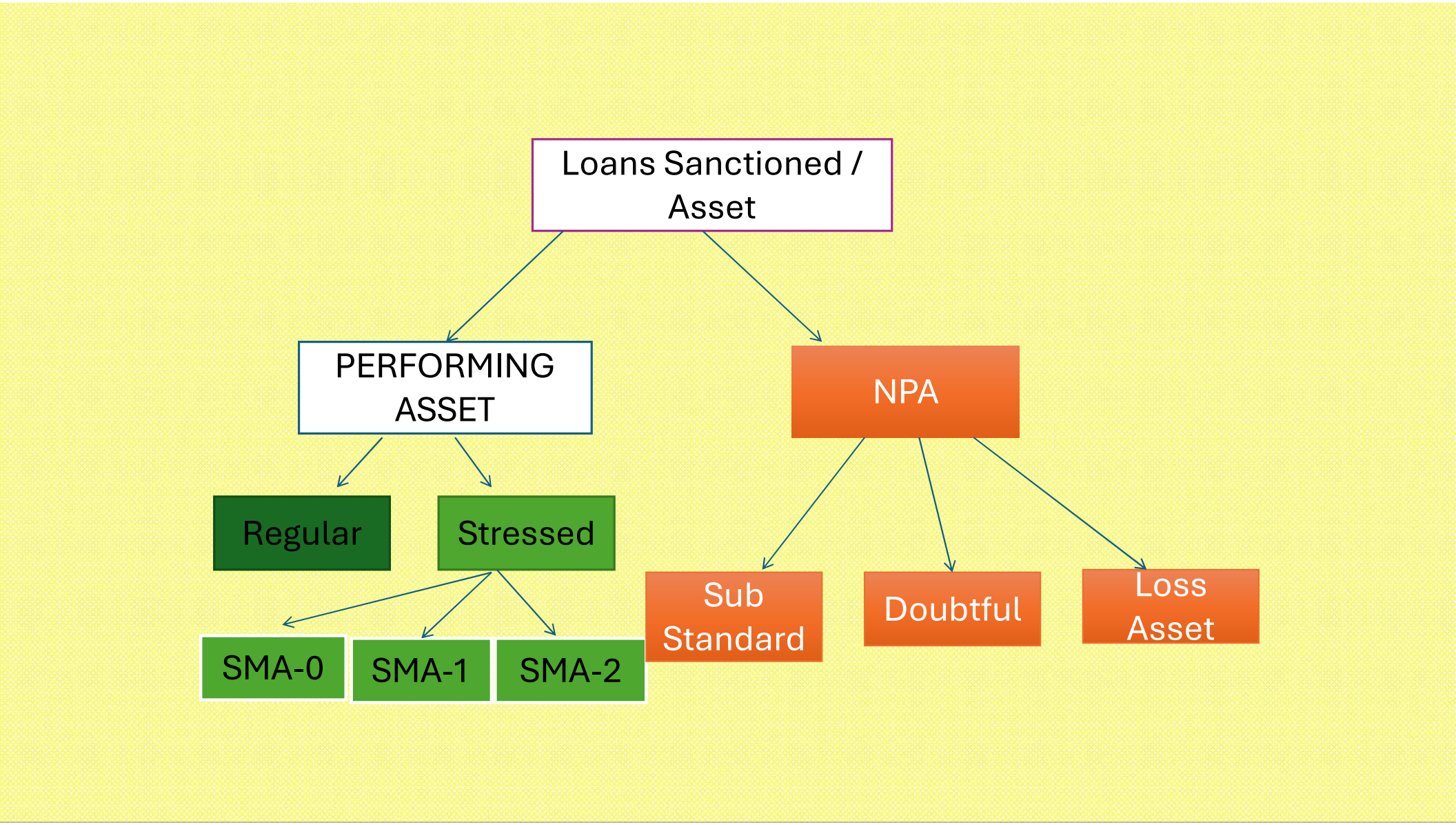
NPA & Loan Recovery Policy

Kunal Lakhani

Internal


Loans Sanctioned / Asset
PERFORMING ASSET
NPA
Regular
Stressed
SMA-0
SMA-1
SMA-2
Sub Standard
Doubtful
Loss Asset

IDENTIFICATION OF STRESS

To identify **INCIPIENT STRESS** in loan accounts, **immediately on default**, by classifying such assets as **SPECIAL MENTION ACCOUNTS (SMA)** as per the following categories:

SMA SUB CATEGORIES	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue between
SMA - 0	1- 30 DAYS
SMA - 1	31- 60 DAYS
SMA - 2	61- 90 DAYS

IDENTIFICATION OF STRESS

In the case of revolving credit facilities like cash credit/overdraft, the SMA sub-categories will be as follows:

SMA SUB CATEGORIES	Basis for classification Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of
SMA - 1	More than 30 days and up to 60 days
SMA - 2	More than 60 days and up to 90 days

NON PERFORMING ASSETS (NPA)

Non Performing Asset - An asset, including a leased asset, becomes non performing when it **ceases to generate income** for the bank.

Income from **NPA Accounts** is booked only **when actually received** & is not accounted for on accrual basis.

On an account turning NPA, banks should reverse the interest already charged and not collected by debiting Profit and Loss account and stop further application of interest.

Internal

NPA CLASSIFICATION OF CROP LOANS

A loan granted for **short duration crops** will be treated as NPA, if the installment of principal or interest thereon remains **overdue for two crop seasons**.

A loan granted for **long duration crops** will be treated as NPA, if the installment of principal or interest thereon remains **overdue for one crop season**.

Long duration crops would be crops with crop season longer than one year and crops which are not long duration crops, would be treated as short duration crops.

The above norms should be made applicable only to Farm Credit extended to agricultural activities.

Internal

NPA CLASSIFICATION OF CROP LOANS

What all things are included in **Farm Credit?**

Loans to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data of such loans], directly engaged in Agriculture only.

Loans to corporate farmers, farmers' producer organizations / companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture only up **to an aggregate limit of 4 crore per borrower.**

Internal

RUNNING ACCOUNTS

Out of Order

- If the O/S balance remains continuously in excess of the sanctioned limit/drawing power for 90 days.
- There are no credits continuously for 90 days.
- Credits are not enough to cover the interest debited during the same period

Non submission / Delayed submission of stock statements

older than three months-Irregular
more than 90 days irregular- NPA

Delay in renewal / regularization of limits - An account where the regular / adhoc credit limits have not been reviewed / renewed within a period of 180 days from the due date / date of adhoc sanction, will be treated as Non-Performing Asset

Internal

OTHER LOANS

- **Term Loan** - Interest and/or installment of principal remain overdue for a period of more than 90 days.
- **Government Guaranteed Accounts**: The credit facilities backed by **guarantee of the Central Government though overdue may be treated as NPA only when the Government repudiates its guarantee when invoked.** This exemption from classification of Govt. Guaranteed advance as NPA is not for the purpose of recognition of income. Advances sanctioned against State Government guarantee should be classified as NPA in the normal course, if **the guarantee is invoked and remains in default for more than 90 days.**
- **Bills**: The bills remain overdue for a period of more than 90 days in the case of Bills Purchased and Discounted

Internal

ADVANCES AGAINST TERM DEPOSITS, NSCS, KVPS/IVPS, ETC

Advances against term deposits, NSCs eligible for surrender, IVPs, KVPs and life policies need **not be treated as NPAs, provided adequate margin** is available in the accounts.

Advances against **gold ornaments**, **government securities** and all other securities are **not covered** by this exemption.

Loan to staff - In the case of housing loan or similar advances granted to staff members where **interest is payable after recovery of principal**, interest need not be considered as overdue from the first quarter onwards.

Such loans/advances should be **classified as NPA only when :**

- **there is a default in repayment of instalment of principal or**
- **payment of interest on the respective due dates**

Internal

LOANS WITH MORATORIUM

In the case of bank finance given for **industrial projects or for agricultural plantations** etc. where moratorium is available for payment of interest, **payment of interest becomes 'due' only after the moratorium or gestation period is over**.

Therefore, such amounts of interest **do not become overdue** and hence **do not become NPA, with reference to the date of debit of interest**.

In the case of housing loan or similar advances granted to staff members where interest is payable after recovery of principal, interest need not be considered as overdue from the first quarter onwards. Such loans/advances should be classified as NPA only when there is a default in repayment of instalment of principal or payment of interest on the respective due dates

Internal

CREDIT CARD ACCOUNTS

In credit card accounts, the amount spent is billed to the card users through a monthly statement with a definite due date for repayment. Banks give an option to the card users to pay either the full amount or a fraction of it, i.e., minimum amount due, on the due date and roll-over the balance amount to the subsequent month's billing cycle.

A credit card account will be treated as **non-performing asset** if the **minimum amount due**, as mentioned in the statement, is **not paid fully within 90 days** from the payment due date mentioned in the statement.

Banks shall report a credit card account as **'past due'** to credit information companies (CICs) or levy penal charges, viz. late payment charges, etc., if any, **only when a credit card account remains 'past due' for more than three days.**

Internal

QUICK MORTALITY ACCOUNT

All Loan Accounts where the aggregate **liability** is **Rs.15.00 lakhs and above**, becomes **NPAs within a period of 12 months** from the date of **commencement of repayment** of either Interest or Instalment in respect of loans/limits sanctioned to the concerned borrowers **for the first time.**

Cir 643/2025 - Quick mortality in **Non performing investments** will only be applicable to **any investment of Rs.5.00 Cr and above** made by the bank in a company/entity in the first ever instance. If due to non-receipts of any scheduled cash flow of Investment or full redemption or staggered redemption, the said investment become NPI **within twelve months from the first due date**, then it will be treated as Quick Mortality.
Cooling period of 6 months shall be given for examination of staff accountability for Quick Mortality Investments.

Category of investments - Certificate of Deposits; Commercial papers; Tier I Bonds; Tier II Bonds ;Corporate Bonds (Coupon paying and Staggered Bonds) ;Preference Share

Internal

ADVANCES UNDER CONSORTIUM ARRANGEMENTS

Such accounts turns NPA based on the **record of recovery** of the **individual member banks** and other aspects having a bearing on the recoverability of the advances

Where the remittances by the borrower under consortium lending arrangements **are pooled with one bank** and/or **where the bank receiving remittances is not parting with the share of other member banks**, **the account will be treated as not serviced in the books of the other member banks and therefore, be treated as NPA.**

Internal

CLASSIFICATION OF NPA

When a loan a/c of a borrower is treated as NPA, all the other loan a/cs of the borrower, even if they are otherwise regular.

When various advance a/cs of a borrower are in different categories of NPA, then the **provisioning shall be as per the lowest category applicable.**

Based on **the period** for which the asset has **remained non performing** and the **realisability** of the dues :

- Substandard Assets
- Doubtful Assets
- Loss Assets

Internal

CLASSIFICATION OF NPA

Sub-Standard - Asset which has remained NPA for a period less than or equal to 12 months.

Doubtful - Remained in the substandard category continuously for 12 months, if the erosion in value of security is more than 50% of the value accessed by the bank and where value of security is more than 10% of the outstanding liability.

Loss - A loss asset is one where the **loss has been identified by the Bank** by **internal** or **external auditors** & the **amount has not been written off** wholly or partly & the **asset is considered uncollectible** with little salvage or recovery value.

