

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.

The repayment schedule for any loan sanctioned by the bank will be fixed taking into account 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. The method of collection of EMI (say post dated cheque, direct debit, ECS etc.) would be fixed taking into consideration the convenience of the borrower. The bank would expect the customer 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.

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. The Security Repossession procedure would be set in motion only after all attempts made by the bank to discuss with the borrower the ways and means to overcome financial hurdles have failed.

2. General Guidelines:

All the members of the staff or any person authorized 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 authority letter issued by the bank and 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 circumstances of his/her business or occupation requires the bank to contact at a different time. However, customer would be contacted up to 21.00 hrs if unable to establish contact during specified calling hours and under specific circumstances where the customer is refusing to pay, not contactable, 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.

7. Decency and Decorum would be maintained during visits to customers place for collection of dues.

8. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

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 7 days notice, requiring the customer to discharge his liability in full. The notice will be sent to the last known address of the customer through Registered Post. 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 below. 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. The Security Repossession procedure would be set in motion only after all attempts made by the bank to discuss with the borrower the ways and means to overcome financial hurdles have failed.

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.

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 asset to the borrower within 7 days of the repossession provided the bank dues and all related expenses incurred by the bank are cleared in full. The asset will be handed back within 24 hours of the Bank receiving clear funds as mentioned above.

6.1 Security possession Policy Statement: Auto

- a. We follow a repossession policy in consonance with the law.
- b. We will only initiate any action on repossession of asset for auto loans / auto overdraft facility, when any borrower who is under liability to the bank, makes any default in repayment of the secured debt.
- c. Prior to doing so we will, by giving a notice of 7 days requiring you to discharge the liabilities in full.
- d. In case you fail to discharge the liability in full within the period specified, we shall try and resolve the matter in an orderly manner .Where we require to take the possession of the asset this will be done under the provisions of the relevant law.
- e. We may, for the purpose of taking possession of the asset, intimate the police authority within whose jurisdiction the asset may be situated or found. Alternatively the authorized officer may take possession directly.
- f. On possession of the asset, the authorized officer / representatives would take an inventory of the asset and obtain your/ your representative's signature as acknowledgement. In the event for your non cooperation, it would be notarized with an authorized Notary Public.
- g. Decency and decorum would be maintained by our authorized officer and other representatives of the bank.
- h. Interaction with you would be in an acceptable business language.
- i. Repossession time would be between 0700 and 1900 hrs, unless special circumstances demand otherwise.
- j. The bank would return the vehicle back to the customer on receipt of full outstanding dues and all related expenses incurred by the bank.
- k. Sale of vehicles repossessed by the bank would take place through a transparent process of bidding from multiple buyers. Before such a sale transaction is entered into a notice would be given to the borrower giving the customer 7 days to repay the full outstanding and all related expenses incurred by the bank. Wherever possible this activity will be carried out through the internet to facilitate more participation and transparency.
- l. The bank will continue to exercise its right to recover the shortfall through applicable judicial process.
- m. Response to a complaint whether positive or negative or requiring more time for redressal would be given within a maximum period of four weeks from the date of complaint, unless the nature of complaint is such that it requires verification of voluminous facts and figures.

6.2 Security possession Policy Statement: Mortgage

- a. We will follow a security possession policy in compliance with guidelines framed by the Reserve Bank of India (RBI) and any applicable rules, regulations and codes as amended from time to time.

b. The policy will be applicable where an event of default as defined in the Loan agreement is committed by the Borrower and the Loan account is classified as Non Performing Assets(NPA) as per norms prescribed by RBI.

c. The Security possession will be made only as per the procedure prescribed under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest, (SARFAESI). Act 2002, as amended from time to time and/or any other law for the time being in force.

d. We will initiate the process of possession of mortgaged property by giving a statutory notice under S 13(2) of SARFAESI Act. The notice will be in writing and in plain and simple language. The notice will inform you about your liability under the loan agreement and would require you to discharge the said liability in full. You will be given a period of Sixty (60) days as prescribed under SARFAESI Act to discharge the liability. The notice will also specify the actions that we propose to take against the mortgaged property upon your failure to discharge your liabilities within the time period specified. The notice will be signed by the officer authorized by the Bank to perform such acts under SARFAESI Act, whose identity will be made known to you in the first instance. The mode of service of this notice will be normally by registered post, though the Bank reserves the right to serve this notice through any other mode, including, but not limited to, Under Certificate of Posting/Courier/Hand Delivery/e mail/fax. The notice shall be sent to the borrower's address/es appearing in our records.

e. If on receipt of the notice, you make any representation or raise any objection, we shall consider such representation or objection. We will communicate to you, in writing, our views regarding your representation or objection, within one week of receipt of the said representation/objections. If your representation/objection is not acceptable to us, we will inform you in the said communication, the reasons for non-acceptance of the representation or objection. Where we require more time for response we would give an interim reply to you within one week of receipt of the representation/objection and would give a final reply within a maximum period of four weeks from the date of receipt of complaint/objection/representation, unless the nature of complaint is such that it requires verification of voluminous facts and figures. Provided that the outer time limit for verification of voluminous information would not exceed eight weeks from the date of receipt of the complaint/objection/representation.

f. In case you clear the liability in full within the period of notice, no further action will be taken against the property.

g. In case you fail to discharge the liability in full within the period specified i.e. Sixty days, we will proceed against the property mortgaged to us, as informed to you by the notice, under any of the modes available to us under SARFAESI Act or other applicable law including taking possession of the said property which shall also include right to transfer the said property by way of lease, assignment or sale for realizing the amount due to us.

h. We may take the physical possession of the property mortgaged to us, either by making an application before the concerned authorities as per SARFAESI Act, within whose jurisdiction, the property mortgaged to us is situated, or we may take the possession directly through the officer authorized to do so.

i. After taking possession of the property, the authorised officer or any person authorised or appointed by him shall take all reasonable care for ensuring safety and security of the property/ies in the banks custody as an owner of ordinary prudence would, in the normal course of business.

j. If you make payment of the entire amount of the debt, including accrued interest, costs, charges, other claims and expenses incurred by us before the date fixed for the sale of the mortgaged property/ies, we would, within reasonable time, but not exceeding fifteen days, return the possession of the mortgaged property .

k. Where any of the mortgaged property/ies are required to be sold or transferred by the bank this will be done after following prescribed procedure. A public notice of sale will be published in two newspapers. We will intimate to you, by a written notice of thirty days, and the notice will stipulate the time, date and venue of the auction. It will also give the reserve price below which the property will not be sold .The reserve price will be fixed based on a valuation of the property by two empanelled valuers.

l. The remedies open to us in the event of any excess amount obtained including its right to a general lien are adequately explained and set out clearly in the loan agreement with you. We will have right to recover from you the balance due if any, after sale of property. Excess amount if any, obtained on sale of property will be returned to you/any person who have a right full claim on the said amount, after meeting all the related expenses provided the bank is not having any other claims against the customer.

m. In our general interactions with you, during any of the activities mentioned here in above, we would ensure that:

(i). Decency and decorum would be maintained by our authorized officer and other representatives of the bank.

(ii). Interaction with you would be in an acceptable business language.

(iii). 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 21.00 hrs if unable to establish contact during specified calling hours and under specific circumstances where the customer is refusing to pay, not contactable, non cooperative, disputing earlier commitments .

(iv). Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for visiting the property for any purpose, including taking possession.