

**PUNJAB NATIONAL BANK
RECOVERY DIVISION, HEAD OFFICE
7, BHIKHAIJI CAMA PLACE, NEW DELHI**

SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF RECOVERY AGENCIES

1. Eligibility criteria for allocation of accounts to Recovery Agencies

- 1.1 All NPA accounts under Doubtful and Loss category (whether non-suit filed, suit filed or decreed) with ledger outstanding not exceeding Rs 10 lac 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.
- 2.3 **Application for empanelment would be received only at Circle Office concerned.**
- 2.4 **Circle Head shall be the Competent Authority to approve empanelment of the Recovery Agencies and any decision in this regard would be final.**
- 2.5 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.
- 2.6 **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
- 2.7 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.

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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.** A copy of agreement executed by Recovery Agency shall also be sent to the respective branches.
- 3.2 **The branch will allocate the account(s) to Recovery Agency deputed by Circle Office.**

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

- 4.1 Recovery of dues may be made in lump-sum or through instalments.
- 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.**
- 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**

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

For NPA accounts (suit filed/non-suit filed/decreed)

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 from time to time and will be applicable from the **date of issue of the relevant Circular/Communication.** However, the concerned **Branch Incumbent must ensure to inform of the change in rates to the Recovery Agencies.**

- 5.1 The commission payable will be all inclusive and no operational expenses would be reimbursed to the Recovery Agency.
- 5.2 Such commission will be paid to the Agency at monthly intervals covering all accounts allocated to the Agency by the Branch.

5.3 In case any account is rescheduled/rehabilitation is done, the Recovery Agency shall not be entitled to any commission in such account, except on the **amount recovered before reschedulement /rehabilitation. Such accounts will be forthwith withdrawn from the Recovery Agencies, immediately after reschedulement/rehabilitation is approved by the competent authority.**

6. **Training for field staff of Agencies.**

6.1 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 Bank's Policy on engagement of Resolution Agents/Resolution Officers

- viz (i) **Securitization /Reconstruction Companies (SCs/RCs)**
(ii) **Firms/Companies (other than SCs/RCs)**
(iii) **Retired PNB Employees**

1. **Scope**

The Policy covers aspects related to following three different categories of Resolution Agents:

Category- 1	Securitization /Reconstruction Companies: SCs/RCs
Category- 2	Firms/Companies (other than SCs/RCs): Other Firms
Category-3	Retired Bank (PNB) Employees: PNB Retired Employees (may be designated as Resolution Officers (ex PNB Employees))

2. **Eligibility Criteria for empanelment of Resolution Agents**

SCs/RCs	Other Firms	PNB Employees
The Securitisation / 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 Agent for the bank.	A Firm/Company promoted by and/or employing professional person/persons like Chartered Accountant /Company Secretary / Cost Accountant and / or honourably retired Senior Executives of the Banks (not less than DGM/GM) with minimum 3 years experience in the resolution of NPAs. Firms/Companies not having 3 years' experience but having professionals with minimum 3 years' experience will also be eligible. For all other cases, the matter may be referred to the Head Office, Recovery Division, to consider on merits of the case.	Honourably retired bank employees (including Voluntarily Retired Employees). Keeping in view the high standards under the norms of Corporate Governance, following terms and conditions will be applicable, while engaging PNB retired employees as Resolution Agents on behalf of the bank: <u>Condition-1</u> PNB retired employees who have worked in the last 5 years of their service in the Head Office Recovery Division/ Recovery Sections at Zonal Office/Circle and/or in ARMBs , there will be a cooling period of 2 years between the retirement date of the PNB retired employees and date of their engagement as Resolution Agent . <u>Condition-2</u> There will be no bar on Maximum age of the PNB retired employees , working as Resolution Agent of the Bank, however, after attaining the age of 65 years , performance of the PNB retired employee will be reviewed by the Circle Head and on finding the same as satisfactory, the tenure of engagement may be extended for further 2 years.

3. **Invitation of Applications/Empanelment/Execution of Documents /Agreements**

SCs/RCs	Other Firms	PNB Employees
<u>Invitation of applications</u> Head Office, Recovery Division shall invite applications from SCs/RCs. <u>Competent Authority for Empanelment</u> Executive Director shall be the competent Authority for empanelment of SCs/RCs as	<u>Invitation of applications</u> Concerned Zonal Manager shall invite applications from Firms / Companies (other than SCs/RCs). <u>Competent Authority for Empanelment</u> Zonal Manager shall be the competent authority to	<u>Invitation of applications</u> HRD and/or Recovery Deptt. of concerned Circle office shall invite applications from the honourably retired bank employees (including Voluntarily Retired Employees)

