

POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY AND RECOVERY OF DUES IN NPA ACCOUNTS:

I. PREAMBLE :

1. CENTRAL BANK OF INDIA's Debt Collection Policy is centered around dignity and respect to customers, built on fostering customer confidence, long term relationship, by extending courtesy, fair treatment and judicious persuasion
2. The transparent policy of the Bank aims at resorting to collection of dues and repossession of security in the normal course
3. The bank will not follow policies or practices that are unduly coercive in collection of dues
4. Before fixing the repayment schedule for any loan sanctioned by the Bank, the customer will be consulted taking into account his paying capacity and cash flow pattern and he will be explained the method of calculation of interest and how the Equated Monthly Instalments (EMI) and interest is calculated and payments through any other mode of repayment will be appropriated against interest and principal due from the customer. It is expected of 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
5. The Bank's Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property offered as security.
6. The Policy reckons fairness and transparency in valuation, repossession and realization of security by adopting follow up measures for recovery of dues and repossession of security in consonance with the law

II. DECENT APPROACH AND DECORUM TO BE FOLLOWED BY THE BANK'S STAFF MEMBERS / AUTHORISED REPRESENTATIVES IN COLLECTION / SECURITY REPOSSESSION :

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 the residence, at 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, by displaying 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 hours and 1900 hours, unless the special circumstances of his/her business or occupation requires the bank to contact at a different time
6. As far as possible, the borrowers' requests to avoid calls at a particular time or at a particular place would be honoured
7. The efforts made for the recovery of dues and the copies of communication sent to the customers, if any, will be documented and 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

III. GIVING NOTICE TO BORROWERS :

Even though written communications, telephonic reminders or visits by the bank's representatives to the borrowers' 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 or disputes raised by the customers 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.

IV. REPOSSESSION OF SECURITY :

1. Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property

2. The recovery process through repossession of security will normally involve repossession, valuation of security and realisation thereof through appropriate means, which would be carried out in a fair and transparent manner
3. Repossession will be done only after issuing the notice in writing and following due process of law
4. The bank will take all reasonable care for ensuring the safety and security of the property after taking custody in the ordinary course of business and necessary costs will be charged to the borrower

V. VALUATION AND SALE OF PROPERTY :

1. Valuation and sale of property repossessed by the bank will be carried out as per law and in a fair and transparent manner.
2. 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 after meeting all the related expenses provided the bank is not having any other claims against the customer
3. In case of hypothecated assets after taking possession if no payment is forthcoming, a sale notice of 7 days time to respond will be sent to the borrower. Thereafter, the bank will arrange for sale of the hypothecated assets in such manner as deemed fit by the bank.
4. In respect of cases under SARFAESI Act, as per the provisions of the Act, 30 days notice of sale will be sent.
5. When sale by public auction (traditional auction / e-auction) or by tender is envisaged, the same will be published in 2 leading news papers out of which one is in local vernacular paper

VI. OPPORTUNITY TO THE BORROWER TO TAKE BACK THE SECURITY :

1. It is re-iterated that 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.

2. 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
3. If satisfied with the genuineness of borrower's inability to pay the loan instalments as per schedule which resulted in repossession of security, the bank may consider handing over the property after receiving the instalments in arrears, however after being convinced of the arrangements made by the borrower to ensure timely repayment of remaining instalments in future
4. 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 within a reasonable time after getting permission from the competent/sanctioning authority of the bank or Court/DRT concerned, if recovery proceedings are filed and pending before such forums. The Repossession will be considered if the entire expenses and upto date full dues of the Bank are paid before the actual sale or transfer of the security and subject to court orders, if any.

VII. ENGAGEMENT OF RECOVERY AGENTS :

1. The bank may utilize the services of recovery/enforcement agents appointed as per regulatory guidelines, for collection of dues and repossession of securities.
2. The name and address of all Recovery/Enforcement Agents on the bank's approved panel will be placed on the bank's website for public information
3. Only recovery/enforcement agents from the approved panels will be engaged by the bank
4. 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 and such agents will be required to follow a code of conduct covering their dealings with the customers

VIII. APPLICATION FOR COMPROMISE SETTLEMENT AND ITS PROCESSING :

- i. The compromise should be a negotiated settlement
- ii. The branch should acknowledge the request letter for compromise amount offered.
- iii. Terms & conditions of compromise and recovery process :
- iv. Terms and conditions of compromise should be negotiated with the party and put in writing duly acknowledged to him to avoid any confusion while conveying the sanction later on.
- v. Mode of repayment should be clearly laid in sanction.
- vi. Sanction of compromise proposal should be conveyed to the borrower promptly detailing therein terms and conditions of compromise and mode of repayment.
- vii. On repayment of full and final dues of compromise, branch should issue no dues certificate on request of the party as per provisions of the Recovery Policy and terms of sanction.
- viii. Branch to withdraw all suits filed against the borrower on full and final payment of the compromise amount as per terms and conditions of the compromise and provided there are no other bank's claims enforceable against the borrowers.
- ix. Branch to release the title deed of the property to the borrower /guarantor on full and final payment of the compromise amount as per terms and conditions of the sanction.

IX. GRIEVANCE REDRESSAL MECHANISM :

For effective implementation of the Policy, one Grievance Redressal Cell would be established at --

- a. Central Office consisting of GM(Recv), GM(Credit) and GM(P.S.) for redressal of grievances if any arising out of decisions of Zonal Office and Central Office functionaries.

- b. Zonal Office consisting of Zonal Manager, Chief Manager(recovery) and Chief Internal Auditor of the Zone for redressal of grievances if any arising out of decisions of Regional Office functionaries.
- c. Regional Office consisting of Regional Manager, Asst. Regional Manager(recovery) and Chief Internal Auditor of the Zone for redressal of grievances, if any, arising out of decisions of Branch functionaries
- d. Response to a complaint whether positive or negative or requiring more time for redressal would be given within a maximum period of four weeks from the date of complaint, unless the nature of complaint is such that requires verification of voluminous facts and figures.

X. APPLICABILITY OF THE POLICY :

These Policy guidelines will come into effect from 23rd February 2011.
