



# JAMMU & KASHMIR STATE FINANCIAL CORPORATION

(Incorporated under the State Financial Corporation's Act 1951)

[Central Act 63 of 1951]

{Ph.0194-2500716, 2500592 Jmu. 0191-270740, 2475581}

**Ref. No. SFC/HO/PS/2015-1463**

**Dated: 14.10.2015**

## **ORDER**

On the persistent demand of Trade and Industries Associations and with a view to aid and abet the process of revival of sick units and or providing such units an exit from the accumulated debt liabilities, the Hon'ble Chairman of the Corporation has approved a Settlement Scheme for Sick Units (SSSU) as the last and final opportunity to them to settle their liabilities. A copy of the scheme is enclosed.

It is accordingly hereby ordered that all officers heading the Large Branch Offices and District Offices of the Corporation shall widely publicize the scheme in their respective Districts and hardsell it to all eligible borrowers by roping in Industrial, Trade and Transport Associations so as to optimize the response and realization of public money held up in such accounts.

All eligible borrowers shall also be informed through the medium of a letter about the scheme and cajoled to avail themselves of this golden opportunity for settlement of their liabilities with the Corporation.

The Chairman further approved the delegation of powers for settlement under Settlement Scheme for Sick Units (SSSU) and empowered the Officers Incharge of Large Branch Offices and District Offices to sanction the settlement package under the scheme following the guideline laid down, in letter and spirit. Any deviation from the guidelines shall call for strict action under Regulations of the Corporation.

All the Branch Heads will ensure submission of the statement of cases settled under the scheme to Head Office on monthly basis giving the details of amounts recovered and amounts waived off in respect of each case.

**Managing Director**

**Copy to:**

1. OSD with Finance Minister for kind information of the Hon'ble Chairman, JK SFC. This issues with the prior approval of the Hon'ble Chairman, JK SFC .
2. General Manager, H/K, JK SFC.
3. Dy. General Manager[S]/[J].
4. Chief Manager, JK SFC.....
5. All District Offices/ Sectional Heads, JK SFC.
6. Office order file.

**SETTLEMENT SCHEME FOR SICK UNITS-**

**1. Title of the Scheme:-**

The Scheme shall be known as Settlement Scheme for Sick Units (SSSU):

**2. Amount Payable:-**

The amount payable will be as per categories of borrowers as under:-

- |   |  |
|---|--|
| <b>(i)</b> loans upto Rs.5.00 lakh<br>(Sanctioned amount)                       | Settlement on Principal (+other monies) outstanding as on date irrespective of the value of security available.  |
| <b>(ii)</b> Loans above Rs.5.00 lakh to Rs.10.00 Lakh.<br>(Sanctioned amount)   | Principal (+other monies) + 3% of Simple Interest debited in the account net of previous recoveries. (irrespective of the value of security available.)      |
| <b>(iii)</b> Loans above Rs.10.00 lakh to Rs.20.00 lakh.<br>(Sanctioned amount) | Principal (+other monies) + 5% of S.I debited in the loan account up-to-date net of previous recoveries. (irrespective of the value of security available.)  |
| <b>(iv)</b> Loans above Rs.20.00 lakh.<br>(Sanctioned amount)                   | Principal (+other monies) +10% of S.I, debited in the loan account up-to-date net of previous recoveries. (Irrespective of the value of security available.) |

**Explanation:-**

Principal outstanding shall mean Principal Outstanding in the personal account and shall include other monies also.

### **3. Concessions to be granted:-**

Entire interest in the loan account shall be waived off.

