IRAC&P Norms

- **Income Recognition, Asset Classification and Provisioning Norms, Recovery related matters including SARFAESI and Policy on Wilful and Large defaulters**
- **HO Circulars 258, 311,327, 742 of 2026**
- **HO Circulars for Wilful and Large defaulters 925 of 2025, 214, 258 and 361 of 2026**

SMA

Special Mention Accounts – RBI guidelines

- SMA 0 1-30 days over due
- SMA 1 31- 60 days over due
- SMA 2- 61-90 days over due
- For OD/OCC accounts – If Liability > limit continuously for more than 30 days to be reported as SMA 1. SMA 0 is not applicable to OD/OCC accounts.

Calculation of overdue days

31.3.2026 1 day overdue SMA 0 starts

30.4.2026 31st day overdue SMA 1 starts

30.5.2026 61st day overdue SMA 2 starts

29.5.2026 NPA

March	**1 day**
April	**30 days**
May	**31 days**
June	**29 days**
Total	**91 days**

What is CRILC

- Reporting to Central Repository of Information on Large Credit (CRILC): Two types of Reporting
- All accounts of borrowers with exposure of Rs 5 cro and above to be reported to Central Repository of Information on Large Credit (CRILC) – Monthly last day
- Defaulting borrowers – and borrowers out of default between Saturday to Friday – Weekly Friday

What is NPA?

- An Asset will become Non Performing when it ceases to generate income for the Bank. A Non Performing Asset is a loan or Advance where: 258/2026)
- Interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan
- The account remains ‘Out of Order’ in respect of an Overdraft/Cash Credit (OD/CC). All out of Order Accounts are NPAs

What is NPA

- **A OD/OCC Account will be treated as Out of Order:**
- **If the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days**
- **Though the outstanding balance in the account is less than the sanctioned limit/drawing power:**
- **1) but there are no credits continuously for 90 days**
- **2) Though there are credits, the credits are not enough to cover the interest debited during the previous 90 days**
- **OD/OCC accounts will slip to NPA at the end of 90th day**

What is NPA?

- **Irregular OD/OCC Accounts- If stock statement is not submitted for more than 3 months from the due date and hence the drawing power calculated from stock statement is older than 3 months it is called as irregular OD/OCC account.**
- **If this irregularity continues for 90 days beyond this 3 months it is NPA.**
- **In Nutshell if Stock statement is not submitted within 180 days from the due date and hence DP arrived is more than 180 days old, the account has to be classified as NPA.**
- **An OD/OCC account where the limits have not been renewed within 180 days from the due date it will be treated as NPA**

What is NPA

- **Agriculture Loans: A non performing asset (NPA) is a loan or an advance where:**
- **The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops**
- **The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.**
- **Crop seasons are decided by SLBC**
- **Bills: the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,**

What is NPA

- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of RBI guidelines
- In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

What is NPA

- **Credit card account – If minimum amount due as mentioned in the statement is not paid fully within 90 days from the payment due date mentioned in the statement it will slip to NPA**
- **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.**
- **The number of 'days past due' and late payment charges shall, however, be computed from the payment due date mentioned in the credit card statement**

What is NPA

- **Central Govt Guaranteed Accounts: though has overdues will be treated as NPA only when central govt repudiates its guarantee when invoked. Till such time the account need not be classified as NPA and provision need not be kept. However income from such accounts will not be recognized.**
- **In respect of State Govt guaranteed accounts with overdues normal Asset classification provisioning and income recognition norms to be followed.**

What is NPA

- **Advances against term deposits, NSCs eligible for surrender, KVPs and life insurance policies need not be treated as NPAs, provided adequate margin is available in the accounts**
- **NSC face value Rs 1 lac. Margin 25% Maximum limit 75000. OD Limit sanctioned 30,000. Interest not serviced for 90 days. Over dues Rs 5000. OD liability 35000 for 90 days. Account will not be classified as NPA since margin is not breached**
- **Advances against gold ornaments, government securities and all other securities are not covered by this exemption.**

Asset Classification

Secured Asset: Is one where the value of security is more than 10% of the loan amount at the time of sanctioning of loan

Unsecured Asset: The value of security is 10% or less than that of the loan amount at the time of sanctioning the loan

Asset Classification

Unsecured asset slipping to NPA

WHEN THE UNSECURED ASSET SLIPS TO NPA IT WILL BE CLASSIFED AS UNSECURED SSA in the first year.

From second year it will be classified as either DA or LOSS depending on availability of security

Asset Classification

SECURED ASSET SLIPPING TO NPA

Normally Secured Asset When slips to NPA will pass through SSA, DA and Loss.

Exceptional cases

IF THE REALISABLE VALUE OF SECURITY IS LESS THAN 10% OF THE BOOK LIABILITY when the account slips to NPA, straight away it will be classified LOSS

It will not pass through SSA and DA categories

Asset Classification

SECURED ASSET SLIPPING TO NPA

At the time of slipping to NPA, when the realizable value of the security is more than 10% but less than 50% of the value assessed by the bank in the last valuation it will be straight away classified as DA 1

Asset Classification

SECURED ASSET SLIPPING TO NPA

Eg Last inspection Security value Rs 100 lac.

When slips to NPA security Value More than Rs 10 lac but less than Rs 50 lac. This will be classified as DA1

All other secured advances when slips to NPA will go to Secured SSA

Asset Classification

Categories of Substandard Assets

Unsecured SSA

Unsecured SSA (Infrastructure)

Secured SSA

Once account is classified as SSA it will remain that category for 12 months.

Asset Classification

Category of Doubtful Assets.

