



इण्डियनओवरसीज़बैंक **Indian Overseas Bank**
तनावग्रस्त आस्ति प्रबंधन विभाग
Stressed Assets Management Department
केंद्रीय कार्यालय, चेन्नै / Central Office, Chennai

POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY

PREAMBLE:

The Banking Codes and Standard Board of India(BCSBI) has prescribed a code of conduct for fair treatment to the customers by the Banks. One of the guidelines issued by BCSBI in collaboration with IBA is on Collection of Dues and Policy on Security Repossession. All member Banks of BCSBI have to implement the guidelines and the present policy is towards the said objective.

1.INTRODUCTION

The Debt Collection Policy of the Bank is built around dignity and respect to customers. Bank will not follow polices 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.

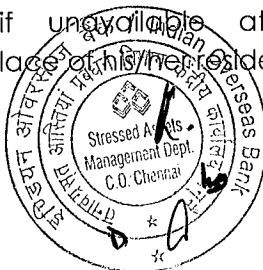
The repayment schedule for any loan sanctioned by the Bank will be fixed taking into account the paying capacity and cash flow pattern of the borrower. The Bank will inform the interest rate and the repayment schedule to the customer through sanction letter. The Bank would expect the customers to adhere to the repayment schedule agreed to and approach the Bank for assistance and guidance in case of genuine difficulty in meeting the 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 realisation 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.

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: -

- a) The customer would be contacted ordinarily at the place of his/her business/occupation and if unavailable at the place of his/her business/occupation, at the place of his/her residence



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- b) Identity and authority of persons authorised to represent Bank for follow-up and recovery of dues would be known to the borrower at the first instance. The Bank staff or any persons authorized to represent the bank in collection of dues will identify himself/herself and display the authority letter issued by the Bank upon request.
- c) The Bank would respect privacy of its borrowers
- d) The Bank is committed to ensure that all written and verbal communication with its borrower will be in simple business language and Bank will adopt civil manners for interaction with borrowers.
- e) Normally, the Bank's representatives will contact the borrower between 07.00 hrs and 19.00 hrs unless the special circumstance of his/her business or occupation requires the Bank to contact at a different time.
- f) Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible.,
- g) 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.
- h) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
- i) The Bank will provide necessary assistance to resolve disputes or differences regarding dues in a mutually acceptable and in an ordinary manner.

3. GIVING NOTICE TO BORROWERS

While written communications, telephonic reminder or visits by the Bank's representatives to the borrower's 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. Any genuine customer difficulties expressed/disputes raised by the customer will be considered by the Banks 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 through reprof. 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.



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, including the expenses incurred in repossessing the property and ensuring its safety and security before 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 will be given as per the provision of the SARFAESI Act/any other applicable law **and/or as per provision of Hypothecation Agreement**. Thereafter, the Bank will arrange for sale of the hypothecated assets in such manner, as deemed fit by the Bank. When sale is envisaged by Public Auction or by Tender, the same will be published in Two leading newspapers out of which one is in local vernacular language.

6. SALE OF MOVABLES BY PRIVATE TREATY:

Bank shall follow all the relevant guidelines while resorting to sale of the property through Private Treaty under SARFAESI Act 2002 as given in the Recovery Policy, Ministry of Finance and also the guidelines received from time to time. For sale of assets by Private Treaty, it shall be on such terms as may be settled between the Bank and Purchaser in Writing.

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 sale transaction of the property takes place 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 after receiving the instalments in arrears. However, this would be subject to the Bank being convinced of the arrangement made by the borrower to ensure timely repayment of remaining instalments 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 at the earliest.



8. ENGAGEMENT OF RECOVERY AGENTS

This Policy is framed as per RBI guidelines and covers the parameters on which the agent is empanelled, monitoring their activities, the committee empowered for empanelment, etc., 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 and as per the guidelines of the Bank issued in this regard.

In this respect:

- a) only Recovery Agents from the approved panel will be engaged by the Bank.
- 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.

9. CENTRAL REGISTRY OF SECURITISATION, ASSET RECONSTRUCTION AND SECURITY INTEREST OF INDIA(CERSAI)

When borrower avails a loan facility involving immovable property and/or movables as primary or collateral security, Bank will advise the borrower on the functioning of the CERSAI and the fact that their records will be available for search by any lender or any other person desirous of dealing with the property/assets. Bank will notify its charge to CERSAI.

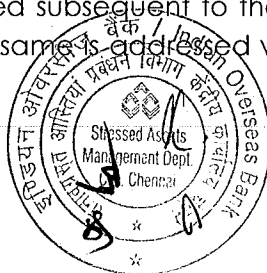
10. ASSET RECONSTRUCTION COMPANY(ARC)

Bank has the right to recover the dues on its own/right to sell/assign the assets to ARCs /Banks/NBFCs/FIs, etc., as it deems fit as per RBI guidelines:

Whenever any account is assigned to any ARC/Banks/NBFCs/FIs, etc., by the Bank as lender/mortgagee, the status of the Bank as lender/mortgagee stand assigned to the respective ARC/ Banks/NBFCs/FIs, etc., and the ARC/Banks/NBFCs/FIs, etc., is entitled to take steps for recovery in such accounts under the terms of assignment deed executed between the Bank and the ARC/Banks/NBFCs/FIs, etc.,

RBI vide circular Ref DOR. NBFC (ARC) CC. No. 9/26.03.001/2020-21 dated 16.07.2020, in exercise of the powers confirmed under sec 9 of SARFAESI Act, has advised ARCs to adopt Fair Practices Code to ensure transparency and fairness in their operation.

As a normal recovery exercise to reduce NPA, the Bank is resorting to Sale of NPA accounts under Portfolio basis which consist of large number of small value accounts. In case of any discrepancy observed subsequent to the sale and escalated to the Bank by the borrowers directly, the same is addressed within a time bound manner



protecting the interest of the borrower by suitable action in co-ordination with the ARC to whom assets were sold.

11. Information to Credit Information Companies and other Regulatory Entities

Bank will report to RBI/SEBI/CRILC/CIBIL and/or any other credit information company which has obtained certificate of registration from RBI in terms of Section 5 of the Credit Information Companies (Regulation Act,2005) and of which our Bank is a member with regard to Wilful Default/One-time Settlement(OTS) /Out of Court Settlement(OCS)/Suit Filing/Non Co-operative Borrower as per the directions of RBI and other Regulatory Entities.

12. MODIFICATIONS TO THE POLICY

Managing Director & CEO/Executive Director are permitted to modify the Policy relating to the compliance of guidelines issued by regulatory authorities, from time to time.

Any changes suggested by RBI/Other regulatory authorities during the currency of the said policy, will automatically form part of the policy.

13. VALIDITY OF THE POLICY

MD & CEO of the bank has extended the validity of the Policy upto 28.02.2022.