### **4. Eligibility Criteria:-**

- I. *All units under MSME sector where loan was disbursed by the Corporation on or before 31.12.2006 and have been declared/identified sick by or before December' 31<sup>st</sup> 2015 by the respective General Managers of concerned District Industries Centers and countersigned by Directorate of Industries & Commerce and the units which have not been able to commence production and are not formally registered with respective DICs or have left the scheme halfway /abandoned or the unit has remained non-functional for a period of more than '10' years to be certified as such, by the concerned General Manager, DIC /District Incharge, JK SFC.*
  
- II. *The intending Promoter will make an application for settlement as per format enclosed as **Annexure- "A"** along with the requisite letter of declaration from the General Manager of concerned DIC (to be countersigned by the Directorate of Industries and Commerce) as above or from the concerned Incharge JK SFC as the case may be and a token amount of at least 10% of the Principal amount outstanding in the loan account, however the Designated authorities in the Corporation, where they are satisfied with the circumstances of the case, may accept the application with a reduced token amount of 5%.*
  
- III. *The applicant will furnish an affidavit on prescribed lines enclosed as **Annexure - "B"**.*

### **5. Process:-**

- I. The LBO'S/ DO's, as the case may be, shall process the application within 7 days from the date of receiving the case from the applicant.
  
- II. The LBO'S/ DO's shall inform the borrower about the terms and conditions of settlement as per the format prescribed for this purpose (enclosed as **Annexure- "C"**) within 15 days from the date of receipt of the application. A copy of the letter shall be invariably endorsed to Head office of the Corporation.

- III. The borrower shall deposit the settlement amount on receipt of intimation within '3' months without interest or in six with interest @ 12.5% p.a.

## **6. Proviso**

- i. The effect of waiver shall be given at the time of closure of the loan account.
- ii. Where a borrower has already paid Principal amount in full under an existing scheme, the account can be closed under SSSU-2015 after receipt of the percentage of simple interest as per category under which it falls if it is otherwise eligible for settlement under the scheme.
- iii. Where borrower has deposited some amounts under approved settlement under an existing or erstwhile scheme and could not liquidate the settled liability for any reason, it can be considered for settlement under SSSU subject to fulfillment of eligibility criteria.

## **General:**

- i. The Large Branch office/District office concerned shall forward a copy of the borrower's application on the very date of its receipt, to the Head office.*
- ii. The Large Branch office/District office shall forward a detailed statement at the end of each month in respect of all cases settled during the month as per format enclosed as **Annexure - "D"**.*
- iii. The Internal Audit cell shall collect the details of settlement and undertake audit of the same on a monthly basis.*
- iv. The Board section shall consolidate the information of settlement on quarterly basis for being placed before the Board of Directors of the Corporation.*
- v. The scheme will come into force with immediate effect and will remain open up to March' 31<sup>st</sup>' 2016, where after no application under the scheme will be entertainable.*
- vi. The scheme will not be applicable to the units where the process of auction has been initiated and bids received /accepted by the Corporation.*

*vii. Token amount deposited by the borrowers for settlement of their loan accounts under any of the erstwhile schemes on or after 1<sup>st</sup> April, 2014 may be taken in to account but any amounts deposited prior to that date shall be adjusted in the respective loan accounts as normal recovery and the applicant will be required to deposit fresh token amount.*

**7. Authorized Officers.**

The officers Incharge of respective LBOs and Do's shall be empowered to sanction the settlement package under the SSSU following the guidelines laid down in letter and spirit.

8. The cases which do not fall within the above specified category shall not fall within the ambit of this scheme and such cases shall be considered by the Competent Authority on merits under its already existing mandate.
9. The above scheme is proposed as a one time opportunity to the eligible units.
10. It is also proposed to bring plus '15' years old vehicles within the ambit of the scheme.

Sd/-

*Managing Director*

**JAMMU & KASHMIR STATE FINANCIAL CORPORATION**

**Annexure-A**

The DGM/Chief Manager,  
District Incharge,  
J&K State Financial Corporation,  
Large Branch Office/Disstt. Office,  
.....

Subject: **Settlement of my Loan Account under SSSU.**

Dear Sir,

My vehicle is .....years old and is not road worthy. Kindly settle my loan account with you under the captioned scheme / my unit has been declared as sick by the Department of Industries and Commerce, Srinagar/ Jammu vide their No.....dated..... I have not been able to commence production and get my unit formally registered with the DIC and the scheme has been left half way.

I also enclose the Cheque under No.....dated.....for Rs.....drawn on...../or hereby deposit Rs.....being 10% of the Principal as token money as stipulated under the Scheme. The Affidavit on desired lines is also enclosed.

