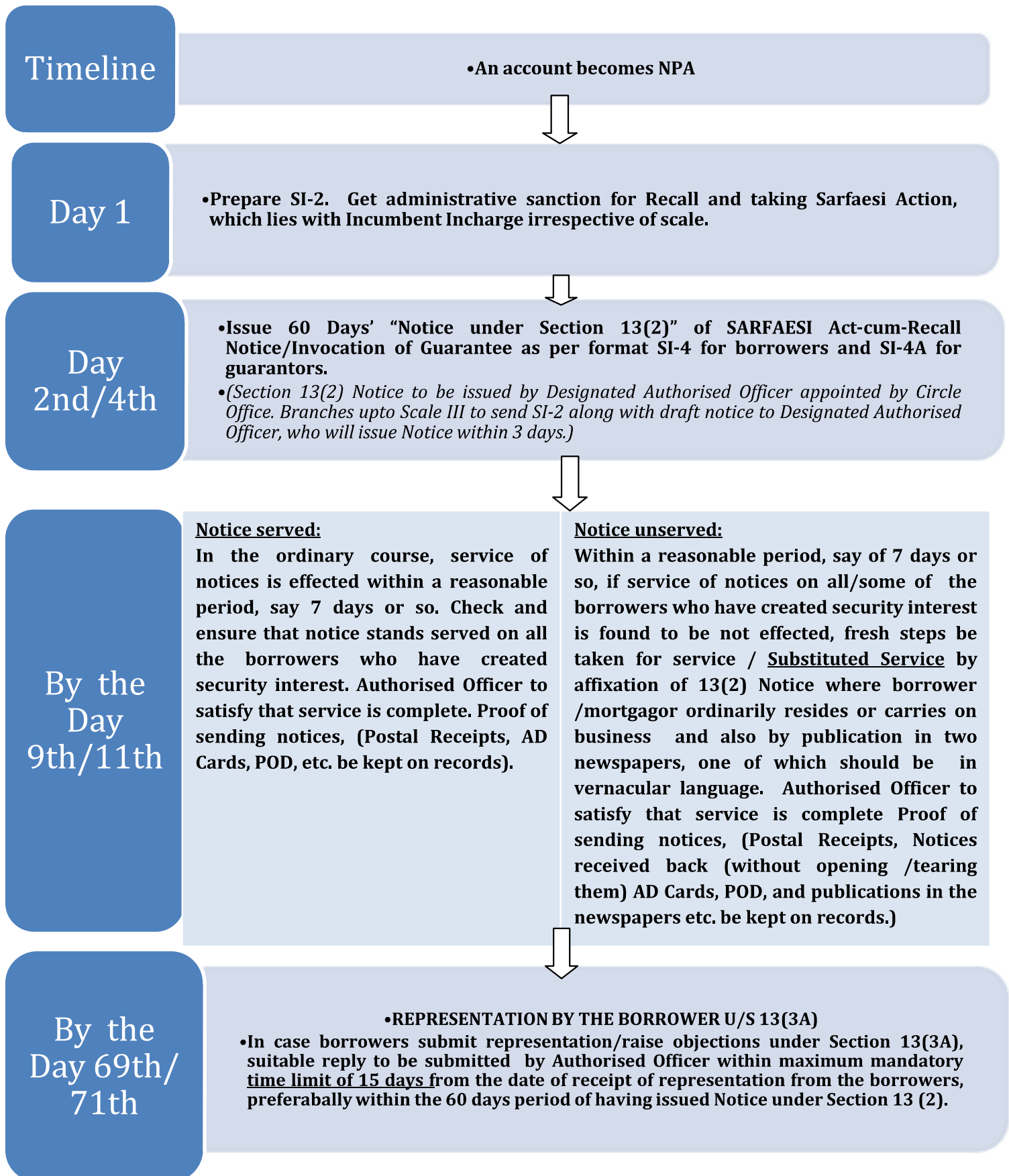


SARFAESI ACTION- WORK FLOW CHART



STEPS AFTER SECTION 13 (2) NOTICE

All these steps
to be
simultaneously
completed By
the Day
69th/71st

•ENGAGEMENT OF SUPPORTING AGENCY AND ITS ROLE

- For pre-take over examination of identified secured assets, taking over possession, obtaining assistance of DM/CMM for taking over possession, acting as custodian, providing security for protection and preservation of assets taken in possession and assisting bank for sale of assets.



