

One Time Settlement

COMPROMISE



One Time Settlement

COMPROMISE POLICY OF THE BANK

HO CIR 284/2021

COMPROMISE

- ✓ **One Time Settlement (OTS) – For**
 - ✓ **Recovery/ Legal Action initiated Accounts (284/21)**
 - ✓ **OTS for Repeated Restructured Standard Accounts under Agriculture (203/21)**
-

COMPROMISE

- ✓ **OTS for Agricultural NPA Accounts (285/21)**
 - ✓ **OTS for MSME NPA Accounts (286/21)**
 - ✓ **OTS for Small Value NPAs including EL (287/21)**
-

COMPROMISE

- ✓ **Settlement Formula Recovery / Legal Action initiated Accounts – Non Willful defaulters 284/2021**
-

COMPROMISE

Particulars	Points	Settlement Formula
RVS is sufficient to recover the contractual/decretal dues	8	Normally full amount. In case if party is paying less amount Book Liability plus simple interest at MCLR on 1.4.21 +1.50% (2.50%)
RVS+NW of Borrower and Guarantor sufficient	6	BL + SI at MCLR on 1.4.21 -0.50% (+1.50%)
RVS + NW of Borrower and Guarantor not sufficient	4	Recover Maximum amount possible

COMPROMISE

- ✓ **Simple interest to be calculated from the date of cessation of interest on the account becoming NPA till the end of the quarter immediately prior to the date of submission of OTS proposal**
 - ✓ **Accounts with book liability of Rs 1 cro and above where adequate securities are available to cover the contractual /decretal dues OTS proposal to be placed to HO**
-

COMPROMISE

- ✓ In exceptional cases if parties pay amount less than the amount due to the bank as calculated above proposals upto Circle Head Powers to be placed to NHA.
 - ✓ For fraud accounts and willful defaulters cases OTS to be permitted by MC of the Board only (526/21)
-

COMPROMISE

- ✓ At the time of negotiation for OTS for Non willful defaulters if
 - ✓ Borrower died
 - ✓ Sale of Property is very difficult due to litigation, disputed property etc
 - ✓ Natural calamity leading to closure of business
 - ✓ One E auction failed due to no bidders
 - ✓ Maximum 2 points can be reduced for OTS
 - ✓ The minimum marks should not be below 4
-

UNAPPLIED INTEREST FOR INTERNAL PURPOSE

- ✓ **Unapplied Interest: Non decreed accounts**
 - ✓ **SSA- One Year MCLR as on 1.4.21 +1.25% or contractual rate including penal interest if any (which ever is less) on simple basis**
 - ✓ **DA- One Year MCLR -1.50% or as above**
 - ✓ **Loss Asset – One Year MCLR-3.50% or as above**
 - ✓ **From the date of NPA till the end of the quarter prior to the date of submission of OTS**
-

UNAPPLIED INTEREST

- ✓ **Unapplied interest for decreed accounts**
 - ✓ **Rate awarded by court or above rates for non decreed accounts which ever is less**
 - ✓ **Sacrifice Amount:**
 - ✓ **Book Liability + Unapplied interest minus the OTS amount offered by the party**
 - ✓ **Delegation depends upon the sacrifice amount**
-

COMPROMISE

- ✓ **General:**
 - ✓ **Recover maximum at the time of settlement (10% to 15%) balance within a maximum period of 12 to 18 months**
 - ✓ **Interest on the compromise amount to be charged is one year MCLR prevailing on 1.4.2021 + 1.50% simple from the date of conveying sanction till payment made**
-

COMPROMISE

- ✓ Bank can permit 3 months time without charging interest
 - ✓ Circle Head CAC can permit 6 months time without charging interest
 - ✓ HO can waive full interest on compromise amount
 - ✓ Prior approval of ECGC/CGTMSE before communicating the sanction
 - ✓ Inform CBI/Police & after 15 days Sanction to be communicated
 - ✓ Inform the court /DRT through Panel Advocate
 - ✓ In the sanction – Minimum Period of 7 years the account will appear as settled in the records of CICs
 - ✓ Suit filed accounts – Sanction draft to be approved by Legal Section
-

COMPROMISE

- ✓ **Advisory Committee – Retd High Court Judge
Chairman – 2 former bankers not below the rank
of ED on Nationalised bank or Deputy Managing
Direct of SBI are members**
 - ✓ **All OTS proposals involving total sacrifice amount
of Rs 1 cro and above to be placed to this
committee for views**
 - ✓ **If 12 months are lapsed from the due date
mentioned in the OTS to be considered afrash**
-

