

**Indian Bank Model Code for Collection of Dues and Repossession of Securities (CDRS Code) –Modified as on 31.03.2023**

**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 show the identity card/ 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 08.00 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.

**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/guarantor/mortgagor. 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.

**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 is available up to the date of publication of sale notice, only if the borrower clears the Bank's dues in full. On such payment, the Bank may consider handing over the possession back to the borrower, if there are no other constraints or 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 payment 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.

**Grievance Redressal procedures:**

The grievance redressal procedure are already ported in the Bank's website [www.indianbank.in](http://www.indianbank.in) .

\*\*\*\*\*

