

PUNJAB NATIONAL BANK
SASTRA DIVISION, HO
PLOT No.4, SECTOR-10, DWARKA

SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF RECOVERY AGENCIES

1. Eligibility criteria for allocation of accounts to Recovery Agencies

All NPA accounts under **Doubtful and Loss category** (whether non-suit filed, suit filed or decreed) with ledger outstanding not exceeding Rs 10 lac 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.

2. Empanelment of Recovery Agencies-Eligibility & Procedure

2.1 Recovery Agencies shall be empanelled for the entire District or Cluster of Districts.

2.2 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:

- (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.
- (viii) 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.

- 2.3 If a Company is engaged as a Recovery Agency, it shall be ensured that its Memorandum of Association (MOA) permits it to act as a Recovery 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.
- 2.4 Application for empanelment would be received only at Circle Office concerned.**
- 2.5 2nd in command Officer at the Circle Office shall co-ordinate all the activities relating to empanelment and review.
- 2.6 Committee comprising of 2nd in command of Circle Office, Chief Manager and Sr. Manager/ Manager (Recovery Section) shall interview the applicants and recommend the empanelment.
- 2.7 Circle Head shall be the Competent Authority to approve empanelment of the Recovery Agencies and any decision in this regard would be final. There would be no review process by any higher authority. Zonal Manager may permit to utilize the services of a Recovery Agency in other Circles under his jurisdiction.**
- 2.8 The Agency shall furnish to the Bank’s Circle Office, 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.
- 2.9 If reputed Recovery Agencies having good track of effecting recoveries of the Banks are desirous of getting empanelled with other Circle Offices, they shall provide **Bank Guarantee/ Security deposit of Rs.1 lac for each Circle Office separately, subject to maximum of Rs.3 lacs.** In case the agreement is terminated in any Circle/Circle Offices, where Bank Guarantee/Security Deposit has been provided, that shall be transferred to other Circle/Circle Offices where no Bank Guarantee/Bank Deposit has been made. However, the concerned Circle shall also convey to other Circles the reasons for termination of agreement for further examining if they will want to continue the services or otherwise.

3. Allocation of job/withdrawal of accounts to/from Recovery Agencies

- 3.1 Subsequent to the **Agreement executed by the Recovery Agency at Circle Office, in turn Circle Office shall allocate the branches in a geographical contiguous area, to the Recovery Agencies.**
- 3.2 Thereafter, **branches will allocate the account(s) to Recovery Agency. Branch Head may consider withdrawing of allocated accounts from Recovery Agencies after 6 (six) months of allocation, in case no effective result is yielded by them**

4. Mode of settlement & Code of Commitment of Recovery Agencies

- 4.1 Recovery of dues may be made in lump-sum or through installments.
- 4.2 In case the Recovery Agency facilitates compromise/OTS, the same shall be considered by the Competent Authority of the Bank in terms of policy/ies and guidelines in force.

- 4.3 The field staff of Recovery Agency shall not himself accept cash. Cash recoveries, if any, shall be directly deposited by the borrower or his representative in the branch. The field staff of Recovery Agency shall not receive any cheque/draft in his name or in the name of the Agency. The cheques / drafts should be drawn in favour of PNB A/c _____ (title of the account for which collection is made) and crossed 'A/c Payee only'. Such cheques / drafts shall be tendered at the concerned branch latest by the next working day.
- 4.4 RBI's and BCSBI's guidelines on Fair Practices Code for Lenders and IBA's Model Code for Collection of Dues and Repossession of Security (CDRS Code) shall be adhered to, wherever required, by the Recovery Agency.
- 4.5 IBA's latest Model Code for Collection of Dues and Repossession of Security (CDRS Code) shall be adhered to by the Agency. The guidelines in this respect are also available at the Bank's website.
- 4.6 Supreme Court has cautioned the Banks against use of coercive methods for recovery of loans and in another similar case, State Consumer Forum of New Delhi has given stern warning to Banks that if any complaint is received against any Bank alleging use of force by recovery agents, the **punishment of minimum one month imprisonment shall be imposed under Section 27 of the Consumer Protection Act 1986**. Therefore, it is to be ensured that the guidelines of RBI/ IBA/BCSBI along with Bank guidelines on the subject are adhered to meticulously.

