

# Recovery & NPA Management Policy 2023-24

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IMAGE

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# Why is NPA recovery important?

Because an NPA Account-

1. Stops earning income to the Bank
2. Directly Impacts profitability
3. Bank has to make huge provisions out of the income earned by other performing assets
4. Huge expenditure incurred in recovery
5. Legal issues

# What are the tools & strategies used by the Bank for recovery?

## Various tools of Recovery used by the Bank are:

1. Upgradation
2. Cash Recovery
3. Re-phasing & Restructuring/ Rehabilitation
4. SARFAESI Action
5. Suit filing
6. Compromise Settlement
7. Lok-Adalats
8. CIRP (Corporate Insolvency Resolution Process)
9. PIRP (Pre-packaged Insolvency Resolution Process)
10. Non-Co-operative Borrower
11. WFD study
12. Fraud Examination
13. Look Out Circular

Q1. Which of these is not a method of recovery?

A.OTS

B.SARFAESI

C.CIRP

D.WFD

Ans: D

Q2. OTS in respect of Self Liquidating securities can be considered by?

A.FGMLCC

B.COLCC (CGM)

C.COLCC (ED)

D.MCB

**Ans: D**

Q3. Who is the authority to waive off the payment of delayed period interest in case of an OTS?

A.FGMLCC

B.COLCC (GM)

C.COLCC (ED)

D.It cannot be waived

**Ans: D**

Q4. What is the maximum write off powers of Scale I, II & III officers in OTS involving Real Balance greater than Rs10.00 Lacs?

A.NIL

B.Only Scale III can write off up to Rs 4.00 Lacs

C.Rs 5.00 Lacs

D.None of the above

**Ans: A**



Q5. OTS can be considered in SARFAESI eligible NPA accounts without going for e-auction, only if the proposed OTS amount is higher of:

- A. Present RSV of charged securities, primary and collateral (in case of more than one EVR, highest RSV should be considered)
- B. Present Book balance of the NPA accounts
- C. Both A & B
- D. Only B

**Ans: C**

Q6. Where should any recovery made in any NPA account be first appropriated?

- A. Book Balance (Principal) > Unpaid Legal Expenses (MLE) > Unpaid Other Expenses (MOX) > Unpaid Charges > Unpaid Interest (MOI)
- B. Book Balance (Principal) > Unpaid Interest (MOI) > Unpaid Legal Expenses (MLE) > Unpaid Other Expenses (MOX) > Unpaid Charges
- C. Unpaid Legal Expenses (MLE) > Unpaid Interest (MOI) > Unpaid Other Expenses (MOX) > Unpaid Charges Book Balance (Principal)
- D. None of the above

**Ans: A**

Q7. What is the threshold limit for deduction of TDS by the auction purchaser in respect of Sale of Immovable property under SARFAESI Act 2002?

A. Rs 50.00 Lacs

B. Rs 75.00 Lacs

C. Rs 1.00 Crore

D. No TDS

**Ans: A**

Q8. TDS on sale of Immovable property is deductible under which section of the Income Tax Act?

- A. Under section 194-J of IT Act, 1961
- B. Under section 194-IA of IT Act, 1961
- C. Under section 80 CC of IT Act, 1961
- D. Under section 194- D of IT Act, 1961

**Ans: B**

Q9. What is the full form of SEC?

A.SARFAESI Enforcement Committee

B.Security Enforcement Committee

C.Security Entrustment Committee

D.Securitization Entrustment Committee

**Ans: B**

Q10. Who is the chairman of FGM-SEC?

A. Field General Manager (Always)

B. Deputy General Manager (FGMO) (In his absence, FGM)

C. AGM (FGMO)

D. CO: GM, Recovery

**Ans: B**

Q11. Who is empowered for empanelment of recovery agents for branches?

A. Only FGMLCC

B. ZLSCC

C. ZLCC

D. COLCC

**Ans: C**

Q12. Who is empowered to allot accounts of SAM Large Branches to Recovery Agents?

A. SEC at FGMO

B. SEC at CO

C. SEC at SAM Large Branches

D. SEC at ZO

**Ans: C**



Q13. On admission of an account to NCLT, the sale under SARFAESI can be done within:

A. 30 days of admission

B. Cannot be done

C. With due permission from NCLT

D. With the intervention of DRT

**Ans: B**

Q14. Which of the following is considered as Cash Recovery?

A.Recovery in Compromise settled Accounts

B.Recovery from sale of Charged Assets

C.Cash Recovery in fully written off accounts (AUC)

D.All of the above

**Ans: D**

Q15. The demand notice for recovery is issued under which section of SARFAESI Act 2002?

A. Under section 13 sub section (2) of the Act

B. Under section 13 sub section (4) of the Act

C. Under section 13 sub section (9) of the Act

D. Under section 13 sub section (3)a of the Act

**Ans: A**

Q16. What is the time limit given for depositing the entire sum due after issuance of Demand Notice under SARFAESI Act 2002?

A.45 days

B.60 days

C.90 days

D.30 days

**Ans: B**

Q17. The Authorized Officer (AO) only is permitted to initiate SARFAESI Action in eligible NPA Accounts. Who can be appointed an Authorized Officer for SARFAESI Action?

