

# GUJARAT STATE FINANCIAL CORPORATION

## One Time Settlement (OTS) Scheme for Term Loan only

### **SCHEME – I : CATEGORY OF LOAN DISBURSED UP TO Rs.5.00 lakh**

#### **ELIGIBILITY:**

To be eligible for OTS under the Scheme, the unit should satisfy following condition on 01.05.2007.

- (1) The account should be an NPA Account.

#### **FORMULA FOR OTS:**

- (A) Rate of Interest shall be charged @ 6% on quarterly compounding basis till the original date of LDR and thereafter the computation shall be on simple interest basis at 6% on the principal disbursed amount.
- (B) Principal amount means principal disbursed plus other capitalized expenses.
- (C) Entire debited as well as outstanding penalty (paid + unpaid) shall be waived.
- (D) Date-wise credit of repayment made, if any, by the unit shall be given.
- (E) While recasting the account, if OTS amount is negative or less than 50% of the principal amount, then the minimum amount to be recovered under OTS shall be at least 50% of the principal amount.

#### **APPLICATION AND REPAYMENT TERMS:**

The unit willing to opt for the Scheme shall submit a written application along with 25% of principal outstanding on or before 31.03.08 towards application money to get entered into the scheme. This amount shall be adjusted against the OTS amount. Balance OTS amount shall be paid in 4 Equal Monthly Installments (EMIs) by way of post dated cheques commencing from the date of sanction letter, without interest.

#### **AUTHORITY:**

The proposal shall be decided at DGM level of respective Regional Office, who shall communicate the decision to the beneficiary units within 7 days and shall submit the progress report to Recovery Committee (RC) at Head Office for information.

**SCHEME 2: FOR LOAN DISBURSED ABOVE RS. 5.00 LAKH AND UPTO RS. 15.00 LAKH:**

**ELIGIBILITY:**

To be eligible for OTS under the Scheme, the unit should satisfy following condition on 01.05.2007.

- (1) The Account should be an NPA Account.

**FORMULA FOR OTS:**

- (A) The rate of interest on the principal disbursed amount shall be charged @ **9% on quarterly compounding basis** till the original LDR and thereafter the computation shall be on simple basis at 9%.
- (B) Principal amount means principal disbursed plus other capitalized expenses.
- (C) Entire debited as well as outstanding penalty (paid + unpaid) shall be waived.
- (D) Date wise effect / credit of repayment made, if any, by the unit shall be given.
- (E) While recasting the account, if OTS amount is negative or less than 50% of the principal amount, then the minimum amount to be recovered under OTS shall be at least 50% of the principal amount.

**APPLICATION AND REPAYMENT TERMS:**

The unit willing to opt for the Scheme shall submit a written application along with 25% of principal outstanding on or before 31.03.08 towards application money to get entered into the scheme. This amount shall be adjusted against the OTS amount. Balance OTS amount shall be paid in 4 Equal Monthly Installments (EMIs) by way of post dated cheques, commencing from the date of sanction letter, without interest:

**AUTHORITY:**

The proposal shall be decided at DGM level of respective Regional Office, who shall communicate the decision to the beneficiary units within 7 days and shall submit the progress report to Recovery Committee (RC) at Head Office for information on monthly basis.

### **SCHEME 3: FOR LOAN DISBURSED ABOVE RS.15.00 LAKH:**

#### **ELIGIBILITY:**

To be eligible for OTS under the Scheme, the unit should satisfy the following condition on 01.05.2007.

- (1) The Account should be an NPA Account.

#### **FORMULA FOR OTS:**

- (A) The rate of interest on the principal disbursed amount shall be charged @ **11% on quarterly compounding basis** till the original LDR and thereafter the computation shall be on simple basis at 11%.
- (B) Principal amount means principal disbursed plus other capitalized expenses.
- (C) Entire debited as well as outstanding penalty (paid + unpaid) shall be waived.
- (D) Date wise effect / credit of repayment made, if any, by the unit shall be given.
- (E) If OTS amount is negative or less than 65% of the principal amount then the minimum recovery shall be at least 65% of the principal amount or 65% of the total valuation of the security (primary + collateral personal + corporate guarantees), whichever is higher. Such valuation will be done by GITCO at the cost of the borrower.

#### **APPLICATION AND REPAYMENT TERMS:**

The unit willing to opt for the Scheme shall submit a written application along with 25% of principal outstanding on or before 31.03.08 towards application money to get entered into the scheme. This amount shall be adjusted against the OTS amount. Balance OTS amount shall be paid in 4 Equal Monthly Installments (EMIs) by way of post dated cheques, commencing from the date of sanction letter, without interest:

#### **AUTHORITY:**

The Regional Office shall forward the proposal to General Manager at HO for consideration and on receipt of approval from GM, the RO Office shall communicate the decision to the beneficiary units within 7 days and shall submit the progress report to Recovery Committee (RC) at Head Office for information on monthly basis.

