



Baroda Rajasthan Kshetriya Gramin Bank

Head Office: Ajmer

OUTSOURCING POLICY

(Strictly for internal circulation)



OUTSOURCING POLICY

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1. INTRODUCTION:

The world over banks are increasingly using outsourcing as a means of both reducing cost and accessing specialist expertise, not available internally and for achieving strategic goals.

The term Outsourcing denotes **bank's use of a third party (either an affiliated entity within a corporate group or an entity that is external to the corporate group) to perform activities on a continuing basis assigned for a limited period (subject to review) that would normally be undertaken by the bank itself, now or in the future.**

The outsourcing policy is framed in terms of the continuity of functions needed to achieve required outcomes. The continuity of bank functions is itself dependent on the availability of supporting systems, staff and data. The outsourcing policy allows flexibility to the Bank to configure its systems, staff and data in ways that take account of the bank's business circumstances and strategy, provided the required outcomes are met.

These must be continued under normal business conditions in order to maintain the soundness and efficiency of the services. In the event of a failure of a service provider to the bank, these functions must also be continued without material interruption, in order to avoid significant damage to the services.

As per recommendations of Committee on HR Policy for RRBs post-CBS following are the recommendations/comments of NABARD on outsourcing:

RRBs are allowed by Thorat Committee to outsource the non-core functions as under:

- a. Sweeping, cleaning and maintenance
- b. Security
- c. IT and software development and maintenance
- d. Business facilitators and intermediaries
- e. Cash remittance
- f. Courier services

Considering the technology adoption taking place, in addition to the above, the RRBs may outsource the work of office attendants or any other work, depending on the need.

At present, the Bank is outsourcing the following activities:

- CBS Implementation & updation
- Hiring cash vans for remittance from branches to currency chest and vice versa (Non-Financial)
- Recovery of dues through Recovery agents
- Verification of Income Tax returns through Chartered Accountants
- Issuance of Debit and Credit card
- Administration of written test for Promotion and Human Resourcing through Institute of Banking Personnel Services (IBPS), Mumbai(Non-Financial)
- Courier services(Non-Financial)
- IT related services – **Technology operations, technology infrastructure management, maintenance & support, Application Development, Maintenance and Testing etc.**
- Maintenance of Hardware /Software.(Non-Financial)
- Business Correspondent in Bank.
- All the works of BOBCARDS including reconciliation, if any.
- Catering services(Non-Financial)
- House Keeping(Non-Financial)



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Out of the above functions, as well as in future any outsource activity decided by Sponsor Bank, NABARD, IBA or Government Body will be deemed approved by the Board.

2. OBJECTIVES:

The outsourcing of certain activities is necessitated on account of lowering the overall cost of services, to take advantage of expertise services of the specialized agencies, to reach to larger market and improve the overall quality of our services and products.

3. RBI GUIDELINES:

- In keeping with this international trend, the Reserve Bank of India has permitted banks in India to outsource various activities. The RBI has come out with its guidelines on outsourcing policy as contained in their following circulars which have been considered while framing this outsourcing policy of our bank:
 - DBOD.NO.BP. 40/ 21.04.158/ 2006-07 dated 03.11.06
 - For Credit Cards - DBOD. FSD. BC. 49/24.01.011/ 2005-06 dated 21.11.05.
 - RBI/2010-11/494 DBS.CO.ITC.BC.No.6/31.02.008/2010-11 dated 29.04.2011
 - RBI/2014-15/497 DBR No. BP.BC.76/21.04.158/2014-15 dated 11.03.2015
 - RBI/2018-19/183 DCM (PIng) No.2746/10.25.07 dated 14-05-2019
- The bank will not be required to obtain prior approval from RBI for outsourcing of financial services.
- It is essential for the bank, when performing its due diligence in relation to outsourcing, to consider all relevant laws, regulations, guidelines and conditions of approval, licensing or registration.
- Typically outsourced financial services include applications processing (loan origination, credit card), document processing, marketing and research, supervision of loans, data processing and back office related activities etc. However, decision to outsource other different type of financial services will be need based.
- The service provider if it is not a subsidiary of the bank should not be owned or controlled by any director or officer/employee of the bank or their relatives having the same meaning as assigned under Section 6 of the Companies Act, 1956.
- Audit-related assignments to Chartered Accountant firms will continue to be governed by the instructions/policy as laid down by the Department of Banking Supervision.

4. SCOPE OF THE POLICY:

As per the RBI guidelines, this policy is concerned with managing risks in outsourcing of financial services and also applicable to technology-related issues and activities but not related to banking services like usage of courier, catering of staff, housekeeping and sanitary services, security of the premises, movement and archiving of records etc.

5.1. GOVERNANCE STRUCTURE:

The governance structure includes Board, Operational Risk Management Committee (ORMC), Functional Heads, Regional Heads, & Inspection and Audit department etc. Respective roles and responsibilities at various levels are as under:



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Sr.No.	Governance structure	Roles and Responsibilities
1	Board	The Policy will be approved and reviewed annually by the Board.
2	Chairman/General Manager	Noting of Post Sanction Reporting proposals sanctioned to be put up before them by concerned Functional Head In respect of outsourced activity approved/sanctioned by Operational Risk Management Committee.
3	Operational Risk Management Committee	To approve/sanction proposal for outsourcing activity to be put up before them by the functional head/Regional Head.
4	Functional Head/ Regional Head	<ul style="list-style-type: none">• The concerned Functional Head/ Regional Head will take a view on the desirability of outsourcing a permissible activity related to financial/ other services having regard to all relevant factors, including the commercial aspects of the decision. However, for outsourcing the activity, necessary safeguards for addressing the risks inherent in such outsourcing as enumerated in the policy and to ensure risk assessment on continual basis, and continuity of services in case of failure of the outsourced service should be taken before placing the proposal to the ORMC for approval of the arrangement of outsourcing.• The concerned Functional Head/ Regional Head shall put up outsourcing proposal for approval to the Operational Risk Management Committee through Risk management department.• Concerned Functional Head/ Regional Head will obtain financial sanction from competent authority.• Concerned Functional Head/ Regional head will be responsible for periodic inspection, compliances etc. by the service provider.• Concerned Functional Head/ Regional Head will be responsible for annual review of services after doing due diligence including compliance with audit observations.• The concerned Functional head/ Regional Head will be responsible for submitting duly reviewed proposal to the ORMC for approval with intimation to the Operations department, Head Office, Ajmer.• Concerned Functional Head/ Regional head will be responsible for preparing Operational risk profile such as risk assessment, audit findings, risk incidence, regulatory queries, loss data etc. in consultation with risk department .The same should be submitted to ORMC with submission of proposal for sanction/Review. Relevant



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		formats/templates/guidelines are attached – Annexure-7 At the end of financial year concerned Functional Head to submit the data in formats attached in the policy Annexure-6 in respect of outsourcing of activities falling under their domain to Operations department, Head Office for centralized record keeping.
5	Operations Department, HO, Ajmer	Operations Department with the help of Risk Management Department will guide the concerned Functional head for preparing operational risk profile such as risk assessment, audit findings, risk incidence, regulatory queries, loss data etc., for each outsourced activities. <ul style="list-style-type: none"> • Responsible for centralized record keeping. • Data submission to RBI during AFI. • Submission of audit observations and compliance status to Board annually. • Submission of Annual Compliance Certificate to RBI.
6	Inspection and Audit Department, HO, Ajmer	Audit of outsourcing of activities. Submission of audit report to concerned Functional/ Regional Head for rectification/compliance under intimation to Operations department. Checking of the accounts of service providers and staff.

5.2. Formation of ORMC:

An 'Operational Risk Management Committee' shall be formed consisting of following:

- I. General Manager (Admin) - Chairman
- II. All the General Managers – Committee Member
- III. All the Chief Managers at Head Office (Except Preventive Vigilance Chief Manager) – Committee Member
- IV. Legal Officer posted at Head office - Member
- V. Head of Risk Management Department - Convener.

The minimum quorum for any meeting and decision will be with 50% members (Which should include at least two General Manager, One should be handling concerned issue vertical)

5.3. Detailed process to translate the Policy requirements into activities including responsibility, template, timeline etc.:

1. Within the overall policy approved by Board, all activities to be outsourced will be put up before Operational Risk Management Committee by Functional Heads of the concerned department, for approval.
2. Operational Risk Management Committee will accord approval to the proposals put up by Functional Heads.
3. Financial sanction will be obtained by concerned Functional Head / Regional Head from competent authority as per powers described in Bank's Discretionary Administrative Power guidelines.
4. Functional Head / Regional Head will be responsible for selection of vendors by following CVC / Bank's guidelines.



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5. Functional Head / Regional Head will be responsible for execution of all papers / agreements and completion of all pre-award formalities including signing of Service Level Agreement as per standard Draft vide Annexure 8. The agreement /contract is to be vetted by Bank's empanelled advocate/ Bank's legal officer before commencing the services to be outsourced and the rectification of deficiency etc., if any within 30 days of its execution and keep record thereof.
6. Functional Head to submit the sanctioned proposal along with risk profile of the outsourced activity for Post Sanction Reporting to the Board / Operational Risk Management Committee within 7 days of approval / sanction.
7. It will be the duty of concerned Functional Head / Regional Head to ensure periodic visit and obtaining assurance from the service provider on an on-going basis (say at the time of periodic visit) about compliance with the related laws / regulations, taking all necessary steps for maintaining confidentiality and security of the information available with them as well as effective operational risk management related to the services being provided.
8. The concerned Functional Head / Regional Head will half yearly/annually review the outsourced activity / contract as mentioned at para 21 by reviewing financial and operational condition of the service provider to assess their ability to continue to meet their outsourcing obligation. While reviewing the activity, risk profile should be prepared and submitted to ORMC.

For annual review prescribed format vide Annexure 3 will be used.

The entire process of review should be completed well before the due date, and in any case not later than the first meeting of the respective Committee held after the due date.

6. ACTIVITIES THAT SHOULD NOT BE OUTSOURCED:

The Bank will not outsource core management functions including Internal Audit, Compliance function and decision-making functions like determining compliance with Know Your Customer norms for opening deposit accounts, according sanction for loans (including retail loans) and management of investment portfolio.

7. SELECTION OF SERVICE PROVIDERS:

While considering sanction or renewal of an outsourcing arrangement, appropriate due diligence should be performed to assess the capability of the service provider to comply with obligations in the outsourcing agreement. Due diligence should take into consideration qualitative and quantitative, financial, operational and reputation factors. The Bank should consider whether the service provider's systems are compatible with their own and also whether their standards of performance including in the area of customer service are acceptable to it. The endeavour should be made for obtaining an independent reviews and market feedback on the service provider to supplement its own findings.

