

**KALLAPPA ANNA AWADE**  
**ICHALKARANJI JANATA SAHKARI**  
**BANK LTD**

**(Multi-State Scheduled Bank)**

**RECOVERY POLICY**

**2018-2019.**

## INDEX

<b>SR.NO.</b>	<b>PARTICULARS</b>	<b>PAGE NO.</b>
<b>1</b>	<b>Preamble</b>	<b>3</b>
<b>2</b>	<b>Objective of the Policy</b>	<b>3</b>
<b>3</b>	<b>Ownership of the Policy</b>	<b>3</b>
<b>4</b>	<b>Validity of the Policy</b>	<b>4</b>
<b>5</b>	<b>Applicability of the Policy</b>	<b>4</b>
<b>6</b>	<b>Introduction</b>	<b>4</b>
<b>7</b>	<b>Contours of the Policy</b>	<b>5</b>
<b>8</b>	<b>Giving Notice to Borrowers</b>	<b>6</b>
<b>9</b>	<b>Strategy for Management &amp; Recovery of NPAs</b>	<b>7</b>
<b>10</b>	<b>Taking possession of Security from the borrower.</b>	<b>8</b>
<b>11</b>	<b>Valuation and sale of Property</b>	<b>8</b>
<b>12</b>	<b>Opportunity for the borrower to take back the security.</b>	<b>9</b>
<b>13</b>	<b>Engagement of Recovery Agents</b>	<b>10</b>
<b>14</b>	<b>Publication of Photographs</b>	<b>10</b>

**1) PREAMBLE :-**

The Banking codes and Standards Board of India ( BCSBI ) – an independent and autonomous authority set up with the purpose of providing fair treatment to all customers and of which the bank has voluntarily taken up membership, calls for a policy on Collection of dues and repossession of security to be drawn up and approved by the board.

The bank is required to display the Policy on Collection of Dues and Repossession of Security on its Website for the information of the customers.

The Bank has adopted the model policy formulated by the IBA with a few modifications.

**2) OBJECTIVES OF THE POLICY:-**

To ensure fair treatment to the customers during the course of collection of dues and repossession of security with the aim of fostering customer confidence and long term relationship.

To ensure that the bank does not follows policies that are unduly coercive in the collection of dues.

To apprise staff members involved in the recovery process about the code of conduct to be adopted while in the process of recovery of dues.

**3) OWNERSHIP OF THE POLICY :-**

The ownership of the “ Recovery Policy ” lies with Head Office of the bank.

The Policy will be periodically updated as per the requirement, subject to the approval of the Board of Directors meeting.

#### **4) VALIDITY OF THE POLICY :-**

This policy will be remained in force until further rectification by Board or any changes required in the interim approved by the board.

#### **5) APPLICABILITY OF THE POLICY :-**

The Policy will be applicable to all the branches of the bank

On it's approval the same will be circulated to all concerned. The Policy will also be displayed on the Website of the Bank for the information of all customers.

#### **6) INTRODUCTION :-**

The debt Recovery 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 Installments (EMI) or payments through any other mode of payment will be appropriated against interest and principal due from the customers. 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 repayment obligations.

Bank's Recovery 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 inconsonance with the law.



## **7) CONTOURS OF THE POLICY :-**

All the members of the staff or any person authorized to represent our bank in the collection of dues and /or repossession of security will 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) The identity and authority of persons authorized to represent the Bank for follow up and recovery of dues will be made known to the borrowers at the first instance. The Bank staff or any person authorized to represent the Bank in the collection of dues and/or taking possession of security will identify himself/ herself and display the authority letter issued by the bank upon request.
- 3) The bank will respect the privacy of it's borrowers.
- 4) The bank is committed to ensure that all written and verbal communication with it's borrowers will be in simple business language and the bank will adopt civil manners for interaction with borrowers.
- 5) Normally, the banks representatives will contact the borrower between 10.30 a.m to 6.00 p.m., unless the special circumstance of his/her business or occupation requires the bank to contact at a different time. Customer may also be contacted later if unable to establish contact during specified calling hours and under specific circumstances where the customer is refusing to pay/ non contactable, non co-operative, disputing earlier commitments.
- 6) The borrowers requests to avoid calls at a particular time or at a particular place will be honored as far as possible.
- 7) The bank will document the efforts made for the recovery of the dues and the copies of communication send to customers, if any, will be kept on record.

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

#### **8) GIVING NOTICE TO THE BORROWER:-**

While written communications, telephonic reminders or visits by the Banks representatives to the borrowers place or residence, will be used as loan follow up majors the bank will not initiate any legal or other recovery measures including repossession of security without giving 15 days a notice in writing.

The Bank will consider any genuine representation received from the borrower before initiating the recovery proceedings. The bank will follow all such procedures as required under law for recovery/ repossession of security.

In the event of invocation of trigger for repossession of security, borrower/ guarantor will be informed that he has defaulted in meeting repayment obligation and advised to regularize the account.

Borrower will also be specifically advised that the costs incurred by the bank to effect recoveries will be borne by him/her. He/she will also be advised that in the event of sale proceeds falling short of the amount due, the balance will be recovered from his/her personal effects.

