

August 3, 2004

All Scheduled Commercial Banks
& All India Financial Institutions

Dear Sir,

**Guidelines for Compromise Settlement of
Dues of Banks & FIs through Lok Adalats –
Enhancing the ceiling from Rs.5 lakh to Rs.20 lakh**

Please refer to our circular DBOD.No.LEG.BC.114/09.06.002/2000-01 dated May 2, 2001 giving detailed guidelines for compromise settlement of dues through Lok Adalats and advising banks to make increasing use of the forum of Lok Adalats to settle banking disputes involving amount upto Rs.5 lakh. In the said circular, it was also mentioned that the matter of raising the limit had been taken up with the appropriate authority.

2. The Government of India, in consultation with RBI has now decided that the monetary ceiling of the cases to be referred to the Lok Adalats, organised by Civil Courts stands enhanced from Rs.5 lakh to Rs.20 lakh with immediate effect. You are, therefore, requested to issue necessary instructions to all concerned in this regard and endorse a copy of the same to us for information.

3. Other instructions contained in the aforesaid circular remain unchanged. You are once again advised that the operating units should get in touch with State / District / Taluka level Legal Services Authorities for organizing Lok Adalats. The convener banks of State Level Bankers' Committee (SLBC) and lead banks of districts should give necessary publicity to the scheme through various modes under their areas of operation.

4. Please acknowledge receipt.

Yours faithfully,

(C.R. Muralidharan)
Chief General Manager-in-Charge