COMPROMISE

- ✓ If sacrifice does not exceed Rs 50,000 in each account OTS proposal as per HO Cir 115/2013 and other cases NF 724
 - ✓ RVS is as per valuation report given by panel valuer which should not be more than one year old- Branch to certify with Photo
 - ✓ If value of property is Rs more than Rs 5 cro – Two valuation to be obtained
-

Releasing the Guarantor/Coobligant with or without releasing the Security created by them

Particulars	Points	Settlement Formula
RVS in the name of guarantor & Co Obligant is sufficient to recover the contractual/decretal dues	8	Normally full amount. In case if party is paying less amount Book Liability plus simple interest at MCLR on 1.4.21 +1.50%
RVS+NW of Borrower and Guarantor sufficient	6	BL + SI at MCLR on 1.4.21 -0.50%
RVS + NW of Borrower and Guarantor not sufficient	4	Recover Maximum amount possible

Releasing the Security Without releasing Personal Guarantee

- ✓ **The amount should not be less than the market value of the security as per valuation report which is not more than one year old on the date of the proposal or the total dues in the account whichever is less**
 - ✓ **If property value is >Rs 5 cro two valuations to be obtained – Higher of the two values to be considered**
-

Releasing the Guarantor/Coobligant with or without releasing the Security created by them/Releasing Personal guarantee without Releasing Security - Delegation of Powers

Accounts	Delegation
Other than HO Monitored accounts (Non Wilful defaulters)	Circle Head CAC
HO Monitored Accounts	GM/CGM HO CAC
Wilful Defaulters/Fraud accounts	MC Of the Board

OTS For Written off Accounts

When Borrowers approach for OTS

Basis	Sanctioning Authority
OTS amount more than 50% of BL	Branch In Charge
OTS amount less than 50% of BL	RO Head CAC

COMPROMISE

✓ Delegation of Powers

Rs in lac

Write Off & Unapplied int (Put together)	GM/CGM HO	ED CAC	CAC of Board	MC of the Board
Non Wilful	300	400	1200	Full Powers
Wilful & Fraud				Full Powers
Quick Mortality	15	75	200	Full Powers
ExEmp in Service loan			Full Powers	

COMPROMISE DELEGATION

**Write Off & Waiver of Unapplied Int Non
Wilful and Non Fraud Cases Rs in lac**

AGM RO CAC	DGM RO CAC	AGM CO CAC	DGM CO CAC	GM CO CAC	CGM CO CAC	
40	50	40	60	85	<100	

COMPROMISE

- ✓ **Fresh Facilities to Borrowers under compromise/concessions extended:**
 - ✓ **Non Willful defaulters – upto Rs 50000 by respective sanctioning authority for undertaking agriculture and allied activities or weaker section to take up any gainful activities**
 - ✓ **Paid atleast 10% of principal of earlier loan amount before compromise**
 - ✓ **After 3 months of paying the compromise amount**
-

COMPROMISE

- ✓ **Jointly with Spouse or elderst family member (in the absence of spouse)**
 - ✓ **No due certificate from service area banks/Co op Societies/near by branch/bank**
 - ✓ **Commercial Segment:**
 - ✓ **Non Willful defaulters – Settled OTS with our bank and other banks – Circle Head CAC and above authorities**
 - ✓ **Proposals falling under Circle Head, prior clearance from CGM/GM HO CAC**
 - ✓ **Agri – RO Head CAC need based finance**
-

COMPROMISE

✓ **Consumer Segment:**

- In case the credit history indicates the status as Written Off/Settled account (Not older than 3 years) then same shall be placed to Next Higher Authority.
 - However, in case the proposal falls under the delegated power of Circle Head CAC & above authorities, then same can be considered by the respective sanctioning authorities.
-

COMPROMISE

- In case the credit history indicates the status as Overdue then the respective sanctioning authority as per Risk Grade shall take a suitable credit decision.
 - 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.
-

OTS for Repeated Restructured Agri Accounts in Standard Asset

- ✓ 203/2021 – Scheme Valid till 31.3.2022
 - ✓ Sanctioned on or before 31.3.2015
 - ✓ Restructured more than once
 - ✓ Standard Asset
 - ✓ Aggregate Sanctioned Limit upto Rs 50 lac
 - ✓ Account should have had liability of more than 200% of the sanctioned limit at any point of time
 - ✓ Applicable for entities also
 - ✓ If moratorium period is given – repayment should have commenced on or before 31.3.2016
 - ✓ GL, VSL, Tractor Loans, backed by securities like deposit & approved securities not covered
 - ✓ Value of Agri land not to be taken into account
-