Internal

EROSION OF SECURITY

Security means tangible security properly charged to the bank and will not include intangible securities like guarantees

If the **erosion** in the value of securities is **more than 50%** of the value assessed by the bank, and where the value of the securities is less **than 50% but more than 10% of the outstanding liability**, the account is straight away classified as **doubtful category**.

If the realisable value of the security, as assessed by the bank/ approved valuers/ RBI is **less than 10 per cent of the outstanding** in the borrowal accounts, the existence of security should be ignored and the asset **should be straightaway classified as loss asset**

Internal

PROVISIONING NORMS

STANDARD ASSETS	**Direct Agri , SME Sectors & Individual Housing Loans**		**All other loans & Advances**		**Commercial Real Estate-Residential Housing**	**Commercial Real Estate**	**Teaser Rate-Housing Loan**	**Restructured a/c as per RBI**
STANDARD	0.25 %		0.40%		0.75%	1%	2%	5%
SUB-STANDARD	Secured Sub-standard		Unsecured Sub-standard					
	15% of O/s due		25% of outstanding dues (infra with escrow a/c = 20%)					
DOUBTFUL ASSETS	D1		D2		D3			
	First 12 Months		Next 24 Months		More than 36 Months			
	RVS	SHORT FALL IN SECURITY	RVS	SHORT FALL IN SECURITY	100% Uniformly			
	25%	100 %	40%	100%				
LOSS ASSETS	The entire assets should be written off. If permitted to remain in the books for any reason, 100% of the outstanding should be provided for.							

UPGRADATION OF NPA ACCOUNTS

The Loan accounts classified as NPA may be upgraded as 'Standard' **only when entire arrears of interest and principal are paid by the borrower.**

In case of borrowers having **more than one credit facility** from a bank, loan accounts shall be upgraded from NPA to standard asset category only **upon repayment of entire arrears of interest and principal pertaining to all the credit facilities**.

Internal

RECOVERY METHODS

Legal Methods

- Suits in appropriate Civil Courts
- Filing cases in DRTs
- Invoking the provisions of Revenue Recovery Act
- Referring the cases to Lok Adalat

Non - Legal Methods

- Settlement through Compromise (OTS)
- Invoking claim with ECGC /CGTMSE
- Sale of NPAs to Asset Reconstruction Companies
- Sale of NPAs to Banks / FIs / NBFCs

Technological Initiative

- Recovery mobile app having attractive features such as access to details of default accounts to Branches/ ROs/ COs & HO, Audit trail, capturing of images of securities, security inspection reports.

- **RECOVERY CALL CENTRE AT NATIONAL GAMES VILLAGE, KORMANGALA, BANGALORE** :

  - ✓ Calls are made to the NPA borrowers with **book liability upto Rs. 1 crore asking them to upgrade** the account/ clear the liability in full.
  - ✓ **Follow up for timely payment of OTS amounts in case of OTS Permitted accounts.**
  - ✓ **Follow up calls to successful bidders in respect of sale of mortgaged properties through e-auction under SARFAESI.**

- **OTS Portal, SAFAL Solution (Stressed Assets Follow up and Litigation Solution)**

Internal

GENERAL GUIDELINES ON NPA

- Decide the **future course of action preferably during SMA stage itself so that all recovery steps can be initiated immediately on slippage of A/C to NPA but should not exceed 30 days of account becoming NPA**.
- **Branch in-charge is delegated to initiate recalling of advance & recovery actions including suit filing within 30 days of slippage of the A/Cs to NPA upto Circle Head CAC sanctioned Loan**. However for permitting LAW existing guideline of getting permission from NHA will continue.
- Further, in case of HO Power A/C, following authority are delegated to permit initiation of recalling of advance & recovery actions including suit filing:

Credit Sanction Authority	*Recalling & recovery action permitting authority*
CGM/GM-HO-CAC	*RO-Head-CAC*
ED-CAC & above	*CO-Head-CAC*

However, suit filing exercise should be completed within 30 days of slippage of the A/Cs to NPA in all cases.

Forensic audit to be conducted for accounts having Book Liability of Rs.50 Crore and above.

SARFAESI

Securitization And Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) 2002

Internal

SARFAESI ACT

Securitization And Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) 2002.

Eligibility -

- Account should be **NPA as per** RBI guidelines.
- **Security interest created in favour of the Bank** (Security interest means right, title and interest of any kind upon property such as **mortgage, charge, hypothecation and assignment, but do not include lien on any goods or pledge of any movables AND any vessel).**
- **Amount claimable** from the borrower (including the accrued interest) **should be not less than Rs 1 Lakh.**
- The amount due should be more than **20% of the Principal Amount and interest there on.**
- The security interest must have been registered under **CERSAI.**
- **Recovery action under SARFAESI Act to be initiated in Agriculture Loans where securities are eligible for SARFAESI Action.** i.e. Tea / Coffee estates etc.

Internal

Securities exempted from SARFAESI Act:

- **A lien on any goods, money or security given**
- A pledge of movables within the meaning of Indian Contract Act;
- Aircraft ;
- Any vessel;
- Any rights of unpaid seller ;
- Any properties not liable to attachment;
- Any security interest for securing repayment of any financial asset not exceeding 1 lakh rupees.;
- **Agricultural land;**
- **Any case in which the amount due is less than 20 % of the principal amount and interest thereon.**

Internal

ISSUANCE OF DEMAND NOTICE 13 (2)

- **The AGM/ DM Overseeing Recovery & Legal Section at RO and CO and Scale-IV & above at ARM/SAM Branches shall be "Authorised Officer" for SARFAESI action for their commanding branches.**
- CM/AGM working in VLB/ELB/Other branches (base branch only) to assist (viz affixation of 13(2) & Sale notice and filing of application U/Sec.14 & Caveat) respective Authorised Officer of Regional Office/ARM/SAM Branch as well as Authorised Officer at respective RO/CO to assist respective Authorised Officer of ARM/SAM Branch in attending various actions under the SARFAESI Act 2002 for their respective Branch/RO only.
- **Notice under Section 13 (2) of SARFAESI Act to be issued by the authorized officer within 3 days of account becoming NPA and may seek permission from respective RO/CO before issuance of 13(4) notice.**
- The Authorized Officer issues notice to borrower in writing to discharge his liabilities in full within **60 days from the date of notice**, endorsing copies to guarantor/co-obligant/third party mortgagor.

Internal

ISSUANCE OF DEMAND NOTICE 13 (2)

- Demand Notice is sufficient to proceed under SARFAESI Act **and issue of Recall notice is NOT mandated/necessary.**

- **Wherever required or felt necessary, the Authorized Officer may get the Demand Notice vetted by a Panel Advocate/ legal section, CO.** But, **under NO circumstances, should the Demand Notice be issued through Panel Advocate.**

- Demand notice under SARFAESI Act shall give details of the borrower/guarantor/mortgagor, amount payable, **NPA Date, Loan account details and secured assets intended to be enforced by the secured creditor in the event of non-payment of secured debts by the borrower.**

Internal

ISSUANCE OF DEMAND NOTICE 13 (2)

- Either the DRT suit is filed and thereafter the SARFAESI action is initiated or **SARFAESI action is initiated and thereafter the DRT suit is filed.**

- SO, **claim amount demanded by the Bank should be uniform** in so far as the calculated interest, penal interest, and other charges are concerned.

- The law prescribes that the statement of accounts filed by the Bank has the sanctity under the **Bankers Books Evidence Act, 1891.**

- Under **no circumstances there should be a variation or contradiction in the amount claimed by the Bank at any point of time**, through which ever recourse we are adopting for recovery .

Internal

ISSUANCE OF DEMAND NOTICE 13 (2)

- **In respect of Consortium Accounts the Banks can independently issue demand notice under Section 13 (2), if there is any delay on the part of the lead bank.**

- **The mandatory requirement of 60% consensus is only at the time of issuing Section 13(4) notice.**

- If Borrower is the body corporate, the demand notice shall be served on the **Registered office or any of the branches** of such body corporate.

- **In case of deceased borrowers/guarantors, demand notice should be sent to the legal heirs.**

Internal

ISSUANCE OF DEMAND NOTICE 13 (2)

- Hand delivery against acknowledgement or
- By Registered post acknowledgement due or
- By speed post or
- By courier or
- By fax message or
- By electronic mail service

- Note: In case of Fax or Email, confirmatory copy shall be sent through registered post.
- **However, to avoid delay in subsequent actions under SARFAESI Act 2002, publishing the contents of the demand notice in 2 leading newspapers, one in maximum circulated vernacular language is mandatory.**

Internal

SERVING OF DEMAND NOTICE

- **Nodal Officer shall ensure that the service of Demand notice on all the borrowers/ guarantors/ mortgagor within 7 days from the date of issuance** of demand notice from Regional Office with the support of Branch Officials.
- If the borrower avoids demand notice or demand notice could not be served by any of the modes mentioned above, the service of notice shall be effected by:

✓**Affixing a copy of the demand notice on the outer door, and also**

✓**By publishing the contents of the demand notice in 2 leading newspapers, one in vernacular language, having sufficient circulation in the locality.**

- Branches may take photographs/ video graphs of the properties showing that demand notice is affixed to the properties.

Internal

REPRESENTATION OR OBJECTIONS TO DEMAND NOTICE

- If the Borrower /Guarantor/Mortgagor makes any representation or raises any objection to the Demand Notice, It has to be replied within 15 days from the date of receipt of such objection.
- IMPORTANT : NON replying/delayed replying to the objection shall be fatal to the SARFAESI action initiated.
- Non-compliance of the above provision will nullify the further course of action initiated by the Bank

Internal

POSSESSION

- If borrower fails to discharge his liability in full within 60 days from date of receipt of demand notice, Bank can take one or more of the following recourses to recover its secured debts:
  - Take possession of the Secured Assets of the Borrower.
  - Take over the management of the business of borrower.
  - Appoint any person, to manage the secured assets the possession of which has been taken over.

- Require at any time by notice in writing, any person who has acquired any of the secured assets from the borrower and from whom any money is due or may become due to the borrower, to pay the secured creditor, so much of the money as is sufficient to pay the secured debt and Bank shall give such person from whom money is received, a valid discharge.
- For example, Bank is empowered to claim the rent payable by the Tenant of the borrower against issuing a rent receipt.

Internal

POSSESSION OF MOVABLE PROPERTY

- ✓The Authorized Officer has to take the possession of such properties in the **presence of 2 witnesses, after preparation of a Panchanama** and get it signed by the witnesses.

- The AO Officer may utilize the service of SARFAESI Agents for taking possession of the movable securities.

- In the case of Doubtful and Loss Accounts with book liability exceeding Rs. 50 Lakhs, the AO may utilize the service of Resolution Agents empanelled with the Bank in taking possession of the movable properties.

Internal

SYMBIOLIC POSSESSION OF IMMOVABLE PROPERTY

- After completion of 60 days of the acknowledgment of notice, AO has to take symbolic possession.

- Delivery of a possession notice to the borrower, and
- Affixing the possession notice on the outer door or at such conspicuous place of the property, and
- Publishing the possession notice in 2 leading newspapers within 7 days of taking possession, out of which one should be in vernacular language, having sufficient circulation in the locality.
- The Authorised Officer shall file Caveat application in the respective Courts without fail.
- The Authorised Officer at Branch/RO/CO should ensure the creation property on BAANKNET Portal immediately after taking possession of Immovable Property.

Internal

PHYSICAL POSSESSION OF IMMOVABLE PROPERTY

- If the borrower/mortgagor is co-operative, AO himself can take actual physical possession of the property.

