

## **MODEL CODE TO BE OBSERVED IN THE TASK OF RECOVERY OF LOAN DUES AND REPOSSESSION OF SECURITIES**

**PREAMBLE:** This Model code for Recovery of Loan Dues and Repossession of Security is a non-statutory code issued on voluntary basis.

**APPLICABILITY:** This Model code will apply to Tamilnad Mercantile Bank Ltd., from the date it is circulated.

**I. INTRODUCTION:** It is our vision to be a progressive Bank enhancing value to all the stake holders with good governance. Tamilnad Mercantile Bank Ltd., is committed to:

1. Be excellent in performance by following fair practices in all fields including collection of loan dues and realization of secured properties.
2. Help the growth of confidence among the customers, by mutual understanding, paving the way for long term relationship.

**II. LOAN RECOVERY POLICY:** Dignity and respect to all the borrowers are the cardinal principles of loan recovery policy of Tamilnad Mercantile Bank Ltd. The bank will follow only ethical policies and not observe unduly coercive measures in the process of recovering the dues.

The Bank's recovery procedure is based on good manners, impartial treatment and persuasion.

**III. SECURITY REPOSSESSION POLICY:** The Bank's security repossession policy aims at recovery of the dues in the event of default and not aimed at unmindfully preventing the enjoyment of the property by the customers.

The policy acknowledges fairness and transparency in valuation, repossession and realization of security.

**IV. GENERAL GUIDELINES:** In the process of recovering the dues to the bank from borrowers, the staff members of the Bank or other person authorized to represent the bank are bound to follow the general guidelines set out hereunder:

1. The customers will be provided with all the required information regarding outstanding dues and necessary notice will be given to enable them to discharge their Bank dues promptly.
2. Identity and authority would be made known to the customer at the first instance.
3. The privacy of the customer would be respected at all times.
4. Customers would be contacted ordinarily at the place of their preference and in the absence of any specified place, at the place of their residence in the case of retail customers and in the place of employment / business as the case may be in the case of other customers.
5. Interaction with the customers would be in acceptable business language.

6. Customer calling time would be between 7 A.M in the morning and 7 P.M in the evening unless the circumstances of the borrower's business or occupation demand otherwise.
7. Customers' request to avoid calling at a particular place would be honoured as far as possible.
8. During visits to customer's place for loan recovery, decency and decorum would be maintained.
9. Inappropriate occasion such as bereavement in the family or such other disastrous occasions would be avoided for making calls/visits to collect loan dues.
10. The way of behaviour that would suggest criminal intimidation or threat of violence would be avoided with extreme care.
11. All assistance would be given to resolve disputes or differences in a mutually acceptable and in an ordinary manner, if any, as regards loan dues.
12. Reasonable notice would be given before repossession of security and its realization.
13. Time and number of calls and contents of conversation would be documented.

**V. Grievance Redressal Cell:** The bank would have a Grievance Redressal Cell / Department / Centre within or outside the organization and would make available all the details namely where a complaint can be made, how a complaint should be made, when to expect to reply and whom to be approached for redressal of grievance etc.,.

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 it requires verification of too many facts and figures.