OTS for Repeated Restructured Agri Accounts in Standard Asset

- ✓ **Base Amount: Amount Disbursed+ Expenses – Recoveries (including recoveries of Debit waiver/Debt relief scheme of Central /State Govt if any)**
- ✓ **Settlement Formula:**

Liability	Formula
=>200% upto 300% of limit Sanctioned	75% of Base Amount
>300 upto 400%	65% of Base Amount
>400%	60% of Base Amount
If borrower died in all the above cases	50% of Base Amount

OTS for Repeated Restructured Agri Accounts in Standard Asset

- ✓ **Sacrifice: Liability as on the date of settlement + Accrued Interest – OTS offered.**
 - ✓ **Delegation depends upon Sacrifice Amount**
 - ✓ **Branches too have powers depending upon Sacrifice Amount**
 - ✓ **SB/MB 1.00 lac LB 1.50 lac VLB/ELB 2.50 lac**
-

OTS for Repeated Restructured Agri Accounts in Standard Asset – Delegation

AGM RO CAC	RS 30 lac (Sacrifice)
DGM RO CAC	Rs 40 lac
AGM CO CAC(DGM headed Cos)	Rs 35 lac
DGM CO CAC	Rs 50 lac
GM CO CAC	Rs 75 lac
CGM CO CAC	Less than Rs 100 lac
GM/CGM HO CAC	Rs 100 lac to Rs 300 lac
Small & Medium Branch	Rs 1 lac
Large Branch	Rs 1.50 lac
VLB/ELB	Rs 2.50 lac

OTS for Repeated Restructured Agri Accounts in Standard Asset

- ✓ **Sacrifice = Liability on the date of settlement + Accrued int – OTS amount**
 - ✓ **10% on the date of settlement**
 - ✓ **25% within 30 days of conveying sanction**
 - ✓ **Balance within 3 months – No interest**
 - ✓ **Max 6 months with 6% interest from the date of permitting OTS proposal till final payment**
-

Fresh Credit facilities to borrowers settled under RRA

- ✓ **Non willful defaulters**
 - ✓ **Undertaking agri and allied activities**
 - ✓ **Those belonging weaker section for undertaking all gainful activities**
 - ✓ **Upto Rs 1 lac by Branch in charges irrespective of Risk grade**
 - ✓ **>Rs 1 lac upto Rs 3 lac AGM RO CAC irrespective of risk grade**
 - ✓ **>Rs 3 lac as per delegation based on CIC score**
-

Special OTS for Agriculture NPA Accounts

- ✓ **285/2021**
 - ✓ **Limits Sanctioned on or before 31.3.2015 -**
 - ✓ **Limit upto Rs 25 lac – All farmers including HUF, Partnership, Companies & other entities are eligible**
 - ✓ **NPA accounts**
 - ✓ **Accounts Eligible under SARFAESI not covered**
-

Special OTS for Agriculture NPA Accounts

- ✓ **GL, VSL, Tractor Loans, backed by securities like deposit & approved securities not covered**
 - ✓ **Accounts with Repayment holiday – should have been sanctioned on or before 31.3.2015 and first instalment should have fallen due on or before 31.3.2016**
 - ✓ **Scheme valid from 3.5.2021**
-

Special OTS for Agriculture NPA Accounts

- ✓ **Scheme effective from 3.5.2021 until further orders**
- ✓ **Settlement Formula:**

Condition	Formula
Aggregate Sanctioned limit upto Rs 10 lac	25% of BL on the date of settlement
If the borrower is dead in the above	15% on the date of settlement
>10 lac upto Rs 25 lac	30% of BL on the date of settlement
If the borrower is dead in the above	20% of BL on the date of settlement

Special OTS for Agriculture NPA Accounts

- ✓ Settlement is based on the limit sanctioned and not based on Sacrifice – irrespective of Sacrifice
 - ✓ $\text{Sacrifice} = \text{Liab} + \text{Unapplied int} - \text{OTS amount}$
 - ✓ Value of Agri land not to be considered
 - ✓ Branch head can settle loans with aggregate sanctioned limit upto Rs 5 lac
 - ✓ RO Head CAC >5 lac upto Rs 25 lac
 - ✓ 10% on the date of settlement
 - ✓ 25% within 30 days from the date of sanction
 - ✓ Balance within 3 months – No interest
 - ✓ Max 6 months with 6% interest from the date of OTS till payment
-

Special OTS for Small Value NPAs

- ✓ **Small Value NPAs with Book Liability upto Rs 25 lac**
 - ✓ **EL with sanctioned Limit upto Rs 7.50 lac**
 - ✓ **Tractor and Farm Mechanisation loans with Original Loan Amount upto Rs 10 lac**
 - ✓ **Scheme is from 3.5.2021 till further orders**
-