Resolution cum Recovery Agents and allocation of NPAs under Retail Loans on portfolio basis.	approve the name for empanelment of Resolution Agents.	Competent Authority of Empanelment <table border="1" data-bbox="1096 191 1412 436"> <tr> <td data-bbox="1096 191 1258 247">Upto scale-III</td> <td data-bbox="1258 191 1412 247">Circle Head</td> </tr> <tr> <td data-bbox="1096 247 1258 304">Scale IV & V</td> <td data-bbox="1258 247 1412 304">Zonal Manager</td> </tr> <tr> <td data-bbox="1096 304 1258 436">Scale VI & VII</td> <td data-bbox="1258 304 1412 436">Executive Director (through HRD)</td> </tr> </table> <p data-bbox="1096 436 1412 621">This panel shall be circulated to all the offices for the utilization of their services for resolution of non performing accounts under the scheme.</p>	Upto scale-III	Circle Head	Scale IV & V	Zonal Manager	Scale VI & VII	Executive Director (through HRD)
Upto scale-III	Circle Head							
Scale IV & V	Zonal Manager							
Scale VI & VII	Executive Director (through HRD)							
The Resolution Agent shall execute a Non-Disclosure Agreement with PNB at Head Office New Delhi.	The Resolution Agent shall execute a Non-Disclosure Agreement with PNB at focal point of Zonal Manager .	The Resolution Agent shall execute a Non-Disclosure Agreement with PNB at concerned Circle Office for employees upto Scale-III and above scale-III at the focal point of Zonal Manager.						

4. **(Eligibility of accounts for allotment to Resolution Agents)**

Following eligibility criteria are common for all the 3 categories of Resolution Agents i.e SCS/RCs, Other Firms & PNB Retired employees:

NPA accounts categorized as **Doubtful / Loss** whether non suit filed, suit filed or decreed accounts shall be covered under the Scheme.

4.1 **Identification & Allocation of accounts-Delegation of Powers**

Zonal Manager/Circle Head shall identify the accounts for allocation to Resolution Agents and

4.2 **Criteria for allocation of accounts to different categories shall be as follows:**

SCs/RCs	Other Firms	PNB Retired Employees
<p data-bbox="251 1407 706 1470">Ledger outstanding of Rs.1 crore and above.</p> <p data-bbox="251 1491 706 1797">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.</p>	<p data-bbox="706 1407 1047 1470">Ledger outstanding of more than Rs. 10 lacs.</p>	<p data-bbox="1047 1407 1421 1797">Ledger outstanding upto Rs. 5 crores, 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.</p>

Powers of approval for allocation of identified accounts to the Resolution agents shall be vested as under:

SCs/RCs		Other Firms		PNB Retired Employees		
Rs.1 crore – Rs.5 crore	Zonal Manager	More than Rs.10 lacs upto Rs. 1 crore	Circle Head	Upto Rs.25 lacs	Clerical Staff	Circle Head
Above Rs.5 crore*	Domain ED (of Zone)	Above Rs. 1 crore to Rs. 5 crore	Zonal Manager	Above Rs. 1 lac but Upto Rs. 100 lacs	Scale-I,II & III	Circle Head
		Above 5 crore*	Domain ED (of Zone)	Above Rs. 10 lacs upto Rs. 250 lacs	Scale IV & Scale-V	Circle Head
				Above Rs. 10 lacs upto Rs. 500 lacs	Scale-VI and above	Circle Head
*For allocation of above Rs. 5 crore accounts to ARCs, Zonal Manager will be the recommending authority.						

Since basic purpose for framing this policy is to get maximum recoveries in big borrowal NPA accounts, besides **ARCs**, eligible NPA accounts **with balance outstanding of more than Rs. 5 crore** may be allocated to the **Other Firms** also.

However, to have better control and monitoring at the corporate level, for allocation of Rs. 5 crore & above Doubtful & Loss accounts to the ARCs/Other Firms, the permission will be granted by the domain ED handling recovery of that particular Zone.

5. **Period for resolution of accounts**

Maximum period for resolution of allocated accounts shall be 12 months if Resolution Agent fails, accounts will be taken back.

6. **Commission Payable to the Resolution Agents**

For SCs/RCs/Other Firms/Companies

(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 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	No Incentive		5% of the recovery in excess of

	security more than principal amount.		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

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 Sub categories (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	Rs. 50 lacs

PNB Retired Employees

Outstanding	If the age of NPA is upto 3 years	If the age of NPA is more than 3 years
Upto Rs.1 lac	8%	10%
Above Rs.1 lacs but 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)

Important Note

The above rates mentioned above will be subject to the changes introduced by the Bank from time to time and will be applicable from the **date of issue of the relevant Circular/Communication**. However, the concerned **Branch Incumbent must ensure to inform of the change in rates to the Resolution Agents**.

