



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 property. 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 would commence after other attempts by the Bank to discuss with the borrower, the means to resolve the default situations have failed. In exceptional situations, the Bank has the right to repossess the financed asset, as a preventive measure, even in instances where there has been no default but on account of mis-statement of information by the customer that is in violation of the terms and conditions of the loan agreement.

The repayment schedule for any loan sanctioned by the Bank will be fixed taking into account the paying capacity and cash flow pattern of the borrower. The Bank will explain to the customer upfront, the method of calculation of interest and how the Equated Monthly Instalment (EMI) or any other mode of repayment will be appropriated against interest and principal due from the customers.

2. General guidelines:

All the members of the staff or any person authorized to represent the 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 business/ occupation and if unavailable there, at his/her residence.
2. Identity and authority of persons authorized to represent the 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 and/ or security repossession will identify himself/ herself and display the Staff Identity Card in case of staff and authority letter issued by the bank in case of an agent upon request.
3. The Bank would respect privacy of its borrowers. It shall however be noted that contacting the borrower on phone or personal visits for recovery of dues (in line with this model policy) will not be construed as an intrusion of the privacy of the borrower.
4. The Bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and the 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 circumstances of his/her business or occupation requires the bank to contact at a different time. However, customer would be contacted up to 2100 hrs if the Bank is unable to establish contact during specified calling hours and under specific circumstances where the customer is refusing to pay, is not contactable, is non-cooperative, disputing earlier commitments.
6. Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible provided he makes himself available for contacting at a time and place which is made known to the Bank.
7. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
8. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
9. 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. 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 at a shorter notice period also.

4. 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. In the case of loans against property, the valuation given by the approved valuer will be conveyed to the borrower before proceeding with sale of property. Even while finalizing sale of the said the offer(s) received by the bank will be informed to the borrower and he will be have an opportunity to bring in a higher price bid. 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.

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 or such other time as may be prescribed under

this Act, for payment. When sale by public auction or by tender is envisaged, a notice will be published in two leading newspapers out of which one would be a local vernacular newspaper.

5. Opportunity for the borrower to take back the security

The Bank will resort to repossession of security only for the purpose of realization of its dues as a 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 instalments as per the schedule, which resulted in the repossession of security, the Bank may consider handing over the property within 7 (seven) days after receiving the instalments 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 instalments in future.