Special OTS for Small Value NPAs

- ✓ **Small Value NPAs:**
 - ✓ **DA and Loss – Outstanding for more than one year as NPA**
 - ✓ **BL Rs 25 lac or below as on date of NPA**
 - ✓ **Total loan not more than Rs 25 lac per borrower (all loans inclusive)**
 - ✓ **Suit filed, Decreed, Non Suit filed, Legal Action Waived, SARFAESI Action initiated including CANCARD liability**
-

Special OTS for Small Value NPAs

- ✓ **GL, HL, Canara Mortgage & Canara Rent loans of Employees are not eligible**
 - ✓ **Canara Budget provided no chance of recovery or the borrower is not having salary for a long period**
-

Special OTS for Small Value NPAs Settlement Formula

BL as on date of NPA	Upto Rs 25000	>25000 upto 5 lac	>5 lac upto Rs 10 lac	>10 lac upto 25 lac
DA 1	60% of BL	80% of BL	85% of BL	90% of BL
DA>1-3	50%	70%	75%	80%
DA>3	45%	60%	65%	70%

BL – Book Liability on the date of settlement

Special OTS for Small Value NPAs

Loss Asset BL as on the date of NPA	Settlement Formula BL on the date of Settlement
Upto Rs 25000	Maximum Possible Amount
>25000 upto Rs 2.00 lac	Atleast 25% of BL
>2 lac upto Rs 5.00 lac	Atleast 45% of BL
>Rs 5 lac upto Rs 10 lac	Atleast 55% of BL
>Rs 10 lac upto Rs 25 lac	Atleast 65% of BL

Delegation of power based on Sacrifice.

Special OTS for Small Value NPAs

- ✓ **Sacrifice as per Loan Recovery Policy**
- ✓ **BL + Unapplied Interest – OTS amount**
- ✓ **Unapplied Interest Calculation**
- ✓ **SSA= One Year MCLR as on 1.4.21 Plus 1.25% or contracted interest including Penal interest which ever is less on Simple**
- ✓ **DA- One year MCLR as on 1.4.21 minus 1.50% or as above**
- ✓ **Loss – One year MCLR as on 1.4.21 minus 3.50% or as above**
- ✓ **For Suit filed accounts – rates as above till filing suit and decreed rates from the date of filing suit or the above rates simple which ever is less**
- ✓ **Branch in charges also can do OTS upto the delegated powers upto 50 accounts in a FY – Circle Head can increase**

Special OTS for EL

- ✓ EL upto a limit of Rs 7.50 lac with no security
 - ✓ DA & Loss Assets only
 - ✓ Disbursed before 31 12.2013 – Short duration courses before 31.12.2016
 - ✓ EL on stand alone basis can be considered irrespective of other loans
 - ✓ Student borrower earning more than Rs 25000 not eligible
 - ✓ Loans covered under CGFSEL/CGFSSD not eligible
-

Special OTS for EL Settlement Formula Restructured Accounts

BL >100% <150% of limit Sanctioned	70% of BL on Settlement date
>150% upto 200%	55%
>200% upto 250%	45%
>250%	35%
Student died	25%

Special OTS for EL Settlement Formula Non Restructured Accounts

Combined NW of all parties above Rs 25 lac	95% of BL on the date of settlement
Above 10 – 25 lac	90%
Above 5 - 10	85%
<5 lac	80%
Student is died	50%

Small & Medium branch heads Sacrifice upto Rs 75000

Large Branch head upto Rs 1 lac Sacrifice

VLB/ELB Heads upto Rs 3 lac Sacrifice

10% to 15% on the date of settlement Balance within 3 months without any interest

Special OTS for Tractor and Farm Mechanisation Loans under Agri

- ✓ **NPA accounts**
 - ✓ **Disbursement Before 31.3.2016**
 - ✓ **Land holding not more than 16 acres**
 - ✓ **Original loan not to exceed Rs 10 lac**
 - ✓ **Stand alone basis irrespective of other loans can be considered for settlement**
-

Special OTS for Tractor and Farm Mechanisation Loans under Agri Settlement Formula

Loans Disbursed upto	Settlement Formula
31.3.2013	Base amount
From 1.4.2013 to 31.3.2016	Base amount + 1year MLCR as on 1.4.2021 minus 5.50% Simple

***Base amount = Amount disbursed + Expenses – Recoveries – Relief under ADW & DR Scheme
SB & MB – Rs 1 lac LB Rs 1.50 lac VLB/ELB 2.50 lac
sacrifice upto which OTS can be permitted***
