



## Lump sum Settlement Scheme

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### Why in News

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On October 7, 2021, the Madhya Pradesh State Co-operative Housing Federation implemented a '**Lump sum settlement scheme**' for recovery of outstanding loans to primary housing institutions and their members. A provision has been made in the scheme to give **100% rebate in penal interest**.

### Key Points

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- Under the lump sum settlement scheme loans worth **Rs. 421 crore 54 lakh** can be recovered in loan cases of more **than 15 years**.
- At present, the rate of interest on the amount given by the union, including penal-interest, becomes excessive in the present circumstances. This is increasing the burden on the account holders. At the same time, recovery is also not easy and there is a situation of legal complications.
- Under the lump sum settlement scheme the defaulters will become eligible for settlement by depositing **25 percent** of the total demand within a period of **30 days** from the date of application. After this, the defaulter will have to deposit the **entire loan amount in the next six months**.
- To take advantage of this scheme, the institution can get the application in the prescribed format from the loanee members and the regional office housing association. On the application of the institution to the loanee members, the Regional Manager will be informed about the recovery of the entire outstanding amount in the scheme and the remaining balance after giving the benefit of the scheme.
- Recommendation on the application will be sent to the housing union headquarters. The matter will be resolved within 30 days from the date of receipt of the application in the housing union headquarters. The entire process of lump sum settlement has been kept transparent.