

PUNJAB NATIONAL BANK
SASTRA DIVISION, HEAD OFFICE
PLOT NO 4, EAST WING DWARKA-110075

**SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF RECOVERY
AGENCIES/RESOLUTION AGENTS**

Eligibility criteria for allocation of accounts to Recovery Agencies/Resolution Agents

All NPA accounts under **Doubtful and Loss category** (whether non-suit filed, suit filed or decreed) and also all written off accounts shall be covered by the scheme except accounts where compromises have been approved (including those reached at in Lok Adalats) and have not been treated as failed.

Allocation of eligible NPA accounts shall be done as under:-

Recovery Agencies – Ledger Outstanding Upto Rs. 10 lacs

Resolution Agents – criteria for allocation of accounts to three different categories of Resolution Agents will be as under:

- (i) **Securitization Reconstruction Companies (SCs/RCs)** - Ledger outstanding of Rs.1 Crore and above upto Rs. 50 Crores subject to sum of o/s balance of all NPA accounts allocated should not exceed Rs. 50 Crores, at any point of time.

Further, SCs/RCs may be empanelled as Resolution cum recovery Agents and all Retail Loans under Doubtful/Loss category may be allocated to them Circle-wise on portfolio basis in addition to NPAs (Doubtful/Loss) of Rs. 1 Crore & above.

- (ii) **Other Firms (Firms/Companies other than SCs/RCs)** - Ledger outstanding of above Rs.10 lacs upto Rs. 50 Crores subject to sum of o/s balance of all NPA accounts allocated should not exceed Rs. 50 Crores, at any point of time.

- (iii) **Ex-Employees of PSBs** - Ledger outstanding **above Rs. 10 lacs upto Rs. 5 crores subject to sum of o/s balance of all NPA accounts allocated should not exceed Rs. 50 Crores at any point of time** and also subject to the condition that retired employees be not given such accounts for resolution which they handled while in service i.e the accounts which were either sanctioned by them or their operations were handled by them during their stay in that particular branch/office.

Empanelment of Recovery Agencies/Resolution Agents- Eligibility & Procedure

- Recovery Agencies/Resolution Agents shall be empanelled for the entire District or Cluster of Districts.
- Only agencies (companies, corporations, firms, NBFCs etc.) with sufficient means/ resources/ field experience will be considered for empanelment. Further,

the following factors are also to be looked into for the empanelment of Recovery Agency/Resolution Agent:

- (i) Past experience and competence to implement and support the proposed activity over the contracted period.
- (ii) Financial soundness and ability to service commitments even under adverse conditions.
- (iii) Business reputation and culture, compliance, complaints and outstanding or potential litigation.
- (iv) Standards of performance including in the area of customer service; Security and internal control, audit coverage, reporting and monitoring environment, Business continuity management.
- (v) External factors like political, economic, social and legal environment of the jurisdiction in which the service provider operates and other events that may impact service performance.
- (vi) Wherever possible, the bank shall obtain independent reviews and market feedback on the service provider to supplement its own findings.
- (vii) It should be ensured that the agents engaged in the recovery process carry out verification of the antecedents of their employees, which may include pre-employment police verification, as a matter of abundant caution. Further, re-verification of antecedents should be resorted to at an interval of 2 years. Police verification report must be available in the Circle Office records.

Eligibility Criteria for SCs/RCS, Ex-Employees of PSBs and Firms (For allocation of NPA Accounts above Rs 10.00 lacs)

SCs/RCS	Other Firms	<u>Ex-Employees of PSBs</u>
The Securitization / Reconstruction Companies (SCs/RCS) which have obtained the certificate of registration from RBI under Section 3 of the SARFAESI Act and having Object Clause of Memorandum of Association permitting them to act as Resolution	A Firm/Company promoted by and/or employing professional person/ persons like Chartered Accountant / Company Secretary / Cost Accountant and / or honorably retired Senior Executives of the Banks (not less than DGM/GM) with minimum 3 years experience in the resolution of NPAs.	Honourably retired bank employees of PSBs (including Voluntarily Retired Employees) will be eligible for empanelment. However, preference be given to ex-employees of amalgamated entities. Keeping in view the high standards under the norms of Corporate Governance, following terms and conditions will be applicable, while engaging Amalgamated employees as Resolution Agents on behalf of the bank: <u>Condition-1</u> Retired employees of Amalgamated Bank who have worked in the last 5 years of

SCs/RCs	Other Firms	Ex-Employees of PSBs
Agent for the bank.	Firms/Companies not having 3 years' experience but having professionals with minimum 3 years' experience will also be eligible.	their service in the Head Office SASTRA Division/ Recovery Sections at Zonal Office/Circle and/or in ARMBs, there will be a cooling period of 1 years between the retirement date and date of their engagement as Resolution Agent. Retired employees of other PSBs will have to submit an undertaking as per Annexure-5 obtained from local controlling office of the Bank (Zonal Office, Circle Office, and Divisional HQ) where they are residing OR were posted before retirement. Ex-Employees of PSBs will apply to local Zonal Office of their place of permanent residence. <u>Condition-2</u> There will be no bar on Maximum age of the retired employees, working as Resolution Agent of the Bank; however, after attaining the age of 65 years, performance of the retired employee will be reviewed by the Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA) and on finding the same as satisfactory, the tenure of engagement may be extended for further 2 years. This will be applicable to the existing retired employees also, who are working as Resolution Agents.

