



**hpsc**  
(Scheduled Bank)

हिमाचल प्रदेश राज्य सहकारी बैंक सीमित  
H.P. State Co-operative Bank Ltd.

**Policy on Collection of Dues  
And Repossession of Security**

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## **1. Introduction**

The objective of the collection policy is to start collection activities at an early stage of the account being overdue and persuade the customer to repay the overdue installments and prevent the customer from going into a state of default. The collection 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 regards to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

## **2. General Guidelines**

### **The policy is based on the following guidelines:**

- All communications to the customer are in writing, by telephone or through personal visit. The customer is contacted by telephone on the numbers (residence/work place/mobile) provided by him/her in the application form filled in at the time of taking the loan/modified subsequently as intimated to the Bank. If the customer is not responding/not reachable over telephone or not paying even after telephonic request, the Bank's representatives make personal visits to the customer's residence/workplace during reasonable hours of the day.
- However, it is responsibility of borrower to keep updating his contact details. In case the bank is unable to contact the borrower at the details provided, the bank will access information available from public sources and approach his/her friends / relatives to trace the borrowers.
- The Bank staff or any person authorized to represent the Bank in collection of dues or/and security repossession identifies himself / herself and displays the authority letter issued by the Bank upon request.
- The Bank respects privacy of its borrowers.
- The Bank is committed to ensure that all written and verbal communication with its borrowers is in simple business language and the Bank adopts civil manners for interaction with borrowers.

- Normally the Bank's representatives will contact the borrower between 0700 hours and 1900 hours, unless the special circumstance of his/her business or occupation requires the Bank to contact at a different time.
- Borrower's requests to avoid calls at a particular time or at a particular place are honoured as far as possible.
- The Bank documents the efforts made for the recovery of dues, as far as possible and the copies of communication sent to customers, if any, are kept on record.
- All assistance is given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- Inappropriate occasions such as bereavement in the family or such other calamitous occasions are avoided for making calls/visits to collect dues.
- The Bank provides the loan account statement to its customers on request basis when changes in period of loan, quantum of EMI etc. take place. Changes in the rate of interest are communicated to the customers as and when they are affected.

### **3. Giving notice to borrowers**

- While written communications, telephonic reminders or visits by the Bank's representatives to the borrowers place or residence are being used as follow up measures, the Bank does not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing to the borrower for recovery of dues.
- The Bank follows all such procedures as required under law for recovery/repossession of security and for appointment of recovery agents.
- The notice mentions the number of days within which the payment is to be made and also stipulates the minimum time that is given to the borrower to pay the debt, failing which the Bank will proceed to take possession of the asset.
- In the case of sale of an asset, a notice is issued to the borrower before proceeding with the sale of the asset.

#### **4. Right to set off**

- In order to cover a loan in default, a bank has a legal right to set off or adjust the debit amount against the credit amount of the same borrower.
- If such right of set off is to be exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which lenders are entitled to retain the securities till the relevant claim is settled/paid.

#### **5. Legal measure bank follows for recovery of dues**

- Arbitration:- In case the borrower fails to pay the dues, the bank follows arbitration proceeding as legal measure as per provision of H.P. Cooperative Societies Act, 1968 and submit the cases to RCS for adjudication. (HOGC No. 10/2018)
- H.P. Public Money Act:- The bank also files cases under Public Money Act for recovery of dues. (HOGC No. 94/2013)
- SARFAESI:- Bank also follows SARFAESI Act in big loan cases for its recovery. (HOGC No. 51/2007)
- Cases u/s 138 of NI Act:- In some cases cheques are given for payment of bank dues and when the same gets dishonored, bank files proceeding u/s 138 of Negotiable Instruments Act (HOGC No. 102/2018)

#### **6. 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 involves repossession, valuation of security and realization of security through appropriate means. All these are carried out in a fair and transparent manner.
- Repossession of security is done only after issuing the notice as detailed above.
- Due process of law is followed while taking repossession of the property. The Bank takes all reasonable care for ensuring the safety and security of the property after taking custody in the ordinary course of the business.

## **7. Opportunity for the borrower to take back the security**

- As indicated earlier in the policy document, the Bank resorts to repossession of security only for the purpose of realization of its dues as a last resort and not with the intention of depriving the borrower of the property. Accordingly, the Bank indicates its willingness to consider handing over possession of property to the borrower any time after repossession and before concluding the sale transaction of the property provided the Bank 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 may consider handing over the property after receiving the installments in arrears and all overdue and penal interest and expenses incurred on repossession of the security. However, this is subject to the Bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.
- The Bank returns the repossessed security within 15 days to the borrower after settlement of all claims.



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