DA1	**Remain for 12 monts**
DA>1 upto 3	**Remain for 24 months**
DA>3	**Remain for an uncertain period**

Provision for NPAs

Provisioning for NPA:

- ✓ **SUB STANDARD –UNSECURED 25% OF BOOK LIABILITY (BL)**
- ✓ **SUB STANDARD – UNSECURED (INFRA) 20% OF BL**
- ✓ **SUB STANDARD – SECURED 15% OF BL**
- ✓ **Irrespective of security value provision as above to be kept for Sub Standard Accouts**

Provision for NPAs

Provisioning for NPA:

- ✓ **DA1 – Deficit plus 25% OF SECURED PORTION**
- ✓ **DA>1 UPTO 3 YRS Deficit plus 40% on SECURED PORTION**
- ✓ **DA>3 100% on Book Liability irrespective of security value**
- ✓ **For Doubtful Assets if govt guarantee is available to that extent provision need not be kept**
- ✓ **LOSS ASSET 100% of book liability irrespective of Security value**
- ✓ **Deficit is = Liability – Security Value**

Provision for NPAs

Provisioning for Standard Asset

Farm credit, MSE and individual HL	**0.25%**
Commercial Real Estate	**1.00%**
Commercial Real Estate (RH)	**0.75%**
Adv restructured and classified as Standard as per RBI guidelines in areas affected by natural calamity	**5.00%**
Teaser Rate HL	
Upto 1 year from the date on which rates are reset at higher rate	**2.00%**
After 1 year from the date on which rates are reset if the account is in Std Asset	**0.40%**
All other advances	**0.40%**

Provision for Std Asset - Reporting

- **The provisions towards Standard Assets need not be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' under 'Other Liabilities and Provisions Others' in Schedule 5 of the balance sheet.**

Accelerated Provision

- The provisioning in respect of existing loans/exposures of banks to companies having director/s (other than nominee directors of government/financial institutions brought on board at the time of distress), whose name/s appear more than once in the list of willful defaulters,
- will be 5% in cases of standard accounts; if such account is classified as NPA,
- it will attract accelerated provisioning as per next slide

Accelerated Provision

Asset Classification	Normal Provision	Accelerated
Secured SSA		
upto 6 months	15%	15%
6mths to 1 year	15%	25%
SSA (unsecured) Other than Infra		
Upto 6 months	25%	25%
6 months to 1 year	25%	40%
SSA (unsecured) Infra		
Upto 6 months	20%	25%
6 months to 1 year	20%	40%

Accelerated Provision

Asset Classification	Normal Provision	Accelerated Provision
DA 1	DEFICIT + 25% ON SECURED PORTION	DEFICIT + 40% ON SECURED PORTION
DA >1 upto 3	DEFICIT + 40% ON SECURED PORTION	100% on both secured and unsecured portion ie 100% on Book Liability (BL)
DA >3	100% on BL	100% on BL

Question No 36

First overdue on 22.2.2026. So NPA is on 23.5.2026 (TL NPA on 91st day)

23.5.2026 SSA(Secured)

31.3.2026 SSA(Secured)

23.5.2026 DA1

Provision for Secured SSA 15% on Book Liability (BL) irrespective of the security

BL Rs 10 lac

15% of 10 lac = Rs 1.50 lac Ans Rs 1.50 lac

Question No 37

30.3.2020	SSA (SECURED)
30.3.2021	DA1
30.3.2022	DA>1-3 (DA2)
30.3.2023	DA>1-3 (DA3)
30.3.2024	DA>3
30.3.2025	DA>3
31.3.2026	DA>3

DA>3 will remain in this category for uncertain period FOR DA>3 Provision is 100% ON BOOK LIABILITY ie Rs 10 lac

Question No 38

DA >1-3 DEFICIT+40% On Security

Book Liability is Rs 6 lac

Prime security Rs 2 lac Collateral Rs 3 lac

Security Value = 2+ 3=5

Unsecured 6-5=1 ie Deficit is Rs 1 lac

Security Rs 5 lac

40% on Rs 5 lac = Rs 2 lac

Deficit is Rs 1 lac So total provision is Rs 1 lac + Rs 2 lac = Rs 3 lac

Guarantors net worth not to be included for Security Value

Question No 39

Canara budget. When an unsecured advance slips to NPA in the first year it will be Unsecured SSA. In the second year it will be DA1 or loss depending upon the availability of Security. For Canara Budget loan no security. So in the second year it will be classified as Loss.

31.01.2025 SSA (UNSECURED)

31.01.2026 LOSS

Question No 41

BOOK LIABILITY Rs 10 lac

Security Rs 1.50 lac

Balance Rs 8.50 lac

Guarantee 75% on 8.50 (not on 10 lac) = Rs 6.375

Normally DA>3 100% on BL

DA>3 if govt guarantee is available to that extent provision need not be kept

Provision = Rs 10 – Rs 6.375 = Rs 3.625

Ans Rs 3.625 lac

Question No 42

- ✓ **Liability Rs 4 lac**
- ✓ **Security Rs 1.50 lac**
- ✓ **Balance Rs 2.50 lac**
- ✓ **EGCG is 50%. It means ECGC is to be calculated after deduction of security value from the liability and not on the liability.**
- ✓ **So ECGC is 50% of Rs 2.50 lac ie Rs 1.25 lac.**

Question No 42 (contd)

- ✓ The total security value is 1.50+1.25 = 2.75 lac
- ✓ Deficit is 4-2.75 = 1.25 lac
- ✓ DA>1-3 Deficit + 40% on security
- ✓ Provision need not be kept on ECGC. So 40% on 1.50 and not on Rs 2.75 lac.
- ✓ Provision is Deficit (1.25) + 40% on 1.50 (0.60)= Rs 1.85 lac

