

BCC: BR: 115 373

01.07.2023

**Circular to all Branches/Regions/Zones/ZOSARBs/SAMBs**

Dear Sir,

**Re: NPA Recovery through Business Correspondents (BCs) –payment of incentive to Business Correspondents (BCs) for effecting recovery in NPA accounts of Small Borrowers with book dues upto Rs. 25.00 Lacs.**

In the recent past, increasing trend was observed in slippages /delinquency of small accounts, particularly with outstanding balance upto Rs 25.00 Lacs. You are all aware that NPA Recovery is one of the thrust areas of our Bank. The major reasons for poor recovery and higher rate of slippages in advance portfolio under Agriculture & Priority Sector was felt to be inadequate follow up due to limited resources at Branch level. The Support received by us from Business Correspondents (BCs), in achieving the recovery targets, prompted us to realize that utilizing the services of BCs might be of great help in arresting slippages, maximizing recovery in NPA accounts of Small Borrowers upto Rs 25.00 Lacs.

During financial year 2022-23, performance of Business Correspondents towards NPA Recovery has been appreciable. Looking to the past performance of Business Correspondents, the Corporate Office has decided to continue incentive/commission to BCs as per following schedule:-

	In Sub Standard Accounts	In DB-I, DB-II Accounts	In DB-III, Loss Accounts	In TWO/PWO Accounts
Recovery up to Book Dues (Partial or Full)	@2% of recovered amount	@2% of recovered amount	@4% of recovered amount	@4% of recovered amount
Recovery above 100% of Book Dues		@3% of recovery above Book Dues	@5% of recovery above Book Dues	@6% of recovery above Book Dues
Recovery of full Notional Dues		@4% of recovered amount	@6% of recovered amount	@7% of recovered amount
Recovery above 100% of Notional Book Dues		@5% of recovery above Notional Book Dues	@7% of recovery above Notional Book Dues	@10% of recovery above Notional Book Dues
Recovery of full Contractual Dues		@6% of recovered amount	@8% of recovered amount	@12% of recovered amount



**\*Please note that:-**

- 1) Branch to allocate accounts to BCs judiciously
- 2) Recovery in accounts, settled under Vasooli Sankalp Scheme are not eligible for payment of incentive/commission to BCs
- 3) Advances against Cash Securities, Backed by Cash Collateral, Government Securities, Gold Loans are not covered for any incentive to BCs
- 4) The above mentioned rate applicable only for Recovery made on or after this circular and will be valid up to 31.03.2024.

Zonal / Regional Authorities are requested to sensitize the Branch Heads to allocate all eligible accounts to BCs. They should be encouraged and engaged in recovery of small accounts to improve their income. It will help Branches in effective recovery and reduction of their NPA level.

Yours faithfully,



(J. N. Chopra)

Chief General Manager

Stressed Assets Management Vertical