Due diligence should involve an evaluation of all available information about the service provider, including but not limited to: -

Past experience and competence to implement and support the proposed activity over the contracted period is to be assessed. The Service provider company should be at least three years old. Balance sheet and Profit and Loss for preceding 3 years are essential. **The service provider should have adequate experience in the relevant field.**



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Financial soundness and ability to service commitments even under adverse conditions.

Business reputation and culture, compliance, complaints and outstanding or potential litigation.

Security and internal control, audit coverage, reporting and monitoring environment, Business continuity management.

External factors like political, economic, social and legal environment of the jurisdiction in which the service provider operates and other events that may impact service performance.

Ensuring due diligence by service provider of its employees.

Ensuring due diligence for sub-service providers

Risk Management, framework, alignment to applicable international standards on quality / security/environment, etc.

Secure infrastructure facilities

Employee training, Knowledge transfer

Reliance on and ability to deal with sub-contractors

The caution list of Indian Bank Association **wherever available** should be verified before entertaining the application of any service providers. **Where possible independent reviews and market feedback may be obtained. It should be ensured that information used for due diligence is current and not more than 12 months old.**

Due diligence undertaken during the selection process should be documented and re-performed periodically as part of the monitoring and control processes of outsourcing.

Over and above this, regular onsite inspection to ensure continuity of services and managing risk.

7.1. Multiple Service provider relationships:

A multiple service provider relationship is one where two or more service providers collaborate to deliver an end to end solution to the financial institution. Multiple contracting scenarios are possible:

- One service provider may be designated as the 'Lead Service Provider', to manage the other service providers
- Bank may independently enter into stand-alone contracts with each service provider

An institution selects from the above or any other contractual relationship, however, remains responsible for understanding and monitoring the control environment of all service providers that have access to the banks systems, records or resources.



7.2. Period of Contract:

The services of service providers should be for a limited period for maximum of two years (unless it requires longer period for completing the particular project). The renewal process should be initiated well in advance before the expiry of the contract.

8. OUTSOURCING ARRANGEMENTS:

The Rationale of outsourcing would be based on:

- i. The level of importance to the bank of the activity being outsourced;
- ii. The potential impact of the outsourcing on the bank on various parameters such as earnings, solvency, liquidity, funding capital and risk profile;
- iii. The likely impact on the bank's reputation and brand value, and ability to achieve its business objectives, strategy and plans, should the service provider fail to perform the service;
- iv. The cost of the outsourcing as a proportion of total operating costs of the bank;
- v. The aggregate exposure to that particular service provider, in cases where the bank outsources various functions to the same service provider.

As per the RBI guidelines, RBI will review the implementation of these guidelines during Annual Financial Inspections to assess the quality of related risk management systems particularly in respect of material outsourcing.

9. MATERIAL OUTSOURCING:

The material outsourcing arrangements are those, which if disrupted, have the potential to significantly impact the business operations, reputation or profitability. Materiality of outsourcing would be based on:

- i. The level of importance to the bank of the activity being outsourced
- ii. Size and scale of operations which are outsourced
- iii. Nature of functions outsourced
- iv. Nature and extent of data sharing involved e.g., where outsourcing involves sharing of customer data, the engagement may be 'material'
- v. Degree/extent of control and oversight exercised by the bank on vendor managed processes. e.g., the ability of bank staff to design and influence day to day operations and decision making, whether bank staff is able to exercise sufficient oversight over the day to day activities performed by outsourced agencies
- vi. Degree of control exercised by banks on outsourced entities, regardless of a conglomerate entity structure.
- vii. Impact on data privacy and security e.g., whether access to customer data has to be extended to staff of the service provider
- viii. Whether the bank has adequate flexibility to switch service providers, so that the risk of being attached to a single service provider is adequately mitigated, and the aggregate exposure to a single service provider
- ix. The potential impact of the outsourcing on the bank on various parameters such as earnings, solvency, liquidity, funding capital and risk profile;
- x. The likely impact on the bank's reputation and brand value, and ability to achieve its business objectives, strategy and plans, should the service provider fail to perform the service;
- xi. The cost of the outsourcing as a proportion of total operating costs of the bank;



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- xii. The aggregate exposure to that particular service provider, in cases where the bank outsources various functions to the same service provider.

Outsourcing of non-financial processes, such as technology operations, is 'material' and if disrupted has the potential to significantly impact business operations, reputation and stability of the Bank. Where a Bank relies on third party employees to perform key banking functions such as applications processing, verifications, approvals, etc., on a continuous basis, such outsourcing may also be construed as 'material', whether or not the personnel are located within the premises of the Bank.

Periodic review of outsourced processes should be undertaken to identify new outsourcing risks as they arise e.g. when the service provider has further subcontracted work to other service providers or has undergone a significant change in processes, infrastructure, or management.

Materiality should be considered both at an institution level and on a consolidated basis i.e. together with the institution's branches and corporations/entities under its control. Materiality of services will be decided by concerned Functional head/Regional head and accordingly risk profile will be prepared for activity outsourced.

As RBI will review material outsourcing during Annual Financial Inspection, the concerned authority that obtains sanctions of outsourcing should keep record of the cost of the outsourcing as a proportion of total operating costs of the bank as also the aggregate exposure to that particular service provider, in cases where the bank outsourcing various functions to the same service provider. The aggregation of all the outsourcing will be done at the Operations Department. and they as such will provide the desired figures to RBI during Annual Financial Inspection u/s 35 of Banking Regulation Act, 1949.

CRITICAL OUTSOURCING:

Critical outsourcing arrangements are those, which if disrupted, have the potential to paralyze the business operations. For critical activities, the bank will evolve contingency plans, including the availability of alternative external parties and the costs and resources required to switch external parties, potentially on very short notice.

10. OUTSOURCING AGREEMENT:

The terms and conditions governing the contract between the bank and the service provider should be carefully defined in written agreements and vetted by Bank's empanelled advocate/ Bank's legal officer on their legal effect and enforceability.

Every such agreement should address the risks and risk mitigation strategies identified at the risk evaluation and due diligence stages.

The agreement should be sufficiently flexible to allow the bank to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations. The agreement should also bring out the nature of legal relationship between the parties – i.e. whether agent principal or otherwise. Some of the key provisions of the contract would be :-



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- i. The contract should clearly define what activities are going to be out sourced including appropriate service and performance standards.
- ii. The bank must ensure it has the ability to access all books, records and information relevant to the outsourced activity of the service provider.
- iii. **For technology outsourcing, requisite audit trails and logs for administrative activities should be retained and accessible to the bank based on the approved requests.**
- iv. The contract should provide for continuous monitoring and assessment by the bank of the service provider so that any necessary corrective measure can be taken immediately.
- v. A termination clause and minimum periods to execute a termination provision, if deemed necessary, should be included.
- vi. **Contract should include conditions for default termination / early exit option for contracts. This may include circumstances when the service provider undergoes a change in ownership, becomes insolvent or goes under liquidation, received judicial indictment (whether within India or any other location), or when there has been a breach of confidentiality, security, or demonstrable deterioration in quality of services rendered**
- vii. **In all cases of termination (early or otherwise), an appropriate handover process for data and process needs to be agreed with the service provider**
- viii. Controls to ensure customer data confidentiality and service providers' liability in case of breach of security and leakage of confidential customer related information.
- ix. Contingency plans to ensure business continuity
- x. The contract should provide for the approval by the bank of the use of subcontractors by the service provider for all or part of an outsourced activity
- xi. Provide the bank with the right to conduct audits, on the service provider whether by its internal or external auditors, or by agents appointed to act on its behalf and to obtain copies of any audit or review reports and findings made on the service provider in conjunction with the services performed for the bank.
- xii. Outsourcing agreements should include clauses to allow the RBI/NABARD or persons authorized by it to access the bank's documents, records of transactions, and other necessary information given to, stored or processed by the service provider, within a reasonable time. The Agreement should further provide that in the event these are not made accessible to RBI/NABARD within a reasonable time, the service provider would be liable to pay any charges/penalty levied by RBI/NABARD for non-compliance.
- xiii. Outsourcing agreement should also include clause to recognize the right of the RBI/NABARD to cause an inspection to be made of a service provider of the bank and its books and account by one or more of its officers or employees or other persons.
- xiv. If any clause/provision in the agreement is found to be in contravention of or inconsistent with regulatory guidelines with regard to outsourcing of activities to that extent such clauses/provision would automatically become redundant/modified or inapplicable for one or both the parties to the agreement.
- xv. The outsourcing agreement should provide for the preservation of documents and data by the service provider in accordance with the legal/regulatory obligation of the bank in this regard.
- xvi. Depending upon sensitiveness of the matter where lapse / negligence on the part of service providers is putting bank to direct loss, the agreement for outsourcing may keep provision for asking for a Bank guarantee/earnest money for certain amount of



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the value commensurate with the loss bank may normally suffer because of such lapse / negligence / breach of trust by the service provider.

The confidentiality of the customers' information should be maintained even after the contract expires or terminated

- Terms of payment
- Liquidated damages

A draft of Agreement prepared by Legal department attached as per Annexure-8 is to be used as a model Draft Agreement which may be modified as per requirement. All the blanks should be filled up and any addition or deletion should be in harmony to the Agreement and Outsourcing Policy.

11. BANK'S ROLE AND REGULATORY AND SUPERVISORY REQUIREMENTS:

The bank's officials would be responsible for the actions of its service provider including Direct Sales Agents/ Direct Marketing Agents (DSA/DMA) and recovery agents and the confidentiality of information pertaining to the customers that is available with the service provider. In view of this it must be ensured that ultimate control of the outsourced activity is retained by the bank.

It is essential for the bank, when performing its due diligence in relation to outsourcing, to consider all relevant laws, regulations, guidelines and conditions of approval, licensing or registration.

In outsourcing, whether the service provider is located in India or abroad it is to be seen that they do not impede or interfere with the ability of the bank to effectively oversee and manage its activities nor should it impede the Reserve Bank of India in carrying out its supervisory functions and objectives. These broad terms should be clearly indicated to the service provider.

Where the scale and nature of functions outsourced are significant, or extensive data sharing is involved across geographic locations as part of technology/ process outsourcing and when data pertaining to Indian Operations are stored/ processed abroad, it must be required to be reported to RBI.

12. RISK MANAGEMENT:

Risk management is the process of identifying, measuring, monitoring and managing risk. Risks inherent to process outsourcing

The outsourcing policy requires that Bank's outsourcing arrangements do not create risk that the operation and management of the bank might be interrupted for a **considerable** length of time. In particular, any outsourcing arrangements for bank functions must not create risk to the bank's ability to continue to provide and circulate liquidity in the economy, under normal business conditions or circumstances of stress or of failure of the bank or of a service provider to the bank.

The outsourcing brings in its wake, several risks which are enumerated below:

(a) Strategic Risk – It is a risk arising from erroneous business decisions, improper implementation of decisions or lack of responsiveness to industry changes. This risk is a function of the compatibility of organization's strategic goals, the business strategies



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developed to achieve those goals, the resources deployed against these goals and the quality of implementation. The service provider may conduct business on its own behalf, which is inconsistent with overall strategic goals of the bank.