All these steps
to be
simultaneously
completed By
the Day
69th/71st

- Take permission of Circle Head/FGM for engagement of supporting agency
- Letter to the Supporting Agency to be issued by Authorised Officer as to its engagement and services/support it has to render to Authorised Officer. (As per Annexure –VI of Recovery Division HO Circular No.16 dt.30.3.2013.
- Supporting agency to make pre possession survey and submit report. The report be examined as to what precautions and steps need to be taken for possession. If everything is found in order, Authorised Officer to proceed for further action. In Consortium Accounts consent of 60% of the secured creditors (in BIFR reference consent of 3/4th of secured creditors) need to be taken before taking possession /other measures u/s 13(4) of SARFAESI Act.



On the Day
69th /71st

•PRE-POSSESSION NOTICE(Form SI-6)

- In case service of notice is found to be complete and representation u/s 13(3A) stands duly replied, issue “Notice to deliver possession of secured assets” (Form SI-6) giving reasonable time to hand over possession of secured assets. (Although issue of Notice to deliver possession, is not a legal requirement as per SARFAESI Act)



On the Day
79th/ 81st

•TAKING OVER OF POSSESSION

- Wait for 10 days after issue of “Notice to deliver the possession of secured assets” and in case still there is no response, proceed under Section 13(4) to take Possession on or after the date given in the said Pre-Possession Notice. Check up that there is no stay granted by DRT/ Court/High Court. Court orders recieved at any stage are to be honoured.

On the Day
79th/ 81st

Publication by
Day
82nd/84th

POSSESSION DAY (Movables):

- 1) Take possession of movables.
- 2) Prepare Panchnama form SI - 7A/7B/7C/7D.
- 3) Prepare inventory under rule 4(2) as per format (SI -8).
- (4) Deliver a copy of inventory (SI-8) to the person entitled to receive the same. However, in case of refusal and to give acknowledgement, send it by Regd.Post AD/Speed Post/Courier etc
- (5)Take Valuer with you for valuation as it would obviate delay in getting valuation of movables.

POSSESSION DAY (IMMOVABLES):

- 1) Take Possession of immovable property by delivering Possession Notice (Form-SI-10) to the borrower.
- (2) Simultaneously affix such Possession Notice on the outer door or at such conspicuous place of the property.
- (3) Prepare inventory as per format - (SI -9).
- (4) Deliver a copy of Possession Notice and inventory (SI-9) to the person entitled to receive the same. However, in case of refusal and to give acknowledgement, send it by Regd.Post AD/Speed Post/Courier etc
- (5)**Publication of Possession Notice:** As per Section 8(2), for immovable properties it is mandatory to get the "Possession Notice" (Forms SI-10, SI-10A & SI-10B) published in the two leading newspapers within 7 days out of which, one in vernacular language having sufficient circulation in the locality.
 - (i) Form SI-10- Possession Notice for a single NPA A/c (may be multiple properties)
 - (ii) Form SI-10A- Possession Notice for multiple NPA A/cs and related to one Authorized Officer.
 - (iii) Form SI-10B- Possession Notice for multiple NPA A/cs and related to more than one Authorized Officer.
- (6)Take Valuer with you for valuation as it would obviate delay in getting valuation of secured assets.

By the Day
82nd/84th

•VALUATION OF SECURED ASSETS

- Obtain Valuation Report from Board Approved Valuer
- (No need to wait for actual possession of immovable secured assets)

File DM/CMM
application By
the Day 90th/
92nd

•ACTUAL PHYSICAL POSSESSION NOT DELIVERED VOLUNTARILY/RESISTED BY BORROWER

- Filing of application before DM/CMM for taking possession u/s 14 of SARFAESI Act.
- When application is allowed, possession be taken as per orders of the DM/CMM.