- If the borrower/mortgagor is not cooperative and/or resists in taking actual possession, **the Branch shall make an application to Chief Metropolitan Magistrate (CMM) or District Magistrate (DM) as the case may be for taking possession as per Section 14, of SARFAESI Act. Application under Section 14 should be filed within 7 days of taking symbolic Possession**

- Under Section 14 of SARFAESI Act, CMM or DM is bound to take possession of secured assets and any documents relating to such assets and hand over such assets and documents to the Bank within a period of 30 DAYS from the date of application.

Internal

POSSESSION OF IMMOVABLE PROPERTY

- The Authorized Officer shall ensure fixation of reserve price of mortgaged properties **within 3 working days of taking possession** and **Sale Notice (Annexure-III) is issued/published within 3 working days from the date of fixing reserve price** and affixing the same on secured assets.

- As per the newly introduced Section 17 (4-A) of the SARFAESI Act (As per 2016 amendment), DRTs are empowered to decide on the issues related to tenancy/lease and no other Courts/Judicial Forums has the jurisdiction to entertain any such litigation.

- **Authorised Officer shall note that the borrower has a right to file an appeal in the DRT within a period of 45 days from the date of possession of secured assets.**

Internal

POSSESSION OF IMMOVABLE PROPERTY

- DRT has to dispose all such applications as expeditiously as possible and **dispose the same within 60 days from the date of such application**. DRT can extend the said period of 60 days for the reasons to be recorded in writing up to a maximum period of four months.
- If the application is not disposed within four months by the DRT as stated above, the bank or the borrower can file an application before the Debt Recovery Appellate Tribunal (DRAT) for directing the DRT for expeditious disposal of the applicationpending before DRT.

- **If borrower not satisfied with DRT, borrower can appeal to DRAT (Sec 18) within 30 days of receipt of order of DRT.** No such appeal by a borrower shall be entertained by the DRAT, **unless the borrower has deposited 50% (fifty percent) of his/her dues (either as claimed by the Bank or determined by the DRT, whichever is less) with the DRAT.** However, DRAT can reduce such amount to not less than 25% (twenty five percent) of the debt.

Internal

IF TENANTED PROPERTY :

- ✓**Tenants as per tenancy agreement prior to mortgage** : Tenancy agreement is binding on the bank and **tenant can be evicted only by moving a civil court under due process of law.**
- ✓Tenant inducted into the property **after mortgage but prior to issuance of 13(2)** : if the tenancy agreement is contrary to the provisions of Transfer of property Act and contrary to the terms of mortgage deed executed, **then they can be evicted**
- ✓Tenant inducted into the property after issuance of demand notice : **TO be EVICTED.**
- **Newly introduced Section 17 (4-A) of the SARFAESI Act, DRTs are empowered to decide on the issues related to tenancy/lease and no other Courts/ Judicial Forums has the jurisdiction to entertain any such litigations.**

Internal

VALUATION

- **Valuation report should not be older than 1 year.**
- Wherever the value of mortgaged/hypothecated **security is more than Rs.5 Crores**, **valuation from two independent valuers** on the panel (SARFAESI) of the bank should be obtained. **Higher value to be considered.**

- In **respect of securities of immovable properties which were valued at more than Rs.2.00 Cr at the time of last Sanction**/Renewal **and the reduction in the present value is more than 30 % of the same - i**n such cases, to ascertain the exact valuation, 2 valuation reports should be obtained and analysed for reduction in the value before placing to the competent authority for fixing RP (Reserve Price) or for accepting OTS proposal

Internal

FIXATION OF RESERVE PRICE

In case the GLR is more than the realizable value, for the first instance:

Credit Sanction by	RP fixation Authority
Loans sanctioned by branches and various authorities up to RO Head-CAC (For Branches coming under ROs)	RO Head CAC
Loans & Advances sanctioned by branches coming directly under Circle and up to DGM CO CAC at Circle Office	DGM-CO-CAC
Loans & Advances sanctioned by GM CO CAC & above including CACs at Head Office	Circle Head CAC

In the event of failure of auction held for the first time at GLR, next Reserve price fixation at or above Realizable Value of security and subsequent reductions shall be as per guidelines mentioned.

FIXATION OF RESERVE PRICE

In other cases wherever the GLR is less than the Realizable Value of security, delegation to fix RP at or above Realizable Value by the authorities as below : (Also, if Downward variation in Realizable Value between new and immediate previous valuation is less than 20%, Reserve Price shall be fixed same table**)**

Credit Sanction by	RP fixation Authority
Loans under the follow up of ARM/SAM branches which are sanctioned by officials up to Scale IV	Respective CACs at ARM/SAM Branch
Loans sanctioned by branches and various authorities up to RO Head-CAC (For Branches coming under ROs)	RO Head CAC
Loans & Advances sanctioned by branches coming directly under Circle (other than Loans under the follow up of ARM/SAM branches which are sanctioned by officials up to scale IV) and loans and advances sanctioned up to DGM CO CAC at Circle	DGM CO CAC
Loans & Advances sanctioned by GM CO CAC & Circle Head CO CAC	Respective Sanctioning Authority
Loans & Advances sanctioned by CACs at Head Office	Circle Head - CAC

The reduction in RP at each occasion can be up to 10% per occasion and RP can be reduced by a maximum up to 20% of RV **by respective RP Fixation authority as above, irrespective of number of occasions (subject to a maximum reduction up to 20% of RV)**

Circle Head CAC can permit the reduction in RP above 20% and up to 35% of the RV with Maximum10% in each occasion.

Circle Head CAC can permit reduction in reserve price up to 35% for Circle Head CAC & above sanctioned loan accounts.

FIXATION OF RESERVE PRICE

- **In case of auction, if successful bidder fails to remit full bid amount within the time frame, in such cases next RP shall be fixed at or above last successful bid amount.**
- However, if Branch/RO/CO feels necessary that RP shall be fixed below last successful bid amount, next higher authority shall permit the same up to their delegated powers.
- Upon failure of the auction at RP (fixed at or above last successful bid amount), further reduction in RP to be carried out as per normal procedure.

Internal

SALE NOTICE

- **Authorized OFFICER has to serve a 30 days notice (sale notice)**
- AO may sell the assets in one or more lots by adopting any of the following methods :

  a. Obtaining quotations from persons; b. By inviting tenders from the public;

  c. By holding public auction, including e-auction mode; d. By private treaty.
- The Authorised Officer shall ensure that sale date should be fixed at least with the gap of 36 days from the date of the sale notice (in case of first sale) so that 30 clear days excluding the date of personal service or registered post service and publication of sale notice in newspaper can be ensured.
- If sale of immovable property by any one of the methods specified in the Act, **fails and sale is required to be conducted again**, either on the same Reserve Price or with reduction of Reserve Price, the authorised officer shall serve, **affix and publish notice of sale of not less than 15 (fifteen) days to the borrower, for any subsequent sale**.
- The Appropriate Authority who had permitted the confirmation of sale is empowered to permit the refund/forfeit of the Bid Amount in the event of any exigencies including but not limited to difference in extent of site / abnormal delay in SA filed by the borrowers or for any other reasons.

Internal

SALE BY PRIVATE TREATY

- For a property with assessed value/ reserve price **upto Rs 100.00 Lacs,**
  - **at least one attempt should be made to sell the property through public auction / auction** by inviting tenders, before opting for sale by private treaty.
- For a property with assessed value/ reserve price **above Rs 100.00 Lacs**
  - **at least 2 attempts should be made to sell the property** through public auction/ auction by inviting tenders, before opting for sale by private treaty

Internal

PAYMENT

- On confirming the sale, the purchaser has to deposit **25 % of the sale price immediately with the AO either on the same day or the next working day.**

- BALANCE AMOUNT **on or before the 15th day of confirmation of sale** of the immovable property, or such extended period as agreed **between the Secured Creditor and the Purchaser**, in any case **not exceeding 3 (months).**
- On payment of full sale price, the Authorized Officer has to issue a Certificate of Sale, specifying the movable secured assets sold, price paid and the name of the purchaser. Sale certificate is to be got registered by the auction purchaser. At the request of the auction purchaser Authorised Officer may appear before The Sub-Registrar and comply with the formalities for the purpose registering the sale certificate.

Internal

OTHER GUIDELINES

- Always consider a valuation **not older than 1 year.**

- If the **entire liability of the Bank is not cleared** after effecting the above measures, the Bank is entitled to file a suit or application before the court or DRT as the case may be, for the recovery of the balance amount.
- Further, as per amended provisions of Recovery of debts and Bankruptcy Act 1993, Secured creditors are having priority over all the debts and govt dues.

Internal

CERSAI: SECTION 20 OF THE SARFAESI ACT

- **CERSAI- Central Registry of Securitization Asset Reconstruction and Security Interest of India.**
- Registration of Security interest with **CERSAI : Mandatory**
- **CERSAI : To be done immediately.**
- To proceed under SARFAESI Act : CERSAI MANDAORY
- Established under Section 20 of the SARFAESI Act and is effective from 31.03.2010.

✓Once our security interest is registered with CERSAI, the charge of our Bank will have priority over all other debts, Revenues, Taxes, Cesses and other Rates payable to the Central Government or State Government or Local Authority.

Internal

CERSAI: SECTION 20 OF THE SARFAESI ACT

CERSAI REGISRATION :

- Immovable property by mortgage.
- Hypothecation of Plant & Machinery, Stock and Book Debts.
- Charge, Assignment,
- Hire purchase contract, License,
- Lease or under any other contract.
- Intangible assets
- Patent and copy right
- Trade mark, License, franchise
- Under construction residential or commercial Building

Internal

SARFAESI AGENTS

- The services of SARFAESI agents empanelled under SARFAESI can be utilized for expediting orders of the DM/ CMM Courts, for taking actual possession of secured assets and for safekeeping/watch and ward etc., in case where the same is felt necessary.
- **The Fee payable to SARFAESI AGENTS is as under :**

Pre inspection/Pre Seizure Activities (Movable or immovable : Min Rs.2500/- and Max Rs.5000/-.

For obtaining orders from Magistrate (District Magistrate/Chief Metropolitan Magistrate / Chief Judicial Magistrate) in case of need and to assist Authorized Officer for taking possession : 0.25% of the value of the Movable/Immovable property Market Value) as per the valuation by panel valuer or the Liability outstanding in the Bank's books of account, whichever is less with a **minimum of Rs.10000/- and upto a maximum of Rs.30,000/-**

Assistance in taking possession of movable/ immovable properties : MOV : Rs 25,000/ + actual exps incurred for shifting. For immovable Rs 50,000/-.

Internal

SARFAESI AGENTS

- Aggregate amount so payable to the SARFAESI AGENTS for his assistance to the Authorised Officer in taking possession of the secured asset, including any extra ordinary expenses, shall not exceed **Rs.5,00,000/- or 2% of the Reserve Price fixed for the property whichever is less.**

- **An additional incentive of 0.25 % or Rs.1,00,000/- whichever is less may be permitted for recovery made within 6 months from the date of entrustment of the case. Additional incentive is over and above the limit of Rs.5,00,000/-.**

- The Bills submitted by the SARFAESI Agents shall be processed and **paid within 10 days.**

- The payment of the above fees to SARFAESI Agents shall be **made by Regional Office centrally** as per the Delegation of Powers for Revenue Expenditure and Circle Office should make Payment centrally for Branches reporting to Circle Office.

