)	Total liability	
b)	Less : waiver of penal interest	
c)	Minimum amount to be paid for closure of the account (a-b)	
d)	Party's request	

26. IRR including the proposed settlement amount:

27. RECOMMENDATION OF THE BO :

28. HO RECOMMENDATION: