

Regulatory Developments

1. Settlement Guidelines applicable to ARCs Rationalised

Settlement of accounts pertaining to a borrower having aggregate value of INR 1 crore or below in terms of principal outstanding in the books of transferor/s at the time of acquisition by the ARC shall be done as per the criteria prescribed by the authority in the Board-approved policy, subject to the following:

- Any official who was part of the acquisition (as an individual or part of a committee) of the concerned financial asset shall not be part of processing/ approving the proposal for settlement of the same financial asset, in any capacity.
- A quarterly report on the resolution of these accounts shall be placed before the Board / Committee of the Board which meets the criteria prescribed in paragraph 15.5.

For detailed Guidelines please click link below:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12771&Mode=0>

2. All NBFCs and HFCs notified as Qualified Buyers for Investment in Security Receipts

Subject to the conditions that defaulting promoters or related parties do not get access to

security, and they comply with conditions stipulated by RBI from time to time.

Detailed Gazette notification below:

https://www.sebi.gov.in/legal/gazette-notification/feb-2025/notification-under-section-2-1-u-of-the-securitisation-and-reconstruction-of-financial-assets-and-enforcement-of-security-interest-act-2002_92409.html

3. Section 194LBC - Income in respect of investment in securitisation trust

Reduced from 30% to 10% in current Budget (2025-26)

For details, please see the Budget Speech of Union Finance Minister:

<https://www.indiabudget.gov.in/>

(ii) Rationalization of TDS/TCS for easing difficulties			
1. Rationalization tax deducted at source (TDS) and tax collected at source (TCS) rates:			
<ul style="list-style-type: none"> To reduce multiplicity of rates and compliance burden, it is proposed to bring down certain TDS and TCS rates in certain sections as below: 			
S. No	Section of the Act	Present TDS/TCS Rate	Proposed TDS/TCS Rate
1.	Section 194LBC - Income in respect of investment in securitization trust	25% if payee is Individual or HUF and 30% otherwise	10%

Association Activities in the Last Year

1. Finalisation of Transaction and Process Documents

After almost one year of several meetings at IBA, and several rounds of discussions with our internal legal teams at various ARCs along with external legal firm, CAM, finally transaction documents (Assignment Agreement / Trust deed) as also model process flow document and information checklist have been finalised. These documents have been circulated by IBA to all member banks, and we have circulated to all ARCs.

2. Bank – ARC meet

Conceptualised in January 2024, Union Bank conducted a networking meet with ARCs on May 8, 2024, where around 20 ARCs participated. The interaction was fruitful in

understanding each other's perspective and a catalyst for increased NPA Sales to ARCs.

3. Interaction with the World Bank team

A World Bank team visited the ARC Association on March 27, 2024, and we had an interactive discussion. We apprised the role of ARCs in Indian Financial System and what needs to be done by the Government / RBI to strengthen it.

4. Discussion on omnibus SRO Framework

The Association, in collaboration with IMC, organized a panel discussion on April 24, 2024, on Omnibus SRO Guidelines for all regulated entities released by RBI on March 21, 2024.

Our Vision

To harness a common platform for Asset Reconstruction Companies acting in coordination and develop favourable legal and regulatory environment for smooth functioning of ARCs.

Advisory Board

Birendra Kumar

M Narendra

Siby Antony

Anil Bhatia

Managing Committee

Chairman

Sanjay Tibrewala

CEO, Phoenix ARC

Vice Chairman

Pradeep Goel

Chairman, Prudent ARC

Secretary

Sanjay Jain

CEO, Aditya Birla ARC

Treasurer

Girish Sinha

MD & CEO, ASREC

Members

Pramod Gupta

CFO, ARCIL

Myathili Bala Subramanian

MD & CEO, Edelweiss ARC

Chandan Churiwal

CEO, ACRE

Mr R. Mallikarjuna

MD & CEO, Pridhvi ARC

Chief Executive Officer

Hari Hara Mishra

From Chairman's Desk



Dear friends,

The ARC industry is going through a fair bit of changes currently, which presents opportunities and challenges. Most acquisitions nowadays are on a full cash basis. This means that ARCs need to be prepared with funding – on their own or through investors to conclude acquisitions.

NPAs of banks have fallen to 3 percent of their gross advances. Hence, the sales of corporate loans by banks have slowed down. Retail NPAs, particularly unsecured loans, are increasing. This presents an opportunity for all of us to build our teams and systems and focus on acquiring retail NPAs.

