

## भारतीय रिजर्व बैंक RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2009-10/500 DBOD.BP.BC.No.112/ 21.04.048/2009-10

June 21, 2010

The Chairmen/Chief Executives of All Scheduled Commercial Banks (excluding RRBs & LABs)

Dear Sir

Compromise/Negotiated/One Time settlement of Non Performing Assets

Of late, certain serious concerns have been expressed in different quarters and by the Debt Recovery Tribunals over the manner compromise settlements have been effected by banks. One of the DRTs had also observed that banks adopted different parameters to different borrowers, and agreed for a lesser amount as against claimed amount, despite availability of ample securities and by ignoring RBI guidelines.

2. In this connection, we draw your attention to our circular DBOD.No.BP. BC.81/21.01.040/95 dated July 28, 1995, read with circulars <u>DBOD.BP.BC.</u> <u>No.50/21.04.018/2006-07 dated January 4, 2007</u>, <u>DBOD.BP.BC.34/21.04.048 /2007-08 dated October 4, 2007</u>, and other related circulars issued from time to time and advise that adequate care should be taken to ensure that the compromise settlements are done in a fair and transparent manner and in full compliance with RBI guidelines on the matter.

3. It has also been decided that henceforth, the officer/authority sanctioning a compromise/one time settlement should append a certificate stating that the compromise settlements are in conformity with the RBI guidelines.

Yours faithfully,

(B. Mahapatra) Chief General Manager-In-Charge

DEPARTMENT OF BANKING OPERATIONS & DEVELOPMENT, CENTRAL OFFICE, 12<sup>th</sup> Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400 001 E-mail : cgmicdbodco@rbi.org.in