(b) Reputation Risk – It is a risk arising from negative public opinion. The risk may expose the institution to litigation, financial loss or a decline in customer base. Poor service from the service provider and its customer interaction not being consistent with the overall standards of the bank

(c) Compliance Risk – Means privacy, consumer and prudential laws not adequately complied with.

It is a risk of legal or regulatory sanctions, financial loss or reputation loss that a bank may suffer as a result of its failure to comply with any or all of the applicable laws, Regulations, Codes of conduct and standards of good practice. It is also called integrity risk since a bank's reputation is closely linked to its adherence to principles of integrity and fair dealing.

(d) Operational Risk – This risk arises due to technology failure, fraud, error, inadequate financial capacity to fulfil obligation and/or provide remedies.

(e) Legal Risk – The failure of a service provider in observing with the legal and regulatory requirements of the country can lead to levying of fines, penalties or punitive damages, resulting from supervisory actions.

(f) Exit Strategy Risk – This could arise from over-reliance on one firm, the loss of relevant skills in the bank itself preventing it from bringing the activity back in-house and contracts entered in to wherein speedy exits would be prohibitively expensive

(g) Counter party Risk – Due to inappropriate underwriting or credit assessments

(h) Country Risk – Due to the political, social or legal climate creating added risk

(i) Contractual Risk – arising from whether or not the bank has the ability to enforce the contract

(j) Concentration and Systemic Risk – Due to lack of control of the bank over a service provider, more so often when overall banking industry has considerable exposure to one service provider.

(K) Access Risk: It is the logical accesses to computer system and data. To mitigate the risks associated with access control it is necessary to identify the risks associated with access control and to assess the level of those risks.

(L) Systemic Risk: It is the risk of collapse of an entire financial system. Failure of a service provider in providing a specified service, a breach in security/ confidentiality, or noncompliance with legal and regulatory requirements, among others may lead to reputation/financial losses for the bank and may also result in systemic risks within the banking system in the country.

It would, therefore, be essential for the bank while outsourcing its activities to ensure effective management of the above risks.

The bank, therefore, has to take steps to ensure that the service provider employs the same high standard of care in performing the services as would be employed by the bank,



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if the activities were conducted within the bank and not outsourced. Accordingly the bank should not engage in outsourcing that would result in its internal control, business conduct or reputation being compromised or weakened.

The bank may obtain necessary insurance cover from reputed insurance companies considering the loss that may be caused by the service providers in carrying out its job.

12.1. Risk Evaluation and Measurement:

Risk evaluation should be performed prior to entering into an outsourcing agreement and reviewed periodically in the light of known and expected changes, as part of the strategic planning or review processes.

The framework for risk evaluation should include the following steps:

- Identification of the role of outsourcing in the overall business strategy and objectives, and inter-linkages with corporate strategic goals
- Comprehensive due diligence on the nature, scope and complexity of the outsourcing to identify the key risks and risk mitigation strategies e.g. in case of technology outsourcing, state of security practices and controls environment offered by the service provider is a key factor
- Analysis of the impact of such arrangement on the overall risk profile of the bank, and whether adequate internal expertise and resources exist to mitigate the risks identified
- Analysis of risk-return on the potential benefits of outsourcing vis-à-vis the vulnerabilities that may arise

Vendor managed processes or specific vendor relationships should be evaluated as they relate to information systems and technology.

13. CONFIDENTIALITY AND SECURITY:

- i. Public confidence and customer trust in the bank is a prerequisite for the stability and reputation of the bank. Hence the bank should seek to ensure the preservation and protection of the security and confidentiality of customer information in the custody or possession of the service provider.
- ii. Access to customer information by staff of the service provider should be limited to those areas where the information is required in order to perform the outsourced function.
- iii. The bank should ensure that the service provider is able to isolate and clearly identify the bank's customer information, documents, records and assets to protect the confidentiality of the information. In instances, where service provider acts as an outsourcing agent for multiple banks, care should be taken to build strong safeguards so that there is no commingling of information/documents, records and assets.
- iv. Review and monitor the security practices and control processes of the service provider on a regular basis and require the service provider to disclose security breaches.
- v. The bank should immediately notify RBI in the event of any breach of security and leakage of confidential customer related information. In these eventualities, the



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bank would be liable to its customers for any damage. To ensure fulfillment of this requirement, there is need for recording (even the existing) proper sanction of all activities outsourced.

14. CONTINUITY:

- i. The Bank must have the ability to invoke statutory, contractual or other rights as needed to ensure that the functions / services continue to be provided.
- ii. The bank should require its service providers to develop and establish a robust framework for documenting, maintaining and testing business continuity and recovery procedures.
- iii. The bank need to ensure that the service provider periodically tests its own Business Continuity and Recovery Plan and may also consider occasional joint testing and recovery exercises with its service provider, if needed.
- iv. In order to mitigate the risk of unexpected termination of the outsourcing agreement or liquidation of the service provider, the bank should retain an appropriate level of control over its outsourcing and the right to intervene with appropriate measures to continue its business operations in such cases without incurring prohibitive expenses and without any break in the operations of the bank and its services to the customers.
- v. In establishing a viable contingency plan, the bank should consider the availability of alternative service providers or the possibility of bringing the outsourced activity back in-house in an emergency and the costs, time and resources that would be involved.
- vi. Outsourcing often leads to the sharing of facilities operated by the service provider. The bank should ensure that service providers are able to isolate the bank's information, documents and records, and other assets. This is to ensure that in adverse conditions, all documents, records of transactions and information given to the service provider and assets of the bank, can be removed from the possession of the service provider in order to continue its business operations, or deleted, destroyed or rendered unusable.
- vii. The bank must have the legal and practical ability to control and execute any outsourced functions to ensure that the bank's core functions would be available within these timeframes.
- viii. The bank's clearing and settlement obligations due on a day can be met on that day.
- ix. The bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days - Next day after the day of failure (and thereafter).
- x. Considering the importance of Service Provider's Business Continuity Plan, the Outsourcing Agreement should address the matter sufficiently.



15. OUTSOURCING WITHIN GROUP / CONGLOMERATE:

All the risk management practices adopted by bank for outsourcing to a related party (i.e. party within the Group / Conglomerate) would be identical to the practices adopted for outsourcing to third party.

These guidelines are applicable to outsourcing within a group conglomerate, including parent or Head Office, branch or a group company, whether located within or outside India. All Policy requirements may be addressed as part of group wide risk assessment and management procedures.

Due diligence on an intra-group service provider may take the form of evaluating qualitative aspects on the ability of the service provider to address risks specific to the institution, particularly those relating to business continuity management, monitoring and control, and audit and inspection, including confirmation on the right of access to be provided to RBI to retain effective supervision over the institution, and compliance with local regulatory standards.

16. CODE OF CONDUCT FOR DIRECT SELLING AGENTS/DIRECT MARKETING AGENTS/RECOVERY AGENTS:

The Bank has approved guidelines for conduct for recovery agents as contained in the Model Policy on Collection of Dues and Repossession of Security. The same shall also be applicable for DSA/DMA. All the members of the staff or any person authorized to represent our bank in collection /security repossession would follow these guidelines, relevant portion of which is reproduced below:

- i. 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, at the place of business/occupation.
- ii. 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.
- iii. The bank staff or any person authorized to represent the bank would respect privacy of its borrowers.
- iv. 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.
- v. Normally the bank or any person authorized to represent the bank 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.
- vi. The Borrower's request to avoid calls at a particular time or at a particular place would be honoured as far as possible.



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- vii. The bank will document the efforts made for the collection/recovery amount and the copies of communication sent to customers, if any, will be kept on record.
- viii. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- ix. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

Further, the following points are also to be observed (contained in IBA guidelines) by the DSA/DMA/RA whenever a prospect is to be contacted for sourcing a bank product or bank related product only under the following circumstances:

- When prospect has expressed a desire to acquire a product through the bank's internet site/call centre/Branch or through the Relationship Manager at the bank or has been referred to by another prospect/customer or is an existing customer of the bank who has given consent for accepting calls on other products of the bank.
- When the prospect's name/telephone no/address is available & has been taken from one of the lists/directories/databases approved by the Bank after taking his/her consent.
- The DSA/DMA/RA should not – Mislead the prospect on any service / product offered
- Mislead the prospect about their business or organization's name, or falsely represent themselves.
- Make any false / unauthorized commitment on behalf of the Bank for any facility/service.
- They should be well dressed

Any communication sent to the prospect should be only in the mode and format approved by the Bank.

The service provider should obtain Declaration-Cum-Undertaking from their employees employed by them for outsourcing services of the Bank to the effect that they will abide by the Code of Conduct prescribed by the Bank for DSA/DMA/RA.

The bank will have a feedback system to ensure that these guidelines are scrupulously followed by the DSA/DMA/RA.

17. VEHICLE SEIZURE POLICY:

As per the provisions of Bank's Recovery & Management of Non-Performing Assets, Policy, 2022, the bank is taking help of possession and disposal of securities charged to Bank including vehicles.

Policy guidelines as per Recovery & Management of Non-Performing Assets, Policy, 2022 for Repossession/ Seizure of Vehicle:



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1. Whenever, the facility/ies are against the vehicles and the borrower fails to repay the dues and the account turns into NPA, the branch shall give a notice to the borrower advising the dues and the intention of the bank to seize the vehicle if the over dues are not cleared within the specified period.
2. On failure of the borrower in liquidating the overdue as above, the vehicle should be seized and parked in a godown with proper security measure insurance.
3. For seizure of vehicle, Region may follow system of appointing a seizure with proper storage facility with security and insurance.
4. The vehicle to be auctioned by following procedure (procedure for sale of moveable property) as under:
 - By obtaining quotations from parties dealing in moveable properties/vehicles or otherwise interested in buying such moveable property.
 - By inviting tenders from the public
 - By holding public auction
 - By private treaty: In case the auction is not successful the Authorized Officer may dispose the secured moveable assets by private treaty by giving notice to the borrower.
 - In case sale by public auction or by inviting tender from public, a public notice in two leading newspapers and out of them one in vernacular language having sufficient circulation should be given. The public notice must give the following details:
 - Details about borrower and the secured creditor
 - Description of vehicle/ movable secured assets to be sold for identification
 - Reserve price
 - Time & place of public auction
 - Depositing of Earnest Money
 - Sale must be on “ as is where and whatever is “ basis
 - There should be clear 30 days between the notice of sale in the newspaper and actual sale.
5. In the meantime, if the borrower deposits total overdue amount along with expenses incurred by the branch for seizure, security, rent, insurance etc., or lesser amount with due permission of Regional Authority, the Branch may release the vehicle to the borrower.