Retail needs to focus a lot on technology and processes. AI is fast gaining momentum in various fields, and it's imperative for all of us to effectively use AI for our analytics, recoveries, tracking cases in various forums, etc. This will improve recovery and bring more efficiency to operations.

Recoveries have improved substantially in the past few years, and that has helped improve the financials of ARCs. We need to keep this tempo, which will ensure that banks and financial institutions are more open to selling NPAs to ARCs.

The regulatory environment for ARCs continues to become stringent, and it is important to adhere fully to all the applicable regulations. Areas like KYC, Credit Bureau reporting and complaint resolution are a special focus of the regulator. As we acquire more retail assets, these become even more relevant to our operations.

Before I sign off, nothing brings people together like sports, and it was great to see all ARCs come together to play in the Inter ARC Cricket Championship 2025. It was full of exciting moments with a nail-biting finish, and the players, spectators, and organisers all had fun.

All the best for a great financial year-end.

Sanjay Tibrewala

**We invite topical articles from our colleagues
to be published in the Newsletter**

- Chief Executive Officer

Performance Snapshot

ARC Industry Performance Data as at December - 2024				
				Rs in crore
Sl No	Particulars	Mar-24	Dec-24	Growth
1	Total Dues acquired from sellers	10,00,442	11,14,761	1,14,319
2	Total SRs issued (A)	2,83,796	3,02,245	18,449
3	Total SR redeemed B	1,43,636	1,64,274	20,637
4	SR Outstanding (=A-B)	1,40,160	1,37,972	-2,189

5. Annual ARC Conference

The Annual ARC Conference was held on February 23, 2024, in Mumbai with theme 'Changing regulatory landscape and way forward' along with Assocham.



6. Workshop on KYC / PMLA

On January 15, 2024, we arranged an interactive online session on KYC as applicable to ARCs, prepared by Mehta and Mehta. (Ajay Walimbe and Shivani Patil) A large number of over 70 participants from various ARCs attended.

7. Interaction of Compliance Officers of Mumbai-based ARCs

A physical meeting of compliance officers of major ARCs based in Mumbai was held on April 18, 2024.

8. Training programme on compliance

A training programme on ARC compliances was conducted on July 23, 2024 to prepare ARCs for inspection and audit.



9. ARC User Group conference at CIBIL Office

On March 14, 2024, ARC Association with CIBIL took the initiative to hold a full one-day session on bottlenecks in data sharing, working out synergy for data analytics for better decision making in pricing, recovery etc. Several ARCs including from outstation attended the programme.



In October 2024, RBI issued guidelines to ARCs on fortnightly data sharing and the compensation framework guidelines came into effect this FY. Keeping all the changes in mind, there was another User group conference was held on December 5, 2024.



10. Interactive Session for ARC verticals

ARC Association organised interactive session of various functionaries from different verticals and acted as a platform for sharing of knowledge and experiences.

A. CFOs (Aug 2024)

B. CHROs (Sept 2024)



C. CROs (Oct 2024)



D. CTOs (Dec 2024)



E. Resolution Heads (Jan 2025)



11. Collaborative Programmes

The Association tied up with various institutes to enhance visibility of the Association and its role in ecosystem.

A. With ICAI- Navigating insolvency and Asset Resolution (Aug 2024)



B. With ICAI- Forensic Audit (Aug 2024)



C. With IIBF- Refresher Course for Debt Recovery Agents October 4, 2024



During the last year, the Association undertook various initiatives aimed at building rapport with the ecosystem in sensitising roleplay of ARCs.

Focused steps were also taken for capacity building and enhancing skill sets of various functionaries, boosting image of the sector in media and functions / programme attended.

Inter ARC Cricket Tournament



The Association organised an Inter ARC Cricket Tournament on February 28, 2025 at Andheri Sports Complex. A total of 11 teams from various ARCs participated.

1. Asrec India
2. Acre
3. CFM



Winner: Phoenix ARC

4. Edelweiss
5. Invent & ISARC (Combined)
6. JC Flowers
7. JM Financial
8. NARCL
9. Omkara
10. Phoenix
11. Reliance

Team Phoenix won the Trophy and combined team of Invent and ISARC were the runner up.



Runners Up: Invent and ISARC combined team

All the participating teams



For any information, please contact:

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