It shall also be ensured that the service provider's employees maintain same high standard of care in performing the services as would have been maintained by the Bank as if the activities were conducted within the Bank and not outsourced because outsourcing arrangement shall not diminish bank's ability to fulfill its obligations to customers and RBI.

- Applications would be invited from interested parties through advertisements to be placed in two local newspapers, one of which should be vernacular.
- **Recovery Agencies (For NPA accounts upto Rs. 10 lacs) - Concerned Circle Head** shall invite applications from Recovery Agencies for empanelment, **once in a year.**

Resolution Agents - Concerned Zonal Manager shall invite applications from Resolution Agents for empanelment **once in a year.** However, for empanelment

of SC (Securitization Companies)/RCs (Reconstruction Companies) as Resolution Agents, Head Office, SASTRA Division shall invite applications. For Ex-Staff, HRD and/or **Zonal Manager** shall invite applications from the **honorably retired bank employees of PSBs and there should not be any dispute/court case with ex-employee** (including Voluntarily Retired Employees).

- **Circle Office/Zonal Office** shall co-ordinate all the activities relating to empanelment and review.
- **Recovery Agencies (For NPA accounts upto Rs. 10 lacs) – Circle Office Committee for Empanelment of Outsourcing Agencies (COCEOA)** shall interview the applicants and shall be the Competent Authority to approve empanelment of the Recovery Agencies and any decision in this regard will be final.

Resolution Agents - Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA) shall interview the applicants and shall be the Competent Authority to approve empanelment of the Resolution Agents and any decision in this regard would be final except for the following categories where power of empanelment will be as under:

- **Competent Authority of Empanelment of Ex- Employees of PSBs as Resolution Agents**

Up to scale-V	Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA)
Scale VI, VII & VIII	<u>Retired Employees of PNB (Amalgamated Entity)</u> Executive Director (Domain) and Executive Director (HRD) based on the recommendation of HO Level Committee <u>Retired Employees of other PSBs</u> HO Level Committee For empanelment under this category, recommendations will be made by Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA).

- **Competent Authority of Empanelment of SCs/RCs as Resolution Agents**

Executive Director shall be the competent Authority for empanelment of SCs/RCs as Resolution cum Recovery Agents and allocation of NPAs under Retail Loans on portfolio basis.

This panel shall be circulated to all the offices for the utilization of their services for resolution of non-performing accounts under the scheme.

On empanelment of Resolution Agents, the Zonal Office will communicate contact details of the Resolution Agents to all the Zonal SASTRA Centres/Circle SASTRA Centre under their jurisdiction for utilization of their services in case of need. A copy of agreement executed by Resolution Agents shall also be sent to the respective Zonal SASTRA Centre/Circle SASTRA Centre.

On empanelment of Recovery Agencies, the Circle Office will communicate contact details of the Recovery Agencies to the concerned Branches and Circle SASTRA Centre under their jurisdiction for utilization of their services in case of need. A copy of agreement executed by Recovery Agency shall also be sent to the respective Branches/ Circle SASTRA Centre.

Circle Office shall allocate the Branches in a geographical contiguous area, to the Recovery Agencies.

- In case of Resolution Agents (other than Ex-employees and SC/RCS), an official from the ZO or Circle Office, to be decided by the ZM shall visit the site/office of the Applicant, to conduct due diligence to verify their address and infra-structure. Due diligence at the time of empanelment should also cover that Applicant is KYC Compliant, documents verified with originals, having required training/IIBF Certificate, Past experience (if any), feedback from other Banks (if any), ensuring name of the applicant is not appearing in IBA's Third Party Caution List, Cross Checking on Social Media (If available) etc. However, merely non-receipt of feedback from other Banks should not be used as a tool for rejection of the application.

In case of Recovery Agency, an official from the Circle Office, to be decided by the Circle Head shall visit the site/office of the Agency, to conduct due diligence to verify their address and infra-structure. Due diligence at the time of empanelment should also cover that Applicant is KYC Compliant, documents verified with originals, having required training/IIBF Certificate, Past experience (if any), feedback from other Banks (if any), ensuring name of the applicant is not appearing in IBA's Third Party Caution List, Cross Checking on Social Media (If available) etc. However, merely non-receipt of feedback from other Banks should not be used as a tool for rejection of the application.

- **Panel of Recovery Agencies/Resolution Agents shall be valid for 3 years [subject to annual review by Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA)].**

Legal aspects/Documentation

- If a Company is engaged as a Recovery Agency/Resolution Agent, it shall be ensured that its Memorandum of Association (MOA) permits it to act as a Recovery Agent/Resolution Agent of Banks and, if not, the MOA shall be got suitably amended. To ensure this aspect, **"Object Clause"** in the MOA must be checked.

- Each Agency, so approved, shall be required to sign an '**Agreement**'. Proper penal clause/clause of termination of contract with the agency/other provisions shall be incorporated in the agreement to be executed by the Recovery Agency/Resolution Agents.
- The Agency shall furnish to the Bank's **Circle Office (In case of Recovery Agents) & Zonal Office (In case of Resolution Agents)**, a Bank guarantee for an amount of Rs. 1,00,000/-. Alternatively, the Agency shall make a security deposit (by way of term deposit) for equivalent amount which shall be returned to the Agency on termination of the arrangement. However, if the agency is terminated due to non-observance of terms & conditions, then the security is liable to be retained by the bank. **This condition will not be applicable to individual employees.**

Allocation of job/withdrawal of accounts to/from Recovery Agencies/ Resolution Agent

Allocation of Accounts

The allocation of accounts shall be as under:

Recovery Agency –

Accounts upto Rs 1.00 lacs	Branch Head
Accounts above Rs. 1.00 lacs upto Rs 10.00 lacs	Circle SASTRA Head

Resolution Agent –

- a. **For SCs/RCs (A/c with ledger outstanding of Rs 1.00 crores and above upto Rs. 50 Crores)**

Balance outstanding of NPA account	Competent Authority for allocation of account
Above Rs. 1 crore to Rs. 5 crore	Zonal SASTRA Head
Above 5 crore and upto Rs 10 crore	Zonal Manager
Above 10 crore and upto Rs 50.00 crore	CGM (SASTRA)

- Retail loan portfolio on Circle SASTRA Centre-wise basis

- b. **For Other Firms:**

More than Rs.10 lacs upto Rs. 2 crore	Circle SASTRA Head
Above Rs. 2 crore to Rs. 5 crore	Zonal SASTRA Head
**Above 5 crore and upto Rs 10 crore	Zonal Manager
**Above 10 crore and upto Rs 50.00 crore	CGM (SASTRA)

c. For Ex-Employees of PSBs:

Above Rs. 10 lacs Upto Rs. 25 lacs	Clerical Staff	Circle SASTRA Head
Above Rs. 10 lacs Upto Rs. 100 lacs	Scale-I,II & III	
Above Rs. 10 lac Upto Rs. 250 lacs	Scale IV & Scale-V	Zonal SASTRA Head
Above Rs. 10 lac Upto Rs. 500 lacs	Scale-VI and above	Zonal Manager

****For allocation of NPA accounts having outstanding balance above Rs. 5 crores to SCs/RCs and other firms, **Zonal SASTRA Committee (ZSCO)** will be the recommending authority.**

Accounts will be allotted to Recovery Agencies/Resolution Agents based on their performance.

➤ **Limit for number of Accounts to be allocated to the Resolution Agents**

SCs/RCs	Other Firms	PSB Retired Employees
A Resolution Agent shall be allocated 25 to 50 accounts for resolution based on their performance subject to the sum of outstanding balance of all NPA accounts allocated to resolution agents should not exceed Rs. 50 Cr, at a time. However, in case of eligible Retail Loan NPAs under portfolio basis, the limit will be restricted to 50 accounts per Circle with total ceiling of 8 Circles. Therefore, at a time, a maximum of 400 NPA accounts will be allocated under Retail Loan Scheme on portfolio basis to a single SC/RC subject to the sum of outstanding balance of all NPA accounts allocated to resolution agents should not exceed Rs. 50 Cr, at any point of time, in addition to eligible accounts with balance outstanding of Rs. 1 crore & above upto Rs. 50 Crores.	Firms are to be allotted accounts based on the credentials of the agency. However, not more than 200 accounts above the balance of Rs 10.00 lacs be allotted to one Resolution Agent subject to the sum of outstanding balance of all NPA accounts allocated to resolution agents should not exceed Rs. 50 Cr, at any point of time.	A Resolution Officer shall be allocated maximum 50 accounts subject to the sum of outstanding balance of all NPA accounts allocated to resolution agents should not exceed Rs. 50 Cr, at any point of time and accounts to be allotted based on their performance subject to the condition that retired employees be not given such accounts for resolution which they handled while in service i.e the accounts which were either sanctioned by them or their operations were handled by them during their stay in that particular branch.

➤ **Withdrawal of accounts**

The allocating authority may consider withdrawing allocated accounts from said agencies after 6 (six) months of allocation extendable to 12 months, in case no effective result is yielded by them. Further, accounts be re-shuffled periodically. For Accounts allotted by Head office, **Zonal SASTRA Centre** to send status update after 6 months in case allocation is to be extended. For withdrawal, a Withdrawal Notice must be invariably sent by the Branch/Circle SASTRA Centre/Zonal SASTRA Centre to the Recovery Agency/Resolution Agents and kept in the records of the **respective offices** to avoid any disputes/ complications/payments in the future.

Commission payable to Recovery Agencies/Resolution Agents

The Agency will be paid commission on the amounts recovered as under:

Recovery Agency

For NPA accounts upto Rs 10.00 lacs (suit filed/non-suit filed/decreed & Written Off Accounts)

Age of NPA	Commission payable on amount of recovery		
	For Suit Filed/Non-Suit Filed A/Cs		For Decreed A/Cs
	For A/Cs with O/s upto Rs 1 lac	For A/Cs with O/s above Rs 1 lac	
Upto 3 years	7.5 %	5.0 %	5.0%
Above 3 years upto 5 years	10.0 %	7.5 %	7.5%
Beyond 5 years	15.0 %	10.0 %	10.0%

Resolution Agent

For NPA's above Rs 10.00 lacs upto Rs. 50.00 Crores

Commission to be paid to SCs/RCs and Firms/Companies (other than SCs/RCs) will comprise of two components viz. Fixed & variable but total amount will be subject to the ceiling as given below:

(a) **Fixed Component**

SCs/RCs and Firms/Companies other than SCs/RCs may be paid commission at the rate of 5% of the recoveries, as fixed component. However, there are no changes in the other expenses payable, as mentioned in the Circular e.g Insurance charges, Security/Valuation charges after taking the possession by Bank/Official Liquidator/DRT Receiver, legal expenses including fees to the advocates, charges relating to auction, which shall be borne by the Bank.