By the Day
84th/86th

•FIXATION OF RESERVE PRICE OF SECURED ASSETS (MOVABLES & IMMOVABLE)

- **Authorised Officer to send recommendations to COCESI along with valuation reports and get fixed the Reserve Price and the mode of sale. COCESI to finalize the Reserve Price maximum within 2 days.**



Issue of
Notice of
intended
Sale and
Publication
by Day
87th/89th

Day of
Auction
121st/123rd

Movables:

- Issue "Notice for intended Sale by Auction/Tender" of 30 Days (Form SI-13).
- Issue Public Notice (Proclamation of Sale) SI-14 /Invitation for Tender -form SI-24 .
- Serve notice of intended sale by Auction/Tender SI-13 and Proclamation of Sale SI-14 /Invitation for Tender -form SI-24 on the Borrower and guarantors.
- **Publish Public Notice** (Proclamation of Sale SI-14) /Invitation for Tender -form SI-24, in the two leading newspapers, out of which, one in vernacular language having sufficient circulation in the locality.
- There should be minimum 30 days gap (Expiry of 30 days) between the date of publication and the date of Auction or date of opening the tenders.

Immovables:

- Issue "Notice for intended Sale by Auction/Tender" of 30 Days (Form SI-13).
- Issue Public Notice (Proclamation of Sale) SI-14 /Invitation for Tender -form SI-24.
- Serve notice of intended sale by Auction/Tender SI-13 sale by Auction/Tender and Proclamation of Sale SI-14 /Invitation for Tender -form SI-24 on the Borrower /Mortgagor and guarantors.
- Proclamation of Sale Notice (SI-14)/ Invitation for Tender -form SI-24 is to be affixed on the conspicuous part of the property to be sold/auctioned.
- **Publish Public Notice** (Proclamation of Sale SI-14)/ Invitation for Tender -form SI-24 in the two leading newspapers, out of which, one in vernacular language having sufficient circulation in the locality.
- There should be minimum 30 days gap (Expiry of 30 days) between the date of publication and the date of Auction or date of opening the tenders.



- **Sale through E- Auctions is to be conducted as per extant guidelines. In case of E-Auctions, Sale Notice is to be compulsorily placed at www.pnbindia.in and www.tenders.gov.in for at-least 30 days in addition to publication in the newspapers. However, *where the Reserve Price of the property to be auctioned is fixed at less than Rs. 5 lacs, Authorized Officer has the discretion to conduct the Auction through E-Auction or Manually.***
- **If sale is by inviting tenders, as soon as publication is made in the newspaper, keep ready the Tender Form(SI-25) along with Annexure of Terms &Conditions which is to be submitted by the Tenderer/Bidder duly signed with EMD in a sealed cover accompanying a covering letter –Form-SI-26. Check up that there is no stay granted by DRT/ Court/High Court. Court orders recieved at any stage are to be honoured.**

On the Day 121st/123rd

Auction Process

- Auction be held at the place, time and on the day mentioned in Public Notice.
- Earnest Money Deposit : Get EMD from the Participants/Bidders as notified in the Public Notice (Generally 10% of the reserve price). No bidder, whose bid is below Reserve Price, be allowed to participate.
- Acceptance of Terms & Conditions by bidders-Form SI -18 A. Before commencement of bid, read out terms of sale to bidders and obtain signatures in token of acceptance of these terms and conditions.
- Recording of Bids After completing all the above formalities, start inviting inter se bids from the bidders. All the bids received from individual bidders be recorded on the Bid- Sheet on the format SI-19.
- When the auction reaches at the climax, where no bidder is ready to increase the bid as against the highest bid received, the second highest bidder be asked whether he wants to increase the bid and on refusal, the fact be recorded and his signature be obtained. Similarly, all the bids received from individual bidders be recorded on the Bid- Sheet (Form SI-19) and their signatures be obtained. Highest bidder be declared as successful bidder.
- Initial deposit : The successful Highest Bidder is required to make initial deposit of 25% immediately of the bid /sale amount after adjusting the EMD. Balance 75% is to be paid within 15 days.

