

CIRCULAR No.921

Sub: Sale of secured assets through e-auction
 – fixing of reserve price / delegation of powers
 Ref: 1) Circular No.901 dated 09.04.2010;
 2) Circular No.901(A) dated 15.04.2010;
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As you are aware, the Corporation has introduced the system of bringing the secured assets for sale through e-auction which are taken over under Section 29 of SFCs Act / SARFAESI Act. In this regard, detailed guidelines are issued vide above referred circulars. The progress made in this regard was reviewed in the BMs / ZMs meeting held on 13.08.2010. It was observed that due importance has not been given for sale of assets through e-auction. It was noted that out of 260 cases in the Section 29 category, only 78 cases have been brought for sale through e-auction. Further, it is observed that under e-auction, indicating the reserve price is mandatory and sale cannot be concluded below the reserve price. On this point, the Departmental Heads and BMs requested that fixation of reserve price needs to be rationalized.

In this regard, a note was placed before the Board in its meeting held on 30.09.2010. The Board took note of the suggestions detailed in the note. After examining the suggestions, the Board approved the adoption of the following guidelines for fixing the reserve price while bringing the asset for sale through e-auction:

<i>Sl. No.</i>	<i>Criteria</i>	<i>Reserve Price</i>
1	In respect of assets brought for sale for first 03 times through e-auction.	SR value or market value, whichever is higher.
2	In respect of assets brought for sale more than 03 times and upto 05 times through e-auction.	SR value or highest offer received earlier whichever is higher.

<i>Sl. No.</i>	<i>Criteria</i>	<i>Reserve Price</i>
3	In respect of assets brought for sale more than 05 times through e-auction.	Highest offer received on earlier occasions, if the highest offer received is more than 75% of SR value which shall be approved by EDs. However, CMD may approve the guidance value lesser than the above value on case to case basis on merits.
4	In respect of assets brought for sale on more than 08 times through sale procedure other than e-auction.	(a) SR value or market value whichever is higher for first time under e-auction. (b) For second and subsequent attempts under e-auction, highest offer received on earlier occasions, if the highest offer received is more than 75% of SR value which shall be approved by EDs. However, CMD may approve the guidance value lesser than the above value on case to case basis on merits.
	In respect of cases where the difference between SR value and market value is more than 100% of SR value and no offers are received for the first three attempts under e-auction.	The formula of $(2x+1y) / 3$ to be adopted, where 'x' is market value and 'y' is SR value, to determine the guidance value.

The Board approved the implementation of the above guidelines for fixing the reserve price while bringing the assets for sale through e-auction and empowered the concerned General Managers to give approvals for confirmation of sale under e-auction, strictly as per norms. However, the concerned Departmental Heads / Branch Manages shall submit a monthly report for review and audit to the concerned EDs.

The above guidelines for fixing the reserve price (guidance value) are also applicable to public auctions conducted by Special Tahsildar of KSFC under Section 32(G) of SFCs Act and KPM(RD) Act, depending upon the number of times the asset brought for sale under public auction.

The Board also approved the proposal for opening a help desk in the premises of all the BOs and Head Office to facilitate those bidders who may not have net facility to participate in the e-auction. An officer / official shall be earmarked as the nodal person for this purpose. However, in respect of HO, the Head of EG department shall be the nodal officer. These nodal officers should be trained on the e-auction procedure. A dedicated computer together with accessories should be allocated for this purpose.

The contents of this circular shall be brought to the notice of all the concerned in your office / department.

Sd/-

CHAIRMAN & MANAGING DIRECTOR

To:

All BMs / FO, Yadgir
All ZMs / DGM of Super 'A' Branch / IA cells
All Principal Officers / Section Heads in HO
All General Managers
Library

Executive Directors - for information