(b) **Variable Component**

In addition to the above mentioned fixed component of 5% of the recoveries, the SCs/RCs and Firms/Companies other than SCs/RCs may also be paid the variable component as per the Table given below:

S. No.	Distress Value of Security	Recovery upto 90% of the principal	Recovery above 90% and upto of principal	Recovery above principal
1.	Cases with distress value of tangible security more than principal amount.	No Incentive		5% of the recovery in excess of principal
2.	Cases with distress value of tangible security between 50% to 90% of principal amount.	No Incentive	6% of recovery in excess of 90% of the principal	
3.	Cases with distress value of tangible security less than 50% of principal amount.	7% of any recovery		
4.	Cases without tangible security	10% of any recovery		

Note: A consolidated commission of 10% of recovery shall be payable to the SCs/RCS for resolution of Retail Loans under NPAs entrusted to them on portfolio basis.

Ceiling on payment of commission to ARCs and Other Firms (For NPA accounts above Rs 10.00 lacs upto Rs. 50.00 Crores)

S. No.	In case of recoveries through ARCs/ Other Firms working as Resolution Agents	Maximum Amount of Commission Payable/Ceiling
1.	Up to Rs. 5 crore	Rs. 25 lacs
2.	Above Rs. 5 crore up to Rs. 10 crore <u>Sub categories</u> (i) > Rs. 5 cr up to Rs. 6 cr (ii) > Rs. 6 cr up to Rs. 7 cr (iii) > Rs. 7 cr up to Rs. 8 cr (iv) > Rs. 8 cr up to Rs. 9 cr (v) > Rs. 9 cr up to Rs. 10 cr	Rs. 35 lacs Rs. 27 lacs Rs. 29 lacs Rs. 31 lacs Rs. 33 lacs Rs. 35 lacs
3.	Above Rs. 10 crore upto Rs. 50 Crores	Rs. 50 lacs

Ex-Employees of PSBs

Outstanding	If the age of NPA is upto 3 years	If the age of NPA is more than 3 years
Above Rs.10 lacs Upto Rs.50 lacs	7%	9%
Above Rs.50 lacs upto Rs. 1 crore	6%	8%
Above Rs. 1 crore upto Rs.5 crores	5% (Max. Rs. 15 lacs)	6% (Max. Rs. 15 lacs)

Note:

(a) The above rates will be subject to the changes introduced by the Bank and will be applicable from the **date of issue of the relevant Circular/ Communication**. However, the concerned **Branch Incumbent/Circle SASTRA Head** must ensure to inform the rates to the Recovery

Agencies and Circle SASTRA Head/Zonal SASTRA Head must ensure to inform the rates to the Resolution Agents.

- (b) For actual written off accounts, the balance as on the date of allotment of the account, be considered for fixation of commission slab.**
- (c) The above mentioned rates payable to all categories of Recovery Agencies/Resolution Agents are all inclusive of taxes including Goods & Services Tax (GST).**

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SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF SUPPORTING AGENCIES

Nature of services required from Supporting Agencies

The following services/activities/sub-activities need to be performed by such professional Supporting Agencies (**other than Valuers and Managers**), for which generally Bank's Staff may not possess requisite skills:

- Pre-take over examination of identified units/assets including survey which shall include:
 - (i) Location of the unit/asset,
 - (ii) Its status i.e whether the unit is running or closed, whether the IP is vacant or occupied, if occupied by owner or by tenants etc.
 - (iii) Requirement of manpower (security personnel) at the time of taking over the actual possession,
 - (iv) Assessment as to whether the owner is likely to hand over the possession voluntarily and/or peacefully or offer resistance.
- Facilitating the Bank in seizure of securities/taking possession of movable and immovable assets.
- To provide security for preservation and protection of assets taken in possession.
- To act as Custodian of secured assets.
- Obtaining assistance of District Magistrate/Metropolitan Magistrate for taking over possession of securities. For this services of an advocate from Bank's panel may be utilized.
- Assisting the Bank for sale of assets taken in possession through auction or otherwise.

Criteria for Empanelment of Supporting Agencies

For empanelment of Supporting Agencies, it is essential that following aspects/parameters are taken due cognizance of:

- Promoters/Officials of the Supporting Agencies shall possess necessary skills
- Antecedents of promoters and infra-structure available with them shall be looked into before assignment of any work and/or before empanelling them.
- Supporting Agencies which offer multiple and efficient services under one roof may be given preferential treatment.

- It should be ensured that the Certificate of Registration from Service Tax Cell of Central Excise Department of Ministry of Finance, Government of India under Section 69 of Finance Act 1994 is held, wherever necessary, by a professional before any job is entrusted to him.
- As far as possible, 4-5 Supporting Agencies for each type of service in a **Circle SASTRA Centre/Zonal SASTRA Centre** may be engaged for utilization of their services.
- Supporting Agencies offering services should have adequate manpower comprising of:
 - (i) Persons capable of using fire arms and having requisite licence there for or persons having retired from security forces or para-military forces,
 - (ii) Technical experts
 - (iii) Eminent people with adequate experience, from the fields of Law, Accounts and Management and
 - (iv) Persons having liaison with Police and Administration.
- Preference should be given to those Supporting Agencies who have experience of rendering such services to **State Financial Corporation (SFC)** and **State Industrial Development Corporations (SIDCs)**.
- Supporting Agencies should be capable of obtaining assistance of District Magistrate/Metropolitan Magistrate for taking over the possession of securities. The Supporting Agent(s) who is/are advocate(s) in the Bank's approved Panel and/or such advocates who are on this panel should be preferred.
- Supporting Agencies engaged should be capable of gathering proper and genuine purchasers for assisting the Bank for sale of acquired assets, in order to be able to fetch the maximum bid and as such must have an **experience of 5 years** of conducting auction on behalf of Government Departments of PSUs.
 - (a) Similarly, the 'Supporting Agency' offering to assist the Bank in sale of acquired assets through other means, such as by inviting tenders or by obtaining quotations or by private treaty should comprise of experts having good liaison with persons dealing with/in the assets to be put on sale.
 - (b) Such 'Supporting Agency' should also be capable to assist in getting change of ownership of property effected in appropriate Government records.
- For NPAs having ledger balance exceeding **Rs. 5 crore**, bids **may also** be invited from reputed Agencies like DTTIL, PWC, Ernst & Young, SICOM, MITCON, ITCOT, SFCs, SIDCs, NITCON etc. if required.
- Empanelment of all those Supporting Agencies shall be made, whose **fee structure** is within the limit, as specified by Head Office.