5. Commission payable to Recovery Agencies

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

For NPA accounts (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%

Note:

- 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**.
- For written off accounts, the position as on the date of writing off the account, be considered for fixation of commission slab.
- The above mentioned rates payable to all categories of Resolution Agents are all subject to Goods & Services Tax (GST)

6. Training for field staff of Agencies

As per IBA's letter no RB-1/Recovery Agencies/Circular dated 29th May,

number of hours of training w.e.f 01.06.09 be as under:

S.No.	Educational Qualification	No. of hours Training
1.	Below 12 th Pass	100 hours.
2.	12 th pass and above and below graduation	70 hours.
3.	Graduation and above	50 hours.

However, RBI vide its letter no. DBOD.Leg.No.10652/09.07.007/2010-11 dated 06.01.2011 stipulated that Banks/service Providers engaged by the Banks may engage new Recovery Agents without certification by IIBF provided they **successfully complete 100 hour minimum training** conducted by Bank's own training institution/IIBF or institutions accredited by IIBF within 30-45 days of their engagement. They should be subject to an assessment on completion of training, based on which Bank will declare the candidates as successful/fit for continuation by the Bank/Service Provider engaged by the Bank.

These successful agents should pass the examination conducted by IIBF and complete the certification within a further period of 6 months from the date of completion of training. In any case the agent would not be allowed more than a maximum of 9 months from the date of engagement for completion of certification. During this period the agent may not be allowed to work independently but along-with/under a person who has completed training successfully and passed IIBF examination.

In case of unsuccessful completion of the mandatory training and failure to pass the IIBF examination, the Bank/Service Provider engaged by the Bank must **terminate** the agent forthwith and inform the customer also, if required.

It is to be ensured that fresh as well as already engaged Recovery Agents have undergone requisite training and obtained certification of IIBF.

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SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF SUPPORTING AGENCIES

1. Nature of services required from Supporting Agencies

1.1 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.

1.2 Facilitating the Bank in seizure of securities/taking possession of movable and immovable assets.

1.3 To provide security for preservation and protection of assets taken in possession.

1.4 To act as Custodian of secured assets.

1.5 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.

1.6 Assisting the Bank for sale of assets taken in possession through auction or otherwise.

2. Criteria for Empanelment of Supporting Agencies

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

2.1 Promoters/Officials of the Supporting Agencies shall possess necessary skills

2.2 Antecedents of promoters and infra-structure available with them shall be looked into before assignment of any work and/or before empanelling them.

2.3 Supporting Agencies which offer multiple and efficient services under one roof may be given preferential treatment.

- 2.4 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.
- 2.5 As far as possible, 4-5 Supporting Agencies for each type of service in a Circle may be engaged for utilization of their services.
- 2.6 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.
- 2.7 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)**.
- 2.8 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.
- 2.9 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.
- 2.10 Circle Offices can also consider for **utilization of services** of the Supporting Agencies, approved by other Circle Offices **only on merits of the case and/or as per the requirement**.
- 2.11 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.
- 2.12 Empanelment of all those Supporting Agencies shall be made, whose **fee structure** is within the limit, as specified by Head Office.

2.13 **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.**

3. Authority for engagement/empanelment of Supporting Agencies

3.1 **Circle Head** is the competent authority for empanelment of a Supporting Agency.

Applications **received directly at Head Office, if any, shall also be sent to the Circle Office**, in whose area of operation, the Head Office/Registered Office of the Supporting Agency is located.