Question No 43

- ✓ **Liability Rs 10 lac**
- ✓ **Security Rs 5 lac (2+3) Gurantors NW not to be taken**
- ✓ **Balance Rs 5.00 lac**
- ✓ **CGTMSE is 50%. It means CGTMSE is to be calculated after deduction of security value from the liability and not on the liability.**
- ✓ **So CGTMSE is 50% of Rs 5.00 lac ie Rs 2.50 lac.**

Question No 43 (contd)

- ✓ The total security value is 5.00+2.50 = 7.50 lac
- ✓ Deficit is 10-7.50 = 2.50 lac
- ✓ DA1 Deficit + 25% on security
- ✓ Provision need not be kept on CGTMSE. So 25% on 5.00 ie 1.25 lac
- ✓ Provision is 2.50 (deficit) +1.25 (25% on security) Rs **3.75 lac**

Wilful defaulters and Large Defaulters

- 924/2025,214/2026, 258/2026 & 361/2026
- Wilful default Means:
- Borrower has capacity to meet obligations but defaulting
- Diverting the facility availed from the bank

Wilful defaulters and Large Defaulters

- Siphoning off the credit facility availed from the bank
- Disposing off the movable and immovable properties provided for the purpose of securing the credit without the consent of the bank
- Not infusing the equity as per sanction terms though the borrower has the ability to do so
- The guarantor will be considered as willful if he fails to honor the guarantee if invoked by bank despite he has capacity or disposed of the security without bank consent

Wilful defaulters and Large Defaulters

- **Willful defaulter means**
- **a borrower or a guarantor who has committed wilful default and the outstanding amount is ₹25 lakh and above, or as may be notified by Reserve Bank of India from time to time, and**
- **where the borrower or a guarantor committing the wilful default is a company, its promoters and the director(s), In case of entity (other than companies), persons who are in charge and responsible for the management of the affairs of the entity.**
- **Large defaulter means a defaulter with -**
- **Out standing amount of Rs 1 cro and above and where**
- **Suit has been filed or**
- **Account has been classified as doubtful or loss though suit yet to be filed**

Wilful defaulters and Large Defaulters

- **Identification committee for willful defaulters: NPA accounts with BL below Rs 100 Cro: (Needs Modification for Wings)**
- **CGM – CA&R wing Chairman**
- **DGM – Legal & Fraud Prevention Vertical, DGM Recovery vertical, DGM – SAM Vertical & DGM mid corporate Credit Vertical**

Wilful defaulters and Large Defaulters

- Rs 100 cro and above: (Needs modification for Wings)
- ED - Chairman
- CGM Credit Admn & Recovery Wing and in his absence GM – Legal & Fraud Prevention Vertical,
- GM Recovery vertical, GM – SAM Vertical Members
- CGM Corporate Credit, International Operations & Associates Wing and in his/her absence General Manager - Mid Corporate Credit Vertical- Member

Wilful defaulters and Large Defaulters

- **Review committee for willful defaulters: BL below Rs 100 Cro: ED – Chairman (Need modification for wings)**
- **General Manager- Legal & Fraud Prevention Vertical/Recovery Vertical/ Stressed Assets Management Vertical-Member**
- **Chief General Manager - Corporate Credit, International Operations & Associates Wing and in his/her absence General Manager-Mid Corporate Credit Vertical- Member**

Wilful defaulters and Large Defaulters

- Review committee for willful defaulters: BL Rs 100 cro and above MD&CEO Chairman
- Independent Director of the bank
- Independent Director of the bank

Wilful defaulters and Large Defaulters

- The identification committee if satisfied that the default is willful it will issue show cause notice to all the concerned borrower / guarantor / director/ promoter etc calling for submission within 21 days of issuance of the notice
- If the committee not satisfied with the reply recommend to review committee to declare as willful defaulter
- The borrower will also be informed by the identification committee and the borrower can send a written representation to review committee within 15 days

Wilful defaulters and Large Defaulters

- The review committee will also provide an opportunity for personal hearing
- Borrower does not have the right to represent him by a lawyer
- The show cause notice etc to be issued by CGM/GM of the concerned Circle (in their absence by DGM overseeing Recovery in Circle)on behalf of identification and review committees (214 & 258/26)
- If the willful default is noticed in the preliminary screening bank will adopt the above procedure and bank to declare the borrower as willful within 6 months of classifying the account as NPA. This is wef 1.4.2027 (361/2026)

Wilful defaulters and Large Defaulters

- If willful default is not found in the initial stages, once in 5 years a review of these accounts to be undertaken from willful default angle
- Policy of publication of photo of willful defaulters in News papers:
- Liability above Rs 25 lac – Recalled Account - NPA
- Permission from DGM of the Circle
- Registered notice indicating the intention of publication of photo with 30 days time to clear the liability
- Photographs to be attested by the authorized officials of the branch. In case of company photo of the directors who extended personal guarantee only to be published
- Publication in one local daily having wide circulaltion

Wilful defaulters and Large Defaulters

- Publication not to be made in the following cases:
- Farmers in distress, Persons/units affected by natural calamity and accounts which are eligible for restructuring.
- In respect of suit filed accounts / decreed accounts permission from court / HO
- If borrower pays a part amount within 30 days and asks for reasonable time publication should not be made
- In consortium / MBA other members to be informed before publishing.