Internal

SARFAESI AGENTS

- **Any person including a SARFAESI Agent / Recovery Agents/Resolution Agent/Real Estate Agent/Broker/Panel Advocate/Panel valuer/ Ex-Employee of Canara Bank, who brings a successful bidder shall be entitled to 1 % of realized value of the property or contractual liability whichever is less, with minimum of Rs.10,000/- upto a maximum of Rs.3,00,000/-**
- Step Up Incentive – apart from 1% or Rs. 3 lakh whichever is less, following additional step-up incentive (maximum of 4 properties in a calendar month) may be paid to persons / agents on bringing successful bidders for different properties as below:

➢ If brought **successful bidder for 2 properties in a calendar month - 10%** of the above eligible amount.

➢ If brought **successful bidder for 3 properties in a calendar month - 15%** of the above eligible amount.

➢ If brought **successful bidder for 4 properties in a calendar month - 20%** of the above eligible amount.

Internal

SALE & SEIZURE OF ASSETS- HYPOTHECATION

- Before taking the physical possession of the hypothecated securities, the Authorised Officer at RO/CO (not below the rank of Scale-IV) **should issue the 15 days' notice of invocation hypothecation of securities as per the format mentioned in Appendix-XXV in case of P& M and as per the format mentioned in Appendix-XXVI in case of vehicle.**

- Before actual sale, **a Sale notice of 15 days is to be given to the borrower as per the format mentioned in Appendix-XXVIII for Vehicle and P&M**, informing the intention of the Bank to sell the securities and also specifying the date, place & time of the proposed sale, if already decided. In case the exact date is not decided, it may be mentioned that the sale will be effected on or after a given date.

- If considerable time (1 year) has elapsed between the date of valuation after seizure and the date of disposal of the security by way of auction, sale etc., it is advisable to have a fresh valuation.

- Bank shall resort to sale hypothecated assets by public auction as per format mentioned in Appendix XXIX. The paper publication of Sale notice is to be done as per the format mentioned in Appendix XXIX.

Internal

PROFESSIONAL FEE TO ADVOCATE

DELEGATION FOR PERMITTING PAYMENT OF PROFESSIONAL FEE TO ADVOCATES in cases filed by or against the bank where the fees claimed is beyond the prescribed fee schedule: :

SL No	Competent Authority (If fees claimed by Advocate is beyond the prescribed fees)	Powers to permit Advocate fees (inclusive of schedule of fees, if any)
1	Regional Head and Heads of PCBs (AGM and above)	Up to the maximum of Rs 2.00 lacs
2	Circle Head	Up to the maximum of Revenue Powers (other than Premises, Computers, Printing and Stationery) delegated to the Circle from time to time.
3	CGM/GM of Recovery/SAM Vertical	Full Powers

FEES TO ADVOCATE FOR DRT

Fees Payable to Advocates in Original Applications filed before DRT in:

1) Non- Metro Cities

OA Amount (In Rs.)	Fees payable in Non Metro's
20,00,000 To 25,00,000	Rs. 25,000/- for suit amount of Rs. 20, 00,000/- and Rs. 1000/- for every addition of Rs. One Lakh up to a maximum of Rs. 30000/-
25,00,000 and above	Rs. 30,000/- + Rs. 250/- for every addition of Rs. One Lakh subject to a maximum cap of Rs. 50,000/-

2) Metro Cities

OA Amount (In Rs.)	Metro's (Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad and Pune)
20,00,000 To 50,00,000	Rs. 25,000/- for Rs. 20, 00,000/- and Rs. 1000/- for every addition of Rs. One Lakh subject to a maximum cap of Rs 50,000/-
50,00,000 and above	Rs. 50,000/- + Rs.250/- for every addition of Rs. One Lakh and subject to a maximum cap of 75,000/-

INCENTIVES TO ADVOCATE

Advocates are eligible for following incentives:

SL No	Category	Incentive to the Advocate who has filed the Vakalatnama in the respective cases (Over and above fee payable as per fee schedules)
1	Recovery made by filing EPs/Execution of RCs in DRT & non DRT decreed cases	**2%** of actual recovery subject to maximum of Rs. 1.50 Lacs
2	**D**ecree obtained within 6 months from the date of filing case in DRT	**2**0% of the entitled Fees shall be paid over and above the Schedule of Fees
3	**D**ecree passed /RC issued within 12 months from the date of filing the suit /OA	**1**0% of the entitled Fees shall be paid over and above the Schedule of Fees

SETTLEMENT OF MSME NPA AC(CGFMU COVERED) (CIR 647/2022)

- **Final claim of such account will be settled by NCGTC during 5th FY of the portfolio.**
- **Any write off in such accounts has to be done after period of 7 years (closure of portfolio).**
- **Before final claim of settlement, OTS permitted is 100% of BL of each account.**
- **After Final claim, OTS permitted as per Loan recovery policy (claim amount parked at HO Level shall not be considered while arriving at OTS amount)**
- Credit Guarantee is available on a portfolio basis and not on individual loan basis. Coverage is done centrally at Head Office level on quarterly basis.

Internal

RELEASE OF GUARANTOR/CO-OBLIGANT /SECURITY

Release of Guarantor/Co-obligant with or without Release of security created by them:

BASIS	DELEGATED AUTHORITY
Other than HO Monitored accounts (Non-willful)	Circle Head – CO-CAC
HO Monitored accounts (Non-willful)	GM/CGM-HO-CAC
Willful defaulter/Fraud reported (irrespective of amount)	MANAGEMENT COMMITTEE OF THE BOARD

The offer to be treated **as One Time Settlement (OTS)**

Particulars	Points	Minimum settlement amount to be recovered linked to 1 YEAR MCLR Prevailing on 01.04.2026
Realizable Value of security is sufficient to cover the contractual / decretal dues.	8	Attempt should be made to recover full amount. However, where the parties are paying less than the contractual / decretal dues under OTS, at least Book Liability + Simple interest at MCLR + 1.50% p.a. should be recovered.
Realizable Value of security + net worth (put together) of the borrowers/ guarantor/s/ coobligant/s is sufficient to cover the contractual/ decretal dues	6	At least Book Liability + Simple interest at MCLR - 0.50% p.a. should be recovered
Realizable Value of security + net worth (put together) of the borrowers/ guarantor/s/ coobligant/s is not sufficient to cover the contractual/	4	Recover the maximum amount possible, keeping in view the Realizable Value of securities/assets of borrower/s/ guarantor/s/ co-obligant/s and the time taken for realization of the same.

RELEASE OF SECURITY ALONE

Release of security alone without Release of personal liability

BASIS	DELEGATED AUTHORITY
Other than HO Monitored accounts (Non-willful)	Circle Head – CO-CAC
HO Monitored accounts (Non-willful)	GM/CGM-HO-CAC
Willful defaulter/Fraud reported account (irrespective of amount)	MANAGEMENT COMMITTEE OF THE BOARD

Wherever release of security alone is sought, **the amount offered should not be less than the Market Value of security as per the valuation report** which is not more than one year old as on the date of proposal or the total dues in the account whichever is lower.

However, the authorities permitting the release of securities as above should take an overall view about the valuation of the properties to be released and those properties which will remain with the Bank

RECOVERY IN ACCOUNTS (RECALL)

- In terms of the Appropriation Policy for Recovery in NPA Accounts, the recovery shall get appropriated as below:

a. Recovery in NPA accounts in case of **OTS/NCLT/Technically Written Off & Accounts covered by Government Guarantees and Subsidy** if any, shall be appropriated in the order of:



- b. Recovery in NPA accounts other than those mentioned above shall be appropriated in the order of:



Internal

POLICY OF THE BANK FOR WRITE OFF

- Maintenance of accounts **where there are no further chances of recovery either by** legal process / persuasion does not serve any purpose considering the carrying cost of such assets. **Writing off such assets** makes the Balance Sheet cleaner and leaner. Hence, after exhausting all avenues of recovery, **Bank may consider** writing off such dues **after proper sanction from the appropriate authorities** with the following CONDITIONS**:**
- **Accounts recommended for writing off should have: Completed 5 years or more from the date of advance and; Continuing as NPA for a minimum period of 3 years and; Classified as Loss Asset on 31st March preceding year.** Before writing off the liability (without OTS), permission for Legal Action Waiver (LAW) from appropriate Authority is a must and should have been marked in CBS also.

✓ **Delegated authority Write off & waiver put together** RO Head CAC Upto Rs. 10000 ; Circle Head CAC Upto Rs. 25000 ; GM/CGM HO CAC Upto Rs 300 lacs ; ED CAC >Rs 300 lacs upto Rs 400 lacs ; CAC of the Board >Rs 400 lacs upto Rs 1200 lacs ; MC of the Board >Rs 1200 lacs

Internal

OTS/LOAN CLOSURE POST WRITE-OFF

Where **borrower approaches for One Time Settlement (OTS) of dues which has already been fully written off** in books of the Bank and account is closed, Delegation of powers, under Loan Recovery Policy, chapter no 31 has to be referred. **This shall change the status from "Written Off" to "Post Write off Settled" in CIC Reports.**

Wherever **borrower wants to close the account**, **which has already been written off** in books of the Bank by way of settlement / full write off, with a purpose that their CIC status to be improved from OTS settled / Written off to '**Post Write off Closed**', borrower shall pay **sacrificed amount plus interest at contractual rate till the date. Recovery received in such accounts shall be credited using CBS FP 7522 only.**

Internal

TECHNICAL WRITE OFF

Technical write-off refer to cases where the **non-performing assets remain outstanding at borrowers' loan account level, but are written-off fully by the Bank only for accounting purposes**, without involving any waiver of claims against the borrower and without prejudice to the recovery of the same. Bank shall make full technical write off of **eligible Doubtful and Loss assets** but there shall not be any partial technical write off.

Eligible NPA Accounts

- NPA account **where bank has made 100% provision** can be technically written off provided the account has remained as NPA for a minimum period of one year. Accounts guaranteed by CGTMSE/ECGC/NCGTC/CGFMU shall not be considered till the claims are preferred/settled.
- Accounts declared as fraud, **wilful defaulter (which are fully provided) satisfying above conditions can also be technically written-off**, if the competent authority, so decides.

