



बिहार राज्य सहकारी बैंक लि० THE BIHAR STATE CO-OPERATIVE BANK LTD.

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Ref. No. BSCB/Loan/Non-Farm/14/153

Date ...25-07-2025



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कार्यालय आदेश



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Subject: Implementation of Compromise Settlement, OTS & Technical Write-Off Policy

Reference: Approved by Board (Item No. 11 dated 11.07.2025)

To strengthen recovery efforts and deal with long-pending NPAs, The Bihar State Co-operative Bank Ltd. has adopted a policy on Compromise Settlement, One-Time Settlement (OTS), and Technical Write-Offs. The policy has been formulated in accordance with guidelines issued by RBI (dated 08.06.2023) and NABARD, and approved by the Board of Directors.

The compromise/OTS framework applies to eligible NPA accounts under Doubtful and Loss categories, including those in legal dispute or with failed past OTS attempts. Borrowers or guarantors may propose settlement, with at least 25% payment upfront. The remaining amount must be paid within one month or extended up to six months with interest.

The policy also enables technical or prudential write-offs for accounts that are five years or older and have been fully provided for, without impacting the Bank's legal right to recover. All such cases must be placed before the appropriate committee and Board and presented in the Annual General Meeting.

The policy is valid for FY 2025-26 and may be extended with due approval.

Key Points (in Brief):

- **Eligibility for OTS:**
 - Doubtful-I, II, III & Loss category NPAs
 - Legal/court cases, failed OTS attempts
 - Clean overdrafts (e.g., PMJDY)
- **Not Eligible for OTS:**
 - Sub-standard assets, fraud/willful defaults
 - Staff loans, loans against LIC/NSC/KVP
- **OTS Terms:**
 - 25% upfront payment required
 - Full payment within 1 month (max 6 months with interest)
 - Cooling period of 12 months post-compromise (non-agri loans)
- **Technical Write-Off:**
 - Accounts >5 years old or pre-01.01.2013
 - Fully provisioned Doubtful-III/Loss accounts
 - For accounting purposes only; legal recovery rights intact
- **Approval Process:**
 - Must pass through Credit/Working Committee → Board → AGM
 - Statutory auditors to be informed
- **Policy Validity:**
 - FY 2025-26 (extendable with competent authority approval)

अनुलग्नक: Implementation of Compromise Settlement, OTS & Technical Write-Off Policy

विश्वासभाजन

ह/०
(मनोज कुमार सिंह)
प्रबंध निदेशक

दिनांक

ज्ञापक

प्रतिलिपि: 1. सभी प्रशाखा पदाधिकारियों को सादर सूचनार्थ एवं आवश्यक कार्यार्थ हेतु प्रेषित।
2. सभी शाखा प्रबंधकों को सादर सूचनार्थ एवं आवश्यक कार्यार्थ हेतु प्रेषित।

17/07/2025
प्रबंध निदेशक



THE BIHAR STATE CO-OPERATIVE BANK LTD.

COMPROMISE SETTLEMENT AND TECHINCAL WRITE-OFFS POLICY

Approved by B.O.D Vide Board Item No 11 Dated 11.07.2025

The Bihar State Co-Operative Bank Ltd.
Ashok Rajpath, Patna-04.

Policy of Compromise/OTS/Technical write off

In view of high old NPA accounts, which are before migration of Bank to CBS, it is essential for The Bihar State Cooperative Bank to adopt a Board approved policy for Compromise, OTS and Technical Write-off as per RBI guideline.

The Policy of Compromise/OTS/write off in vogue has been prepared by the Loan Sub-Committee taking into consideration the guidelines/circulars issued by Reserve Bank of India vide Circular No.DOR.STR.REC.20/21.20/21.04.048/2023-24 dated June 08, 2023 for approval of BOD.

NABARD letter dated 27th June 2023 Ref No NB.HO.Dos.Pol./832/J-1/2023-2024 and Reserve Bank of India vide Identification no. DOR.STR.REC.20/21.04.048/2023-24 dated 8th June 2023 extended comprehensive guidelines frame work for OTS and technical write off to all Banks including StCBs and DCCBs. These guidelines aimed at strengthening the process for all regulated entities. It also further emphasizes the need for settlement policy and focuses on maximizing recovery and minimizing expenses with permissible sacrifice. As it has been mandated to have a Board Approved Policy for undertaking compromise settlement. As per NABARD this policy should be brought to the notice of the Statutory Auditors of the Bank.

A. Compromise/ OTS settlements:-

1. GENERAL : In terms of extant guidelines of RBI, policy needs to put in place non-discretionary One Time Settlement of Non-Performing Accounts (NPAs), salient features of which shall be as under:
2. Units/borrowers to be covered: It shall cover all NPAs of the borrower as at the end of previous quarter. Any eligible borrower who is in default and classified as NPA in the books of the Bank, intending to clear the outstanding dues through compromise settlement can submit a written proposal to the Bank, such proposal received shall be examined and reverted within 30 days on its acceptance or rejection by the competent authority.

There may be cases where the guarantors in NPA account/s come forward for settlement proposals so as to release their guarantee/security or discharge them from payment of dues. Such proposals would be treated 'At Par' with the proposal received from the borrower classified as NPA.

3. ELIGIBLE ACCOUNTS:

- NPA accounts under Doubtful-I, Doubtful-II, Doubtful- III, Loss category (including Technical Write-off accounts)
- Cases pending before Courts.
- Cases where OTS was earlier approved but not implemented and has already been declared failed on or before previous quarter.
- Clean Overdraft in Saving Bank and Current Account including overdraft granted under PMJDY which are classified as NPA.