A. All Senior Managers with 5 years' experience

B. Only a Chief Manager

C. All Chief Managers & Above

D. Only FGM can decide

**Ans: C**

Q18. Under which section of SARFAESI Act, can an Authorized Officer (AO) take possession of a charged immovable asset?

A. Under Section 13 sub-section (1) of the Act

B. Under Section 13 sub-section (2) of the Act

C. Under Section 13 sub-section (3) of the Act

D. Under Section 13 sub-section (4) of the Act

**Ans: D**

Q19. After taking possession of the immovable property under SARFAESI Act, the AO will put the property on sale through e-auction mode and issue a sale notice. What will be the notice time given for conducting first such auction?

- A. Clear 30 days
- B. Clear 45 days
- C. Clear 60 days
- D. Clear 15 days

**Ans: A**

Q20. After initiation of SARFAESI Action, if any objection is received from the borrower, what is the time line for replying to the same?

- A.7 days
- B.15 days
- C.21 days
- D.30 days

**Ans: B**



Q21. Who is the competent authority for fixing the Reserve Price of a property?

A. SEC at Zonal Office

B. SEC at SAM Large

C. SEC at FGMO

D. All of the above

**Ans: D**

Q22. What will be the Reserve Price while fixing the Initial Reserve Price for first sale?

- A. Realizable Value
- B. 80% of the Market value
- C. Distress Sale Value
- D. None of the Above

**Ans: A**

Q23. Who will be the convener of the SEC at SAM Large Branch?

A. Law Officer or SM or Manager (Rec)

B. AGM or CM

C. Branch Head

D. None of the Above

**Ans: A**

Q24. How many days' notice is required for conducting resale under SARFAESI?

A. Clear 30 days

B. Clear 45 days

C. Clear 15 days

D. Clear 7 days

**Ans: C**

Q25. Under which section of SARFAESI Act 2002, an application can be filed with CJM/ CMM/ DM of respective district for taking physical possession of the property?

- A. Under section 12
- B. Under section 13
- C. Under section 14
- D. Under section 15

**Ans: C**

Q26. Who is the competent authority to accord approval for refund of the sale amount to auction purchaser in case of cancellation of sale held under SARFAESI Act due to court order?

A. COLCC (GM)

B. FGMLCC

C. Concerned SEC

D. MCB

**Ans: C**

Q27. What is the maximum amount of refund of court fee available when there is an OTS in a suit filed account?

- A. Maximum of 50%
- B. Full refund of 100%
- C. Maximum of 25%
- D. Court fee cannot be refunded

**Ans: A**

Q28. For empanelment of advocates, based on their knowledge, experience and qualification in specified areas, the applications received are classified into how many categories?

- A. 5 Categories
- B. 4 Categories
- C. 3 Categories
- D. 2 Categories

**Ans: C**



Q29. For a category 'B' advocate, the minimum number of years of practice experience required is..

A.3-5 years

B.5-10 years

C.5-15 years

D.More than 15 years

**Ans: B**

Q30. Who is authorized to empanel or remove the Advocate on the Bank's panel for the Zones/ Branches?

A.CO: Recovery Department

B.HO: Legal Department

C.FGMLCC

D.ZLCC

Ans: C

Q31. What is the minimum score required to be obtained by the advocates for becoming eligible for interview for empanelment on the panel of the Bank in respect of Category 'A' or 'B'?

- A. Minimum of 40%
- B. Minimum of 50%
- C. Minimum of 60%
- D. Minimum of 70%

**Ans: C**

Q32. What is the ideal no of empaneled advocates for a city/centre having number of branches in the range of 11 to 25?

A.25

B.30

C.35

D.40

**Ans: B**

Q33. The mode of SARFAESI sale through 'Private Treaty' can be adopted only after exhausting public auction on at least ..... occasions.

- A. One
- B. Two
- C. Three
- D. Four

**Ans: B**

Q34. Who is empowered to accord approval for conducting SARFAESI sale through Private Treaty for a Reserve Price up to Rs1.00 Crore?

A.FGM (CAC)

B.ZLCC

C.ZLSCC

D.Authorized Officer

**Ans: A**

Q35. The NCLT has jurisdiction over the matters of:

- A. A Partnership
- B. A Limited liability partnership
- C. A Proprietorship
- D. An Individual

**Ans: B**

Q36. What is the minimum amount of default for filing in NCLT?

Rs 1.00 Lac

Rs 20.00 Lacs

Rs 100.00 Lacs

Rs 25.00 Lacs

**Ans: C**



Q37. What is the limitation for filing in NCLT?

- A. Within 2 Years from the date of default
- B. Within 3 Years from the date of default
- C. Within 4 Years from the date of default
- D. Within 1 Year from the date of default

**Ans: B**

Q38. On appointment, the IRP shall issue a public announcement and call for claims from all the creditors. This will be done within how many days?