Wilful defaulters and Large Defaulters

- **Penal measures:**
- **No additional facility by any lender**
- **The bar on additional facility is effective for one year after the name is removed from the list of willful defaulters**
- **No credit facility by any lender for floating any new venture by a WD for 5 years after the name is removed from List of willful defaulters (LWD)**

Wilful defaulters and Large Defaulters

- Suit filed accounts of Large defaulters
- Non suit accounts of large defaulters whose accounts are classified into DA and Loss
- Monthly reporting to CICs
- For threshold limit of Rs 1 cro of Large defaulters – unapplied interest to be included
- For suit filed accounts the amount for which suit is filed is the criteria

Wilful defaulters and Large Defaulters

- Reporting willful defaulters to CIC - Monthly
- Non suit filed
- Suit filed
- When willful defaulters clear the liability within 30 days to be informed to CIC for removal of their names
- **Important Modifications in 258/2026:**
- Branch in charges are delegated powers to initiate recalling of advance and recovery actions including Suit filing within 30 days of slippage of accounts to NPA (upto Circle Head CAC sanctioned loans)
- CGM/GM HO sanctions RO Head CAC to initiate recovery step
- ED CAC & above Circle Head CAC as above

Modifications in 258/26

- Suit filing to be completed within 30 days of all accounts slipping to NPA
- Branch in charges to place a note to credit sanctioning authorities in all cases through their NHA at RO / CO (for braches directly coming under CO) in NF 817 / 607 along with their sanctions for initiating recovery steps including suit filing for review by respective credit sanctioning authority including Circle Head CAC sanctions within 7 days of such sanction

Modifications in 258/26

- Circle office to place a similar note to credit sanctioning authority at HO in respect of sanctions made by circle Head CAC and RO head CAC for initiating recovery steps including filing suit within 7 days of such sanctions

SARFAESI ACT 2002

What is SARFAESI Act?

- **Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002**

- **Empowers banks to enforce the securities and realize the their dues without the intervention of court.**

Exempted NPA accounts under the Act

- Claim /liability less than Rs 1 lac (Rs 1 lac and above only eligible) – Should have been classified as NPA
- Amount due to Bank is less than 20% of the principal and interest though the liability is Rs 1 lac and above.
- Security interest created in Agricultural land (except where securities are eligible for SARFAESI Action like coffee/tea plantation etc

Exempted NPA accounts under the Act

- Any pledge of movables within the meaning of Indian Contract Act
- Creation of any security in any aircraft defined under Aircraft Act
- Creation of interest in any Vessel as defined in Merchant Shipping Act
- CERSAI registration not done
- Any Lien on goods as given in Indian Contract Act

Notices under the Act

- Demand Notice for both Movable and Immovable Sec 13(2) of SARFAESI Act 2002
- Notice under Sec 13(2) to be issued by the authorized officer within 3 days of the account becoming NPA. No need for permission from Higher Authorities
- Permission for issuing Possession Notice under Sec 13(4) from RO/CO to be obtained

Demand Notice

- Authorised Officer issues 60 days demand notice to borrower/Guarantor/ Mortgager to clear the dues within 60 days. If not bank will exercise the following rights
- Take possession
- Take over the management
- Appoint any person to manage the asset
- Demand the amount due to the borrower from any person.
- Demand notice should contain CERSAI ID against each asset / security.

Demand Notice

- Notice to be sent by Hand delivery/ Regd AD /Speed Post/Fax/ mail/ Courier – If sent by fax/email confirmatory copy by Regd Post.
- Acknowledgement to be preserved. – If borrower/guarantor/mortgager does not ack publish in two leading news papers of which one in vernacular with maximum circulation in the locality Also affix in the outdoor of the house the borrower resides / carries on business – Phots / Videos

Demand Notice

- Deceased borrower/ guarantor/mortgagor – to Legal Heirs
- Authorised Officers to ensure that the demand notice is served on the concerned within 7 days of issuing the notice
- Right to redeem the property by the mortgagor is available till the publication of sale notice. To be clearly mentioned in demand notice (No need for separate redemption notice)
- Consortium accounts/MBA – Member banks can independently issue demand notice if there is a delay by lead bank

Demand Notice

- AGM / DM overseeing recovery Sections at RO / CO and Scale 4 and above in ARM / SAM branches are the authorized officers for their commanding branches.
- CM/AGM working in VLBs / ELBs and in other branches to assist Authorised Officers in respect of their branches only

Demand Notice

- The mandatory requirement of 60% consensus ie banks representing 60% of the amount outstanding should agree is only at the time of issuing Possession Notice
- Demand Notice, Possession Notice and Sale notice to be generated through Stressed Assets Follow up and Litigation Solution(SAFAL) (SAS) package

Demand Notice

- **possession can be taken by Authorised Officer. Representations for demand notice to be replied within 15 days from the date of receipt of representation.**
- **Borrower can not approach DRT before publication of Possession notice under 13 (4)**
- **After 60 days from the date of service of demand notice (actual ack from the borrower, guarantor etc) or paper publication of demand notice**

Taking Possession - Immovable

- Issue Possession notice to borrower, guarantor and mortgagor.
- Send the notice by Regd AD
- Affix on the property-Publish in 2 leading news papers within 7 days of taking possession.
- To file Cavet Application in DRT courts & Create property in BAANKNET portal of PSB Alliance Pvt Ltd – Bank Asset Auction Network (BAANKNET)
- Actual or symbolic Possession
- Services of SARFAESI Agents can be utilized.