18. REPORTING OF TRANSACTIONS TO FIU:

The bank would be responsible for making Currency Transactions Reports and Suspicious Transactions Reports to FIU or any other competent authority in respect of the bank's customer related activities carried out by the service providers.

19. CENTRALISED LIST OF OUTSOURCED AGENTS:

If a service provider's services are terminated by the bank, IBA would have to be informed with reasons for termination by the concerned functional head. The IBA would be maintaining a caution list of such service providers for the entire banking industry for sharing among banks.

20. CVC GUIDELINES

The CVC guidelines should be observed while inviting quotations for the outsourcing activities so as to ensure total transparency. This among other things includes the following:



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- i. The syndication or common understanding among the contractors/service providers should be avoided.
- ii. In case the value of the work exceeds Rs. 2.50 lac, sealed quotations for technical and financial bid from at least -3- contractors/service providers are to be invited from the Public through advertisement/website giving complete specification of the work. In emergent cases or when the interest of the Bank demands, the Chairman may award work without call of tenders. The precise nature of emergency involved should be recorded and should be put up to the ORMC for information & noting.
- iii. In case the value of the work above Rs. 0.25 Lac and upto Rs. 2.50 Lac on each occasion work orders may be given on the recommendations of a three members committee at head office to any of the approved contractors/service providers after ensuring that the rates quoted are reasonable.
- iv. In view of the difficulties experienced in obtaining multiple quotations for small contracts, work orders up to a value of Rs. 0.25 lac on each occasion may be given to any of the approved contractors/service providers after ensuring that the rates quoted are reasonable.
- v. Sealed quotations are to be opened at one point of time after the limit for submission thereof expires. All correspondence in this regard should be carefully preserved for scrutiny by the auditors/inspecting officers.
- vi. The quotation which offers most favourable terms is to be accepted, if otherwise in order.
- vii. These guidelines will not apply where the Bank has approved exclusively a single agency for certain type of works such as construction of safe deposit vault etc.

21. MONITORING AND CONTROL OF OUTSOURCED ACTIVITIES:

The concerned functional head will be responsible for monitoring and control of the outsourced activities pertaining to their respective departments.

The respective functional heads should place the proposal for yearly review before the ORMC.

The review should highlight any deterioration or breach in performance standards, confidentiality, security and business continuity preparedness.

Periodical Inspection of outsourced activity should be done on quarterly basis

In the event of termination of the agreement for any reason, whatsoever this should be publicized so as to ensure that the staff/customers do not continue to entertain the service provider.

The compliance of Risk Management framework and implementation of this policy shall be governed by regular audits by the Internal Auditors or External Auditors of the Bank.

RBI should be proactively informed of any adverse developments or non-compliance with legal and regulatory requirements in outsourcing arrangement.



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In the event of outsourcing of technology operations, management of user IDs created for use of external vendor personnel is to be controlled. As a contingency measure, banks may also endeavour to develop, over a period of time, reasonable level of skills/knowledge in various technology related areas like system administration, database administration, network architecture and administration, etc., to effectively engage with the vendors and also to takeover these functions in the event of any contingency.

Security practices and control processes of the service provider should be reviewed and monitored on a regular basis and require the service provider to disclose security breaches.

21.1. Service level Agreements and performance metrics: (Technology related services):

For outsourced technology operations, specific metrics may be defined around the service availability, business continuity and transaction security, in order to measure services rendered by the external vendor organization.

Performance expectations, under both normal and contingency circumstances, need to be defined. Provisions need to be in place for timely and orderly intervention and rectification in the event of substandard performance by the service provider.

21.2. Control environment offered by the Service Provider:

Banks should evaluate the adequacy of internal controls environment offered by the service provider. Due consideration should be given to the implementation of following by the service provider:

- Information security policies and employee awareness of the same
- Controls for logical access to customer information by service provider staff, so that information may be accessed on a need-to-know basis only
- Physical and environmental security and controls
- Network security and controls
- Formal process for tracking and monitoring program changes and projects
- Process for incident reporting and problem management
- Special control considerations for service providers using cloud computing as part of service
- Control considerations for handling of customer information and personally identifiable information
- Data classification and controls for handling data

21.3. Periodic Risk Assessment, Audit and Reviews

Outsourcing should not interfere with the ability of the Bank in performing its supervisory functions and objectives.

As a practice, bank should conduct pre- and post- outsourcing implementation reviews. Bank should also review its outsourcing arrangements periodically to ensure that its outsourcing risk management policies and procedures, and these Guidelines, are effectively complied with.



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Banks should also periodically commission independent audit and expert assessments on the security and control environment of the service provider. Such assessments and reports on the service provider may be performed and prepared by the bank's internal or external auditors, or by agents appointed by the bank. Such reviews should take adequate cognizance of historical violations or issue remediation during previous audits and assessments. Copies of previous audits and assessments should be shared during RBI inspections.

22. GRIEVANCES REDRESSAL:

The bank has a robust internal grievance redressal mechanism, which in no way should be compromised on account of outsourcing.

Outsourcing arrangements do not affect the rights of a customer against the bank, including the ability of the customer to obtain redress as applicable under relevant laws. Since the customers are required to deal with the service providers in the process of dealing with the bank, a clause in the product literature /brochures etc., has to be incorporated stating that 'The bank may use the services of agents in sales/marketing etc. of the products.' The role of agents has to be indicated in broad terms.

If a complainant does not get satisfactory response from the bank within 30 days from the date of his lodging the complaint, the complainant will have the option to approach the Office of the concerned Banking Ombudsman for redressal of his grievance/s.

23. PERIODICITY OF REVIEW OF THE POLICY:

- a) The Policy will be valid for 3 years from the date of approval by Hon'ble Board of Directors, subject to review by Board every year. The Chairman is authorized for continuation of the policy for 6 months from the due date of review, in case the policy can not be reviewed on or before due date.
- b) Any regulatory guidelines issued by RBI/Govt. etc. and any other guidelines pertaining to the area of outsourcing issued by Bank from time to time will automatically form and be a part of this Policy.
- c) Chairman/General Manager is authorized for any clarification and correction of any clerical error remained un-noticed in preparation of this Policy and further allows to take reference the Guidelines/Circulars issued by Sponsor Bank for any matter which is not covered/clarified in this policy for time being to resolve issue.



OUTSOURCING POLICY

Annexure-1

Major Risks Involved In Outsourcing Of Service Providers:

Main Risk Exposure Classes	Risk Events	What is the impact	Proposed control / Mitigation Strategy
People Risk	Undue exploitation of ill-informed people /customers	Customer complaints	Creating customer awareness through customer education, guidance note etc.
	Lack of secular and nonpartisan credibility of Service providers	Customer Complaints	Rigorous screening while enrolling & engaging Service providers and subsequent follow-up/review.
	Scope for emergence of staff & Service providers nexus	Financial / reputational loss to the bank	The inspection department of bank will periodically check the accounts of the staff & the Service providers.
Process Risk	Risks relating to misuse of information with the Service Providers	Financial loss to the bank	Rigorous screening while enrolling & engaging Service providers and subsequent follow- up/review. Further, the bank has power to delist the service provider with information to IBA/RBI etc.
	Customer confidentiality	Customer Complaints	Rigorous screening while enrolling & engaging Service providers and subsequent follow-up/review.
	Capability and long-term sustainability.	Low level of performance	Rigorous screening while enrolling & engaging Service providers and subsequent follow- up/review.
	Increase in cost of transaction due to the addition of outsourcing.	Financial loss to the Bank.	This aspect has to be ensured at the time of engaging Service Provider by doing Cost to benefit analysis.
Reputation Risk	Poor service from third party customer interactions not consistence with the overall standards of the bank, misuse of bank's logo, brand name etc.	Customer complaints and grievances affecting the image of the bank.	Putting in place an effective Consumer Grievances Redressal Mechanism.
Legal Risk	Service providers may not observe the legal and regulatory requirements and may not abide by the Agreement signed.	Customers / Service providers may initiate legal proceedings against the Bank.	Rigorous screening while enrolling & engaging Service providers and subsequent follow-up/review.
Access Risk	Unauthorized access to the system	Financial loss to the bank	Authorizing access controls with an objective to ensure that the person seeking access is authorized. Control should be associated with login credentials and procedures i.e requiring ID and Password.
Systemic Risk	Risk of collapse of an entire financial system	Financial/Reputational loss to the bank	Rigorous screening while enrolling& engaging Service providers and subsequent follow-up/review.



OUTSOURCING POLICY

Annexure-2

Format To Be Used For Approval/ Sanction Of Outsourcing Of Services

_____ Dept., H.O., Ajmer _____ R.O. _____

1. Nature of the activity to be outsourced:
2. Financial _____ Non – financial _____
3. For all branches: _____ /Region specific: _____
4. Whether critical or material to the bank's activities?
5.
 - a) Name of Service Provider Constitution of Service Provider
 - b) Name and Addresses of their Proprietor/Partners / directors
 - c) Whether service provider /any of its director / partner /proprietor is related to any director /officer / employee of the bank. If yes, -Details
6. Background:
7. Purpose of outsourcing:
8. Rationale/ Justification:
9. Current status of activity- presently how it is done?
10. Cost-benefit analysis:
11. Risk Assessment, Risk perceived in outsourcing of this activity with Risk mitigation:
12. Business continuity plan of service provider:
13. Technical and economical capability of the service provider- past experience -Service provider should be in market for minimum three years. –Financial soundness -Balance sheet and P/L account of last three years obtained and analysed. Profit for last 3 years- (B/S and P/L for last three years obtained and kept on record) and due diligence as per policy.
14. Relevant laws and regulations applicable for outsourcing of such services (In case of overseas Territory, Host country laws)
15. Periodicity of review of services /contract (Quarterly/Half Yearly/ Yearly)
16. Compliance of CVC /Bank's guidelines/Host country guidelines (in case of overseas territory)
17. Code of conduct of the staff/sub-contractors of the service providers
18. Redressal of Grievances
19. IBA caution list verified (Name of service provider should not appearing in the list)



OUTSOURCING POLICY

20. Outsourcing Agreement with vendor vetted by Bank's empanelled advocate/ Bank's legal officer on _____

21. Turnover /volume of service provided by service provider in terms of Rs. (Rs.in crores) (e.g. if recovery agents are appointed, what is the amount recovered by them during the year)

22. Terms and Conditions of contract in brief including penal clause if any.

1. Nature of activity outsourced
2. Implementation scope
3. Service charges fees to be paid (Service Tax and TDS should be shown separately)
4. Penal clause, if any
5. Period of sanction (should not be more than 2 years)
6. Security Deposit, if applicable
7. Insurance if applicable
8. Liquidated damages by the service providers, if applicable.

23. Recommendations:

As per the policy, this proposal is being placed for approval to ORMC

Signature:

(Regional/Functional Head putting the proposal)

Date:

Sanction /approved by ORMC in its meeting dated _____



OUTSOURCING POLICY

Annexure-3

Format To Be Used For Review Of Outsourced Services /Contracts

_____ Dept., H.O., Ajmer / _____ Dept. R.O. _____

1. Nature of the activity to be Outsourced /Reviewed
2. Financial Non – financial
3. For all branches: _____ / Region specific: _____
4. Whether critical or material to the bank's activities?
5. a) Name of Service Provider Constitution of Service Provider
b) Name and Addresses of their Proprietor/Partners / directors
c) Whether service provider /any of its director / partner /proprietor is related to any director /officer / employee of the bank. If yes, -Details
6. Background:
7. Purpose of outsourcing:
8. Rationale/ Justification:
9. Current status of activity- presently how it is done?
10. Cost-benefit analysis:
11. Risk Assessment, Risk perceived in outsourcing of this activity with Risk mitigation
12. Details on continuity of service by service provider are maintained throughout the year and in case of failure alternative arrangements made as per BCP.
13. Performance of service provider in brief and justification for continuation of services. Financial soundness -Balance sheet and P/L account of last three years obtained, perused and kept on record) and due diligence as per policy.
14. On-site inspection of Services / Service provider (Report to be attached)
15. Relevant laws and regulations applicable for outsourcing of such services (In case of overseas Territory, Host country laws)
16. Periodicity of review of services /contracts (Quarterly/Half Yearly/ Yearly)
17. Compliance of CVC /Bank's guidelines/Host country guidelines (in case of overseas territory)
18. Code of conduct of the staff/sub-contractors of the service providers
19. Redressal of Grievances
20. IBA caution list verified and name of service provider is not appearing in such list.



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21. Audit of outsourcing activity was conducted on _____, Major findings/observations –irregularities pointed out by auditor and their compliance

22. Existing outsourcing agreement signed by officials of the bank and outsourcing agency, vetted by Bank's empanelled advocate/ Bank's legal officer on _____ and valid up to_____.

23. Turnover /volume of service provided by service provider in terms of Rs. (Rs. in crores)
(e.g. if recovery agents are appointed , what is the amount recovered by them during the year)

24. Terms and Conditions of contract in brief including penal clause if any.

1. Nature of activity outsourced
2. Implementation, scope
3. Service charges/ fees paid (Service Tax and TDS should be shown separately)
4. Penal clause
5. Period of sanction (should not be more than 2 years)
6. Security Deposit, if applicable.
7. Insurance if applicable
8. Liquidated damages by the service providers, if applicable.

25. Recommendations:

As per the policy, this proposal is being placed for annual review by the concerned Functional Head to –ORMC

Signature:

(Regional/Functional Head putting the proposal)

Date:

Submitted to ORMC on _____

Copy sent for PSR to Chairman / GM through Functional Head _____ with copy to Operations Department on_____

Comments of Chairman/GM:

Received from Chairman / GM after PSR on_____



OUTSOURCING POLICY

Annexure-4

Definitions/Meaning Of Various Terms Used In Policy

Sr. No.	Terms	Definitions/Meaning
1	Bank	Baroda Rajasthan Kshetriya Gramin Bank
2	BRKGB	Baroda Rajasthan Kshetriya Gramin Bank
3	Board	Board of Directors of Baroda Rajasthan Kshetriya Gramin Bank
4	ORMC	Operational Risk Management Committee
6	PSR	Post Sanction Reporting
7	GM	General Manager
8	FH	Functional Head - Head of the functional department at HO, Ajmer
9	RH	Regional Head
10	RBI	Reserve Bank of India
11	AFI	Annual Financial Inspection
12	IBA	Indian Bank Association
13	Policy	Policy means Outsourcing Policy
14	DSA	Direct Selling Agents
15	DMA	Direct Marketing Agents.



OUTSOURCING POLICY

Annexure-5

Suggestive list of Region specific activities reported for Post Sanction Reporting to Chairman / General Manager through concerned Functional Head by Regional Head

Sr.No.	Nature of activity outsourced	Name of concerned functional head
1	Recovery of dues through recovery agents	FH (Recovery, Ascrom)
2	Hiring cash vans for remittance from branches to currency chest and vice versa	FH(.....)
3	Verification of Income tax return through chartered accountants If for Retail loan	FH (Accounts)
4	Engaging the services of the Armed guards and Security guards	FH (P & E)
5	Engaging Business Facilitators/Business correspondent in Agriculture and Rural lending	FH (Financial Inclusion)
6	IT related services including maintenance of hardware and software	FH (IT)
7	Scanning of Documents at RBOs	FH (Operations)
8	Physical handling of clearing cheques both inwards and outwards clearing return cheques and other places through courier	FH (Operations)
9	All the works of Debit Cards	FH (IT)

For activities like housekeeping, catering, courier services- procedure for sanction and review etc. to be followed at Regional /Functional level.



OUTSOURCING POLICY

Annexure-6

Reporting of information on Outsourcing as per RBI format immediately on completion of Financial Year

Name of the Regional / Functional Head

Outsourcing of services / activities to the third party service provider / outside agencies as on 31.03.____

Type of contract, only financial	Reason for outsourcing	Names of the Agencies to whom outsourced	Whether Service Provider is a group entity of an external agency	Coverage in terms of volume – Amount Rs. in crore	Outsourcing fees as a percentage to total expenses
1.Cash handling					
2.Document processing					
3.Assessment of credit proposals including recommending for sanction					
4.IT Services					
(a) Entire division					
(b) Maintenance					
5.House-keeping activities like balancing of books etc.					
6.Sourcing retails assets -					
Credit cards -					
Housing loans-					
Personal loans-					
Loans against securities					
Auto loans					
Related activities like					
(a) Tele-verification					
(b) Address verification					
Others, if any, Please specify					
Total					



OUTSOURCING POLICY

Reporting Of Information on Outsourcing As Per Bank Format

Name of Department/Region: _____

DATA ON OUTSOURCING AS ON 31.03._____

Details of services / activities outsourced	Whether service outsourced is Financial / Non-financial	Whether considered material / critical to the bank's activities	Name and address, in detail of the service provider / agency	Details of audit conducted (internal / external), periodicity etc.	Rating / Grading of service providers in terms of risk perception (as per para 2 below)	Whether contingency /business continuity plan in place or not	Remarks if any
1	2	3	4	5	6	7	8



OUTSOURCING POLICY

Annexure-7

Preparation of Risk Profile of Outsourced Activities:

Concerned Functional Head/ Regional Head will undertake following exercises for risk assessment.

1. A Risk and Control Self-Assessment (RCSA) of the outsourced processes/activities as per Part-I Annexure -A and appropriate control measures may be recommended for critically risky activities.
2. Compilation of Operational Risk Loss events pertaining to outsourced activities, as per the Part-II Annexure B
3. Analysis of the Operational Risk Loss events, along with cost benefit analysis, risk mitigation measures, alternatives available etc.
4. Reporting of the analysis to appropriate authority/ies including Operational Risk Management Committee along with sanction/review proposal.

Part-I- Annexure-A Risk Control Self-Assessment Matrix

Processes	Sub-Processes	Key activities	Risks	Risk Driver	Significant /Non significant	Controls	Likelihood of occurrence	Significant impact	Likelihood impact	exposure	Risk mitigation plan

Part-II- Annexure B Statement of Tracking of Operational Risk Loss Data

Region: _____

S.No	Branch Alpha(Location)	Date of Loss (Event Date)	Date of detection of (Discovery Date)	Date when reported if any	Business Line & Segment (As mentioned in the foot note)(e.g. BL 2, BL 3, BL 4, BL 5,etc)		Loss Event Type Classification (As per annexure) * Please Note to report only one code for each entry and not multiple codes			Loss/Leakage Amount (Rs.inLacs)	Amount recovered if any		Expenses incurred if any for resuming the function in case the activity came to standstill	How loss /leakage was discovered (Discovery Method)	Cause of Loss (Event Summary)	Remarks	
					Level 1	Level2	Level 1	Level 2	Level 3								
					(e.g.BL2, BL3...etc)	(e.g.BL2, BL3,.... etc.)	(e.g.1, 2,3...etc)	(e.g.1.1, 1.2,2.1, 2.3,.... etc.)	(e.g.1.1, 1.1.1, 2.,2.1, 1, ...etc)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	



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Part-III -Annexure C

Guidelines for allocating event types to Operational Risk Loss Events

Loss Event Type Classification for filling column No 8, 9 and 10

Category (Level 1)	Definition	Category (Level 2)	Category (Level 3)		
1.Internal Fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent, regulations, the law or company policy, excluding diversity / events, which involves at least one internal party	1.1 Unauthorized activity	1.1.1. Transactions not reported (intentional)		
			1.1.2. Transactions type unauthorized (monetary loss)		
			1.1.3. Mis-marking of position (intentional)		
		1.2 Theft and Fraud	1.2.1. Fraud / credit fraud / worthless deposits		
			1.2.2.Theft / extortion / embezzlement / robbery		
			1.2.3. Misappropriation of assets		
			1.2.4. Malicious destruction of assets		
			1.2.5. Forgery		
			1.2.6. Check kiting		
			1.2.7. Smuggling		
			1.2.8. Account take-over / impersonation /etc.		
2. External Fraud	Losses due to acts of a type intended to defraud, Misappropriate property or circumvent the law, by a third party.	2.1 Theft and Fraud	2.1.1. Theft/ robbery		
			2.1.2. Forgery		
			2.1.3. Cheque Kiting		
		2.2 Systems Security	2.2.1.Hacking damage		
		3.Employment Practices and Workplace Safety	3.1 Employee Relations	3.1.1.Compensation, benefit, termination issues	
				3.1.2.Organized labour activity	
			3.2 Environmental safety	3.2.1.General liability (Workplace accidents - slip & fall etc)	
				3.2.2.Employee health & safety rules events	
				3.2.3.Workers compensation	
			3.3 Diversity and discrimination	3.3.1.All discrimination types	
			4.Clients, Products & Business Practices	Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.	4.1 Suitability, Disclosure & Fiduciary
4.1.2.Suitability / disclosure issues (KYC etc)					
4.1.3.Retail consumer disclosure violations					
4.1.4.Breach of privacy					
4.1.5.Aggressive sales					
4.1.6.Account churning					
4.1.7.Misuse of confidential information					
4.1.8.Lender Liability					
4.2.Improper Business or Market Practices	4.2.1.Antitrust				
	4.2.2.Improper trade / market practices				
	4.2.3.Market manipulation				
	4.2.4.Insider trading				
	4.2.5.Unlicensed activity				
	4.2.6.Money laundering				
4.3.Product flaws	4.3.1.Product defects (unauthorized etc.)				
	4.3.2.Model errors				
4.4.Selection, Sponsorship & Exposure	4.4.1.Failure to investigate client per guidelines				
	4.4.2.Exceeding client exposure limits				
4.5.Advisory activities	4.5.1.Disputes over performance of advisory activities				
5. Damage to physical assets	Losses arising from loss or damage to physical assets from natural disasters or other events	5.1. Disasters and other events			5.1.1.Natural disaster losses
					5.1.2.Human losses from external sources (terrorism, vandalism)
6. Business disruption &	Losses arising from disruption of business or	6.1. Systems	6.1.1.Hardware		
			6.1.2.Software		