Tender Process

- Tenders be opened at the place, time and on the day mentioned in Public Notice in the presence of bidders.
- Recording of Tenders. All the Tenders received from individual bidders be recorded on the Bid- Sheet on the format SI-19. Each bid be checked up that Terms & Conditions Form (SI-25) of Tender is duly accepted and signed by bidder and is accompanied with EMD. Take care that bidder/participant has not changed any condition of tender. Sort out the eligible bids.
- As Terms & Conditions Form (SI-25) duly signed have already been submitted there is no need to take Form SI 18 A. However, before commencement of bid, read out Terms & Conditions of sale to bidders.
- Recording of Bids: Decide the tenderer which has made the highest bid. In case inter se bidding is contemplated as per terms of tender terms, inter se bidding from the bidders be called and these bids be recorded.
- Where no bidder is ready to increase the bid as against the highest bid received, the second highest bidder be asked whether he wants to increase the bid and on refusal, the fact be recorded and his signature be obtained. Similarly, all the bids received from individual bidders be recorded on the Bid- Sheet (Form SI-19) and their signatures be obtained. Highest bidder be declared as successful bidder.
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Balance
75%
amount
By the Day
136th/
138th

- Get Bio-data of the Highest Bidder as per format SI- 20.
- On getting initial deposit, communication of acceptance of bid be given to the Highest Bidder as per format-SI-21.
- In case of Immovable, Move to Circle Office (Committee of Officers) immediately but not later than 15 days, to get confirmation of sale from them as a Secured Creditor. And this confirmation of sale be communicated to the Highest Bidder as per format-SI-22. No confirmation of sale of Secured Creditor is required in case of sale of movables.
- Execution of Agreement to Sell: be executed with the purchaser as per format SI-23.
- Balance bid amount of 75% is received within time of 15 days as per Terms & Conditions of the auction.

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- On getting initial deposit, communication of acceptance of bid be given to the Highest Bidder as per format-SI-21.
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- Execution of Agreement to Sell: be executed with the purchaser as per format SI-23.
- Balance bid amount of 75% is received within time of 15 days as per Terms & Conditions of the Tender.



•Certificate of sale be issued (when sale price is received in full and asset sold is delivered.) FORM SI-15/ or SI 16 FOR MOVABLES AND FORM 17 FORM IMMOVABLES.

