

POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY

1. Introduction:

Debt Collection Policy of the Bank is built around dignity and respect to customers. 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.

- 1) The repayment schedule for any loan sanctioned by the Bank is fixed taking into account paying capacity and cash flow pattern of the borrower.*
- 2) Bank explains to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or any other mode of repayment will be appropriated against interest, other charges and principal due from the customers. Repayment could also be by equated quarterly installments or at fixed installments of varying periodicity, interest being repaid separately or bullet repayments as per the terms of the facility.*
- 3) Bank would expect the customers to adhere to the repayment schedule agreed to and approach the Bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.*
- 4) 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.*
- 5) The policy recognizes fairness and transparency in repossession, valuation and realization of security.*
- 6) All the practices adopted by the Bank for follow up and recovery of dues and repossession of security will be inconsonance with the laws of land / practices and procedures of Banking Industry.*

2. General Guidelines:

All the members of the staff or any person authorized to represent 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 residence / business / occupation or at the address/es / places furnished by the customer to the Bank.*
- 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. 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 authority letter issued by the Bank upon request.*
- 3) Bank would respect privacy of its borrowers.*

- 4) 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, Bank's representatives will contact the borrower between 0800 hrs and 1900 hrs, unless the special circumstance of his/her business or occupation requires contacting him/her 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 unless request appears to be mala fide and willful avoidance to pay dues.
- 7) 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) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
- 9) Bank will not follow policies that are unduly coercive in collection of dues.

3. Giving notice to borrowers

While written communications, telephonic reminders or visits by Bank's representatives to the borrowers place or residence will be used as loan follow up measures, Bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. Any genuine difficulties expressed/disputes raised by the customer will be considered before initiating recovery measures. Bank will follow all such procedures as required under law for recovery/repossession of security.

4. 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. 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.

5. Valuation 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. In the case of hypothecated assets after taking possession if no payment is forthcoming, a sale notice of 7 days time to respond will be sent to the borrower. Thereafter, the Bank will arrange

for sale of the hypothecated assets in such manner as may be deemed fit. In respect of cases under SARFAESI Act as per the provisions of the Act, 30 days' notice of sale will be sent and further re-auction 15 days' notice of sale will be sent. When public auction or by tender is envisaged, the same will be published in two leading news papers out of which one will be local vernacular paper.

6. 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 sale transaction of the property takes place, provided the 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, Bank may consider handing over the property after receiving the installments in arrears. However, this would be subject to 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, possession of seized assets will be handed back to the borrower within seven days after getting permission from the competent/sanctioning authority 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.

7. Engagement of recovery agents

The Bank may utilize the services of recovery agents for collection of dues and repossession of securities. Recovery agents 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 Bank's website for information of the concerned.*
- 2) Only recovery agents from the approved panels will be engaged by the Bank.*
- 3) In case Bank engages service of such recovery/enforcement/seizure agent for any recovery case, the identity of the agent will be disclosed to the borrower.*
- 4) Recovery agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customers.*
- 5) Appointment of recovery agents would be made as per Recovery Policy of the Bank.*

8. Grievances Redressal Cell

Bank has formulated a separate policy on Grievances Redressal and the customer may refer the grievance to appropriate authorities as stipulated in the Policy. The said Policy document is available at all branches and is also hosted on the official website of the Bank.

9. Deviation to the Policy

The authority for the deviation to the policy, if any, will be the Managing Director of the Bank.