Approaching DRT & DRAT

- In respect of Doubtful and Loss accounts with liability exceeding Rs 50 lac Services of Resolution Agents can be utilized to take possession.
- Borrower can approach DRT court without depositing any amount with in 45 days of Possession notice (Sec 17)
- DRT to dispose within a period of 60 days
- Can extend to 4 months

Appeal to DRAT

- If not convinced with the order of DRT, he can approach DRAT within 30 days of DRT order by depositing 50% of the amount demanded/ordered by DRT. (Sec 18)
- DRAT can reduce it to 25%

Taking Possession - Immovable

- If borrower resists actual possession seek the assistance of Dist Magistrate or Chief Metropolitan magistrate who will get actual possession within 30 days – Sec 14
- Application under Sec 14 to be filed within 7 days of taking symbolic possession
- Even before taking possession Authorised officer can apply for actual possession and properties under symbolic possession can not be auction after 3 unsuccessful attempts (742/20026)

Obtaining Valuation

- From SARFAESI approved Valuer – immediately after the account becomes NPA -
- Empanelment every year during Feb by RM wing HO
- When to take 2 valuations?
- If individual Property value(original) is more than Rs 5 cro valuation from 2 valuers . Higher valuation to be considered.

Obtaining Valuation

- In respect of Immovable Properties of value more than Rs 2 cro at the time of sanction/ last renewal and the reduction now is more than 30% of the same 2 valuations to be obtained and analysed for fixing RP for the first instance.
- In all cases if valuation which is obtained after the account has become NPA, is more than one year old, fresh valuation to be obtained and Reserve Price to be fixed

Fixing Reserve Price

- If Guideline Rate (GLR) is more than realizable value – Who has to fix Reserve Price when the property is put for auction first time?
- Loans sanctioned by branches and authorities upto RO Head CAC for branches coming under RO --- RO Head CAC
- Loans sanctioned by branches coming directly under CO and authorities upto DGM CO CAC – DGM CO CAC

Fixing Reserve Price

- Loans sanctioned by GM CO CAC and above authorities including CACs at HO – Circle Head CAC
- RP to be fixed at GLR or above GLR
- If auction fails next reserve price fixation at RV or more than RV is as per guidelines for fixing reserve price when RV is more than Guidelines value (Next Slide)
- In all the cases further reduction in RP after putting the property in auction and auction failed

Fixing Reserve Price

- Where RV is more than GLR and
- Cases where GLR is more than RV and RP fixed for first auction at GLR or more than GLR and auction failed.
- To be fixed at RV or above RV.
- The valuation report not more than one year old.
- Authorities to fix RP – Next table
- Fixation of Reserve Price within 3 working days of taking possession

Fixing Reserve Price

Loans under the follow up of ARM / SAM branches sanctioned upto Scale 4	Respective CACs at ARM /SAM branch
Sanctioned by branches and authorities upto RO Head CAC (branches coming under RO)	RO Head CAC
Sanctioned by branches coming directly under CO and sanctions upto DGM CO CAC	DGM CO CAC
Sanctions by GM & Circle Head CAC	Respective Sanctioning authority
Sanctions by CAC at HO	Circle Head CAC

Reduction in Reserve Price

- Reduction in RP in subsequent occasions may be upto 10% per occasion.
- RP can be reduced by maximum upto 20% of the RV by RSAs irrespective of the number of occasions.
- Circle Head CAC can permit reduction in RP more than 20% upto 35% of the RV with maximum 10% each occasion.
- Circle Head CAC can permit reduction in reserve price up to 35% of the RV for Circle Head CAC & above sanctioned loan accounts.

Reduction in Reserve Price

- if successful bidder fails to remit the amount within the time frame, RP to be fixed at or above the last successful bid amount .
- In case of need NHAs can fix the RP below the last successful bid amount up to their delegated powers
- In all cases further reduction in RP after putting the property for sale

Sale – Immovable Property

- Authorised Officer to issue 30 day sale notice to all concerned through Regd AD. Paste it on the property. Publish in two leading dailies one of which vernacular.
- Sale to be effected after completion of 30 days from the date of serving to the concerned and publishing in the news paper

Sale – Immovable Property

- The details of the property to be uploaded in Bank web site and e auction portal of PSB Alliance Pvt Ltd – Bank Asset Auction Network (BAANKNET)
- If sale failed and sale is required to be conducted again either with the same RP or reduced RP the authorised officer shall serve, affix and publish notice of sale of not less than 15 (fifteen) days to the borrower, mortgagor etc for any subsequent sale.

Sale – Immovable Property

- Wherever the valuation is more than one-year-old, branches/offices should obtain fresh valuation before going for subsequent auction.
- RP to be fixed considering the following:
- Variation in Realizable Value between new and immediate previous valuation to be analysed and recorded in all cases for fixing RP.

Sale – Immovable Property

- In case, there is an upward variation in realizable value from the last valuation, respective sanctioning authority may consider either higher RP or lesser RP (for which auction failed) justifying the reasons.
- Downward variation in Realizable Value between new and immediate previous valuation is less than 20%, Reserve Price shall be fixed as per the guidelines for fixing RP when GLR is less than RVS.
- Further, if there is more than 20% downward variation then Reserve Price shall be fixed by the Next Higher Authority.