*Yours faithfully,*

**Encl:**

**Dated:**

**Annexure-‘B’**

**AFFIDAVIT**

I, \_\_\_\_\_ S/O. \_\_\_\_\_  
R/O. \_\_\_\_\_ do, solemnly affirm on oath as under:-

- That I have applied for settlement of my loan liabilities in respect of my Industrial \*unit viz M/S \_\_\_\_\_ / \*Transport Vehicle under registration No. \_\_\_\_\_ with J&K State Financial Corporation under the SSSU vide my application dated \_\_\_\_\_.
- \*That my said Industrial unit is identified sick by General Manager, District Industries Centre \_\_\_\_\_ and I shall abide by the terms and conditions of settlement of my loan account as will be conveyed to me by J&K SFC under the SSSU.
- \*That I have not been able to commission the unit and obtain formal registration from the DIC.
- \*That my Vehicle is \_\_\_\_\_ years old and is not road worthy.
- That in case I fail to liquidate the settled liability within the stipulated period, I shall forfeit the concessions under the SSSU of JK SFC and the Corporation shall be at liberty to proceed against me for recovery of the entire loan liability against me.

**DEPONENT.**

**VERIFICATION:**

The above content, are true and correct to the best of my knowledge and belief. Nothing has been concealed or suppressed herein. Hence this affidavit is executed on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**DEPONENT.**

(\*To be obtained as applicable)

**JAMMU & KASHMIR STATE FINANCIAL  
CORPORATION**

**Annexure-C**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sub: **SETTLEMENT OF LOAN ACCOUNT UNDER SSSU**

Dear Sir,

Please refer your application dated \_\_\_\_\_ on the above subject. The Corporation is pleased to inform that the amount payable by you under SSSU works out to Rs. \_\_\_\_\_ as per following details:-

	(Rs.)
i. Principal	_____
ii. Interest (3%, 5%, 10%, of the S.I)	_____
iii. Other monies	_____
<b>Total</b>	_____
<b><u>Less token amount paid on</u></b>	_____
Net payable	
(Settled Liability)	_____
Waiver	_____

Please arrange to deposit the settled liability on receipt of this communication but not later than \_\_\_\_\_.

In case you want to make the payment of the amount due in lump sum, it shall be appreciated.

Please note that the time schedule of repayment shall commence from the date of issue of this letter and in case you fail to deposit the amount as per schedule, you will forfeit the concessions granted and shall be liable to pay the entire balance outstanding in the loan account.

*Yours faithfully,*

**DGM/CM/District/Asstt. Manager**



**ANNEXURE-D**

**JAMMU AND KASHMIR STATE FINANCIAL  
CORPORATION \_\_\_\_\_ LBO/DO.....  
STATEMENT OF CASES SETTLED UNDER SSSU DURING THE MONTH  
OF .....**

<b>S. No</b>  <b>(1)</b>	<b>Name &amp; Address of the concern with constitution</b>  <b>(2)</b>	<b>Activity</b>  <b>(3)</b>	<b>Loan Sanction.</b>  <b>(4)</b>		<b>Loan disbursed with last date of disb.</b>  <b>(5)</b>	<b>Balance outstanding as on.....</b>  <b>(6)</b>				<b>S. Intt debited in the account upto the date of settlement.</b>  <b>(7)</b>	<b>Amount of settlement</b>  <b>(8)</b>				<b>Amount written off being interest outstanding in the loan account</b>  <b>(9)</b>
			<b>Date</b>	<b>Amt</b>		<b>Pr.</b>	<b>Int t.</b>	<b>O. M</b>	<b>Total</b>		<b>Pr.</b>	<b>O. M</b>	<b>Service charges ..... % of column No.7</b>	<b>Total</b>	

<b>Date of termination of the settled liability.</b>  <b>(10)</b>	<b>Amount deposited under settlement if any, so for</b>  <b>(11)</b>	<b>Balance of settled liability payable.</b>  <b>(12)</b>