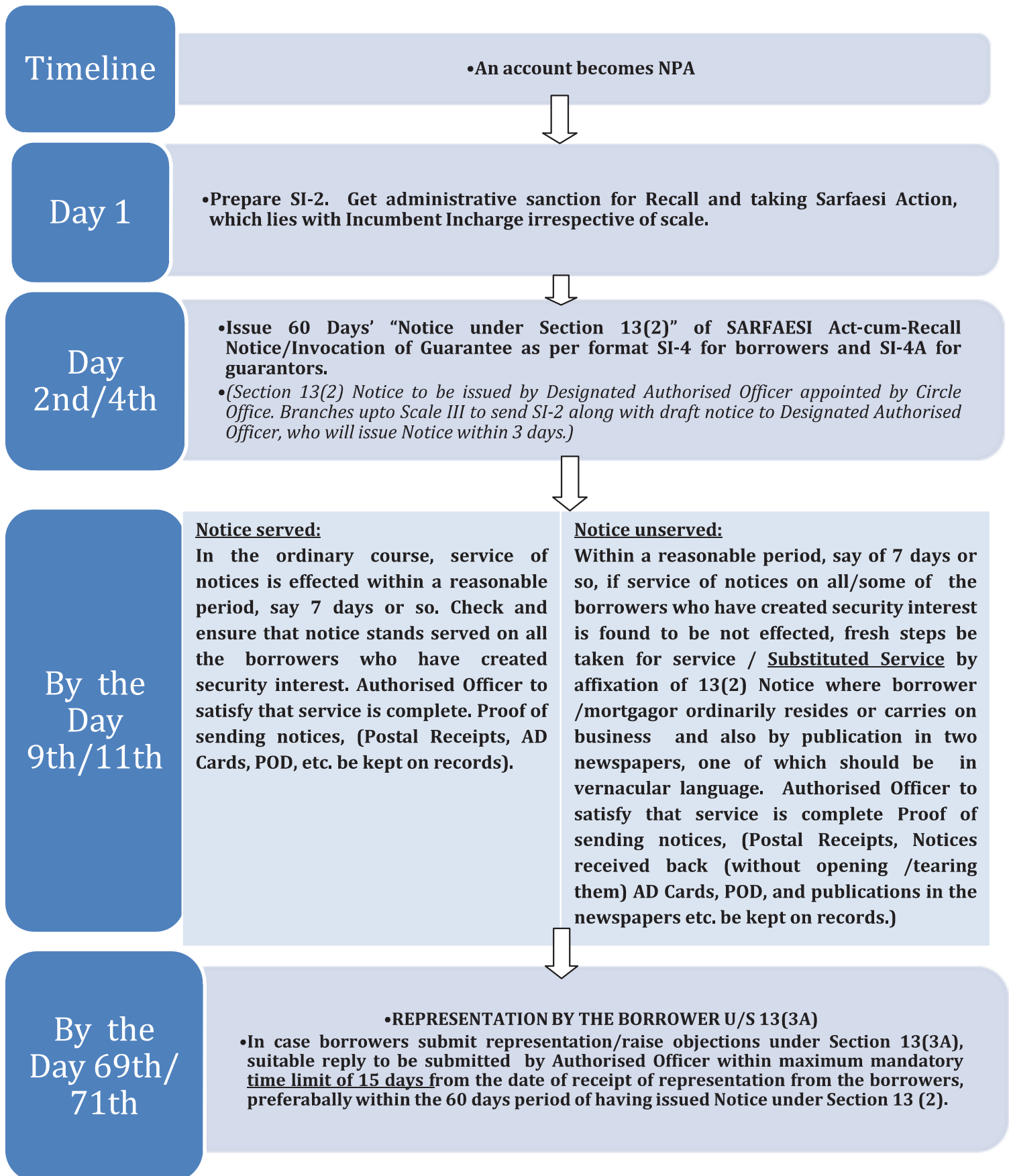


•APPROPRIATION OF SALE PROCEEDS:

- All the costs, charges and expenses incurred for Sarfaesi action which inter-alia include postage, publication, watch & ward, insurance, godown
- charges, fees of supporting agency needs to be recovered. Care must be taken that sale expenses are to be appropriated first from the sale proceeds. The balance proceeds of the sale be credited in the NPA account for liquidation of Principal bank dues, then to interest as per Recovery Division HO Circular no.2 dt. 9/1/2013. The residue/balance amount shall be paid to the person entitled thereto.

*****SARFAESI ACTION CONCLUDES*****

SARFAESI ACTION- WORK FLOW CHART



STEPS AFTER SECTION 13 (2) NOTICE

All these steps
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the Day
69th/71st

•ENGAGEMENT OF SUPPORTING AGENCY AND ITS ROLE

- For pre-take over examination of identified secured assets, taking over possession, obtaining assistance of DM/CMM for taking over possession, acting as custodian, providing security for protection and preservation of assets taken in possession and assisting bank for sale of assets.



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- Take permission of Circle Head/FGM for engagement of supporting agency
- Letter to the Supporting Agency to be issued by Authorised Officer as to its engagement and services/support it has to render to Authorised Officer. (As per Annexure –VI of Recovery Division HO Circular No.16 dt.30.3.2013.
- Supporting agency to make pre possession survey and submit report. The report be examined as to what precautions and steps need to be taken for possession. If everything is found in order, Authorised Officer to proceed for further action. In Consortium Accounts consent of 60% of the secured creditors (in BIFR reference consent of 3/4th of secured creditors) need to be taken before taking possession /other measures u/s 13(4) of SARFAESI Act.



On the Day
69th /71st

•PRE-POSSESSION NOTICE(Form SI-6)

- In case service of notice is found to be complete and representation u/s 13(3A) stands duly replied, issue “Notice to deliver possession of secured assets” (Form SI-6) giving reasonable time to hand over possession of secured assets. (Although issue of Notice to deliver possession, is not a legal requirement as per SARFAESI Act)



On the Day
79th/ 81st

•TAKING OVER OF POSSESSION

- Wait for 10 days after issue of “Notice to deliver the possession of secured assets” and in case still there is no response, proceed under Section 13(4) to take Possession on or after the date given in the said Pre-Possession Notice. Check up that there is no stay granted by DRT/ Court/High Court. Court orders recieved at any stage are to be honoured.