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system failures	system failures		6.1.3.Telecommunications 6.1.4.Utility outage / disruptions
7. Execution, Delivery & Process Management	Losses from failed transactions processing or process management, from relations with trade counter parties and vendors	7.1.Transaction Capture, Execution Maintenance	7.1.1.Miscommunication
			7.1.2.Data entry, maintenance or loading error
			7.1.3.Missed deadline or responsibility
			7.1.4.Model / system misoperation
			7.1.5.Accounting error / entity attribution error
			7.1.6.Other task mis-performance
			7.1.7.Delivery failure
			7.1.8.Collateral management failure
			7.1.9.Reference data maintenance
		7.3.Customer intake and documentation	7.3.1.Client permissions /disclaimers missing 7.3.2.Legal documents missing / incomplete
		7.4.Customer client account management	7.4.1.Unapproved access given to accounts 7.4.2.Incorrect client records (loss incurred) 7.4.3.Negligent loss damage of client assets
		7.5.Trade Counter parties	7.5.1.Non client counter party misperformance 7.5.2.Misc. non-client counter party disputes
		7.6. Vendors & Suppliers	7.6.1.Outsourcing 7.6.2.Vendor disputes
8. Short Recovery	The actual or potential losses arising out of charging of incorrect interest rates and or incorrect application of other charges such commission and exchange	8.1 System failure	8.1.1.Altogether omission of interest
			8.1.2.Rate of interest not correctly charged
			8.1.3.Omission in charging penal interest
		8.2 Errors and omissions	8.2.1.Altogether omission of interest
			8.2.2.Rate of interest not correctly charged
			8.2.3.Omission in charging penal interest
			8.2.4.Non-charging of processing charges
			8.2.5.Exchange / commission not charged correctly / not charged at all
		8.2.6.Any other i.e. non-collection of fees or commission in deposit or other products.	
9. Time Barred and unenforceable documents	The actual or potential losses arising out of unenforceable documents or the interest of bank is not secure.	9.1 Time Barred Documents	9.1.1. Documents time barred where legal action has been waived by competent authority.
			9.1.2. Borrower not traceable and absconding
			9.1.3. Borrowers have refused to sign Letter of Acknowledgement of Debt due to dispute amongst them.
		9.2 Defective Documentation	9.2.1. Documents obtained are not proper / blank / corrections are not authenticated by borrowers
9.2.2. Documents are defective and banks interest is not secured.			

Part-IV- Annexure D

Guidelines for Allocating Business Lines to Operational Risk Loss Events

Level I	Level II	Level III
Corporate Finance (BL 1)	Corporate Finance	
	Municipal/Government Finance	
	Merchant Banking	No Activity is under taken by the Branch
	Advisory Services	
Trading & Sales (BL 2)	Sales (BL2.1)	All losses related to Fixed income, equity, foreign exchanges, commodities, own position securities, lending and repos, brokerage, debt etc. should be reported under Trading and Sales.
	Market Making (BL2.2)	
	Proprietary Positions (BL 2.3)	
	Treasury (BL 2.4)	
		All losses related to the business lines as per below mentioned criteria will be classified under Retail Banking.



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Retail Banking (BL 3)		
(Deposits, Advances, Card services)		1) Deposit accounts of all individuals single or joint (Domestic or Foreign Currency)
Definition: The business line consisting of :-		2) Deposits in the name of a legal person conducting small business. [A small business is one where the total average annual turnover is less than Rs. 50.00 crore.] The average is to be calculated on 3 year basis (actual or projected where actual is not available). Wherever the turnover figure is available with the branch, the same should be used else the expert judgment of the branch based on turnover in the account, share of banking relationship with us and general awareness about the customer, may be used.
1) All types of deposits received from customers (retail account)		
	Deposits	
2) All types of loans and advances (including bills purchased/discounted/ negotiated or advance against bills and all types of Non Fund Based businesses) granted to an individual or persons or a small business	(BL 3.1)	
		Note: A Primary Dealer (PD), Public sector entity (PSE), Banks, Foreign Sovereign, Foreign corporate irrespective of turnover/ exposure and should be reported under commercial Banking, for deposits as well as advances and should not be reported under retail banking.
		All traditional lending under Retail Segment (Schemes)
3) All type of ancillary services like remittances, bills business, lockers, safe deposit custody etc. extended to all type of customers considered as retail.		An illustrative list retail advances of our Bank are as under :-
4) Trust and estates		- Housing Loan (irrespective of sanctioned limit) in the name of individuals.
		- Advance of individuals against booking of plots
5) Activities relating to Cash and other similar nature will be defined as Retail Banking.		- Consumer Loan
		- Personal Loan
Retail banking would include Card Services associated with issuance of Debit and ATM Cards, which generate interest as well as fee, based income. Business line of all other Cards will be reported		- Loan to Professionals



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in BL 5 and BOB CARD data will be entered in BL 6.		
		- Gold & Jewellery loan
Facilities as mentioned in BL 4 irrespective of turnover/exposure criteria, should not be treated as retail as retail and be reported under commercial banking.		- Loan to Pensioners
		- Traders' Loan
		- Vehicle Loan
		- Loan against Mortgage of Immovable Property (IP)
		- Loan against Lease Rentals
		- Education Loan
		- SSI Loan including SSI Card
		- Agriculture Loan (Direct as well indirect) including Kisan Credit Card
		- Transport Loan in the name of individuals
		- Loan to Professionals & Self Employed
	Advances	- Small Business (defined under priority sector definition)
	(BL 3.2).	- Retail Trade (defined under priority sector definition)
		- Govt. sponsored schemes (individual retail) if the borrower is Consumer Cooperative stores the turnover criteria should be applied.
		- Micro Credit
		- Other loans and advances.
		1) All advances in the name of individuals which is not for the purpose of business will be classified as retail advances, irrespective of limit
		2) Advances for the purpose of business where both the following criteria are fulfilled will be classified as retail.
		(i) the exposure from the Bank does not exceed Rs. 5 crore,
		(ii) the turnover of the entity (average for the past three years) is less than Rs. 50.00 Crores
		(If either of the criteria is not fulfilled, the account should be treated under Commercial Banking)
	Card Services (BL 3.3)	All losses related to credit card business will be reported here. The losses where loss is expected to be absorbed by the branch and not BOBCARD Ltd should be reported here and should be reported in BL 6. Debit card, ATM, etc. should be reported under Deposit head.
		However operational loss on Debit card, ATM card of other banks where loss is expected to be borne by us should be reported here. Further losses on card services attributable to



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		operational risk (fraud, forgery, wrong payments, stolen card, impersonification etc.) should only be reported. Losses attributed solely to credit risk should not be reported anywhere as it does not pertain to Operational Risk.
	Commercial Banking	
Commercial Banking BL 4)	(BL 4.1)	1) Deposits:
		Losses related to all types of deposits received from customers not classified under retail should be reported here.
Definition: The business line will consist all banking business (Assets & Liabilities) across the Bank - at metro, urban, semi-urban and rural branches with: (which do not get covered under the definition of retail banking given above)		Deposits in the name of a Primary Dealer (PD), Public sector entity (PSE), Banks, Domestic Sovereign, Foreign Sovereign, Foreign corporate irrespective of turnover/ exposure and should be classified under Commercial Banking.
1). All types of loans and advances (including bills purchased/discounted/negotiated or advance bills and all types of Non Fund Based businesses) granted to a small business capable of entering into contracts and would include HUF, partnership firm, trust, private limited companies, public limited companies, cooperative societies etc. (Including private sector, PSU and foreign) with annual sales/turnover of over Rs. 50.00 Crores. Following types of customers irrespective of their annual turnover: Financial Institution, including banks, all types of NBFC's (excluding RRBs sponsored by our Bank) Central & State Governments "Sales/Income Turnover" shall mean customers annual sales/income turnover, as accepted by the Bank for assessment of credit limits.		2) Advances:
		Losses related to following types of advances irrespective of exposure and type of borrower will be reported under commercial banking.
2) Counter-party limits to banks.		
		Bills (inland & foreign – documentary or clean) purchased/ discounted/ negotiated or advance against bills Advising & confirmation of Export LCs.
3) Swaps /derivatives held to hedge banking book.		- Opening of LC (Inland & Foreign)
		- Handling of Import bills (Under LC or without LC)
4) Securities held in the banking book i.e. under Held to maturity (HTM) category (SLR as well as non SLR)		- All kind of Guarantees (Inland & Foreign)



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		- Forward Contracts
5) Factoring, Forfeiting & Lease financing, etc.		- All Investment held under Held Till Maturity (HTM) category (SLR & Non SLR) including RIDF, Preference Shares,
		Pass Through Certificates (PTC), Receipts of Securitization of Companies and Convertible Bonds & Debentures, Equity participation, Venture Capital, Joint Venture, Investment in subsidiaries
		- All derivatives in banking book.
		- All loans & advances, otherwise not covered elsewhere, including Working Capital – excluding that reported as retail above
		- Term Loan - excluding reported as retail above
		- Bridge Loan
		- All type of Export Credit
		- Equity Financing/Loan against shares and debentures
		- FCNR (B) loan DPG
		- Financing for merger & acquisition
		- Infra-structure Financing
		- Project Financing
		- Refinancing/Rediscounting of bills
		- Loans to Banks/Government bodies etc.
		- Factoring, Forfeiting, & Lease Financing
		(Note: Working Capital/Term Loan:
		Losses related to advances for the purpose of business where any one the following criteria is fulfilled will be classified under commercial banking
		(i) the exposure from the Bank exceeds Rs. 5 crore,
		(ii) the turnover of the entity (average for the past three years) is more than Rs. 50.00 Crores
		(iii) Advances in the name of a Primary Dealer (PD), Public sector entity (PSE), Banks, Domestic Sovereign, Foreign Sovereign, and Foreign corporate irrespective of turnover / exposure.
Payment & Settlement (BL 5)	External Clients	MICR Cheque Processing Centres
	(BL 5.1)	Clearing Houses managed by Bank of Baroda
		Cheque Truncation/ Electronic Cheque Presentation Exchange (ECPEX), RTGS, SFMS, ECS, EFT, CMS, Use of ATMs by other banks/FIs under different arrangements
		Drafts/MTS, bankers Cheque, collection of bills, (inward and outwards), and other remittances and fund transfers.
	Custody	Maintenance of Currency Chest
Agency Services (BL 6)	(BL 6.1)	Custody of Examination papers
		Depository Services
		Escrow Accounts
		Trust & Retention Accounts
	Corporate Agency	Agency arrangements with corporate clients
	(BL 6.2)	Sale of forms of different institutions