The notice to the borrower and guarantors will be sent by registered post and or by hand delivery.

If the bank has reasons to believe that the borrower or his close family members are avoiding the service of notice or for any other reason the notice cannot be served, a copy of the notice will be affixed on the outer door or some other conspicuous part of the house or business premises.

If the borrower responds to the notice and regularize the account or the appropriate authority permits him further time or a compromise settlement is reached no further action would be necessary.



## 9) STRATEGY FOR MANGEMENT & RECOVERY OF NPAs:-

Filing of cases against the borrowers for recovery of overdue should be the last resort. Persuasion / follow up has no substitute, it has, therefore, been decided that branches should adopt following strategy for Management & Recovery of NPAs:

1. To keep constant post disbursements follow up & to monitor advances by scrupulously following time bound programme.

2. To adopt following measures :

Branches shall adopt the following measures before taking decision to initiate action under Securitisation & Reconstruction of Financial Asset and Enforcement of Security Interest Act 2002 & case file decisions.

☆ Try to persuade the borrower for regularization of the account.

Have telephonic and personal discussion with borrower and key person of the borrower firm/ Co.

☆ Try to find out reason for non-payment of banks dues.

☆ If the account became irregular due to reason beyond the control of the borrower, take immediate corrective steps.

☆ If the unit is potentially viable, try to revive A/c. as per procedure given in credit policy.

☆ If the branch manger feels that the A/c cannot be up grated/ revived, persuade the borrower to depose off the excess assets, or assets charged to the bank with the banks consents and reduce the liability by adjusting the sale proceeds by following due process of law. Surety's consent is necessary for about as well as when there is any variation in terms of the original contract.

☆ If there is no security/ inadequate security, persuade the borrower to settle the account as per OTS/ Compromise Settlement Scheme approved by bank, if he fulfills it's eligibility.

☆ Ensure that the irregular A/c must be upgraded / rescheduled / restructured / closed or take case file decision/ action under SARFAESI ACT / Arbitration , if the account became NPA as per prudential norms.

#### **10) TAKING POSSESSION OF SECURITY FROM THE BORROWER :-**

Taking possession of security will be aimed at recovery of dues and not to deprive the borrower of the property.

The recovery process through possession of security will involve possession, valuation of security and realization of security through appropriate means.

All these would be carried out in a fair and transparent manner.

Taking possession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking possession 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 the necessary cost will be charged to the borrower.

Taking possession of the security procedure will be set in motion only after the attempts made by the bank to discuss with borrower the ways and means to overcome financial hurdles have failed.

#### **11) VALUATION AND SALE OF PROPERTY:-**

Required notices with acknowledgment due will be sent to the borrowers and guarantors informing them about the repossession of the security demanding closure of the account within a specified period failing which the repossessed assets will be disposed off.

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 the right to recover from the borrower the balance due if any, after sale of property. The 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.



Valuation of the repossessed assets will be carried out as per extant instruction of the bank and would be valued by approved valuer of the Bank.

Sale of asset will be carried out by any transparent mode to secure fair price of the seized asset i.e. , by public auction, by inviting tenders, by obtaining quotations from parties, dealing in the asset seized etc.

The Bank will handover the possession of the asset to the borrower any time after repossession and before concluding sale transaction of the asset in case the borrower has liquidated Bank's dues in full or a compromise settlement has been reached between the borrower and Bank.

## **12) OPPORTUNITY FOR 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 and 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 the property to the borrower any time after repossession and before the sale transaction of the property takes place, provided the Bank's dues are cleared in full.

If satisfied with the genuineness of the borrower's inability to pay the loan installments as per the schedule which resulted in the repossession of security, the Bank will consider handing over the property, after receiving the installments in arrears. However, this will be subject to the Bank being convinced of the arrangements made by the borrower to ensure timely repayment of the remaining installments in future.

If the amounts are repaid, either as stipulated by the Bank or dues settled as agreed to by the Bank, the possession of the seized assets will be handed back to the borrower within seven days after getting

permission from the competent/sanctioning authority, or court/DRT concerned if recovery proceedings are filed and pending before such forums.

### **13) 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.

- 1) The name and address of all Recovery Agents on the Bank's approved panel will be placed on the Bank's website for information of all concerned.
- 2) Only Recovery Agents from the approved panels will be engaged by the bank.
- 3) In case the Bank engages the services of such Recovery/enforcement/ seizure agents for any recovery case, the identity of the agent will be disclosed to the borrower.
- 4) The recovery Agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customers.

### **14) PUBLICATION OF PHOTOGRAPHS:**

The Bank will publish photographs of the defaulter borrower/guarantor in newspapers in which the notices are published.

Centralized Recovery Department will publish the photographs of the defaulting borrower/guarantor after prior approval of the Audit, Accounts & NPA Management Committee of the Board.

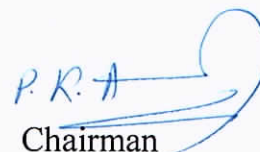
  
Jr. Officer

  
Chief Manager

General Manager

  
Chief Executive Officer

  
Vice- Chairman

  
Chairman