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Minimum Cooling Period for sanctioning any fresh credit facility to Borrowers having settled their dues with our Bank/Other banks/ NBFCs/FIs under Consumer/ Commercial Segment linked to level of sacrifice amount as part of OTS/Compromise Settlement as below:

Sacrifice Amount (as % of Book liability in our Bank and outstanding in case of Other banks/FIs/ NBFCs)	*Minimum Cooling Period*
Up-to 10%	*24 Months*
Above 10% and up-to 25%	*36 Months*
Above 25%	*60 Months*

- **Loans to agriculture & allied activities and loans to weaker section including Gold loan for agriculture purpose shall be kept outside the purview of this graded approach as guide-lines are stipulated separately.**

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Minimum Cooling Period for sanctioning any fresh credit facility to Borrowers having settled their dues with our Bank/Other banks/ NBFCs/FIs under Consumer/ Commercial Segment linked to level of sacrifice amount as part of OTS/Compromise Settlement as below:

- **Gold loans to other than agriculture purpose cooling period ONLY 24 Months, Respective Sanctioning Authority may sanction gold loans upto their delegated powers after the cooling period of 24 Months.**
- ***ED-CAC and above authorities may waive the condition of additional cooling period over and above 24 Months for exposures upto their delegated powers.***
- ***Written off accounts/credit card receivables with sanction amount up-to Rs. 10,000.00 reported as non-wilful default in CICs may be ignored after a cooling period of 24 Months from the date of settlement/write off.***
- ***Applicable to MSME Loans in name of Individual/Co-applicant/ Propreitor/ Partner (IC/124/2024)***

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Financing non wilful defaulters – Commercial Segments

- In case of **Technically Written off accounts** - If borrower **paid up-to date** interest, principal, charges, etc **without any sacrifice** on the part of the bank, Cooling period shall not be applicable in such cases and fresh credit facilities can be permitted by **Next Higher Authority not below the rank of RO Head CAC.**
- **Other Accounts** – Where outstanding dues including principal, interest, charges, penal charges, etc are **paid in full after the earlier permitted OTS**, then fresh credit facilities can be permitted by **Next Higher Authority not below the rank of Circle Head CAC without making any reference to OTS and Cooling period.**

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Financing non wilful defaulters – Consumer segment (Defaulters in other banks/FIs)

- **In case History indicates the status as written off/settled, Circle Head CAC** (CGM/GM/DGM) & above authorities up-to their delegated powers, **subject to cooling period**.
- Reports having status as **Written Off / Settled account** which are **more than 3 years old may be ignored for the purpose of linkage to delegation**.
- As far as possible in **joint names viz., along with the spouse or along with the eldest members in the family** (in the absence of spouse)
- **Information in respect of Borrowers subject to Compromise settlement in other Banks shall be sought from the respective Bank/NBFC/FI in format.**

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Financing non wilful defaulters – Consumer segment (Defaulters in our bank)

- **Agricultural and allied activities /weaker section who repaid at least 10% of the principal amount : Rs.50,000/- by RSA only after 3 months from the date of clearance of the dues under OTS.**
- **Gold Loans for agriculture purpose, RSA** upto **Rs. 1.00 lakh after a minimum cooling period of 3 months.**

  After 6 months : RSA full powers.
- **Gold Loans other than for agriculture purposes**, RSA after **minimum cooling period of 24 months.**

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Financing non wilful defaulters – Consumer segment (Defaulters in our bank)

- **RO Head CAC & above after cooling period** as stipulated. The same shall also be made applicable for borrowers having technically written off accounts and settled thereon.
- Technically written off account has paid up-to date interest, principal and charges, **NHA not below RO Head CAC** WITHOUT ANY Cooling period.
- As far as possible in joint names viz., **the spouse or the eldest members in the family** (in the absence of spouse).

Internal

FRESH FACILITIES – COMPROMISE SETTLEMENT

Financing Wilful defaulters and/or accounts categorized as 'fraud'

No credit (fresh or additional) facilities shall be granted by bank to

- borrowers listed as willful defaulters by any lender (s)
- **The entities (including their entrepreneurs/ promoters) debarred from institutional finance for floating new ventures for a period of 5 years from the date of removal of their name from the list of willful defaulters.**
- Borrowers classified as fraud debarred from availing bank finance for a period of five years from the date of full payment of the defrauded amount.

However, **need based credit facility** may be sanctioned to entities / borrowers who have completed the **cooling period of 5 years from the date of removal of their name from the list of willful defaulters**, or **5 years from the date of full payment of the defrauded amount** subject to:

- full clearance of up-to date liability including interest, charges etc. without involving any concession on part of bank
- Such credit facilities may be sanctioned by **ED-CAC and above** up-to their delegated powers.

Internal

WILFUL DEFAULTERS

- **P**romoters involved in Diversion / Siphoning of funds- **present outstanding limit of Rs.25 lacs and above (as per CVC)**.

- The unit has defaulted in meeting its payment/ repayment obligations to the lender when it has the capacity to honor the said obligations.

- Not utilized the finance from the lender for specific purposes for which finance was availed of but has diverted the funds for other purposes.

Internal

DIVERSION OF FUNDS

- Utilization of short-term working capital funds for long-term purposes.
- activities or creation of assets other than those for which the loan was sanctioned.
- Transferring funds to the subsidiaries / Group companies or other corporate.
- Routing of funds through any bank other than the lender bank or members of consortium without prior permission of the lender.
- Investment in other companies by way of acquiring equities / debt instruments without approval of lenders
- Siphoning of funds: Utilised for purposes un-related to the operations of the borrower.
- Disposed off or removed the movable fixed assets or immovable property given by him/her or it for the purpose of securing a term loan without the knowledge of the bank/lender.

Internal

WILFUL DEFAULTERS

TIMELINE FOR INITIATING PROCESS OF IDENTIFICATION OF WILFUL DEFAULTERS:

- **If wilful default is observed in the internal preliminary screening, the Bank shall complete the process of classification/ declaring the borrower as a wilful defaulter by following the mechanism as per loan recovery policy, within six (6) months of the account being classified as Non-Performing Assets (NPA).**

- In respect of accounts **where 'wilful default' was not observed during the initial examination** as mentioned above, **the aspects regarding 'wilful default' shall be subsequently re-examined once in five years or an event of wilful default observed, whichever is earlier.**

Internal

WILFUL DEFAULTERS

Publication of photographs of Wilful Defaulters:

- Restricted to "wilful defaulters" with a liability **of above Rs 25 Lacs.**
- **Permission of DGM of the Circle,**
- Loan is recalled and the same is classified as NPA, **Reasonable time of 30 days shall be given**, one local daily having wide publicity.

Paper publication shall not be made in the following cases:
Farmers in distress; Persons/ units affected by natural calamities; Accounts which are eligible for restructuring.

Against Wilful Defaulters - legal / criminal proceedings, debarring the entrepreneurs / promoters from institutional finance from Banks / FIs, etc. **for floating new ventures for a period of 5 years from the date of removal of their names from the list of wilful defaulters published/ disseminated by RBI/CICs.**

The **bar on additional credit facility to a wilful defaulter or any entity with which a wilful defaulter is associated shall be effective for a period of one (1) year after the name of wilful defaulter has been removed from the List of Wilful Defaulters (LWD) by the Bank**

Internal

REPORTING OF WILFUL DEFAULTERS TO CIC

Bank will submit at **monthly intervals, information to all CICs in respect of the wilful defaulters**

(a) a list of wilful defaulters (LWD) in respect of suit filed accounts

(b) a LWD in respect of non-suit filed accounts

The Bank will inform all CICs the removal of the name of the wilful defaulter from the LWD, promptly and not later than 30 days, from the date when the outstanding amount falls below the threshold of ₹25 lakhs (except in case of compromise settlement – name not be removed from the LWD even if the outstanding amount becomes less than the threshold of ₹25 lakhs.)

CIC shall display the suit-filed and non-suit filed accounts of LWD on its website.

Internal

POLICY ON LOOK OUT CIRCULAR (LOC)

- By taking time bound action to prevent fraudulent borrowers / promoters / whole-time directors / guarantors **from leaving the Country and to escape from criminal prosecution.**
- LOC shall be valid for a maximum period of **1 Year (Renewable).**
- The Person and/or all the entities taken together have **combined loan outstanding FB & NFB of not less than Rs. 10 Cr** from the Bank where a **Fraud is reported in any of the transactions** of or dealings with any bank of the person or the entity, OR

  FB & NFB of not less than Rs. 50 Crores from the Banking industry in case of **consortium / multiple Banking** or **from our Bank in case of sole banking.**

- **The DGM overseeing R&R Section, RL&FP Wing HO shall be the Nodal Officer for the purpose of issue of request for LOC.**

Internal

POLICY ON LOOK OUT CIRCULAR (LOC)

A LOC cannot be issued unless a **minimum of three identifying parameters** among the following are available :

- Name
- Parentage
- Exact date of Birth
- Valid Passport details
- Clear Photograph.

Internal

POLICY ON RECOVERY AGENTS

Persuasive method: Retired Government employees/ retired employees of Public Sector Undertakings including retired employees of our Bank for recovery of our dues.**(EMD/Security Deposit- Rs 50,000/- DEPOSIT).**

Seizure Agents: Seizure of vehicles, tractors, etc. (**other than retired employees**). (**EMD/Security Deposit- Rs 1 Lakh deposit)**

- Recovery Agent - 100 hour(for 10th passed)/50 hour (for Graduate)**training -by IIBF or their affiliated institutes or our STC, Bangalore. Exception- Retd. PSB Employees**
- If Recovery Agent has not executed agreement with the Circle within 6 months from the date of permission for empanelment, the said permission granted by Circle Office shall stand cancelled.
- **GM/CGM CO CAC** are empowered to empanel Recovery Agents **for period of 2 years (agreement to be executed within 6 months) (for renewal -** Circle shall obtain a 'Letter of Undertaking' for continuing the agreement at least 15 days before the expiry of original terms)
- **CGM/GM HO empanel company/NBFC/LLP who have all India presence as Recovery Agents. EMD for them is Rs 5 lakhs.** Any reduction in this Security Deposit may be permitted by ED-CAC upto a maximum of 50%.
- Circle Office /Regional Office to ensure that same individual /agency is not to be engaged both as a SARFAESI agent and Recovery agent for an account, in order to avoid conflict of interest (Cir 464/2025)

Internal

POLICY ON RECOVERY AGENTS

- **The RO Head**, is delegated with the power to entrust Recovery/Seizure Agent **Doubtful, loss and written off category, RRSA with book liability up to Rs. 50.00 Lacs per account**.

- **Beyond Rs.50 Lacs** the entrustment of such cases shall be done by **Circle Head.**

- **Sub standard accounts can also** be entrusted provided it continues in **NPA for minimum of 6 months. In case of NPA under VL & Tractor loans, entrustment can be done even before completion of 6 months.**

- Circle Head shall review the performance of Recovery Agents every month and send report to Recovery Vertical, Credit Administration & Recovery Wing, HO.

- Entrustment of A/c to Ras to be fixed for 6 months only and recovery made during these 6 months only to be treated for Recovery Agent's recovery.

Internal

POLICY ON RECOVERY AGENTS

No of Accounts to be allotted to Recovery Agents:

- **For individual Recovery Agents: Maximum 100 accounts per agent.**
- **For non-individual recovery Agents (Firms): Maximum 100 accounts per staff. (per certified employee)**

Note.: For allotting accounts more than prescribed limit, Circle Head may permit upto a maximum of 200 per agent.

- **RO/Circle shall issue 15 days notice before taking possession of the security/property**. However, such notice may be waived if the RO/Circle receives information from reliable source that the Borrower is attempting to sell, alienate, transfer or dispose of the security/property or the security/ property is about to be occupied by third party or under any other circumstances in which the Circle believes it is appropriate to waive the notice.

Internal

RESPONSIBILITIES OF RECOVERY AGENTS

- Recovery Agents should not resort to intimidation or harassment of any kind either verbal or physical against any person or call the borrower **before 8:00 am and after 7:00 pm** in their debt collection efforts.

- Grievance against Recovery Agents to be submitted in written to **Cell at CO, headed by DGM/GM of the Circle not later than 30 days** from the date of cause of action.
- On receipt of the written complaint, the in-charge of the Grievance Redressal Cell/s shall, as expeditiously as possible, and in any case not later than **21 days from the date** of receipt of the complaint, initiate appropriate steps for redressal of the complaint

Internal

FEES SCHEDULE FOR RECOVER AGENTS

- UNDER PERSUASIVE METHOD **:** by Retired Government employees/ retired employees of Public Sector Undertakings including ex-employees of our Bank as Recovery Agents

Doubtful	**5% of amount recovered**
Loss Account /Bad Debts Written off dues and Credit Card dues	**10% of amount recovered**

Maximum of Rs 5 lakhs.

