



Terms and conditions for Empanelment of Resolution Agent for recovery of Non-Performing Assets (NPA)

Bank of Maharashtra invites application for empanelment of Resolution Agents for recovery of large value NPAs.

1. Preamble

Bank of Maharashtra wishes to empanel Resolution Agents to facilitate expeditious resolution of large value NPAs. The Resolution Agent will be responsible for ensuring timely recovery in NPAs as per law, in consonance of government, and regulatory guidelines. The primary onus of initiating and continuance of recovery action (including legal proceeding) will be of resolution agent. The resolution agent will take recovery efforts in consultation with Bank, wherein Bank will incur expenditure as detailed herein.

2. Scope of work

- 2.1. Formulation of account wise recovery strategy.
- 2.2. Ensuring recovery by execution / implementation of formulated recovery strategy.
- 2.3. The Resolution Agent is required to take assistance of advocate, valuers etc. in consultation with Bank. The Resolution Agent will preferably take assistance of professionals on the panel of the bank. Provided the professionals viz. advocate, valuer, other outsourced agents, are agreeable to adhere to bank's schedule of fee. Provided further the Resolution agent may engage outside advocates (i.e. outside banks panel), and take approval of mutually agreeable professional fees from bank.

3. Eligibility Criterion

- 3.1. The Applicant should be registered as Asset Reconstruction Company, or
- 3.2. The Applicant should be empanelled as Resolution Agent by Asset Reconstruction Company, and in case of empanelled Resolution Agent, they should have Assets worth at least Rs. 50 Crore for resolution, as on 31.12.2014, or
- 3.3. The applicant –
 - 3.3.1. Should be firm/company/LLP having minimum two years standing as on 31.12.2014 and
 - 3.3.2. Should have Assets worth at least Rs. 50 Crores for resolution as on 31.12.2014.

4. Reimbursement of Expenses:

- 4.1. The expenses pertaining to professional including advocate's fee, valuer's fee etc. will be payable by bank. Bank will directly make payment for professional fees to the professional.

S. N	Type	Basis
1	Advocate Fee	a) As per Bank's Advocates Fee Schedule. b) Fees as agreed by bank, exceeding Advocate's Fees Schedule
2	Court Fee	Actual
3	Stamp Duty	Actual
4	Incidental Charges (excluding conveyance/traveling)	Actual

4.2. Expenses pertaining to Enforcement of Security under SARFAESI

S. N	Type	Basis
1	Assistance in taking symbolic possession of secured assets and for preparing the Panchnama and inventory	Rs. 5,000/-
2	Assistance in taking actual possession of secured assets and for preparing the Panchnama and inventory without the help of CMM/DM	Rs. 15000/-
3	For obtaining orders from CMM/DM	Rs. 5,000/-

4.3. Security expenses

Sr. No	Type	Basis
1	For engagement of security guards/(s), to be decided in consultation with Bank consistent with Applicable Laws	Actual- To be agreed in writing by bank prior to engagement.

4.4. Other expenses viz. insurance, valuation, newspaper advertisement for sale of assets. Actual will be paid by bank.

4.5. Other out of pocket expenses

S. N	Type	Basis
1	Outstation travelling, lodging etc.	Actual, subject to a maximum of Rs. 50,000/- per Financial Asset shall be reimbursed, The reimbursement will not exceed Rs. 20,000/-, in any year. The year will be counted from the date of entrustment. The mode of travel for reimbursement will be 3 rd AC railway fare, and lodging and boarding expenses per person per day will not exceed Rs. 2000/-. The amount will be reimbursed on submission of bill.

4.6. The Resolution Agent on monthly basis raise invoice for the commission, incentive for the expenses payable by bank.

5. Remuneration of Resolution Agent

5.1. Commission payable (This will be subject to moderation at rate given below)

Category of NPAs	Commission payable
Recovery effected in secured assets	3% of cash recovery made in each account
Recovery effected in un-secured assets	5% of cash recovery made in each account

If account has tangible collateral asset of 10% or less, the account will be classified as unsecured asset. Similarly if account has tangible collateral asset of more than 10%, the account will be classified as secured asset. In case of any ambiguity in classification of account as secured as unsecured, banks decision will be final and binding.

5.2. **Moderation Factor:**

The commission payable will be moderated at the following rate :

Sr. No.	Tenure	Moderation Factor
1	Recovery effected within one year of entrustment	150%
2	Recovery effected within two year of entrustment	125%
3	Recovery effected within three year of entrustment	100%
4	Recovery effected within four year of entrustment	75%
5	Recovery effected within five year of entrustment	75%

First date of month following the date of allotment/ entrustment of account will be date of reckoning for calculating period of entrustment for commission payable. E.g. if an account is entrusted on 17.01.2015, date of reckoning will be 01.02.2015.

6. **Recovery eligible for payment of commission:**

- 6.1. Pure cash recovery, including recovery by settlement/ OTS, sale of assets under SARFAESI, sale of assets through Court, DRT will be eligible for calculating payment of commission.
- 6.2. However compensatory recovery, i.e. recovery by exercising right of set-off by Bank will not be eligible for calculating payment of commission.
- 6.3. Further, recovery by sale of asset (account) to ARC (including assignment) will not be eligible for calculating payment of commission. Bank will have absolute right to sale of assets/ assignment of right title interest in favour of ARC or other permissible entity.

7. **Recovery Target/milestone**

Time period	Cumulative target/ Milestone necessarily to be achieved
Within 1 year	10 % of Ledger Balance (Principal amount)
Within 1 to 2 year	25 % of Ledger Balance (Principal amount)
Within 2 to 3 year	50 % of Ledger Balance (Principal amount)
Within 3 to 4 year	60 % of Ledger Balance (Principal amount)

8. **De-empanelment/ removal/ Termination**

- 8.1. Bank may de-empanel/ remove/ terminate the services of Resolution Agent in the following eventualities-

- a) On failure of reaching the recovery target of two milestones. However, while calculating achievement of recovery target, bank may take into account all the accounts entrusted to resolution agent, or
 - b) On coming to know gross irregularity, material breach of terms of agreement.
- 8.2. However, Bank before de-empanel/ removal/ termination, bank may give 15 days notice to the resolution agent. Provided bank will not give any notice if the irregularity pertains to corruption, reputation of bank, use of any improper means or grave irregularity; in this bank will forthwith sever the relationship with agency.
- 8.3. Bank may its sole wisdom after de-empanel/ removal/ termination of resolution agent, either entrust the matter/ account to other resolution agent/ recovery agent/ or recover through its own officials with or without the assistance of professionals engaged in coordination of resolution agent.
- 8.4. Notwithstanding anything mentioned herein, Bank will have unqualified right to cancel this agreement and terminate the services of Resolution Agent without assigning any reason after giving 30 days notice. Bank decision in this regard will be final and binding.
- 8.5. The power of termination of empanelment of Resolution Agent shall vest with General Manager, Recovery, Head Office, and whose decision in this regard shall be final and binding.

9. Dispute Resolution

- 9.1. Any dispute as to the payment or commission shall be taken up before the Settlement Advisory Committee (SAC) of the Bank where representation of agency shall be heard. Decision of SAC shall be binding on both bank and the Resolution Agent.

10. Jurisdiction

- 10.1. The Courts at Pune will have exclusive and sole jurisdiction.

Date: 21.04.2015

Place: Pune

Deputy General Manager (Recovery)