- 6.4 For resolution /recovery of accounts expenses on conveyance/travelling, salary to staff employed by the Resolution Agent/fee paid to the Supporting Agency for taking

possession/other out of pocket expenses shall be borne by the Resolution Agents. However, **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 shall be borne by the Bank.**

- 6.5 Resolution Agent shall ensure that while acting as Resolution Agent, they do not give rise to any pecuniary liability to bank otherwise they shall be held liable for their action.
- 6.6 Bank has right to withdraw any financial asset allocated to the Resolution Agent without assigning any reason subject to approval of **Zonal Manager**.
- 6.7 Bank has right to terminate the empanelment of Resolution Agent at any time without assigning any reason subject to approval of **Zonal Manager** for SCs/RCs/Other Firms/PNB Retired Employees based on the inputs/information provided by the Circle Head. The financial assets allocated to them will also be withdrawn.
- 6.8 The recovery effected by the Resolution Agent shall be deposited with the branch concerned immediately and a statement of account of the recovery duly certified by the Branch Incumbent for all 3 categories i.e SCs/RCs, Other Firms and PNB Retired Employees, shall be submitted by the Agent on quarterly basis to the branch.
- 6.9 In case Borrower/co-obligants approaches the bank for OTS in the accounts allocated to SCs/RCs/Other Firms/PNB Retired Employees and the same is accepted by the competent authority, Resolution Agent shall also be entitled for the commission on actual amount of recovery.
- 6.10 In case any dispute arises the matter cannot be taken to Civil Court.
- 6.11 The object clause of SC/RC/Company (under category of Other Firms) is to permit to act as Resolution Agent for bank/banks.

SALIENT FEATURES OF POLICY FOR ENGAGEMENT OF SUPPORTING AGENCIES

Service to be provided by the Supporting Agencies

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:

- 2.1.1 Promoters/Officials of the Supporting Agencies shall possess necessary skills
- 2.1.2 Antecedents of promoters and infra-structure available with them shall be looked into before assignment of any work and/or before empanelling them.
- 2.1.3 Supporting Agencies which offer multiple and efficient services under one roof may be given preferential treatment.
- 2.1.4 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.
- 2.1.5 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.

3. 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.

3.1.1 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.

3.1.2 **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.**

4. **Authority for engagement/empanelment of Supporting Agencies**

(i) **Circle Head** is authorized 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.

(ii) **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.**

5. **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:

- ✓ 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.

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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.**

Note-3:“In case stay granted against Bank’s SARFAESI Action is for a considerable period say **2-3 years old** and/or **due to some other unavoidable reasons/extraordinary circumstances (to be decided by the Circle Head)** a job, as mentioned under **Columns 2,3,4,5 of Annexure-II of the Policy** is assigned to a Supporting Agency afresh, **Circle Head** may decide to pay fees for more than one occasion, so as to safeguard the Bank’s interest.

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.

Circle Heads 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) (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.

Go-down 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 **Circle Heads (for LCBs, Incumbent Incharge) may negotiate and finalize the charges** in line with the prevailing market rates. There can also be instances where Bank has surplus place in premises under its own control which can be used as Go-down. It must be ensured that Go-down charges to be paid to Supporting Agency are negotiated & informed well in advance to them before assigning a task to them.

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 service tax, to be deposited by the Bank (explained below).

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. 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.

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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) 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.**

(vii) **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.

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Salient features of policy on 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.

3.1 **Competent Authority for Engagement of Detective Agency**

The FGM will be the competent authority to engage 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 engagement. 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 engagement:

- (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) 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.
- (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.
- (xi) Comply with RBI's Guidelines on Fair Practices Code for Lenders and Guidelines on Managing Risk & Code of Conduct in Outsourcing of Financial Services by Banks.
- (xii) 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 FGMOs**, 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: MASD.

Applications be obtained as per the **Annexure-Application**. The application to be accompanied with the photocopies of their academic qualifications, proofs of experience, PAN Number, Address Proof and proof of membership of APDI (wherever available) etc.

5.1 **Applications for empanelment would be received at the FGMO along-with the membership proof of APDI (Association of Private Detectives & Investigators of India) by the applicant Agency, wherever available, PAN Card, Proof of address etc.**

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

5.3 **Tenure of Empanelment**

A Detective Agency once engaged by a **FGMO** 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 FGM on annual basis, as per the feedback to be received from the Circles/LCBs under their jurisdiction.**

6. **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.**

7. **Time Frame for submission of reports**

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

However, in emergent circumstances, **further extension of 30 days (total frame will be of 90 days) may be permitted by the Circle Head (ZM in case of LCBs),** keeping in view complexity of the case.

8. **Code of Commitment of Detective Agencies**

8.1 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.

8.2 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.

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
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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. 30,000/- 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, 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. 10,000/- 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.

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

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

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