- A Recovery Agent will get more incentive, if they could able to recover over & above Rs.10 Lakh in 10 A/Cs per month.

Time duration	Minimum No of A/Cs & Amount recovered	Fees payable
Recovered within 30 days from the date of allotment	Up to 5 A/Cs & Rs.5 Lakh	11% of amount recovered
	6-10 A/Cs & Rs.10 Lakh	12% of amount recovered
	11-15 A/Cs & Rs.15 Lakh	13% of amount recovered
	16-20 A/Cs & Rs.20 Lakh	14% of amount recovered
	>20 A/Cs & Rs.25 Lakh	15% of amount recovered

However, in case of Loss Assets under Credit Card dues (Solo Credit Card NPA A/Cs), if the allotted accounts were recovered by the Recovery Agents within 30 days, they will be eligible for flat 15% of recovered amount as fee/commission.

FEES SCHEDULE FOR RECOVER AGENTS

UNDER COMPROMISE POLICY:

If borrower settles account under OTS due to efforts of Agents – 50% of fees as stipulated (i.e 50% of 5% of amount recovered in case of doubtful, 10% in case of Loss Account /Bad Debts Written off dues and Credit Card dues).

- **Step-up Fees may be paid as follows in cases of resolution/ recovery is done within a time frame of 3-6 months :**

Fees as per normal schedule shall be paid **upto 5 borrowers.**

- In respect of assignment for recovery is beyond 5, the fees payable shall be:

  Upto 5 borrowers : Normal fees

  >5 upto 10 borrowers : Additional 5%

  >10 borrowers : Additional 10%.

- **Maximum cap on step up fees shall be Rs. 5 lacs** which shall be over and above the normal fee amount.

Internal

FEES SCHEDULE FOR RECOVER AGENTS

Recovery Agents other than retired government employees (Other than retired employees):

Type of Vehicles	Maximum Seizure Charges (Rs)
Two wheeler	Rs. 2,000/-
Auto Rickshaw	Rs. 3,000/-
Cars/ Jeeps/Light Goods Carriers/Tractors & Trailers	Rs. 8,000/-
Buses/Lorry/Heavy Vehicles	Rs. 10,000/-

✓ RO head can permit additional expenditure : **Rs.4000/- over and above the stated charges.**

Seized Vehicles by the Recovery Agents:

If Recovery Agent assisted the Bank for sale of the asset by identifying the buyer, Bank may pay Recovery Agents up to **5%** of net sale price or liability whichever is less, **subject to a maximum of Rs. 50,000** . In case of shifting of hypothecated movables RO head is empowered to pay the same in actual basis to a maximum of 50,000/-. Exp beyond that can be permitted by Circle Head.

RESOLUTION AGENTS

- Individuals are not eligible. Only **agencies like NBFCs, Govt. approved Auctioneers, firms, etc.** expertise in recovery are eligible. (Minimum 5 years experience).
- Circle heads are authorized for empanelment of Resolution agents. (EMD 5 Lakhs)
- The panel of Resolution Agents shall remain valid for a period of three years or till the time the revised / updated list is prepared and placed on record, preferably once in two years.
- **Doubtful and Loss Accounts with Book Liability exceeding Rs.50.00 lacs shall qualify for entrustment to Resolution Agents for Recovery.**
- **Fee payable to Resolution Agents in respect of Recoveries made in Doubtful and Loss & Written off accounts:**

Category of accounts	Category of accounts
Doubtful assets outstanding with less than or equal to 5 years old NPA accounts	5 % of the recovery amount / book liability whichever is less subject to maximum of Rs.12.00 lacs
Doubtful assets outstanding with greater than 5 years old NPA accounts	5 % of the recovery amount / book liability whichever is less subject to maximum of Rs.15.00 lacs
Loss assets/ Written off accounts	7 % of the recovery amount / book liability whichever is less subject to maximum of Rs.20.00 lacs

DETECTIVE AGENCY

Should hold a valid licence, Minimum 3 years experience in the activity. Will be empanelled for 3 years subject to satisfactory performance.

- A maximum time limit of 60 days shall be provided to the Detective / Investigating agencies, to submit their report and in deserving cases the Circle head may extend further period as deem fit.

- Wherever, Securities (immovable properties) are insufficient to cover contractual dues, Branches shall at the time of filing DRT Case, engage detective agency in all the cases where **Book Liability is Rs.50.00 lacs and above** to identify other assets of the borrowers/ guarantors and note to file Attachment Before Judgement before DRT.

Internal

FEE OF THE DETECTIVE / INVESTIGATING AGENCIES

Nature of work assigned	Fee to be paid
Minimum fee per person of borrowing unit / Company (Proprietor / Partners / Director / Guarantor, etc.)	Rs 5000/-
On receipt of information about whereabouts of the missing / absconding borrower / guarantor / Co borrower / director etc. subject to production of satisfactory documentary proof/evidence	Rs.10000/- per person subject to max of Rs.30000/- under this category, per account
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 satisfactory documentary proof. (All the properties in one title deed to be considered as one property). All agricultural properties in one district to be considered as one property for the purpose of payment of fee	Rs.25000/- for each property traced.
For providing any other information such as other firms/companies where borrower is involved, which may be helpful for recovery of Bank's dues subject to production of satisfactory documentary proof / evidence	5000/- per information subject to maximum of Rs.20000/-.
Payment of out of pocket expenses (OPE)	Reasonable amount not exceeding 50% of the fee prescribed. The estimation for such OPE shall be given by the agencies at the time of accepting the assignment. Payment to be permitted by Circle Head only

ARM BRANCH

ARM BRANCHES : Headed by not below Scale- IV with legal back ground

- **ELIGIBLE ACCOUNTS TO BE TRANSFERRED TO ARM :** NPA accounts where borrower wise aggregate **book liability is Rs. 20.00 lakh and above having security as at end of the quarter are eligible for transferring to ARM Branches**. DGM overseeing R&L Section of Circle Office to ensure mapping of their branches with their ARM branch.
- Such accounts will be transferred to mapped ARM Branches on the **15th day of the subsequent quarter automatically.** Files containing following papers/documents are to be sent by base branch to the ARM Branch under intimation to R & L Section, Circle Office within 7 days of transfer of accounts in CBS.
- Accounts in which Fraud is already reported & accounts have NFB liability yet to be crystalized are exempted from transferring to ARM branches.
- If any **accounts get upgraded** after transferring to ARM branch, same shall be **transferred back** to the parent branch on the **next day of upgradation**

Internal

OTS SCHEMES

Internal

COMPROMISE POLICY GUIDELINES- Non Wilful Defaulters

In respect of eligible accounts (minimum 6 months NPA) to arrive at compromise amount, the minimum rate of interest to be charged from the cut off date depends on whether the borrowers are wilful defaulters or non-wilful defaulters, the realizable value of securities, net worth of the parties etc. as given under:

Particulars	Points	Minimum settlement amount to be recovered linked to 1 YEAR MCLR Prevailing on 01.04.2026
Realizable Value of security is sufficient to cover the contractual / decretal dues.	8	Attempt should be made to recover full amount. However, where the parties are paying less than the contractual / decretal dues under OTS, at least Book Liability + Simple interest at MCLR + 1.50% p.a. should be recovered.
Realizable Value of security + net worth (put together) of the borrowers/ guarantor/s/ coobligant/s is sufficient to cover the contractual/ decretal dues	6	At least Book Liability + Simple interest at MCLR - 0.50% p.a. should be recovered
Realizable Value of security + net worth (put together) of the borrowers/ guarantor/s/ coobligant/s is not sufficient to cover the contractual/ decretal dues	4	Recover the maximum amount possible, keeping in view the Realizable Value of securities/assets of borrower/s/ guarantor/s/ co-obligant/s and the time taken for realization of the same.

Under any circumstances, the minimum marks including negative marks shall not be less than 4.

COMPROMISE POLICY GUIDELINES

Minimum and Maximum of 2 negative points can be awarded for any borrower (non wilful) :

(i) Death of borrower i.e., Individual/ proprietor/ Key person of the firm and the Unit is closed due to death of key person/ borrower.

(ii) Marketability and realizability of the property is difficult where there are litigations, disputed property, property is land locked, agricultural land (i.e., sale is difficult).

(iii) Natural calamity leading to distress thereby affecting business/ activity of the borrower and where government has not declared any relief measures.

(iv) E-Auction at fixed reserve price has failed at least once on the basis of physical possession for want of bidders

In respect of accounts with **book liability of Rs.1.00 crore & above, where adequate securities are available to cover the contractual/ decretal dues**, any OTS proposal though falling **within the delegated powers of, ARMB/SAMB/RO/CO-CAC shall be placed before CGM/GM-HO-CAC for sanction**, except special OTS schemes approved by the Board from time to time.

Internal

COMPROMISE POLICY - FRAUD/WILFUL DEFAULTERS

- Settlement to be done based on the following Matrix System:

Particulars	Points	Minimum settlement amount to be recovered linked to 1 YEAR MCLR Prevailing on 01.04.2026
Realizable Value of security is sufficient to cover the contractual / decretal dues.	8	Attempt should be made to recover full amount. However, where the parties are paying less than the contractual / decretal dues under OTS, at least Book Liability + Simple interest at MCLR + 2.50% p.a. should be recovered.
Realizable Value of security + net worth (put together) of the borrowers/ guarantor/s/ coobligant/s is sufficient to cover the contractual/ decretal dues.	6	At least Book Liability + Simple interest at MCLR + 1.50% p.a. should be recovered
Realizable Value of security + net worth (put together) of the borrowers/ guarantor/s/ coobligant/s is not sufficient to cover the contractual/ decretal dues	4	Recover the maximum amount possible, keeping in view the Realizable Value of securities/assets of borrower/s/ guarantor/s/ co-obligant/s and the time taken for realization of the same.