- **Verification of the antecedents of their employees shall be ensured by the Supporting Agencies, before assignment of any task/job by the Bank. This shall include pre-employment police verification, as a matter of abundant precaution. Further, re-verification of antecedents should be resorted to at an interval of 2 years.**
- **An official from the Circle Office, to be decided by the Circle Head shall visit the site/office of the Applicant, to conduct due diligence to verify their address and infra-structure. Due diligence at the time of empanelment should also covers that Applicant is KYC Compliant, documents verified with originals, Past experience (if any), feedback from other Banks (if any), ensuring name of the applicant is not appearing in IBA's Third Party Caution List, Cross Checking on Social Media (If available) etc. However, merely non-receipt of feedback from other Banks should not be used as a tool for rejection of the application.**

Authority for engagement/empanelment of Supporting Agencies

- (i) **Concerned Circle Head shall invite applications from Supporting Agencies, once in a year and Circle Office Committee for Empanelment of Outsourcing Agencies (COCEOA) will be the competent authority for empanelment of a Supporting Agency.**
- (ii) **Zonal SASTRA Head/Circle SASTRA Head have full powers for engagement of Supporting Agencies for assignment of task to them. However, the supporting agencies shall be engaged judiciously on the basis of the merits of the case and/or as per the requirement.**
- (iii) **Assignment of task/Allocation of account**
The Authorized Officer shall assign the task/issue work order to the Supporting Agencies on panel, by issuing a letter. In the letter, nature of task assigned shall be categorically mentioned including amount of fee payable after accomplishment of task successfully, to obviate the possibility of complaints for non/less payment of fees. Authorized Officer shall be responsible for payment of fees to the Supporting Agencies, as per the Bank's guidelines.

The task/work order will be assigned to Supporting Agency based on their performance.

Withdrawal of account from a Supporting Agency

Allocating authority may consider withdrawing allocated accounts from said agencies after 6(six) months of allocation extendable to 12 months. Since allocation/assignment of task to the Supporting Agency is done by the Authorized Officer, in case a Supporting Agency fails to perform the assigned task allotted to them, a Withdrawal Notice must be invariably sent by the Authorized Officer to that Supporting Agency, under intimation to the **Zonal SASTRA Centre (For accounts under purview of Circle SASTRA Centre) and must be kept in records by Circle SASTRA Centre and Zonal SASTRA Centre to avoid any disputes/complications in the future.**

Security Deposit from Supporting Agency

The Supporting Agency shall furnish to the Circle Office, a Bank guarantee for an amount of Rs 1.00 lac Alternatively, the Supporting Agency shall make a security deposit (by way of term deposit) for equivalent amount which shall be returned to the Supporting Agency on termination of the arrangement. However, if the agency is terminated due to non-observance of terms & conditions, then the security is liable to be retained by the bank.

If reputed Supporting Agencies having good track record in taking possession and sale of properties under SARFAESI Act of the Banks are desirous of being empanelled with other Circle Office, they shall provide Bank Guarantee/ Security deposit of Rs.1.00 lac for each Circle Office separately, subject to maximum of Rs.3.00 lac.

In case, if any Supporting Agency is depaneled by any of the Circle Office Committee for Empanelment of Outsourcing Agencies (COCEOA) due to misappropriation of the fund, fraudulent activity, misuse of bank materials, forgery and/or any action detrimental to the interest of the Bank, such Supporting Agency automatically gets ineligible for other Circle Office. Concerned Circle Office which has depanelled a Supporting Agency, shall inform to Zonal Office and other Circle Offices, where it is empanelled. Concerned Zonal Office shall inform SASTRA Division, HO and HO: SASTRA Division shall circulate the name of depaneled Supporting Agency and also forward the name to IBA for further circulation to other Bank.

If any Agency is empaneled as on the role of more than one for a Circle Office/Zonal Office for e.g. XYZ Ltd. is empaneled as Recovery Agency as well as Resolution Agent & Supporting Agency, then Bank Guarantee/Security Deposit of Rs. 1 lac to be furnished separately for each role.

Covenants on the part of 'Supporting Agencies'

The Supporting agency shall adhere to ground rules. Besides, this, following RBI/IBA guidelines shall be also adhered to, wherever required by the Supporting Agencies:

- ✓ RBI's guidelines on Fair Practices Code for Lenders
- ✓ RBI's guidelines for Managing Risk & Code of Conduct in Out Sourcing of Financial Services by Banks and
- ✓ IBA's Model Code for Collection of Dues and Repossession of Security (CDRS Code) shall also be adhered to, wherever required, by the Supporting Agency
- ✓ The Supporting Agency **(other than Advocates)** shall be required to furnish at the Circle Office level, a declaration/undertaking.