4. INELIGIBLE ACCOUNTS

- All Sub-Standard NPA Accounts are not eligible under this scheme.
- Fraud (RBI Reported)/Willful Default/Criminal Action Cases.
- Loan against liquid securities e.g. LIC/NSCs/KVPs,
- Staff Accounts.

5. The minimum amount for compromise/OTS will be as under:

Asset classification as on previous quarter (Date).....	OTS amount (% of outstanding as on date of receipt of proposal)		
	Agriculture NPA Accounts	Housing Loan	NPA Accounts other than Agriculture, Housing Loan
DB-I	90%	100%	100%
DB-II	75%	90%	85%
DB-III (NPA age up to 5 Years)	65%	80%	75%
DB-III (NPA age>5Years up to 10 years)	55%	70%	65%
DB-III (NPA age>10years)	45%	60%	55%
LOSS	25%	30%	30%

Note: % of outstanding means = Principle + Interest as on NPA date –Recovery after NPA date.

6. Where Market value of Securities (Security held with Bank as primary security or Collateral security) is more than 100% of Balance Outstanding as on date of receipt of proposal, such cases shall not be covered under this Special OTS Scheme.
7. Repayment of compromise settlement: The Unit / borrower eligible shall deposit at least 25% (upfront amount) of the sum offered along with the proposal. The settlement amount approved by the competent authority shall be repaid entirely inclusive of the sum deposited with the proposal, within one month. The competent authority may allow a maximum Six month time from the date of approval subject to interest cost as decided by the competent authority or waive, in equal installments.

In case of default in payment of agreed full dues or any of the installments as per the terms of settlement, the Bank reserves the right to cancel the OTS and shall withdraw all the relief/ sacrifice given and restore the original dues and deposit made by borrower for the purpose of OTS will be treated as normal deposit.

8. On receipt of the full sum of the OTS approve, Bank shall withdraw all legal cases filed/pending before any forum and file consent decree accordingly and shall also release the charges over the security interest created.

Wherever borrower/s has filed cases against the Bank / made counter claim in any court or tribunal, settlement under the scheme shall be subject to withdrawal of such cases/ counterclaim.

9. In respect of compromise settlements, it shall be ensured that:

Delegation of power for such approval's rests with an authority (individual or committee, as the case may be) which is at least one level higher in hierarchy than the authority vested with power to sanction the credit / investment exposure.

Provided that any official who was part of sanctioning the loan (as individual or part of a committee) shall not be part of the approving the proposal for compromise settlement of the same loan account, in any capacity.

10. Cooling Period: In respect of **Other Than farm credit borrowers** subject to compromise settlements, there shall be a cooling period of 12 months for fresh exposures to such borrowers.

B. Technical/ Prudential Write-off (PWO):

1. In furtherance to the extended comprehensive guidelines on settlement and technical write off, Bank can now henceforth undertake technical write off/prudential write off exercise, in those NPA accounts which are opened at least 5 (Five) Years older than CBS migration and/or prior to 01/01/2013, for accounting purpose only without entailing any waiver of claims against the borrower and guarantors without affecting right to recover in any way. As such Bank may consider technical / prudential write off exercise in the following cases: The NPA accounts / bad debts which are either considered as unrecoverable or whose recovery is likely to consume dis-appropriate resources of the Bank.

2. NPAs classified as Loss Assets and / or Doubtful 3 which are provided fully 100% to the extent of outstanding of its Running Ledger. All legal process i.e. Notices, Personal Contact, Legal Notice, Certificate Case, FIR has been completed but fail to recover dues.
3. Borrower is absconding or non availability of proper address, Bankrupt or insolvent.
4. Loan Document file reported missing on/or before. (Cutoff date will be decided by MD/DGM).
5. OTS proposal not settled through Lok Adalat.
6. The borrower/s – NPA accounts wherein technical / prudential write off undertaken shall not be benefited in any manner and their legal obligations as well as the cost of such defaults for them remains unchanged vis-à-vis the position prior to technical write off.
7. For identity of the continuation of NPA accounts post technical write off shall reflect Running Ledger balance of Rs. 100/- minimum and entailing right to recover entire sum with interest, cost from time to time.
8. The technical / prudential write off shall be for the accounting purpose only and all legal remedies available shall be followed suitably.
9. The bank reserve the right to write off in whole or in part any debt or other sums.

Further the OTS cases and cases involving technical / prudential write off undertaken shall be placed before the Credit/Working Committee. Committee shall send with its recommendation for approval of BoD. All cases of OTS/Technical/Prudential Write Off must be put in Annual General Meeting for approval.

10. Validity:

This policy is valid for FY 2025-26. It can be extended as per the requirement of Bank and after the approval of competent authority.

The BiharStateCo-operative Bank Ltd.
Proposal for Technical Write Off

Name of Branch:

Date:

1. Name and address of Borrower:
2. Father's Name :
3. Contact No. of Borrower :
4. Account No. :
5. Date of Sanction :
6. Amount Sanctioned :
7. Sanctioning Authority with Name and Designation:
8. Purpose :
9. Primary Security :
10. Present value of Pr. Security :
11. Collateral Security :
12. Present Value of Coll. Security:
13. Date of NPA with classification:
14. Provision :
15. Outstanding as on NPA date :
16. RI as on date of proposal for
Technical Write Off :
17. Total Outstanding :

18. Revenue Loss :

19. Tech. Write Off Amount (Sl No 17-Rs.100):

20. Net Means of Borrower :

21. Net Means of Guarantor :

22. Details of Steps taken for recovery:

(Date of Notices, Legal Notice, Certificate Case,
Suit Filed, FIR etc) :

23. Brief History of Account :

24. Causes of Technical Write Off with Branch Manager's recommendation:

25. Recommendation of Loan/Working Committee:

26. Technical Write off sanctioned by BoD: