

RAJASTHAN MARUDHARA GRAMIN BANK

POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY

POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY**1. Introduction:**

The Policy on Collection of Dues and Repossession of Security of the Rajasthan Marudhara Gramin Bank is built around dignity and respect to customers. The 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 repaying 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 repayment will be appropriated against interest and principal due from the customers. The repayment schedule will be duly documented. 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.

The Bank's Repossession of Security 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.

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, 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 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 circumstance of his/ her business or occupation requires the Bank to contact at a different time.
6. Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible.
7. 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.
8. Inappropriate occasions, such as bereavement in the family or such other calamitous occasions, will be avoided for making calls/ visits to collect dues, wherever there is a prior knowledge of such occasions.

3. Giving Notice to Borrowers

While written communications, telephonic reminders 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 difficulties expressed/ disputes raised by the customer will be considered for appropriate disposal by the Bank before initiating recovery measures. The Bank will follow all such procedures as required under the 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 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 thereof, in the ordinary course of the business and necessary cost will be charged to the borrower.

5. Valuations 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. Valuation of immovable properties is done at least once in three years. The Bank will have the 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 claim(s) against the customer.

In the case of hypothecated assets, if no payment is forthcoming, after the asset is taken into possession, a sale notice with 7 days time to respond will be sent to the borrower. Thereafter, the Bank will arrange for sale of the hypothecated assets in such a manner as deemed fit by the Bank. In respect of cases under SARFAESI Act as per the provisions of the Act, 30 days notice of sale will be sent. When sale by public auction or by tender is envisaged, the same will be published in two leading news papers out of which one is in a local vernacular paper.

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 the property to the borrower any time after repossession and before concluding sale transaction of the property, provided the Bank dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule, which resulted in the repossession of security, the Bank may consider handing over the property after receiving the installments 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 installments in future.

If the amounts are repaid, either as stipulated by the Bank or dues settled as agreed by the Bank, possession of seized assets will be handed back to the borrower within seven days after getting permission from the competent/sanctioning authority of the Bank or Court/ DRT concerned, if recovery proceedings are filed and pending before such forum.

7. 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. In this respect :

- 1) The name and address of all Recovery Agents on the Bank's approved panel of the Bank will be placed on the Bank's website for information.
- 2) Only Recovery Agents from approved panel will be engaged by the Bank.
- 3) In case the Bank engages services of such recovery/ enforcement seizer agent 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, as mentioned in the agreement, covering their dealings with customers.

8. GRIEVANCE REDRESSAL MECHANISM:

The Regional Office while entrusting recovery to Recovery Agents (RAs) shall also advise the borrower:

- (i) Full particulars of Recovery Agents with his contact number
- (ii) The contact number and name of the Bank official entrusting the recovery to the RAs. In case of any grievance regarding conduct of the RAs, the borrower may contact the above named Bank official.
- (iii) In case the grievance of the RAs is not redressed by the Branch official, a complaint may be addressed to GM (Recovery), in writing. The name, contact number, postal address etc., of the GM (Recovery) may be given to the borrower.

The Chief Manager (Recovery) will maintain records of the complaints received & disposal, in this regard.

GM (Recovery) will entrust the disposal of complaint to Regional Manager. Regional Manager will be required to furnish his report to GM (Recovery) within 15 days along with his recommendations for action to be initiated.

Based on the recommendations, GM (Recovery) will decide on the course of action.

II. Acknowledgement of grievances and redress :

Branch manager or the Chief Manager (Recovery) as the case may be, will acknowledge the grievance within five days of receipt and initiate action to have the grievance resolved within a maximum period of three weeks. The customer will also be kept informed of the action taken, the reasons for delay if any, in redressal and the progress in redressal of grievance.

III. Complaint to Banking Ombudsman :

In case, redressal of the customer's grievance is not provided by the bank within 30 days he can also approach the Banking Ombudsmen located in State Capitals for redressal. The customer will be given the necessary guidance in this regard by the branches and the helplines. The contact details of the Banking Ombudsman of the respective region are on display at each branch.

9. APPLICABILITY OF THE POLICY:

These Policy guidelines will come into effect from the date of Board Approval.