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SARFAESI ACT- Rates approved by Head Office, for Supporting Agencies

Book Outstanding OR Estimated Value Of Secured Assets <u>WHICHEVER IS LOWER</u>	Pre-takeover examination of identified units/ assets including survey (Per Secured Asset)	Pre-takeover examination of identified units/ assets including survey <u>AND</u> Facilitating bank in seizure of securities/ taking <u>symbolic</u> possession of movable and immovable assets (Per Secured Asset)	Pre-takeover examination of identified units/ assets including survey <u>AND</u> Facilitating bank in seizure of securities/ taking <u>actual</u> possession of movable and immovable assets (Per Secured Asset)	Obtaining assistance of District Magistrates/ Metropolitan Magistrates as and when required for taking over possession of the securities
1	2	3	4	5
Upto Rs.10 lac	Rs. 4500 (Maximum Upto Rs.6,750)	Rs. 9,000 (Maximum Upto Rs.13,500)	Rs. 13,500 (Maximum Upto Rs.20250)	Rs. 4,000
More than Rs. 10 lac to less than Rs.50 Lac	Rs. 6,000 (Maximum Upto Rs. 9,000)	Rs. 12,000 (Maximum Upto Rs.18,000)	Rs. 18,000 (Maximum Upto Rs.27,000)	Rs. 5,000
Rs. 50 lac to less than Rs.1 crore	Rs. 11,250 (Maximum Upto Rs. 22,500)	Rs. 22,500 (Maximum Upto Rs.45,000)	Rs. 33,750 (Maximum Upto Rs. 67,500)	Rs. 7,500
Rs. 1 crore to less than Rs.5 crore	Rs. 15,000 (Maximum Upto Rs.30,000)	Rs. 30,000 (Maximum Upto Rs.60,000)	Rs. 45,000 (Maximum Upto Rs.90,000)	Rs.10,000
Rs. 5 crore and above	Rs. 22,500 (Maximum Upto Rs.45,000)	Rs. 45,000 (Maximum Upto Rs.90,000)	Rs. 67,500 (Maximum Upto Rs.1,35,000)	Rs. 15,000

Note-1

- (i) For obtaining assistance of District Magistrate / Chief Metropolitan Magistrate for taking over possession of securities, the fee shall be paid fees in two stages i.e (i) **50% at the beginning on moving the application** and (ii) **Balance 50% after obtaining possession of the secured assets.**
- (ii) Where application is to be moved in **different courts, separate fees shall be payable**

Note-2

The above rates mentioned under **Columns No. 2, 3 & 4 above** are **per secured asset**, subject to the maximum ceilings given if there are **more than one assets.**

Rates mentioned above are all inclusive of taxes/incidental charges/actual expenses whatsoever may be payable

SARFAESI ACT- Rates approved by Head Office, for Supporting Agencies

Security watch and ward for preservation and protection of secured assets including insurance

Minimum wages per Security Personnel fixed by the respective State Act (Number of security personnel to be deployed shall be decided by the competent authority).

To act as custodian of secured assets

Transportation Charges (on actual basis) **plus** Godown Charges.

Zonal SASTRA Head are permitted to sanction the fee **not exceeding Rs. 7,000/-** per month or custodian services over and above watch and ward expenses, looking to the nature of assets acquired and need for its maintenance.

Travelling Expenses:

- (i) Travelling expenses equivalent to **A/C II Tier Railway Fare for actual number of persons not exceeding 3 in case of outstation visits from the Agency Head Quarter or Circle Head Quarter, whichever is less.**
- (ii) No travel expenses in case of local securities situated at the Head Quarters of the Agencies and/or situated at Circle Head Quarters, irrespective of distance.

Godown Charges

Go-downs are required only when the securities are to be taken in Bank's physical possession and either there is no space available at the existing site or it is not practically feasible and desirable to keep the securities at the same place, in the Bank's interest. Generally such Go-downs are located at places outside the City and the rates may vary from place to place and according to nature of securities etc. In such cases fixation of rate/charges are market driven and **Zonal SASTRA Head may negotiate and finalize the charges** in line with the prevailing market rates.

The above mentioned rates payable to all categories of Supporting Agencies are all inclusive of taxes whatsoever may be applicable and net amount will be payable after deduction of GST, to be deposited by the Bank.

Important Note

"In case the recoveries are effected in the accounts due to orders passed by say DRT/Court/Any Govt. Agency etc. and/or through any sale process (e.g e-auction, manual auction, tenders etc.) and/or OTS/Compromise and/or any other process, which it is confirmed that the Supporting Agency did not play any role for recovery/made any efforts, no commission shall be payable to the Supporting Agency.

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**FEES PAYABLE TO SUPPORTING AGENCIES FOR SALE OF ACQUIRED ASSETS
THROUGH AUCTION OR OTHERWISE**

Amount credited in the NPA account through sale of assets	Fees payable on amount credited in the NPA account through sale of assets
Up to Rs. 10 lac	3% of the amount
More than Rs. 10 lac but up to Rs. 50 lac	Rs 30,000/- + 2.5% of the excess of amount over Rs. 10 lac.
More than Rs. 50 lac but up to Rs. 1 crore	Rs 1,30,000/- + 2.0% of the excess of amount over Rs. 50 lac.
More than Rs. 1 crore but up to Rs. 5 crore	Rs 2,30,000/- + 1.5% of the excess of amount over Rs. 1 crore.
More than Rs. 5 crore	Rs 8,30,000/- + 1.0% of the excess of amount over Rs. 5 crore.

