

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 coercive in collection of dues. The policy is built on courtesy and principles of fair treatment. The bank believes in following fair practices with regards to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship. The policy is brought to effect or enforced from the day account becomes delinquent (Days Past Due - DPD1). The bank and its representatives are expected to always follow the Code of Conduct during their interaction with the customers.

The repayment – dates for any credit card / loan including cash credit or overdraft sanctioned by the bank is fixed considering the paying capacity and cash flow pattern of the borrower, The method of collection of repayment (say post-dated cheque, Standing Instruction, ECS, ACH etc.) is fixed taking into consideration the convenience of the borrower. The bank would expect the customer to adhere to the repayment schedule/dates 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/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 of land. 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 exception 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 misstatement of information by the customer that is in violation to the terms and conditions of the loan agreement.

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. During visits to customer's place for dues collection, decency and decorum would be maintained. Demeanour that would suggest criminal intimidation or threat of violence would be scrupulously avoided.
2. Identity and authority of agents authorized to represent bank for follow up and recovery of dues would be made known to the customers at the first instance by sending SMS/e-Mail on allocation of case. The bank staff or any person authorised to represent the bank

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- in collection of dues or/and security repossession will identify himself / herself and display the authorisation from the bank upon request. The ID card issued to the bank's authorized representative has a QR code which can be scanned by the customer to authenticate the same.
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 shall strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower
 5. 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.
 6. The bank's representatives will contact the Micro Finance Institutions borrower between 0900 hrs and 1800 hrs and between 0800 hrs and 1900 hrs for all other borrowers, unless under special circumstances wherein the customer's business or occupation requires the bank to contact at a different time, post due consent from his/her side.
 7. Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible.
 8. The bank will document the efforts made for the recovery of dues and gist of interactions with the borrowers. All telephonic interaction with the borrower is recorded.
 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. In case of the death of the borrower, as a measure of support / service gesture, the bank will establish contact with the deceased borrower's family / legal heirs empathising the situation, aid them for an amicable closure of the account with the bank. In case they have taken any insurance as credit protection, the bank will guide them with insurance related information as applicable.
 11. The bank has a range of digital modes of payment available for the customer to enable them to repay their overdues in a quick and easy manner. These modes are shared periodically with the customers during our communication campaigns with the customers.

3. Grievance Redressal and Credit counselling

The bank believes in handling customer issues with adequate empathy and sympathy, with special emphasis towards senior citizens and customers under stress, and engages in discussion, when in receipt of any such concerns raised, to amicably redress the same.

For customers under stress, the bank has a process of credit counselling customers who express the desire to avail the same. The purpose of such counselling is to look at the problem in a wholistic manner, and support stressed customers to overcome the same.

With these objectives in mind, the Bank provides multiple channels – telephonic, email, branch walk in - to customers to provide feedback on the services of the Bank as well as

lodge their requests and grievances. The Bank aims to ensure quick and effective handling of such customer requests and grievance, as well as prompt corrective & preventive action (including correction of the process, wherever required) in order to avoid recurrence.

All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner. The bank's Grievance Redressal policy is available on the website which can be referred to for further details.

4. Giving notice to borrowers:

Customer would be provided with all the information regarding dues and necessary notice would be given for enabling discharge of dues.

While telephonic reminders or visits by the bank's representatives to the borrower's place or residence will be used as loan follow up measure, the bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. The minimum time that would be given to the borrower to pay the debt would be 7 (seven) days failing which the bank may 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 post the expiry of notice period.

5. Repossession of Security:

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property/asset. 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 final notice as detailed above. Due process of law will be followed while taking repossession of the property. The bank will take all prudent measures for ensuring safety and security of the property after taking custody.

6. Valuation and Sale of Property:

Valuation and sale of property (The word "property" herein this paragraph shall mean "immovable property" only) repossessed by the bank will be carried out as per law and in a fair and transparent manner. In case of loans against property, the sale of the property shall be conducted in such manner as may deem fit by the bank in accordance with the provisions of the SARFAESI Act / DRT Act or any other law as applicable. The property shall be valued by the registered valuers as per extant provision prescribed under SARFAESI Act /DRT Act and where sale of property is envisaged through auction or tender, same will be published in two leading newspapers out of which one is in local vernacular paper. 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/mortgagor/security owner after

meeting all the related expenses incurred by the bank provided the bank is not having any other claim against the said borrower. In the case of hypothecated assets, other than

property, post repossession, the bank shall have right to conduct an independent valuation of the said asset and would sell the same (after giving minimum 7-days' notice to the borrower(s)). The borrower shall be liable to pay to the bank any loss suffered on account of such sale and in case, there is an excess amount which is realized after the sale of the asset, the bank shall, in reasonable time, refund it to the customer provided the borrower does not owe any other liability to the bank.

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 a last resort and not with intention of depriving the borrower of the property/asset. Accordingly, the bank will be willing to consider handing over possession of property/asset to the borrower any time after repossession and before concluding sale transaction, 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/asset within 7 (Seven) days after receiving the dues 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.

8. Engagement of recovery agent:

The bank utilizes 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:

- a) Only recovery agents from the empanelled vendors will be engaged by the bank. Details of recovery agents engaged by the bank is posted on the bank's website on regular basis.
- b) 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.
- c) The recovery agents engaged by the bank will be required to follow a code of conduct covering their dealings with customers.
- d) Recovery agents engaged would undergo mandatory training as stipulated by IBA.
- e) In case of any grievances received by the bank, in relation to the practices or procedure adopted by the representatives, which is not in line with the bank's Code of Conduct, the same is addressed as per the Grievance Redressal policy.

The bank's Model Policy on Collection of Dues and repossession of Security is available for all customers on the bank's website and is also shared with them during our regular communique.

Bank believes is creating awareness between our customers towards the same to ensure fair treatment in an unbiased manner.