OTS for NPAs UNDER AGRICULTURE WITH SANCTIONED LIMITS/COMBINED LIMITS UPTO RS.50 LACS (Pol 125/2026)

- **All NPA accounts which are more than 12 months old from date of NPA under Agriculture loans and advances with limits / combined limits sanctioned upto Rs. 50 Lacs are eligible under the scheme.**
- **Repeatedly Restructured accounts (atleast 2 times prior to NPA) under Substandard category upto combined sanctioned limits of Rs. 5 Lakhs are also eligible after completion of 6 months from the date of slipping into NPA.**
- **The scheme will not cover Gold Loans, ALVSLs, Tractor loans and Agriculture accounts which are secured by immovable/ movable security (like House/ Flat / Residential site, Tractors, Tillers, etc), which are eligible under SARFAESI ACT and securities like deposits, Insurance Policies, KVPs, NSCs, etc.**

Internal

OTS for NPAs UNDER AGRICULTURE WITH SANCTIONED LIMITS/COMBINED LIMITS UPTO RS.50 LACS (Pol 125/2026)

Conditions	Compromise amount
Loan sanctioned up to ₹5 Lakh (DF1, DF2, DF3, and RRSA after 6 months of slipping into NPA) and **LOSS accounts upto 50 lakhs**	Original Loan amount disbursed less Recoveries made in the account (including relief under ADW & DR Scheme).
Loan sanctioned above Rs.5.00 lakhs to Rs.25.00 Lakhs	**DF1:** Original Loan amount disbursed plus SIMPLE ROI @ 6% p.a from date of disbursement till previous quarter & other expenses less Recoveries made in the account (including relief under ADW & DR Scheme).
	DF2: Original Loan amount disbursed plus SIMPLE ROI @ 4% p.a from date of disbursement till previous quarter & other expenses less Recoveries made in the account (including relief under ADW & DR Scheme).
	DF3: Original Loan amount disbursed plus SIMPLE ROI @ 3% p.a from date of disbursement till previous quarter & other expenses less Recoveries made in the account (including relief under ADW & DR Scheme).
Loan sanctioned above Rs.25.00 lakhs to Rs.50.00 Lakhs	**DF1:** Original Loan amount disbursed plus SIMPLE ROI @ 7% p.a from date of disbursement till previous quarter & other expenses less Recoveries made in the account (including relief under ADW & DR Scheme).
	DF2: Original Loan amount disbursed plus SIMPLE ROI @ 5% p.a from date of disbursement till previous quarter & other expenses less Recoveries made in the account (including relief under ADW & DR Scheme).
	DF3: Original Loan amount disbursed plus SIMPLE ROI @ 4% p.a from date of disbursement till previous quarter & other expenses less Recoveries made in the account (including relief under ADW & DR Scheme).

218/2025: Granting fresh need based KCCS to borrower whose have settled their Agriculture loans

Eligibility:

- Fresh KCCS facility as per scale of finance can be considered to non-willful defaulters who have settled their NPA liability under the above formula subject to such fresh finance not exceeding the original sanctioned amount of OTS settled accounts. This finance may be considered by respective sanctioning authority to the borrowers, undertaking agricultural activities, those belonging to weaker section for undertaking gainful activities.
- Borrower should have settled and fully paid the earlier agriculture loans as OTS formula discussed earlier.
- Need based fresh loans can be extended after 7 days from the date of clearance of dues under the OTS schemes.

Quantum of Loan: Fresh finance may be granted to the extent of the original sanctioned amount of OTS settled accounts or Scale of finance whichever is less. (CBS fast path CIX14 to be used for enabling Customer ID for granting the same).

Internal

Special Scheme for Settlement of NPAs in MSME Sector with Book liability of Rs.200.00 lacs and below.

- **COVERAGE :** The Scheme will cover NPAs classified *as Doubtful & Loss assets in MSME sector with book liability of Rs.200.00 Lakh and below as on the date of settlement*

- **All eligible accounts where action has been initiated under SARFAESI Act, cases pending before Courts/DRTs subject to obtaining consent decree in such cases and also decreed accounts**.

- Where immovable property/ies is/are available as security, such securities are to be brought for auction at least once, to ensure price discovery.

Internal

Special Scheme for Settlement of NPAs in MSME Sector with Book liability of Rs.200.00 lacs and below.

The Scheme will not cover those accounts covered under CGTMSE. But Scheme will cover those accounts where CGTMSE cover is not available or where the claim under CGTMSE is rejected.

- The Scheme will not cover cases of willful default, fraud and malfeasance.
- Accounts already closed / settled are not eligible.
- Group concerns, other accounts of the party have to be settled simultaneously.
- The scheme shall be in force from 01.04.2026 till 31.03.2027.

Internal

Special Scheme for Settlement of NPAs in MSME Sector with Book liability of Rs.200.00 lacs and below.

Asset classification	Security/ Networth	Total book liability upto Rs.10.00 lacs	Total book liability above Rs.10.00 lacs upto Rs. 100.00 lacs	Total book liability above Rs.100.00 lacs upto Rs. 200.00 lacs
		Settlement Formula (Minimum Recoverable Amount)		
Doubtful assets under MSME	i) Where Realizable Value of security is sufficient to cover the total dues.	85% of the Book Liability as on date of settlement	90% of the Book Liability as on date of settlement	95% of the Book Liability as on date of settlement
	ii) Where Realizable Value of security + net worth (put together) to cover the total dues.	65% of the Book Liability as on date of settlement	75% of the Book Liability as on date of settlement	80% of the Book Liability as on date of settlement
	iii) Where Realizable Value of security + net worth (put together) is not sufficient to cover the total dues.	55% of the Book Liability as on date of settlement	70% of the Book Liability as on date of settlement	75% of the Book Liability as on date of settlement

Special Scheme for Settlement of NPAs in MSME Sector with Book liability of Rs.200.00 lacs and below.

Asset classification	Total book liability upto Rs.10.00 lacs	Total book liability above Rs.10.00 lacs upto Rs. 100.00 lacs	Total book liability above Rs.100.00 lacs upto Rs. 200.00 lacs
	Settlement Formula (Minimum Recoverable Amount)		
LOSS assets under MSME	30% of the Book Liability as on date of settlement – for accounts with liability upto Rs.1.00 lac 35% of the Book Liability as on date of settlement for accounts above Rs.1.00 lac and upto Rs.10.00 lacs.	45% of the Book Liability as on date of settlement	50% of the Book Liability as on date of settlement

Special Scheme for Settlement of NPAs in MSME Sector with Book liability of Rs.200.00 lacs and below.

- **PAYMENT OF OTS AMOUNT :** 25% of the amount at the time of sanction.
  75% Balance within a period of 3 months from date of sanction.
  If the parties request for further time, another 3 months time can be permitted subject to recovering interest @ One Year MCLR (Prevailing as at 01.04.2026) + 0.50% from the date of sanction of OTS till the date of final payment.
  VALUATION :
  For Total dues up to Rs.10.00 lacs, the Branch-in-charge can decide upon the value of the securities depending upon the prevailing market value / guidelines value / saleability of assets, etc. above.
  If Total Dues is above Rs.10.00 lacs, the valuation shall be backed by a valuation report not older than 1 year from the date of proposal got done from panel valuer.

- Book liability as on date of settlement can be generated through MIS REPORTS.

Internal

SPECIAL OTS SCHEME FOR SETTLEMENT OF SMALL VALUE NPAs UPTO Rs.50 LAKHS.

THE SCHEME IS EXTENDED FROM 01.04.2026 TILL 31.03.2027

ELIGIBLE ACCOUNTS :

- NPA under EL with Sanction limit of Rs 7.50 lacs and Tractor and other FM loans with original loan amount of Rs 10 lacs.
- All Doubtful and Loss Assets of a borrower which are O/S for more than 1 year as NPA having Book Liability of Rs.50 lakh & below as on the date of NPA and t**otal loan/limits sanctioned is not above Rs.50 lakh (inclusive of all limits).**
- Covers **suit filed accounts, decreed accounts, revenue recovery initiated accounts**, accounts **wherein action under SARFAESI Act is initiated, non-suit filed accounts, LAW accounts, including CANCARD dues having Book Liability of Rs.50 lakh & below as on the date of NPA.**

Internal

SPECIAL OTS SCHEME FOR SETTLEMENT OF SMALL VALUE NPA UPTO Rs.50 Lakhs.

- **SHALL NOT COVER :** Gold Loan, Housing Loan, Canara Mortgage and Canara Rent Loans.

- Cases of fraud, malfeasance and/or willful defaulters are not eligible.
- However, innocent who not party to such fraudulent act can be included under the scheme.

- Canara Budget and other salaried accounts can be covered under the Scheme provided there is no scope / chances of recovery through salary mandate OR the borrower is unemployed for long.

- Loan sanctioned to / availed by and / or guarantee / co-obligation furnished by the employee during his / her service in the Bank **shall be excluded under the Scheme.**

Internal

SPECIAL OTS SCHEME FOR SETTLEMENT OF SMALL VALUE NPAs UPTO Rs.50 LAKHS.

ASSET CLASSIFICATION	Total book liability upto Rs.25,000.	Total book liability above Rs.25,000 upto Rs. 5.0 lacs	Total book liability above Rs.5.00 lacs upto Rs. 10.00 lacs	Total book liability above Rs.10.00 lacs upto Rs. 25.00 lacs	Total book liability above Rs.25.00 lacs upto Rs. 50.00 lacs
Settlement Formula (Minimum Recoverable Amount)					
DA-1	60% of the Book Liability as on date of settlement	80% of the Book Liability as on date of settlement	85% of the Book Liability as on date of settlement	90% of the Book Liability as on date of settlement	Not Applicable
DA- 2	50% of the Book Liability as on date of settlement	70% of the Book Liability as on date of settlement	75% of the Book Liability as on date of settlement	80% of the Book Liability as on date of settlement	Not Applicable
DA - 3	45% of the Book Liability as on date of settlement	60% of the Book Liability as on date of settlement	65% of the Book Liability as on date of settlement	70% of the Book Liability as on date of settlement	75% of the Book Liability as on date of settlement
Note : However, in respect of vehicle loans, where the realizable value of security is less than the stipulated amount, the minimum amount shall be realizable value of securities					

SPECIAL OTS SCHEME FOR SETTLEMENT OF SMALL VALUE NPAs UPTO Rs.50 LAKHS.

LOSS ASSETS	Settlement formula (Book liability as on the date of settlement)
Up to Rs.25000.00	Maximum possible amount without any stipulation for minimum amount.
Above Rs.25000.00 to Rs.2.00 lacs	At least 25% of the Book Liability.
Above Rs.2.00 lacs and upto Rs.5.00 lacs	At least 45% of the Book Liability.
Above Rs.5.00 lacs and upto Rs.10.00 lacs	At least 55% of the Book Liability.
Above Rs 10.00 lacs and upto Rs25.00 lacs	At least 65% of the Book Liability.
Above Rs 25.00 lacs and upto Rs50.00 lacs	At least 70% of the Book Liability.

SPECIAL OTS SCHEME FOR SETTLEMENT OF SMALL VALUE NPAs UPTO Rs.50 LAKHS.

- ELs (upto a limit of Rs.7.50 lakhs) which are under doubtful and loss categories as on date of settlement.

- ELs disbursed before 31.12.2018 is only eligible. However, in respect of short duration courses (upto 2 years), EL disbursed before 31.12.2021 can be considered.
- The scheme will not cover those accounts eligible and covered under CGFSEL/CGFSSD.

Internal

Restructured EL Accounts:

Conditions	Compromise amount
Accounts having Book liability = Less/Greater than 100 % upto 150% of limit sanctioned	70 % of Book Liability as on date of settlement
Accounts having Book liability = Greater than 150% upto 200% of limit sanctioned	55 % of Book Liability as on date of settlement
Accounts having Book liability = Greater than 200% upto 250% of limit sanctioned	45 % of Book Liability as on date of settlement
Accounts having Book liability = Greater than 250% of limit sanctioned	35 % of Book Liability as on date of settlement
Where borrower (student) is dead	25 % of Book Liability as on date of settlement

Non Restructured EL Accounts

Conditions	Compromise Amount
Where combined net worth of all parties is above Rs. 25.00 lacs.	95 % of Book Liability as on date of settlement.
Where combined net worth is above Rs.10.00 lacs upto Rs. 25.00 lacs.	90 % of Book Liability as on date of settlement.
Where combined net worth is above Rs.5.00 lacs upto Rs. 10.00 lacs.	85 % of Book Liability as on date of settlement.
Where combined net worth is <Rs. 5.00 lacs.	80 % of Book Liability as on date of settlement.
Where borrower (student) is dead irrespective of combined Net worth.	50 % of Book Liability as on date of settlement.