Note

- (i) Rates mentioned above are all inclusive of taxes/incidental charges/actual expenses whatsoever may be payable and in case different assets are sold, amount of commission will be payable on the consolidated amount credited in the NPA account.
- (ii) The above fees be paid only when the Supporting Agencies have played active role for sale of assets.

(iii) **Important Note**

“In case the recoveries are effected in the accounts due to orders passed by say DRT/Court/Any Govt. Agency etc. and/or through any sale process (e.g e-auction, manual auction, tenders etc.) and/or OTS/Compromise and/or any other process, which it is confirmed that the Supporting Agency did not play any role for recovery/made any efforts, no commission shall be payable to the Resolution Agent.

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SALIENT FEATURES OF POLICY ON ENGAGEMENT OF DETECTIVE AGENCIES

Objective

The policy aims to significantly supplement efforts of the field officials in recovering bank's dues in **NPA accounts by utilizing services of the Detective Agencies:**

- Locate the borrower(s)/ co-borrower(s)/ guarantor(s)/ mortgagor(s), (in/outside India) including their legal heirs who are either untraceable or not available at the addresses given in Bank's records;
- Ascertain latest information about their present address(es)/ occupation(s), business(es), income streams, details of their all assets, whether charged or uncharged, their location(whether in India or abroad), value and ownership, etc.;
- Give details of bank accounts maintained by the defaulting borrower(s)/guarantor(s), including their legal heirs;
- Give details of credit facilities availed/to be availed by defaulting borrower(s)/ guarantor(s) from other Banks;
- Confirm present state of ownership of the secured assets by personal visit(s)/market report, duly confirmed by the documents.
- Gather any other information which the Bank cannot access by utilizing normal channels like CIBIL/internet/local enquiries and which may be considered necessary by the Bank for recovery of the Bank's dues;

Eligibility criteria for allocation of accounts to Detective Agencies

All NPA accounts under any category i.e Sub-Standard, Doubtful and Loss category (whether non-suit filed, suit filed or decreed) shall be covered by the guidelines in which engagement of detective agency is deemed appropriate, as per the requirement.

Competent Authority for Engagement of Detective Agency

Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA) will be the competent authority to empanel any Detective Agency. **On empanelment of Detective Agencies, the Zonal Office will communicate contact details of the Agencies to all the Zonal SASTRA Centre/Circle SASTRA Centres under their jurisdiction for utilization of their service in case of need.**

Competent Authority for Assignment of task

Once a Detective Agency has been empanelled, **Circle SASTRA Head/Zonal SASTRA Head** will be the competent authority to assign any task to the Detective Agency. For a particular account, **Circle SASTRA Head/Zonal SASTRA Head**

may assign the task to more than one Detective Agencies, depending upon the requirement and exigencies.

Circle SASTRA Head/Zonal SASTRA Head must ensure that while assigning any task, a letter must be given to the Detective Agency clearly stating the nature of task and the fees which will be payable for that task, to avoid any dispute/complaint at a later stage.

While giving an assignment to the Detective Agencies, the endeavor should be that only reasonable number of assignments are given to a particular Detective Agency depending upon their infra-structure and competence, so as to get better results.

Eligibility Criteria for Detective Agencies

Only agencies (Partnership Firms, Companies, Corporations etc.) with sufficient means/ resources/ field experience will be considered for empanelment. Since there are no regulatory and statutory guidelines for Detective Agencies, **preferably the Agency has to be member of “Association of Private Detectives & Investigators” of India, also known by the name APDI.**

The Detective Agency must have minimum 1 year of experience in this activity and key-person of the Agency should have minimum 3 years of the experience in this activity either worked in Govt. Offices looked after this type of activity/ other Detective Agency firm.

Further, the following factors are also to be looked into for empanelment:

- Past experience and competence to perform the task which can be assigned over the contracted period.
- Financial soundness and ability to service commitments even under adverse conditions.
- Business reputation and culture, compliance, complaints and outstanding or potential litigation.
- External factors like political, economic, social and legal environment of the jurisdiction in which the service provider operates and other events that may impact service performance.
- Wherever possible, the bank shall obtain independent reviews and market feedback on the service provider to supplement its own assessment.
- It should be ensured that the Agencies carry out verification of the antecedents of their employees, which may include pre-employment police verification, as a matter of abundant caution.
- Our endeavor should be to ensure that the service provider's employees maintain same high standard of care in performing the services as would have been maintained by the Bank as if the activities were conducted within the Bank.
- Agencies will put its best efforts to provide the services assigned to them and will function in such a manner that it will not cause any business loss to

the Bank or entail any legal or other responsibility/liability to the Bank or its officials.

- Observe the highest professional and ethical standards.
- Adhere to the instructions and guidelines provided by the Bank from time to time and not adopt or resort to any method, conduct or procedure in contravention of any Law/Act/Rules/ Fair Practices Code/Code of Conduct which may be issued from time to time by the Government/ RBI/Indian Bank's Association or any other authority empowered by the law of land.
- The Agency shall not resort to use of coercive methods or commit any wrongful act or offence against person/property of the borrower(s), guarantor(s) or any other liable party(ies), while collecting the information. The guidelines issued by the Govt/ RBI/Court, in this regard shall be meticulously followed by the Agency. The Agency unconditionally agrees that the Bank's decision in this respect shall be final and binding in regard to the Agency's compliance.

Procedure for Engagement/Empanelment

Applications would be invited from interested parties through advertisements, **once in a year**, to be placed in two local newspapers **by the Zonal Offices**, one of which should be vernacular and placed on the Bank's website www.pnbindia.in also, for which they may refer the matter to Head Office: ITD, HO.

