COMMERCIAL CIRCULAR NO. 166

Sub: Methodology for calculation of interest in One Time Settlement package.

Ref: i) Letter No. P-Com/Recovery Committee/13742 dated 07.05.2009
    ii) Commercial Circular No. 98 dated 07.08.2009
    iii) Board Resolution No. 68 dated 22.03.2012

The powers for granting standard One Time Settlement package was delegated to field offices vide letter under reference (i) and Circular under reference (ii). However, it was observed that while calculating the package amount, a vague practice is followed at field offices by calculating interest on (Principle + DPC + Interest) as on TD or (Principle + DPC) as on TD. So, some cases were referred to Head Office wherein the consumers have requested to levy the interest on Principle + DPC.

To follow the uniform methodology for calculation of Interest in One Time Settlement package, the matter was submitted to "Board" in meeting dated 22.03.2012 for decision. In this regards, the Board has passed a resolution in meeting dated 07.03.2012 as under:

**Resolution No. 68:**

"The methodology for calculation of package amount as proposed by the Commercial Section is approved herewith. While calculating the package amount, the concessional interest is to be levied on Principle + DPC only and the Interest component of arrears as on TD is to be added directly in the package amount. The other aspects for calculation of One Time Settlement package shall remain unchanged."

Accordingly, the methodology to be adopted for calculation of One Time Settlement Package is as under:

One Time Settlement Amount = [Arrears as on TD] + [50% up-to-date Interest on (Principle + DPC) as on TD (i.e. from date of TD to date of package)] + [Legal Expenses] – [Security Deposit]

The other aspects of One Time Settlement package shall remain unchanged. All the field officers are hereby instructed to follow the above said guidelines given by Board vide Board Resolution No. 68.

To: As per Mailing List