OTHER IMPORTANT POINTS (EL OTS SCHEME) :

- EL-NPAs where student borrower is earning income more than Rs.25000/- per month is not eligible for settlement under the scheme.
- 10% to 15% of the OTS amount may be insisted at the time of settlement and balance OTS amount to be recovered within 3 months from date of communication of settlement without interest.

Internal

OTS SCHEME FOR Tractor Loans and other Farm Mechanization loan under Agriculture

- NPA which are more than 12 months old can be considered on standalone basis(irrespective of other liabilities), disbursed on or before 31.03.2021, upto original loan granted not exceeding 10 lacs are only eligible.
- Land holding not exceeding 16 acres.

In respect of Loan disbursed	Compromise Amount
Upto 31.03.2018	Base amount
From 01.04.2018 to 31.03.2021	Base amount + int @ 1 yr MCLR (as at 01.04.2026)-5.50% (Simple)

Base Amt = Amount disb + exps- recoveries made – relief under ADW & DR Scheme.

e-OTS Package (Pol 125/2026, 657/2026)

ELIGIBILITY:

- All accounts having Book Liability upto Rs. 10.00 lakh classified as Loss Assets are eligible. (modified as per 657/2026)

- Online settlement shall cover suit filed accounts, decreed accounts, revenue recovery initiated accounts, non-suit filed accounts, Legal Action Waiver permitted accounts, including CANCARD dues.

- This settlement shall not cover Gold Loans, Education Loans, Housing Loans, Canara Mortgage and Canara Rent loans, loans where any form of securities is available and recovery action under SARFAESI Act could be initiated, accounts eligible and covered under CGFSEL / CGFSSD / CGTMSE / CGFMU / GECL etc., Staff Accounts etc.

- Canara Budget and other salaried accounts can be covered under the settlement.

Internal

e-OTS Package (Pol 125/2026)

- **Settlement Formula:**

Out Standing Book Liability as on the date of NPA	Settlement Formula taken for the proposed Online OTS Package
Book Liability more than Rs. 25000 upto Rs. 2.00 Lakhs	At least 25% of the Book Liability
Book Liability more than Rs. 2.00 lakhs upto Rs. 5.00 Lakhs	At least 45% of the Book Liability
Book Liability more than Rs. 5.00 Lakhs upto Rs. 10.00 Lakhs	At least 55% of the Book Liability

- Sanctioning Authority: The settlement process is auto driven, non-discriminatory and non-discretionary, end to end system driven and CGM/GM-HO-CAC is construed as sanctioning authority for all OTS permitted under e-OTS .

- Terms Of Payment: Either Full OTS Amount or 10% of the OTS amount shall be paid as upfront amount at the time of settlement. Balance OTS amount to be paid within due dates in three monthly installments.

- No Dues Certificate can be downloaded immediately after payment of agreed OTS amount in full.

Special One Time Settlement (OTS) Scheme for Agriculture Loans (Pol 125/2026)

- NPA accounts under Agriculture sector with single or combined sanctioned limits up to Rs.2.00 Lakhs where no Collateral Security is available are eligible under the scheme.
- The scheme shall be valid from 01.04.2026 till 31.03.2027 for account sanctioned on or before 31.03.2024.
- NPA accounts classified as Sub-Standard Assets (Only RRSA i.e. minimum two times restructured) which are more than 3 months old, Doubtful and Loss Assets, as on date of OTS settlement, where no Collateral Security is available.
- Delegation of powers for such approvals rests with DM-RO-CAC (Other than RO Head CAC).

Internal

Special One Time Settlement (OTS) Scheme for Agriculture Loans (Pol 125/2026)

- In case of Agriculture Loan Accounts, which are restructured on account of natural calamity and multiple restructuring (minimum two times restructured), etc., it is observed that the principal and up-to-date interest is closed by opening fresh term loans (converted term loan) under Product code 847/838/854 in CBS. Since this is considered as continuation of earlier crop loan in terms of said circulars, the date of first sanction and amount of the KCC / Short Term Loan may be reckoned as “Sanction Date and Amount” for settling under Special OTS Scheme.

- The farmers, falling under the category of weaker section, availing OTS as per the scheme will be eligible for fresh need based finance as per the extant credit policy guidelines i.e. at present after 3 months from date of closure of account under settlement with maximum amount of Rs. 50000/- subject to change from time to time as per guidelines issued in Credit Policy.

Internal

Special One Time Settlement (OTS) Scheme for Agriculture Loans (Pol 125/2026)

Sl no	Asset Classification	Settlement Formula
1	Substandard Assets (RRSA NPA Accounts Only)	Original Sanctioned amount + 5% simple interest
2	D1	50% of Book Liability as on date of settlement
3	D2	35% of Book Liability as on date of settlement
4	D3 & Loss Assets	25% of Book Liability as on date of settlement

Terms of payment: OTS amount to be collected within the shortest possible period.
However, in exceptional cases the payment tenure for OTS will be as under:

i. 10% of the OTS amount is to be paid upfront at the time of settlement.
ii. 25% of OTS amount should be deposited within 30 days from the date of conveying the sanction.
iii. The borrower may be allowed three months period to pay the balance OTS amount.

SPECIAL OTS SCHEME UPTO 500 LAKHS

- NPA accounts (Without landed security and/or Agri Land security) wherein Recovery Suits are pending for 5 years and Borrower wise Book Liability up to and inclusive of Rs 500 Lakh.
- Any account of a Borrower is in NPA category prior to 31.03.2020 and classified as Doubtful and/or Loss Assets. Only suit filed accounts pending for more than 5 years are to be processed as per present Special OTS Scheme.
- Scheme will also cover CGTMSE/GECL Covered A/Cs wherein the claim has been rejected by the CGTMSE/NCGTC.
- The scheme will not cover Gold Loans, ALVSLs, VSLs which are secured by pledge of gold, securities like deposits, Insurance Policies, KVPs, NSCs, etc., NPA Accounts of Staff/ex-staff or NPA accounts where Staff/ex-staff is Co-obligant/guarantor.

The Scheme will be valid up to 31.03.2027.

Internal

SPECIAL OTS SCHEME UPTO 500 LAKHS

Settlement Formula

NPA without landed property as security

Book Liability Bucket	Settlement formula
Up to Rs.25 Lakh	50% of Book Liability
>Rs.25 Lakh to Rs.100 Lakh	60% of Book Liability
>Rs.100 Lakh to Rs.200 Lakh	75% of Book Liability
>Rs.200 Lakh to Rs.500 Lakh	At Book Liability

SPECIAL OTS SCHEME UPTO 500 LAKHS

Settlement Formula - Agri NPA wherein Agri land is available as security:

Book Liability Bucket	Settlement formula
Up to Rs.10 Lakh	Base Amount
>Rs.10 Lakh to Rs.25 Lakh	Base Amount + 3% Simple interest from date of disbursement on reducing balance
>Rs.25 Lakh to Rs.50 Lakh	Base Amount + 4% Simple interest from date of disbursement on reducing balance
>Rs.50 Lakh to Rs.200 Lakh	Base Amount + 5% Simple interest from date of disbursement on reducing balance
>Rs.200 Lakh to Rs.500 Lakh	Base Amount + 6% Simple interest from date of disbursement on reducing balance

SPECIAL OTS SCHEME UPTO 500 LAKHS

Other Terms

- Minimum 10% of the OTS amount to be paid at the time of submission of offer letter.
- Balance OTS amount shall be paid within 90 days from date of acknowledgement by the borrower. OTS shall be lapsed, if the same is not honoured within the stipulated period.
- Tenure of OTS shall not be extended beyond stipulated period. Exceptional Cases – Circle Head – can extend another 3 months.
- Wherever OTS is payable beyond 3 months, interest at MCLR prevailing as on 01.04.2026 + 1.50% (Simple) interest shall be applicable on the balance OTS amount on reducing balance.
- Any deviation under this Special OTS Scheme to be permitted by Next Higher Authority. However, respective sanctioning authority can permit proposals falling under their delegation power from GM/CGM-CO-CAC & above authority.

Internal

OTHER OTS GUIDELINES

The delegated power for waiver of legal action/ write-off and waiver of unapplied interest in respect of loan sanctioned to / availed by and / or guarantee/ co-obligation furnished by any employee during his/ her service in the Bank is vested with CAC of the Board only.

OTS may be accepted without conducting SARFAESI auction, if proposed OTS amount is higher of the following (if NPV is less than OTS Amount), wherein stay on SARFAESI Actions in any Court of Law:

- Present RSV of available Securities
- Present Book Liability of the NPA account

OTS may be accepted without conducting SARFAESI auction, if proposed OTS amount is equal to/above Notional Dues. Decision on such OTS proposals will be taken by Circle Head CAC & above authority basing on delegation on sacrifice involved.

Notional Dues = Book Liability + Interest as per Sacrifice Calculation basing on Asset Classification + Legal Expenses

Internal

TIME LIMIT & INTEREST GUIDELINES

The payment tenure of OTS would be : Branch/RO Sanction – Max 3 months, Co Sanction – Max 6 months, Ho Sanction – max upto 18 months. In respect of Branch / RO / CO sanctions, proposals for a longer payment tenure of OTS beyond stipulated terms as above and within the overall cap of 18 months - CGM/GM-HO-CAC.

The compromise amount shall carry interest at **One Year MCLR (prevailing on 01.04.2026) plus 1.50% (Simple) from the date of communicating OTS sanction to** party till the date of final payment.

In Exceptional case DGM CO CAC (DGM headed Circle)/GM CO CAC/CGM CO CAC may permit proposals seeking time upto 6 months with or without interest on the OTS amount based on merit of the case.

Timelines for sanction of OTS Proposal as under:

Sr No	Nature of OTS / RP Fixation / Release of Properties/Guarantee etc as applicable	Time norms for disposal
1	Branch Power	7 Days
2	Regional Office	15 Days
3	Circle Office	21 Days
4	Head Office	30 Days
5	Delay Condonation at CO	15 Days
6	Delay Condonation at HO	30 Days

CALCULATION OF UNAPPLIED INTEREST

In respect of all NPA accounts except decreed accounts, the amount of unapplied interest is calculated as under:

a) **Sub-standard asset**: @ One Year MCLR prevailing on 01.04.2026 plus 1.25% or contractual rate on reducing balance including penal rate (whichever is lower) on simple basis

b) **Doubtful asset**: @ One Year MCLR prevailing on 01.04.2026 minus 1.50% or contractual rate on reducing balance including penal rate (whichever is lower) on simple basis

c) **Loss asset**: @ One Year MCLR prevailing on 01.04.2026 minus 3.50% or contractual rate on reducing balance including penal rate (whichever is lower) on simple basis from the date of stoppage of interest or cessation of interest upon the account slipping to NPA, till the end of the quarter immediately prior to the date of submission of OTS proposal.

In respect of decreed accounts, the rate as above applied up to the date of filing of suit and at the rates awarded by the Court from the date of suit or above rates (as per the classification of account as on date of proposal) on simple basis whichever is less.

Internal

Feedback

Feedback & suggestions are important to improve

Hence, I Request you to provide feedback/suggestions regarding my session on Digital products and Loan recovery policy.

My Contact no : 8861557341, email id – kunallakhani@canarabank.com

"THANK YOU CBOA"

THANK YOU
&
All the best