Applications be obtained as per the **Application**. The application to be accompanied with the photocopies of academic qualifications, proofs of experience & PAN Number of all key members of the agency along with Address Proof and proof of membership of APDI (wherever available) for the Detective Agency. Agency to also submit its PAN Number along with the application (wherever available).

- **Applications for empanelment would be submitted at ZO along-with the necessary documents mentioned above.**
- **Dy. Zonal Manager** shall co-ordinate all the activities relating to empanelment and review.
- **Committee for Empanelment of Detective Agencies**
Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA) shall interview the applicants and will be the final authority for empanelment of the eligible Detective Agency any decision in this regard would be final and letter of empanelment will be issued by ZM only.

Before recommending empanelment, an official from the **ZO or Circle Office, to be decided by the ZM shall visit the site/office of the Applicant, to conduct due diligence to verify their address and infrastructure. Due diligence at the time of empanelment should also covers that Applicant is KYC Compliant, documents verified with originals Past experience (if any), feedback from other Banks (if any),**

ensuring name of the applicant is not appearing in IBA's Third Party Caution List, Cross Checking on Social Media (If available) etc. However, merely non-receipt of feedback from other Banks should not be used as a tool for rejection of the application.

- While issuing the letter of empanelment it must be categorically mentioned that the Agency will function in such a manner that it will not cause any business loss to the Bank or entail any legal or other responsibility/liability to the Bank or its officials.
- **Tenure of Empanelment**
Panel of Detective Agencies shall be valid for 3 years [subject to annual review by Zonal Office Committee for Empanelment of Outsourcing Agencies (ZOCEOA)].

Bank has right to terminate the empanelment of Detective Agencies at any time without assigning any reason subject to approval of Authority, who has empanelled the agencies.

Submission of Reports by the Detective Agencies

The empanelled agencies will submit their report along-with the **supporting papers, photographs, audio/video recording etc., if any, collected by them.**

Time Frame for submission of reports

A time frame of maximum **30 days** will be allowed to the Agency for submission of report.

However, in emergent circumstances, further extension of **15 days (total time frame will be 45 days)** may be permitted by the **Zonal SASTRA Head**, keeping in view complexity of the case.

Submission of report with inordinate delay defeats the purpose of taking help of Detective Agency. As such, the following penalty clause has been incorporated:-

1) Penalty Clause for the cases where agency does not seek extension of further 15 days

15 days' notice to be issued to Detective Agency if report not submitted within stipulated time i.e. 30 days from allocation of task. If report is not submitted even after expiry of notice period of 15 days then penalty shall be charged as under:-

Delay Time	Penalty (% of total fees)
Upto 15 days	5%
Beyond 15 days upto 30 days	10%
Beyond 30 days upto 45 days	15%
Beyond 45 days upto 60 days	20%
Beyond 60 days	25%

2) Penalty Clause for the cases where 15 days extension was permitted to the Agency (Keeping in view of Complexity of the case)

15 days' notice to be issued to Detective Agency if report not submitted within stipulated time 30 days + 15 days extension granted i.e. 45 days from allocation of task and if report is not submitted after expiry of notice period of 15 days then penalty shall be charged as under:-

Delay Time	Penalty (% of total fees)
Upto 15 days	10%
Beyond 15 days upto 30 days	15%
Beyond 30 days upto 45 days	20%
Beyond 45 days	25%

An undertaking should be taken from Detective Agency at the time of empanelment/review prescribing the time limit & penalty clause.

Code of Commitment of Detective Agencies

- Agency will function in such a manner that it will not cause any business loss to the Bank or entail any legal or other responsibility/liability to the Bank or its officials.
- Supreme Court has cautioned the Banks against use of coercive methods for recovery of loans and in other similar cases. Thus, Detective Agency appointed by the Bank shall ensure that no coercive method is used while collecting the information.

Fees payable to the Detective Agencies

The Agency will be paid fees on the following rates:

S. No.	Nature of Task Assigned	Fee Payable
1.	On receipt of information about whereabouts of the missing/absconding borrower / guarantor / co-borrower / director etc. subject to production of documentary proof/evidence.	Rs. 7,500/- per person subject to maximum fee of Rs. 45,000/- under this category, per account.
2.	For locating properties other than details of which are available in Bank's records, which may lead to attachment of the same along-with the documentary proof. (All the properties in one title deed to be considered as one property).	Rs. 20,000/- for each property located, subject to maximum fee of Rs. 1.50 lacs under this category per account.
3.	For providing any other information, which may be helpful for recovery of Bank's dues e.g information about other businesses,	Rs. 2,500/- per piece of information, with maximum amount of

S. No.	Nature of Task Assigned	Fee Payable
	credit facilities from other banks, accounts with other banks including verification of present position of properties as per Bank's records, subject to production of documentary proof/evidence.	Rs. 30,000/- per account.
4.	Payment of reasonable out of pocket expenses may also be sanctioned subject to maximum of Rs. 10,000/- per account. Zonal SASTRA Head will be the competent Authority to take a decision for payment of such out of pocket expenses. The Detective Agency to give details of visits/proof of expenditure.	
5.	In case the Detective Agency fails to trace the borrower/guarantor etc.	Maximum fee of Rs. 3,000/- per account can be paid.
6.	In case the Detective Agency fails to trace the property.	Maximum fee of Rs. 7,000/- per account.

The above rates are inclusive of all taxes, whatsoever may be applicable.

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