On the Day
79th/ 81st

Publication by
Day
82nd/84th

POSSESSION DAY (Movables):

- 1) Take possession of movables.
- 2) Prepare Panchnama form SI - 7A/7B/7C/7D.
- 3) Prepare inventory under rule 4(2) as per format (SI -8).
- (4) Deliver a copy of inventory (SI-8) to the person entitled to receive the same. However, in case of refusal and to give acknowledgement, send it by Regd.Post AD/Speed Post/Courier etc
- (5)Take Valuer with you for valuation as it would obviate delay in getting valuation of movables.

POSSESSION DAY (IMMOVABLES):

- 1) Take Possession of immovable property by delivering Possession Notice (Form-SI-10) to the borrower.
- (2) Simultaneously affix such Possession Notice on the outer door or at such conspicuous place of the property.
- (3) Prepare inventory as per format - (SI -9).
- (4) Deliver a copy of Possession Notice and inventory (SI-9) to the person entitled to receive the same. However, in case of refusal and to give acknowledgement, send it by Regd.Post AD/Speed Post/Courier etc
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 - (i) Form SI-10- Possession Notice for a single NPA A/c (may be multiple properties)
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 - (iii) Form SI-10B- Possession Notice for multiple NPA A/cs and related to more than one Authorized Officer.
- (6)Take Valuer with you for valuation as it would obviate delay in getting valuation of secured assets.

By the Day
82nd/84th

•VALUATION OF SECURED ASSETS

- Obtain Valuation Report from Board Approved Valuer
- (No need to wait for actual possession of immovable secured assets)

File DM/CMM
application By
the Day 90th/
92nd

•ACTUAL PHYSICAL POSSESSION NOT DELIVERED VOLUNTARILY/RESISTED BY BORROWER

- Filing of application before DM/CMM for taking possession u/s 14 of SARFAESI Act.
- When application is allowed, possession be taken as per orders of the DM/CMM.

By the Day
84th/86th

•FIXATION OF RESERVE PRICE OF SECURED ASSETS (MOVABLES & IMMOVABLE)

- Authorized Officer to send recommendations to COCESI along with valuation reports and get fixed the Reserve Price and the mode of sale. COCESI to finalize the Reserve Price maximum within 2 days.



Issue of
Notice of
intended
Sale and
Publication
by Day
87th/89th

Day of
Auction
121st/123rd

Movables:

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- Publish Public Notice (Proclamation of Sale SI-14) /Invitation for Tender -form SI-24, in the two leading newspapers, out of which, one in vernacular language having sufficient circulation in the locality.
- There should be minimum 30 days gap (Expiry of 30 days) between the date of publication and the date of Auction or date of opening the tenders.

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On the Day 121st/123rd

Auction Process

- Auction be held at the place, time and on the day mentioned in Public Notice.
- Earnest Money Deposit : Get EMD from the Participants/Bidders as notified in the Public Notice (Generally 10% of the reserve price). No bidder, whose bid is below Reserve Price, be allowed to participate.
- Acceptance of Terms & Conditions by bidders-Form SI -18 A. Before commencement of bid, read out terms of sale to bidders and obtain signatures in token of acceptance of these terms and conditions.
- Recording of Bids After completing all the above formalities, start inviting inter se bids from the bidders. All the bids received from individual bidders be recorded on the Bid- Sheet on the format SI-19.
- When the auction reaches at the climax, where no bidder is ready to increase the bid as against the highest bid received, the second highest bidder be asked whether he wants to increase the bid and on refusal, the fact be recorded and his signature be obtained. Similarly, all the bids received from individual bidders be recorded on the Bid- Sheet (Form SI-19) and their signatures be obtained. Highest bidder be declared as successful bidder.
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Balance
75%
amount
By the Day
136th/
138th

- Get Bio-data of the Highest Bidder as per format SI- 20.
- On getting initial deposit, communication of acceptance of bid be given to the Highest Bidder as per format-SI-21.
- In case of Immovable, Move to Circle Office (Committee of Officers) immediately but not later than 15 days, to get confirmation of sale from them as a Secured Creditor. And this confirmation of sale be communicated to the Highest Bidder as per format-SI-22. No confirmation of sale of Secured Creditor is required in case of sale of movables.
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- All the costs, charges and expenses incurred for Sarfaesi action which inter-alia include postage, publication, watch & ward, insurance, godown
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*****SARFAESI ACTION CONCLUDES*****