Sale – Immovable Property

- **742/2026 – If authorized officer wants to put the property on auction after three unsuccessful attempts then permission to put the property again under auction to be obtained from:**

Reserve price	Competent Authority
Upto Rs 1 cro	RO Head CAC
>1 cro – 2 cro	DGM CO CAC
>2 cro – 5 cro	Circle Head CO CAC
>5 cro – 10 cro	Committee chaired by Vertical Head HO
>10 cro	Committed chaired by Wing Head HO

- **Accounts of ARMBs upto Rs 2 cro will come under the power of DGM CO CAC**

Sale – Immovable Property

- **Committee Headed by Vertical Head:**
- **GM Recovery Vertical / SAM Vertical — Chairman**
- **DGM Recovery Vertical — Member**
- **DGM SAM Vertical — Member**
- **DGM Legal Vertical — Member**
- **In the absence of GM Recovery vertical, GM SAM vertical will be the member**
- **Quorum: GM and two DGMs from different verticals**
- **Convenor: DM SARFAESI cell of recovery vertical / SAM vertical, RL&SA wing**

Sale – Immovable Property

- **Committee Headed by Wing Head:**
- **Wing Head of RL & SA — Chairman**
- **GM Recovery Vertical — Member**
- **GM SAM Vertical — Member**
- **GM Legal Vertical — Member**
- **Quorum: Wing Head and any two GMs.**
- **Convenor: DM SARFAESI cell of recovery vertical / SAM vertical, RL&SA wing**

- **The auction of properties under symbolic possession shall be restricted to a maximum of three attempts in the event of unsuccessful auction**

Sale – Immovable Property

- **On the date of conclusion of sale, 25% of the reserve price has to be paid by successful bidder including the Earnest Money Deposit**
- **If he fails the earnest money deposited will be forfeited and the property will be resold (Rule 9 (3) of SARFAESI Rules)**
- **Within 15 days balance amount to be paid. Secured creditor (Circle Head) can give 3 months time (Rule 9 (4) SARFAESI Rule**
- **Sale will be confirmed only if offered price is more than Reserve price**
- **Issue sale certificate upon receipt of entire sale proceeds**

Sale – Immovable Property

- **For sale proceeds of Rs 50 lac and above, the successful bidder to deduct TDS at appropriate rate from the sale proceeds and remit to Govt with the PAN number of the borrower / mortgagor**
- **If the successful bidder fails to remit the balance amount within the stipulated time amount already deposited will be forfeited and credited to COMM- Non Taxable –-320020110 (new) and property will be resold as per Rule 9 (5) of SARFAESI Rules**
- **It is possible that the borrower may intimate CERSAI that he has paid all the dues and request for satisfaction of Charge. In such case CERSAI will send a notice to secured creditor to confirm. The same has to be replied within in 14 days.**

Sale – Immovable Property

- **Property to be sold either by**
  - **Inviting tenders**
  - **Holding public auction**
  - **By obtaining quotations**
  - **By private Treaty**

Sale – Immovable Property

- Sale by Private Treaty:
- Property value / Reserve price upto Rs 100 lac
- One Attempt to be made to sell the property through public auction / auction by inviting tenders before opting for sale by Private treaty
- Property value / Reserve price above Rs 100 lac
- Atleast two attempts to be made as above before opting for sale by Private treaty

Sale – Immovable Property

- For sale under Private Treaty the sale amont should be above the last public auction price and all terms and agreements to be vetted by respective Circle Offices
- If the mortgagor consented for Private treaty, consent form to be obtained and the intended purchaser will deposit 25% of RP and balance in 15 days.

Sale – Immovable Property

- If consent is not available, upon receipt of an offer from intended purchaser under private treaty, 15 days sale notice to be issued to the borrower / mortgager.
- If not acknowledged publish in two news papers and affix at the property.
- The intending purchaser will deposit 25% of reserve price and balance within 15 days of getting confirmation from secured creditor
- All public auctions to be conducted on Line. For liability less than Rs 4 lac auction on line or off line

SOP For SARFAESI 421/24

- AGM/DM overseeing Recovery & Legal Section at RO are (called nodal officers) the Authorised Officers for SARFAESI Action.
- DGM overseeing Recovery at CO and RO Head to monitor the timely initiation of SARFAESI Action by the nodal officers.

Sl No	Time line	Action
Step1	0-3 days	Nodal officer to issue Demand notice within 3 days of account slipping to NPA
Step2	4 – 10 days	Nodal Officer to ensure serving of Demand notice on all concerned
3	11-13 days	If it could not be served, to be affixed in the outdoor of house or office where the borrower/guarantor etc resides. To be published in paper –any exemption to be given by CO Head

SOP For SARFAESI 421/24

Sl No	Time line	Action
4	Receiving Representation	Noda officers to ensure Such representations to be replied within 15 days of receipt.
5	65 to 80 days	To take symbolic possession on completion of 60 days of serving the demand notice or paper publication of Demand notice. Video recording. Nodal officer to ensure: Paper publication of possession notice within 7 days of taking possession. To file CAVEAT application in the DRT court. To verify mortgage papers and ensure mortgage is valid. To take valuation from SARFAESI valuers. To entrust to empaneled SARFAESI agent/advocate for filing application under SEC 14 before DM/CMM/CJM to take actual possession of the property.

SOP For SARFAESI 421/24

Sl No	Time line	Action
5		To affix banners that property under the possession of Canara Bank. To appoint security guard
Step6	81-86 days	Fix RP within 3 working days of taking possession. Publish sale notice within 3 days of fixing RP. Affix in the properties- Publish in news papers. Despatch sale notice to all the concerned. Sale date to be fixed atleast 36 days from the date of sale notice
Step7	87-117 days	During the sale notice period wide publicity about the auction to be given.

SOP For SARFAESI 421/24

Sl No	Time line	Action
Step8		Successful bidder to pay 25% of the RP on the same day of sale or on the next working day. Sale confirmation letter to be issued to the successful bidder.
Step9		Balance 75% to be received within 15 days. CO head can permit 90 days

The valuation report not more than 1 year. All notices issued should contain the CERSAI ID. For direct branches to Circles the nodal officers are the AGM/DM over seeing Recovery Section in CO. AGM/DM heading ARM/SAM branches are the nodal officers for such branches. If SARFAESI Action is to be delayed or stopped CO Head permission to be in place.

