

Policy on Collection of Dues and Repossession of Security

1. Introduction:

The debt collection policy of the bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

Bank's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the immovable or movable asset. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the bank for follow up and recovery of dues and repossession of security will be in consonance with the law. Security repossession procedure would be set in motion only after all attempts by the bank to discuss with the borrower the ways and means to overcome the financial hurdles have failed or if the customer is not contactable/avoiding contact for a reasonable period. As an exception, it is to be noted that the Bank has the right to possess the financed asset, as a preventive measure, even in instances where there has been no default but on account of violations of the terms and conditions of the Loan Agreement.

2. General Guidelines:

All the members of the staff or any person authorised to represent our bank in collection or/and security repossession would follow the guidelines set out below:

- 1) The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.
- 2) Identity and authority of persons authorized to represent bank for follow up and recovery of dues would be made known to the borrowers at the first instance. The bank staff or any person authorized to represent the bank in collection of dues or/and security repossession will identify himself/herself and display the ID card (which includes due authorisation of the Bank) issued by the bank upon request.
- 3) The bank would respect privacy of its borrowers.
- 4) The bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and bank will adopt civil manners for interaction with borrowers.
- 5) Normally the bank's representatives will contact the borrower between 0700 hrs and 1900 hrs, unless the special circumstance of his/her business or occupation requires the bank to contact at a different time.
- 6) Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
- 7) The bank will document the efforts made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record.

- 8) All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- 9) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
- 10) The Bank will also adhere to the extant regulatory guidelines on Fair Practices Code for Lenders, Outsourcing of Financial Services, Code of Bank's Commitment to Customers and Recovery Agents engaged by Banks.

3. Engagement of recovery agency:

The Bank may utilise the services of recovery agencies for collection of dues and repossession of securities. Recovery agencies will be appointed as per regulatory guidelines issued in this regard. In this respect:

- 1) The name and address of all Recovery Agencies on the Bank's approved panel will be placed on the Bank's website for information.
- 2) Only recovery agencies from the approved panels will be engaged by the Bank.
- 3) Employees of the recovery agencies, after completing the mandatory Debt Recovery Agent (DRA) training, will be issued valid ID cards authorising them to collect dues from the Bank's customers.
- 4) In case the Bank engages service of such recovery/enforcement/ seizure agencies for any recovery case, the identity of the agency will be disclosed to the borrower.
- 5) The recovery agents engaged by the Bank will be required to follow a code of conduct governing their dealings with customers.

4. Giving notice to borrowers

While written communications, telephonic reminders or visits by the bank's representatives to the borrowers place or residence will be used as loan follow up measures, the bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing with a provision for acknowledgment. Bank will follow all such procedures as required under law for recovery/repossession of security. The number of days to be given as notice needs to be mentioned and it should stipulate the minimum time that will be given to the borrower to pay the debt failing which the bank will proceed to take possession of the asset. However, if the customer deliberately avoids acknowledging or establishing contact with the bank then the bank will be free to proceed with the repossession of the security.

5. Repossession of Security

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. The bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business and necessary cost will be charged to borrower.

6. Valuations and Sale of Property

Valuation and sale of property repossessed by the bank will be carried out as per law and in a fair and transparent manner. The bank will have right to recover from the borrower the balance due if any, after sale of property. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses provided the bank is not having any other claims against the customer. Bank will give a notice before proceeding with the sale. Giving notice before taking possession of the property should not be construed as notice for sale.

In the case of hypothecated assets, after taking possession, a pre-sale notice is sent to customer giving 7 days time for payment. If no payment is forthcoming within 7 days of pre-sale notice, the Bank will arrange for the sale of the hypothecated assets in such manner as deemed fit by the Bank. In respect of cases under SARFAESI Act, as per the provisions of the Act, a notice will be issued to the customer giving 30 days time for payment. When sale by public auction or by tender is envisaged, a notice will be published in two leading news papers out of which one would be a local vernacular newspaper.

7. Opportunity for the borrower to take back the security

As indicated earlier in the policy document, the bank will resort to repossession of security only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly the bank will be willing to consider handing over possession of property to the borrower any time after repossession and before concluding sale transaction of the property, provided the bank dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule, which resulted in the repossession of security, the bank may consider handing over the property after receiving the installments in arrears. However, this would be subject to the bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.

If the amounts are repaid, either as stipulated by the Bank or dues settled as agreed to by the Bank, possession of seized assets will be handed back to the borrower within seven days after date of permission from competent authority of the Bank or court/DRT concerned if recovery proceedings are filed and pending before such forums.