

**Indian Bank Model Code for Collection of Dues and Repossession
of Securities (CDRS Code) – Modified as on 31.03.2011**

Preamble:

- The Debt Collection Policy is built around dignity and respect to the customers and will follow fair practices in collection of dues and repossession of securities, thereby fostering customer confidence and long term relationship. Bank will not follow policies that are unduly harsh in collection of dues.
- The repayment schedule will take into consideration the paying capacity / cash flow pattern of the borrower. The borrowers will be explained upfront about the method of calculation of interest, the EMI calculation, repayment pattern and modes of appropriation. Necessary guidance can be obtained from the Branches in case of genuine difficulty in repayment.
- Security Repossession policy is aimed at recovery of dues in the event of default and not whimsical deprivation of property. The procedures / steps adopted will be fair and transparent and in consonance with the Laws.

General guidelines:

- The staff or any person authorised to represent the Bank in collection of dues/ repossession of securities will identify themselves to the borrowers in the first instance and produce the authority letter issued by the Bank upon request.
- The Customer / borrowers will be contacted at the place of their choice or at the place of their residence / business / occupation.
- The privacy of the borrowers / customers will be respected and normally the Bank's representatives will contact them between 07.00 hrs and 19.00 hrs, unless special circumstances require the Bank to contact at different time. The borrower's request to avoid calls / visits at a particular time / place will be honoured as far as possible. Inappropriate occasions such as marriage, bereavement in the family etc. will be avoided for making calls/visits.
- The written and verbal communication on behalf of the Bank will be in simple business language and the Bank will adopt civil manners during the interactions with the borrowers.
- Bank will document the efforts made for recovery of dues and copies of the communications sent to the borrowers will be kept on record.
- All assistance will be given to resolve the disputes / differences in a mutually acceptable and orderly manner.

Notice to the borrowers:

- Written communications, telephonic reminders or visits by the Bank's representatives to the borrower's place or residence will be used as a loan follow up measure.
- A prior written notice will be given before resorting to legal or other recovery measures including re-possession of securities. In the said notice, it may be stipulated that the borrower / guarantor / mortgagor ought to make repayment within one week of issuing notice failing which further recovery action will be initiated. Bank will follow all procedures as required under Law for recovery / repossession of securities.
- In accounts / cases which are entrusted to Recovery Agents, keeping in tune with principles of natural justice, a notice will be sent to the borrower / guarantor / mortgagor informing that as the borrower has failed to repay the dues, the portfolio of recovery of dues in the account have been entrusted to Recovery Agents specifying their names, who would be assisting the Bank in effecting recovery.
- In the notice to be issued to the borrower/mortgagor it may be indicated that Bank will take steps to retrieve / obtain back the documents from Court / DRT and within seven days of receipt of title deeds from Court / DRT, the same will be handed over to borrower / mortgagor.

Re-possession of securities:

- Bank will issue a notice prior to sale in accordance with law and principles of Natural Justice.
- Repossession of security will involve three steps viz., repossession, valuation of security and realization of security by appropriate means. A prior notice will be issued before resorting to repossession and due process of law will be followed while taking repossession.
- After taking custody of the property, Bank will take reasonable care to ensure its safety and security, in the ordinary course of business.
- While taking repossession, the inventory and panchnama shall be drawn, duly witnessed and a copy shall be furnished to the customer / borrower.
- The Bankers hold a right to continue to hold / retain the securities even after adjustment of the specific loan dues for which the security has been offered, towards general balance due to the banker from the said borrower. This right is termed as 'Bankers' general lien. The Banker's general lien and its implications thereof are contained in the loan documents which are obtained at the time of availing the loan.
- In the notice to be issued to the borrower / mortgagor under CDRS code, the following clause may be added.
- "Bank will take steps to retrieve/ obtain back the documents from Court / DRT and within 7 days of receipt of title deeds from Court / DRT, the same will be handed over to borrower/ mortgagor. In accounts which are non suit filed

after ascertaining that there is no direct or indirect liability of the said borrower with the Bank, the title deeds/ securities will be handed over back to the borrower / mortgagor within 7 days but not exceeding a time span of one month”.

- After taking possession of hypothecated assets, a prior notice of 15 days may be given and hypothecated assets may be brought for sale. In SARFAESI, as it is 30 days notice is being given.

Valuation and sale of property:

- Valuation of the property will be obtained by the Bank and thereafter sale will be conducted in a fair and transparent manner.
- Excess amount received through sale of property, over and above the amount due to the Bank and other expenses will be returned to the borrower, provided, Bank does not have any other claims against the customer/borrower.
- Bank will have right to recover from the borrower, the balance due if any, after sale of the property.

Opportunity to the borrower to redeem the property:

- Any time after repossession but before concluding sale of the property, if the borrower clears the Bank dues in full, Bank may consider handing over the possession back to the borrower, if there are no other constraints on / commitments to the Bank. Such a decision will be taken by the Bank on a case to case basis based on merits.
- Likewise, if the Bank is convinced about the genuineness of borrower's inability to pay the loan instalments as per schedule, Bank may consider handing over the property back to the borrower/customer after receiving the instalments in arrears, if there are no financial or other commitments by the borrower to the Bank and based on merits of each case. This would be subject to Bank being convinced of the arrangements made by the borrower to ensure timely repayments of instalments in future.
- In the event of Bank receiving its dues in full, the Banks would consider handing over possession back to the borrower, provided the payment is made before registration of sale and if the purchaser under the SARFAESI sale is compensated by the owner for the interest and other losses suffered, if any.

Grievance Redressal procedures:

- The grievance redressal procedure / guidelines are already ported in the Bank's website. The Grievance Redressal measures and procedures are elaborately dealt with under the “Policy on complaint / grievance redressal”.

Zonal Offices and Branches are advised to give publicity to this policy and features of the code.