Policy on Recovery Agents

- **Three Categories**
- **1. Persuasive Method – Retired Govt Employees, Retired employs of PSUs including our bank - Individuals**
- **2. Seizure of Vehicles, Tractors (Other than retired employees and SARFAESI Agents) Persons or Agency**
- **The second one can do the first job also- But mainly for seizure**
- **3. SARFAESI Recovery Agents**
- **CGM/GM CO CAC are empowered to empanel Recovery agents**
- **Borrowers calling time for recovery is 8 am to 7 pm**

Policy on Recovery Agents

- **Recovery agents to undergo training conducted by IIBF for 100 hours for 10th Pass and 50 hours for graduates**
- **Exception – Retired employees of Public sector Banks including our bank**
- **Permission of GM/CGM CO CAC for empanelment**
- **If the agents do not sign the agreement within 6 months empanelment stands cancelled**

Policy on Recovery Agents

- **EMD Rs 1 lac**
- **For retired Govt employees/PSUs including our Bank Rs 50,000**
- **Period of agreement is 2 years – may be continued for another 2 years**
- **CGM / GM RL&SA wing empanels Company /LLP/NBFC who have all India presence to act as Recovery agents PAN India based on the recommendations received from Circle Office (311/2026)**
- **EMD Rs 5 lac – Max 50% reduction by ED CAC**

Policy on Recovery Agents

- **No of Accounts to be allotted to allotted to Recovery Agents:**
- **For individual Recovery Agents – Maximum 100 per agent**
- **For Non Individual (Firm) – 100 per staff of the firm. Circle Head can increase it to 200.**
- **RO Head to entrust – NPA under doubtful, loss and written off – with book liability upto Rs 50 lac per account – Beyond Rs 50 lac Circle Head**
- **Loans entrusted to be uploaded in Loan Recovery SAS portal**
- **Recovery agents should not collect cash.**
- **CO & RO to ensure that the same individual / agency is not to be engaged both as SARFAESI agents and recovery agents for and account to avoid conflict of interest (258/26)**

Policy on Recovery Agents

- For NPAs under Vehicle and tractor loans even in they are in Sub standard category entrustment can be made.
- Entrustment for each agent is only for 6 months
- Before seizure by recovery agents 15 days notice to be given to the borrower by the Branch/RO/CO. Before effecting sale 15 days notice to be given
- Recovery agents to submit the work done by them on a day to day basis
- Performance of Recovery agents to be reviewed every Saturday by overseeing executive in CO
- CO head to review once in a month and report to be sent to HO
- Half yearly note to be placed to the subcommittee of the Board

Policy on Recovery Agents

- **Grievance against the Recovery Agent by borrowers to branch . If grievance not redressed borrowers to take up with Grievance Cell at CO within 30 days of cause of action arises.**
- **Cell at CO – Head of the Cell is DGM/GM of the Circle - handled by R&L**
- **To be redressed within 21 days**
- **Fees schedule: Persuasive Method**
- **DA 5% of amount recovered**
- **Loss & Written off Accounts & Credit card dues 10% of amount recovered**
- **Subject to a maximum of RS 5 lac. If borrower settles the account under OTS due to efforts of Agents 50% of the above fee**

Policy on Recovery Agents

- **Recovery upto 5 borrowers Normal Fee. Step up fee if recovery is done within 3 to 6 months of allotment for more than 5 borrowers**
- **>5 -10 borrowers additional 5%**
- **>10 borrowers additional 10%**
- **The above is called step up fees.**
- **Maximum step up fees Rs 5,00,000 per agent in addition to normal fees upto 5 borrowers**

Policy on Recovery Agents

- **Credit Card dues(loss accounts) if recovered within 30 days of allotment 15% of the recovered amount is the fees.**

Other accounts if recovered within in 30 days of allotment – incentive: Upto 5 accounts and Rs 5 lac 1% of amount recovered 6-10 accounts and Rs 10 lac 2% of amount recovered 11-15 and Rs 15 lac 3% 16 to 20 and Rs 20 lac 4% More than 20 accounts & Rs 25 lac 5% of amount recovered

Policy on Recovery Agents

- **For Seizure: (Other than for For Retired persons)**

Two Wheeler	**Rs 2000**
Auto	**Rs 3000**
Car/Jeep/Tractors/LV	**Rs 8000**
Bus/Lorry/ Heavy Vehicle	**Rs 10,000**

- **RO and CO head may permit additional Rs 4000 on case to case basis**

If recovery agents assist in identifying a buyer – 5% of net sale price or liability which ever is less (movable assets) Max Rs 50,000

Policy on Recovery Agents

- **Engaging the Services of Business Correspondent Agents as recovery Agents**
- **10 Corporate BCs**

The BCs have engaged BCAs as recovery agents in our Bank

- **To under go training –**
- **10th Pass and undergraduates 100 hours – Graudates & above 50 hours**
- **Only Circle head can permit branches for engaging the services of BCAs as recovery agents.**
- **Should not be entrusted with seizure of assets , Vehicles etc**
- **Cash should not be collected**

SARFAESI AGENT

- Empanelled by Circle Heads 3 years panle
- 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.
- For symbolic possession no need to engage SARFAESI Agents. RO Heads for Accounts upto liability of Rs 50 lac & CO beyond Rs 50 lac to entrust
- Accounting firms, recovery agent, Firms and individuals with expertise in Stressed Asset Mgt & Companies and LLP