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		like DDA, HUDA, IIT, etc.or any other institutions
		Insurance / Mutual fund
		Utility bill payment including railway ticket bookings
		BOBCARD business.
		Payment, Assignment of dividend warrant/ FD warrant/ Interest Warrant/ Refund Order etc.
		Agency arrangements with other banks.
		- Drafts related services
		- Collection of bills. Cheques/FDRs/Gifts Cheques/ Travelers Cheques.
		- Rupee Drawings Arrangements
		Govt. Business such as PPF, pension, collection of direct & indirect taxes, Govt, deposit schemes, sale of RBI bonds, etc.
		Collection of dues on behalf of Government of India/State government.
		Treasury business on behalf of state govt.
		Deposit and payment of funds of Indian Railways, where Bank of Baroda is nodal bank.
		Deposit and payment of funds of post offices, where Bank of Baroda is nodal bank.
		Employee pension scheme
	Corporate Trust (BL 6.3)	Trustee ship fee
Asset Management (BL 7)	Discretionary Fund Management	No Activity is under taken by the Branch
	Non-Discretionary Fund Management	No Activity is under taken by the Branch
Retail Brokerage (BL 8)	Retail Brokerage	No Activity is under taken by the Branch



DRAFT AGREEMENT

This Agreement is made in this..... Day of 20.... by and between BARODA RAJASTHAN KSHETRIYA GRAMIN BANK, body corporate constituted under the Banking Companies [Acquisition & Transfer of Undertakings] Act 1970 having its Head Office at Vaishali Nagar, Ajmer - 305004, and having amongst at other places Regional Office at_____ hereinafter for brevity sake referred to as “BRKGB” (which expression shall, unless repugnant to the context or meaning, include its successors and assigns) of the one Part;

AND

_____(Name and Address of the Service Provider Organisation)hereinafter referred to as “the Vendor” (which expression shall, unless repugnant to the context and meaning thereof include its subsidiaries, affiliates, successors and permitted assigns) of the other Part,

(BRKGB and _____ hereinafter are individually referred as“ Party” and collectively as“Parties”)

WHEREAS

(The following clauses can be modified as per the requirement)

BRKGB is one of the Regional Rural Banks in India. . BRKGB is desirous to outsource _____ (Nature of activity) to be carried out at_____

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS

1. DEFINITIONS:

(Please insert definitions as per requirement.)

2. SCOPE OF SERVICE / DELIVERABLES AND SERVICE LEVELS:

(Scope of services to be performed should be mentioned in details)

2.1 _____shall perform the services as part of the scope of this engagement including but not limited to as mentioned in Schedules of this Agreement. BRKGB reserves its right to change the scope of the services considering the size and variety of the requirements and the changing business & security conditions /environment.

2.2 This Agreement contains only the principal provisions for the entire requirement and that delivery of the deliverables and the services in connection therewith are only a part of the assignment. The(Service Provider) shall perform all such tasks, render requisite services and make available such resources as may be required for carrying out the activities at no additional cost to BRKGB.

3. TERM:

This Agreement shall come into force on (Date) and shall be in force and effect till _____months from the date of commencement of this Agreement or completion of scope of work, unless BRKGB terminates the Agreement by giving a prior written notice of one (1) month to _____ in the terms of this Agreement.



4. PAYMENT TERMS:

(Can be change according to the requirement)

4.1 The payments shall be released by BRKGB's _____ Office part-wise depending on completion of work schedule.

4.2 The Bank will release the payments, on receipt of all the relevant documents, (as defined in Schedule A) within a period of 30 days from the date of receipt of undisputed relevant documents. Any dispute regarding the relevant documents will be communicated within 30days from the date of receipt of the relevant documents. After the dispute is resolved, Bank will make payment within 30 days from the date the dispute stands resolved.

5. REPRESENTATION AND WARRANTIES OF _____:

(The following clauses has to be modified according to requirements)

5.1 _____ represents that it has sufficient knowledge of nature of service to be provided and have ample experts staff to -----.

5.2 The _____ will streamline the quality process right from business requirements management through planning, scheduling and assistance _____

6. COVENANTS OF _____:

6.1 _____ shall deploy and engage suitably experienced and competent personnel as may reasonably be required for the performance of the services. During the currency of this Agreement, _____ shall not substitute the key staff identified for the services mentioned in this Agreement.

6.2 _____ shall withdraw or bar any of its employee/s from the provision of the services if, in the opinion of BRKGB:

(i) The quality of services rendered by the said employee is not in accordance with the quality specifications stipulated by BRKGB; or

(ii) The engagement or provision of the services by any particular employee is prejudicial to the interests of BRKGB.

6.3 All employees engaged by _____ shall be in sole employment of _____ and the Service Provider Organisation shall be solely responsible for their salaries, wages, statutory payments etc. That under no circumstances shall BRKGB be liable for any payment or claim or compensation (including but not limited to compensation on account of injury/death/termination) of any nature to the employees and personnel of _____ .

6.4 _____(Name of Service Provider Organisation):

- Shall be responsible for all negotiations with personnel relating to salaries and benefits, and shall be responsible for assessments and monitoring of performance and for all disciplinary matters.



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- Shall not knowingly engage any person with a criminal record/conviction and shall bar any such person from participating directly or indirectly in the provision of services under this Agreement.
- Shall at all times use all reasonable efforts to maintain discipline and good order amongst its personnel.
- shall not exercise any lien on any of the assets, documents, instruments or material belonging to BRKGB and in the custody of _____ for any amount due or claimed to be due by the _____ from BRKGB.
- Shall regularly provide updates to BRKGB with respect to the provision of the services and shall meet with the personnel designated by BRKGB to discuss and review its performance at such intervals as may be agreed between the Parties.
- Shall be responsible for compliance of all Indian / Overseas laws, rules, regulations and ordinances applicable in respect of its employees, sub-contractors and agents(including but not limited to Minimum Wages Act, Provident Fund laws, Workmen's Compensation Act) and shall establish and maintain all proper records including, but not limited to, accounting records required by any law, code, practice or corporate policy applicable to it from time to time, including records and returns as applicable under labour legislations.
- Shall not violate any proprietary and intellectual property rights of BRKGB or any third party, including without limitation, confidential relationships, patent, trade secrets, copyright and any other proprietary rights in course of providing services hereunder.
- Shall ensure that the quality and standards of materials and services to be delivered or rendered hereunder will be of the kind, quality and timeliness as designated by the BRKGB and communicated to _____ from time to time.
- Shall not work in a manner which, in the reasonable opinion of BRKGB, may be detrimental to the interests of BRKGB and which may adversely affect the role, duties, functions and obligations of _____ as contemplated by this Agreement.
- Shall be liable to BRKGB for any and all losses of any nature whatsoever arisen directly or indirectly by negligence, dishonest, criminal or fraudulent act of any of the representatives and employees of _____ while providing the services to the BRKGB.

_____ shall keep and hold BRKGB indemnified and harmless against any such losses including costs and expenses which may be suffered or incurred by BRKGB.

- shall itself perform the obligations under this Agreement and shall not assign, transfer or sub-contract any of its rights and obligations under this Agreement except with prior written permission of BRKGB.
- Shall make such alternative arrangements as required to ensure the continuity of the services being provided.
- Shall provide all necessary documents / papers and assist the Bank's authorized officials on regular interval to review the services being provided.
- Shall arrange for insurance of _____(depending on the nature of the activity to be outsourced)
- Shall be liable to comply with all rules and regulations, laws relating to service to be provided to the Bank and Bank shall in no way be responsible for any non-compliance by the Vendor.
- Shall be responsible to take all necessary measures including but not limited to manage any operational risk in providing the services effectively.
- Shall inform the Bank immediately regarding any adverse development affecting or likely to affect service delivery to the Bank.



7. Confidentiality:

7.1 All BRKGB's product and process details, documents, data, applications, software, systems, papers, statements and business/customer information which may be communicated to or come to the knowledge of _____ or its employees during the course of discharging their obligations shall be treated as absolutely confidential and _____ irrevocably agrees and undertakes and ensures that _____ and its employees shall keep the same secret and confidential and not disclose the same, in whole or in part to any third party without the prior written permission of BRKGB nor shall use or allow to be used any information other than as may be necessary for the due performance by _____ of its obligations hereunder. _____ hereby specifically agrees to indemnify and keep BRKGB indemnified safe and harmless at all times against all or any consequences arising out of any breach of this undertaking by _____ and / or its employees and shall immediately reimburse and pay to BRKGB Bon demand all damages, loss, cost, expenses or any charges that BRKGB may sustain suffer, incur or pay in connection therewith.

7.2 _____ shall not make or retain any copies or record of any Confidential Information submitted by BRKGB other than as may be required for the performance of _____ obligation under this Agreement.

7.3 _____ shall notify BRKGB promptly of any unauthorized or improper use or disclosure of the Confidential Information.

7.4 _____ shall return all the Confidential Information that is in its custody, up on termination / expiry of this Agreement.

7.5 _____ hereby unconditionally agrees and undertakes that it and its employees shall not disclose the terms and conditions of this Agreement or disclose the information submitted by BRKGB under this Agreement to any third party unless such disclosure is required by law or for the purpose of performing it's any obligations under this Agreement.

7.6 It shall be the incumbent duty of _____ to undertake not to disclose any business related information of BRKGB to any third person and _____ shall keep all knowledge of the business activities and affairs of BRKGB strictly confidential and also to ensure that neither _____ nor any of its officers, employees directly or indirectly assist any third person with the promotion of activities which may be prejudicial to the interest or in competition to the activities of BRKGB.

7.7 The provisions of this Clause shall survive the termination of this Agreement. However the confidential information will not be limited to the information mentioned above but not include the following as confidential information:

- i) Without breach of these presents, has already become or becomes and/or herein after will become part of the public domain;
- ii) Prior to the disclosure by BRKGB was known to or in the possession of _____ at the time of disclosure ;
- iii) Was disclosed or parted with the prior consent of BRKGB;



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iv) Was acquired by _____ from any third party under the conditions such that it does not know or have reason to know that such third party acquired directly or indirectly from BRKGB.

7.8 _____ agrees to take all necessary action to protect the Confidential Information against misuse, loss, destruction, deletion and/or alteration. It shall neither misuse or permit misuse directly or indirectly, nor commercially exploit the Confidential Information for economic or other benefit.