- A. Within 3 days of appointment
- B. Within 5 days of appointment
- C. Within 7 days of appointment
- D. Within 14 days of appointment

**Ans: A**

Q39. The ongoing CIRP (Corporate Insolvency Resolution Process) even after admission can be withdrawn with the approval of ..... %age voting share of CoC.

A. 50%

B. 66%

C. 80%

D. 90%

**Ans: D**

Q40. Who is the competent authority to grant permission for filing application before NCLT for initiation of CIRP?

- A. FGMLCC
- B. COLCC (GM)
- C. COLCC (ED)
- D. ZLCC

**Ans: B**

Q41. What will happen to the residual balance in an account after receipt of the proceeds of implementation of resolution plan?

Ans: The account shall be written off debit to the P/L Account/ Provision Ac.

Q42. What is PUFEE in regard to CIRP?

Ans: PUFEE (Preferential, Undervalued, Fraudulent & Extortionate)

Q43. What will be the provisioning amount in respect of accounts against which the Adjudicating Authority under IBC has passed a liquidation order?

Ans: **100% from the date of order**

Q44. What is the full form of PIRP?

Ans: **Pre-packaged Insolvency Resolution Process**

(Added to IBC-2016 vide amendment IBC (Amendment) Act 2021.)



Q45. Who is the e-auction service provider for conducting e-auction through e-Bikray platform?

Ans: **MSTC Ltd (Metal Scrap Trade Corporation Ltd) - a Mini Ratna Category I Company.**

Q46. A recovery agent has to complete 100 hours of training and pass “Debt Recovery Agent Examination” conducted by:

Ans: **Indian Institute of Banking & Finance**

Q47. Which loans can be entrusted to BCs/ SHGs/ CBCs for recovery?

Ans: Agri Loans, Education Loans, MSME Loans & SHG loans with Balance below Rs 10.00 Lacs

Q48. BCs/ SHGs/ CBCs can be empaneled as Recovery Agents owing to their location advantage. What is the fee structure proposed for effecting recoveries by them?

Ans: **5% of the recovery amount**

Q49. What is the full form of the term 'CDRS' used in recovery?

Ans: It is the Indian Bank model code of “Collection of Dues and Repossession of Securities”

Q50. What is the maximum fee payable per account to a Recovery Agent?

Ans: **Rs15.00 Lacs**

Q51. What is the frequency of valuation of charged immovable assets under SARFAESI Act?

Ans: The valuation cannot be older than 1 year

Q52. What is the full form of 'DCCO'?

Ans: Date of Commencement of Commercial Operations



Q53. What are the main elements for classification of a borrower as Willful Defaulter?

Ans:

- a) Siphoning of funds
- b) Diversion of Funds
- c) End use of funds
- d) 'Intentional, deliberate and calculated'

Q54. Who is the chairman of WDSC (Wilful Defaulter Screening Committee)?

Ans:

**Executive Director (Chairman)**

**Senior General Managers/ DGM (02) (Members)**

Q55. Who are the members of the “Wilful Defaulter Review Committee”?

Ans:

Two (02) Independent Directors

Chairman: MD & CEO

The aggrieved party has to submit representation within 15 days of receiving order of willful defaulter by WDSC.

Q56. The final order of Wilful Defaulter Review Committee (WDRC) will be served on the borrower/ guarantor and RBI/ CIC will accordingly be informed within .....days of the following month.

Ans: 07 days

Q57. Who is the discretionary authority to recommend the proposal for classification of an account as Wilful Defaulter in case of a branch other than SAM/ LCB?

Ans: **Respective Zonal Head**

**For SAM Large/ LCB - Respective Branch Heads**

**For SAM Small - Respective FGM**

## Accelerated Provisioning Norms in respect of Wilful Defaulters:

In terms of the stipulations contained in RBI's Master Circular no. RBI/2022-23/15 DOR.STR.REC.4/21.04.048/ 2022-23 dated 01.04.2022 on Prudential norms on Income 7378693::27.09.2023 Annexures 209 Recognition, Asset Classification and Provisioning pertaining to Advances, 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 wilful defaulters, will be 5% in cases of standard accounts; if such account is classified as NPA, it will attract accelerated provisioning as under:

Asset Classification	Period of NPA	Regular Provisioning (%)	Accelerated Provisioning (%)
Sub Standard (Secured)	Up to 6 months	15	No change
	6 months to 1 year	15	25
Sub Standard (Unsecured ab-initio)	Up to 6 months	25 (Other than infrastructure loans)	25
		20 (Infrastructure Loans)	
	6 months to 1 year	25 (Other than infrastructure loans)	40
		20 (Infrastructure Loans)	
Doubtful I	2nd Year	25 (secured portion)	40 (secured portion)
		100 (unsecured portion)	100 (unsecured portion)
Doubtful II	3rd & 4th Year	40 (secured portion)	100 for both secured & unsecured portions
		100 (unsecured portion)	
Doubtful III	5th Year Onwards	100	100

Q58. What is the maximum time in which the title deeds/ securities will be handed over back to the borrower / mortgagor after ascertaining that there is no direct/ indirect liability?

Ans: **Maximum 30 days but efforts to be made to do it within 7 days**



THANK  
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