Policy on Recovery Agents

- **Fees Payable to SARFAESI AGENTS:**

Pre inspection /pre seizure (movable / immovable) activities	Min Rs 2500 Max Rs 5000
Obtaining Order from DM CMM and assisting Authorised Officer for taking possession	0.25% of the market value as per valuation report or Book Liability which ever is less – Min Rs 10,000 Max Rs 30,000 (movable and immovable)
Assistng in taking possession and publication of possession notice	Movable Max Rs 25,000 Immovable – for symbolc possession no need– Actual Possession –Max Rs 50,000

1)Maximum 2% of the Reserve Price or Rs 5,00,000 which ever is less . If recovery is made within 6 months additional incentive 0.25% of RP or Rs 1,00,000 which ever is less. Additional incentive is over and above the maximum of Rs 5,00,000 fixed above. Bills to be passed within 10 days of receipt from the Agents – Centralised payment by RO

Policy on Recovery 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.10000/- upto a maximum of Rs.3,00,000/- upon issue of sale certificate.**

- ✓ **The person who is bringing the prospective buyer has to submit letter with signature of the Bidder prior to submission of Bid to the R&L Section Circle Office through the concerned Authorised Officer**

Policy on Recovery Agents

- **Step up incentive: Over and above 1% or 3 lac which ever is less, following additional step up incentive may be paid for bringing successful bidders for different properties.**
- **For 2 properties in a month – 10% additional**
- **For 3 properties in a month - 15% additional**
- **For 4 properties in a month - 20% additional (Maximum)**

Policy on Resolution Agents

- **Individuals are not eligible**
- **Only agencies like NBFCs, Govt approved Auctineers, Firms etc expertice in recovery.**
- **Should have 5 years experience of conducting auction in Govt departments**
- **2 to 5 Agents will be engaged in each Circle Office**
- **DA and Loss with liability exceeding Rs 50 lac to be entrusted**
- **The panel of Resolution agents is valid for 3 years**
- **Should hold certificate of registration from Service tax cell of Central Excise under Sec 69 of Finance Act 1994 and availability of GST number**

Policy on Resolution Agents

- **Validity of the Panel of Resolution agents is 3 years. EMD Rs 5 lac.**
- **Fees:**

DAs outstanding for 5 years or less	**5% of the recovered amount or BL which ever is less max Rs 12 lac**
DAs more than 5 years	**5% as above max Rs 15lac**
Loss/Written Off Accounts	**7% as above max Rs 20lac**

Other Points in Recovery Policy

- **Recovery Committee at CO: Circle Head Chairman – Executives Overseeing Credit, Recovery, Credit Review and Executive in charge of ARMB (wherever applicable)**
- **The committee will review NPA accounts with liability of above Rs 20 lac slipped into NPA subsequent to last review.**
- **Periodicity - Monthly**

Other Points in Recovery Policy

- Recovery Committee at RO: Region Head Chairman
- Executives Overseeing Credit, Recovery, Credit Review
- The committee will review NPA accounts with liability of above Rs 2 lac slipped into NPA subsequent to last review.
- Periodicity - Monthly

Other Points in Recovery Policy

- Proceedings of RO Recovery committee meeting to CO and CO committee meetings to HO RL&FP Wing/SAM wing within 7 days of conducting the meeting
- Generation of CIR from CICs to be done immediately after the accounts slip to NPA to find out any other loans availed in any other Banks / FIs and the properties mortgaged to them.

Other Points in Recovery Policy

- Where securities (immovable Properties) are not sufficient to cover the contractual dues and the book liability is Rs 50 lac and above at the time of filing DRT case services of detective agencies to be engaged to ascertain the other assets of the parties and file ABJ.

Other Points in Recovery Policy

- So far accounts that are kept in abeyance for classifying as NPA due to court order – these accounts so far classified as standard assets and income is recognized and no provision has been kept.
- Modified in 139/24 – Such accounts though kept as standard, all IRACP norms as applicable to NPA is applicable to such accounts also.

Other Points in Recovery Policy

- Detective Agencies services to be utilized for recovery of NPA accounts with liability of more than Rs 50 lac. CO head can permit for less than Rs 50 lac also.
- At the time of filing DRT case in respect of immovable properties taken as security if the value of the securities are insufficient to cover contractual dues, services of detective agencies to be taken to ascertain other others assets of the borrower and file ABJ before DRT.
- They have to submit report once in 60 days.
- Circle to review once in a year.

Other Points in Recovery Policy

- 627/24 Tie up arrangement with reputed Used Car marketing companies / Firms (on line and offline) as channel partners
- To help branches in getting good number of prospective buyers for sale of vehicles
- Circle Head CAC is the empaneling authority – first for one year with half yearly review – can be renewed for another two years with yearly review
- For PAN India basis enrolment will be done by CGM/ GM RL&SA Wing (311/2026) The firm must be in operation for atleast one year
- 5% of sale value or liability which ever is less subject to a maximum of Rs 50000 is the commission payable. Claims to be paid within 7 days

Other Points in Recovery Policy

- **ARM Branches:**
- **NPA accounts with liability of Rs 20 lac and above having security at the end of the quarter to be transferred automatically on the 15th day of subsequent quarter**
- **All documents to be sent to ARM within 7 days of transferring the account in CBS Mortgage documents to be kept in the base branch.**
- **Fraud already reported and NFB limits which are yet to be crystalised not be transferred**
- **Any account get upgraded to be transferred to the branch on the next day**

Other Points in Recovery Policy

- If suit is not yet filed by base branch ARM branch to file within 30 days as per revised guidelines.
- ARM branch to conduct physical verification of securities within 15 days by any ARM officials scale II and above.
- But Securities having market value of Rs 50 lac and above to be visited by ARM branch head.
- Detailed report about the account to be sent by ARM to CO / HO within 30 days of transfer of the acccount