

**CIRCULAR NO. 945(a)**

**Sub: Modified Chronic Asset Resolution [MCAR] Scheme.**

Based on the deliberations in the Branch Managers Meeting, a note was placed before the Board on the points raised by the BMs/ZMs that required clarity. The matter was deliberated in the Board. Based on the deliberations, the following clarifications are given :

1. As per the eligibility criteria, the loan should have been sanctioned on or before 31-10-2003. In respect of multiple loans, the date of sanction of the first loan (live account) shall be the eligibility criteria.
2. In respect of loans below Rs.10.00 lakh cases, which are eligible under the modified Special GoK OTS Scheme shall be settled under the said scheme. However, However, in respect of cases where the promoters / guarantors are not in a position to settle the account under the said scheme and if they come forward to settle the account under MCAR scheme, such cases shall be placed before the Executive Committee for a decision.
3. In respect of rescheduled cases, if the account is not upgraded to standard category and continues to be an NPA subsequent to rescheduling at any point of time, the age of default as on the date of last rescheduling shall be added to the age of default indicated in the system as on 31.03.2009 / 31.03.2011 for determining the eligibility for MCAR.
4. In respect of cases where the secured movable assets are missing, such cases can be covered under MCAR scheme subject to fulfilling other eligibility norms and the value of missing movable assets shall be determined based on memorandum value after allowing eligible depreciation for working out the settlement amount.
5. In respect of D-III cases which are upgraded because of sale of secured assets, can be covered under MCAR scheme, if all the secured assets are sold and the account is upgraded on account of recovery out of sale proceeds and the unit is defunct, such cases be placed before the EC for a decision, as such units are to be reckoned as loss assets as per the NPA norms.
6. The Principal + Other Debits indicated under the resolution formula means the present outstanding of principal (including LB, if any) + other debits as per the normal allocation in the books of account. However, there shall be no re-allocation of amount already paid and adjusted to the loan account.

7. In respect of accounts where no PP assets (primary, collateral and PP assets) are available and where P+OD is -nil-, in such cases minimum 25% of amount payable on SI basis shall be the guiding factor for settling these accounts and these cases shall be placed before EC for approval.
8. In respect of accounts which were settled under OTS scheme prevalent in the Corporation prior to 01-04-2009 and remain unsettled without OTS payment or part payment shall be placed before a Committee constituted for the purpose :
  1. Managing Director .... Chairman
  2. Executive Director (Finance) .... Member
  3. Executive Director (Operations) .... Member
  4. General Manager (North Zone) .... Member
  5. General Manager (R&AR) .... Member
  6. General Manager (South Zone) .... Member
  7. Deputy General Manager (AR) .... Member/Convener

All such proposals will have to be placed before the said Committee. The contents of the Circular shall be brought to the notice of all the concerned in your office/department.

Sd/-  
**MANAGING DIRECTOR**

All the Department Heads in HO  
All the DGMs of ZOs/Super 'A' grade BOs  
All the AGMs of 'A' grade BOs/IA Cells  
All the BMs of 'B' Grade BOs  
EA to MD  
General Managers - at Head Office  
Library

CC : The Executive Director[F] - for infn.  
The Executive Director[O] - for infn.