**SCHEME 4: FOR LOAN DISBURSED TO PHYSICALLY HANDICAPPED CASES:**

**ELIGIBILITY:**

To be eligible for OTS under the Scheme, the unit should satisfy the following condition on 1-5-2007.

1. The Account should be a NPA Account.

**FORMULA FOR OTS:**

- (A) Since the interest rate is already subsidized under the scheme, and in view of the special nature of this category of loanees, the rate of interest for settlement shall be the cost of fund to the Corporation in the year of sanction i.e. the rate at which GSFC has received fund from NHFDC, on quarterly compounding basis till original LDR and, thereafter, the computation shall be on simple interest basis.
- (B) Principal amount means principal disbursed plus other capitalized expenses.
- (C) Entire debited as well as outstanding penalty (paid + unpaid) shall be waived.
- (D) Date wise credit of repayment made, if any, by the unit shall be given.
- (E) The minimum OTS amount shall be 50% of the principal amount.

**APPLICATION AND REPAYMENT TERMS:**

The unit willing to opt for the Scheme shall submit a written application along with 25% of principal outstanding on or before 31.03.08 towards application money to get entered into the scheme. This amount shall be adjusted against the OTS amount. Balance OTS amount shall be paid in 4 Equal Monthly Installments (EMIs) by way of post dated cheques, commencing from the date of sanction letter, without interest:

**AUTHORITY:**

The proposal shall be decided at DGM level of respective Regional Office, who shall communicate the decision to the beneficiary units within 7 days and shall submit the progress report to Recovery Committee (RC) at Head Office for information on monthly basis.

### **CASES TO BE CONSIDERED UNDER COMPASSIONATE GROUND:**

There are some cases where the defaulting loanee may not be able to avail of the benefit under OTS scheme due to financial inability, and yet the circumstances of the loanee are such that the case may deserve a more compassionate approach for settlement at an amount lesser than that prescribed under the OTS Scheme. The Board felt that some mechanism should be put in place to properly identify such cases and accept a settlement.

Board felt that the following categories of defaulting loanees should be considered, on merit, for settlement on compassionate grounds:

- (i) Death of proprietor in case of proprietary concern.
- (ii) Projects directly damaged due to natural calamities or riots.
- (iii) The collateral surety is residing in a house which is offered as collateral security and he/she or his/her spouse does not have any other residential property for accommodation. Such cases could be considered for release of collateral security on compassionate grounds.

Such cases shall be placed before the Board.

While considering and deciding the cases on merit, property valuation of collateral security shall be taken into account by the Board only in case of very high value assets.

The Board shall consider the cases on compassionate grounds on individual basis and decide suitably.

### **GENERAL TERMS FOR ALL ABOVE SCHEMES:**

1. In order to avail benefit under the OTS Scheme, unit shall be required to apply on or before 31.03.08, along with 25% of the principal outstanding amount as application money.
2. In the first phase, for all the above schemes the calculation of interest shall be frozen on 30.09.2007 (due on 01.11.2007).
3. As a result of OTS under the aforesaid Schemes, there shall not be any cash out go or refund.
4. If the unit fails to pay the OTS amount within the time limit prescribed, the scheme shall be extended for further six months on request, wherein the unit will be required to pay simple interest for delayed period on defaulted amount at 9% for Scheme – 1, 12% for Scheme – 2 and 14% for Scheme – 3. The units under Scheme –4 will be required to pay simple interest for delayed period on defaulted amount at a rate of interest which is 3% higher than the OTS rate.
5. Where the unit is disbursed additional loans, total of all the loans shall be taken into consideration for being qualified under the scheme.

6. Where the unit is having more than one defaulting account, all the defaulting accounts need to be settled simultaneously.
7. The settlement of any group company's accounts can be settled by settling all accounts simultaneously and NDCs shall be issued only after receiving settlement amount of all defaulting accounts. Security cannot be released till entire OTS amounts of all accounts are repaid as per settlement.
8. Any Court case filed against GSFC shall be withdrawn first for qualifying under any of the OTS Schemes.
9. Purchasers of Primary Assets of Units acquired under section 29 of SFC Act are not eligible under any of the above schemes.
10. Units availing OTS benefit will not get credit for any subsidy sanctioned by the Govt. after the date of declaration of the account as NPA i.e. if subsidy claim is received after the account becomes NPA, then such amount should not be treated as repayment made by the borrower unit and the same shall be adjusted against the sacrifice of the Corporation.
11. Above OTS schemes shall not apply to cases of Financial Services Division.