3.2 **ZM/Circle Head irrespective of rank** have full powers for engagement of Supporting Agencies for assignment of task to them. In case of **Large Corporate Branches (LCBs)**, the power for engagement of Supporting Agencies shall vest with the **Incumbent of the LCB. They shall issue a letter to the Authorized Officer apprising them of engagement of the Supporting Agency.**

4. Covenants on the part of ‘Supporting Agencies’

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

4.1 RBI’s guidelines on Fair Practices Code for Lenders

4.2 RBI’s guidelines for Managing Risk & Code of Conduct in Out Sourcing of Financial Services by Banks and

4.3 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

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FEES PAYABLE TO SUPPORTING AGENCIES FOR SALE OF ACQUIRED ASSETSTHROUGH 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. (Ensure compliance of Guidelines as mentioned in Annexure-II also with regard to payment of GST)***
- (ii) ***The above fees be paid only when the Supporting Agencies have played active role for sale of assets.***
- (iii) Moreover, such fee should be considered only if OTS fructify within a reasonable period of taking possession of assets say not exceeding six months and **actual recoveries are made in the account.**

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.

Branch Incumbent must satisfy about genuineness of the case and then only pay the amount of commission and not merely on the ground that the account has been allocated to the Resolution Agent. In case of any **dispute, Circle Head will be the final authority to decide the case and in case of LCBs, ZM will decide.**

SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF DETECTIVE AGENCIES

1. 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:**

- 1.1 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;
- 1.2 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.;
- 1.3 Give details of bank accounts maintained by the defaulting borrower(s)/guarantor(s), including their legal heirs;
- 1.4 Give details of credit facilities availed/to be availed by defaulting borrower(s)/ guarantor(s) from other Banks;
- 1.5 Confirm present state of ownership of the secured assets by personal visit(s)/market report, duly confirmed by the documents.
- 1.6 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;

2. 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 Policy in which engagement of detective agency is deemed appropriate, as per the requirement.

3. Competent Authority for Engagement of Detective Agency

ZM will be the competent authority to empanel any Detective Agency

4. 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 Agencies must be member of “Association of Private Detectives & Investigators” of India, also known by the name APDI.**

The Agency must have minimum 3 years of experience in this activity.

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

- (i) Past experience and competence to perform the task which can be assigned 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) 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.
- (v) Wherever possible, the bank shall obtain independent reviews and market feedback on the service provider to supplement its own assessment.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) Observe the highest professional and ethical standards.
- (x) 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.
- (xi) 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.

5. Procedure for Engagement/Empanelment

Applications would be invited from interested parties through advertisements to be placed in two local newspapers **by the ZOs**, one of which should be vernacular and placed on the Bank's website www.pnbindia.in also

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).

5.1 Applications for empanelment would be submitted at ZO along-with the necessary documents mentioned above.

5.2 2nd in command Officer at the ZO shall co-ordinate all the activities relating to empanelment and review.

6. Tenure of Empanelment

A Detective Agency once engaged by a ZO will continue to be in its panel for **one year, which may be further extended on yearly basis, subject to satisfactory performance. Performance of the Detective Agencies will be reviewed by the ZM annually on the basis of feedback received from the Circles/LCBs under their jurisdiction.**

7. 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.**

8. Time Frame for submission of reports

A time frame of **maximum 60 days will be allowed to the Agency for submission of report.**

9. 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	Rs. 20,000/- for each property located, subject to maximum fee of Rs. 1.50 lacs under this category

	considered as one property).	per account.
3.	For providing any other information, which may be helpful for recovery of Bank's dues e.g information about other businesses, 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. 2,500/- per piece of information, with maximum amount of 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. Circle 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.

12.1 In exceptional circumstances, keeping in view complexities of the case, in case Detective Agencies brings to the notice of the Circle Head/ZM (in case of LCBs) (as the case may be) beforehand, any special efforts/expenses required, **the Circle Head may consider sanction of maximum of 25% extra fees/reimbursement of expenses.** Further, ZMs (in case of recommendations of Circle Heads or LCBs) may consider sanction of maximum of 40% extra fees/reimbursement of expenses

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