8. INDEMNITY:

8.1 _____ shall, at its own expense, indemnify, defend and hold harmless BRKGB and its officers, directors, employees, representatives, agents respective directors, and assigns from and against any and all losses and liability (including but not limited to liabilities, judgments, damages, losses, claims, costs and expenses, including attorney's fees and expenses) that may be occurring due to, arising from or relating to:

(i) A breach, non-performance or inadequate performance by _____ of any of the terms, conditions, covenants, representations, undertakings, obligations or warranties under this Agreement;

(ii) The acts, errors, representations, misrepresentations, wilful misconduct or negligence of _____, its employees in performance of its obligations under this Agreement; or

(iii) Any deficiency in the services of _____

8.2 _____ shall protect and save the Bank against all claims, losses, damages, costs, expenses, action suits and other proceedings, resulting from infringement of any patent, trademarks, copyrights etc. by the _____ and its employee / agents.

8.3 Without prejudice to other rights and remedies available to BRKGB, BRKGB shall be entitled to set-off or adjust any amounts due to BRKGB under this clause from _____ against payments due and payable by Bank to the _____ for the services rendered.

8.4 The provisions of this Clause shall survive the termination of this Agreement.

9. PROFESSIONAL LIABILITY INSURANCE:

9.1 The _____ shall obtain an insurance policy in consultation with BRKGB covering Professional Indemnity Risk to the minimum extent of @____% of the _____ and endorse such policy in BRKGB's favour and /or otherwise make the claim of any under the policy payable directly to the BRKGB by the Insurance Company till the completion of the assignment.

9.2 The _____ shall have liability to inform BRKGB regarding changes in insurance policy /terms and applicable rules and regulations relating to insurance policy / terms.

10. CONTRACT PERFORMANCE GUARANTEE:

_____ shall provide unconditional and irrevocable Performance Bank Guarantee for Rs _____/- (Rupees _____ Only) in favour of BRKGB from any Public Sector Bank as acceptable to BRKGB towards due performance of the contract in accordance of this



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Agreement. The Performance Guarantee shall be valid for a period of ___ months with additional claim period of three months after expiry of validity period.

11. PENALTIES AND LIQUIDATED DAMAGES:

11.1 _____ shall be liable to pay penalty of Rs ___/- (Rs ___ in words only) per week or part thereof for delay in not adhering to the time schedules.

11.2 If the _____ fails to complete the due performance as per this Agreement, BRKGB reserves the right to recover Liquidated Damages subject to a maximum of 10% of contract value.

11.3 Both the above Penalty and Liquidated Damages are independent of each other and leviable applicable separately and concurrently.

11.4 The Penalty and Liquidated Damages are not applicable in case the delay is for reasons attributable to the BRKGB and Force Majeure. However it is the responsibility of the _____ to prove that the delay is attributed to BRKGB and Force Majeure. The decision taken by BRKGB in this regard shall be final and _____ shall not dispute the same.

11.5 If the _____ fails to perform its obligation as per this Agreement then BRKGB reserves the right to get the balance work executed by another service provider as per choice of BRKGB and _____ shall be liable to bear the expenditure which BRKGB may incur to carry out bidding process for the execution of balance work and its completion.

12. CORPORATE AUTHORITY:

The Parties represent that they have taken all necessary corporate action and sanction to authorize the execution and consummation of this Agreement and will furnish satisfactory evidence of same upon request.

13. LAW, JURISDICTION AND DISPUTE RESOLUTION:

13.1 The provisions of this Agreement shall be governed by and, construed in accordance with the Indian law.

13.1 (i) For the outsourcing contract with the Overseas Service Provider, the provisions of the agreement shall be governed by laws of the country where the activity is to be carried out. Where there is conflict, the law of host country will apply.

13.2 ARBITRATION

i. Any dispute, controversy or claims arising out of or relating to this Agreement, its validity, breach or termination thereof, shall be settled by arbitration in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996.

ii. The dispute, controversy or claims arising out of or in connection with the Agreement shall be referred to sole arbitrator to be appointed by the BRKGB.

iii. The place of arbitration shall be at _____.



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iv. The arbitral procedure shall be conducted in the English / Hindi / Regional language and any award or awards shall be rendered in English / Hindi /Regional language. The procedural law of the arbitration shall be the Indian law.

v. The award of the arbitrator shall be final and conclusive and binding upon the Parties, and the Parties shall be entitled (but not obliged) to enter judgment thereon in any one or more of the highest courts having jurisdiction. The Parties further agree that such enforcement shall be subject to the provisions of the Indian Arbitration and Conciliation Act, 1996 and neither Party shall seek to resist the enforcement of any award in India on the basis that award is not subject to such provisions.

vi. The rights and obligations of the Parties under or pursuant to this Clause, including the arbitration agreement in this Clause, shall be under the exclusive jurisdiction of the courts located at_____.

14. AUDIT:

14.1 BRKGB reserves the right to conduct an audit / on-going audit of the services provided by_____ Bank's internal or external auditors or by agents appointed to act on its behalf and to obtain copies of any audit to review reports and findings made on the service provider_____ in conjunction with the services performed for the Bank.

14.2 _____ shall allow the Reserve Bank of India (RBI) or persons authorized by it to access BRKGB documents, records or transaction or any other information given to, stored or processed by _____ within a reasonable time failing which _____ will be liable to pay any charges/ penalty levied by RBI for non-compliance.

14.3 _____ shall allow the Reserve Bank of India (RBI) to conduct audits or inspection of its Books and account with regard to BRKGB documents by one or more RBI officials or employees or other persons duly authorized by RBI.

14.4 _____ shall permit the Bank for onsite inspection of its facilities and books of account to periodically review the operational and financial condition of the Service Provider to assess its ability to continue to meet its outsourcing obligations. If any deterioration or breach in performance standard is observed, necessary / corrective measures should be taken immediately by the Service Provider to ensure continuity of the service.

15. LIMITATION OF LIABILITY:

Under no circumstances BRKGB shall be liable to _____ for direct, indirect, incidental, consequential, special or exemplary damages arising from termination of this Agreement, even if BRKGB has been advised of the possibility of such damages, such as, but not limited to, loss of revenue or anticipated profits or lost business.

16. PUBLICITY:

_____ shall not use the name and/or trademark / logo of BRKGB, its group companies or associates in any sales or marketing publication or advertisement, or in any other manner without prior written consent of BRKGB.



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17. SINGLE POINT OF CONTACT FOR SUPPORT:

_____ shall provide details of single point of contact viz. designation, address, email address, telephone / mobile No. to the bank. Escalation matrix for support should also be provided with full details.

18. INDEPENDENT ARRANGEMENT:

This Agreement is on a principal-to-principal basis between the Parties here to. Nothing contained in this Agreement shall be construed or deemed to create any association, partnership or joint venture or employer-employee relationship or principal-agent relationship in any manner whatsoever between the parties. _____ acknowledges that its rendering of services is solely within its own control, subject to the terms and conditions agreed upon and agrees not to hold it out to be an employee, agent or servant of BRKGB or Affiliate thereof.

19. TERMINATION:

19.1 Notwithstanding anything herein contained, the BRKGB may at any time, by notice in writing to _____ terminate this Agreement under any one or more of the following conditions:

- i. In the event of default of performance of any of the service specified in the para 2 of this Agreement or the Service provided herein is in contravention of any law (Indian / Overseas), as may be applicable from time to time, or industry practice, or under the circumstances which would amount to objectionable service;
- ii. If _____ commits a breach of any of the terms and conditions of this agreement or any document incidental thereto ii) If _____ fails to perform and observe any of its obligations under this Agreement;
- iii. If a petition for insolvency is filed against _____ and such petition is not dismissed within ninety (90) days after filing and/or if _____ makes an arrangement for the benefit of its creditors or, if the Court Receiver is appointed as receiver of all/any of its properties.
- iv. If the deductions on account of liquidated damages and penalty exceeds more than 10% of the total contract price

19.2 It is hereby agreed and understood by the Parties that the provisions of this Clause shall not limit or restrict nor shall they preclude any Party from pursuing such further and other legal actions, against the other Party for any breach or non-compliance of the terms of this Agreement.

19.3 In the event that this Agreement is terminated for any reasons, either Party shall forthwith hand over to the other the possession of all documents, material and any other property belonging to the other that may be in the possession of the Party or any of its employees, agents or individuals.

20. FORCE MAJEURE:

20.1 The Parties shall not be liable for any failure to perform any of its obligations under this Agreement if the performance is prevented, hindered or delayed by a Force Majeure event (defined below) and in such case its obligations shall be suspended for so long as the Force Majeure Event continues (provided that this shall not prevent the accrual of interest on a principal amount which would have been payable but for this provision). Each party shall within a week inform the other of the existence of a Force Majeure Event and shall consult together to find a mutually acceptable solution.



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20.2 "Force Majeure Event" means any event due to any cause beyond the reasonable control of the Party, including, without limitation, unavailability of any communication system, sabotage, fire, flood, explosion, acts of God, civil commotion, strikes or industrial action of any kind, riots, insurrection, war or acts of government.

21. MISCELLANEOUS:

21.1 Any provision of this Agreement may be amended or waived if, and only if such amendment or waiver is in writing and signed, in the case of an amendment by each Party, or in the case of a waiver, by the Party against whom the waiver is to be effective.

21.2 No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any other right, power or privilege. The rights and remedies here in provided shall be cumulative and not exclusive of any rights or remedies provided by law.

21.3 If any clause / provision in the agreement is found to be in contravention of or inconsistent with regulatory guidelines with regard to outsourcing of activities to that extent such clause / provision would automatically become redundant /modified or inapplicable for one or both the parties to the agreement

21.4 The _____ will preserve the documents and data in accordance with the legal /regulatory obligation of the bank in this regard.

21.5 Unless otherwise provided herein, all notices or other communications under or in connection with this Agreement shall be given in writing and may be sent by personal delivery or post or courier or facsimile to the person at the address given below. Any such notice or other communication will be deemed to be effective if sent by personal delivery, when delivered, if sent by post, two days after being deposited in the post and if sent by courier, one day after being deposited with the courier, and if sent by facsimile, when sent (on receipt of a confirmation to the correct facsimile number)

The addresses referred to hereinabove are:

If to the BRKGB:

The Chairman / General Manager _____
_____(City)

Facsimile number: _____

ATTN:

If to the _____

(Address)

Facsimile number: _____

ATTN: _____

21.6 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior written agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by any Party hereto. In case of any contradiction in the terms (of RFP, offer document and Purchase Order- If any etc), and this Agreement the terms hereof shall prevail.



OUTSOURCING POLICY

21.7 Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the Parties to this Agreement any rights or remedies here under.

21.8 In connection with this Agreement, as well as all transactions contemplated by this Agreement, each Party agrees to execute and deliver such additional documents and to perform such additional actions as may be necessary, appropriate or reasonably requested to carry out or evidence the transactions contemplated hereby.

21.9 The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the Parties hereunder shall be enforceable to the fullest extent permitted by law.

21.10 The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

21.11 This Agreement has been signed in duplicate, each of which shall be deemed to be an original.

21.12 Neither Party may assign, in whole or in part, the benefits or obligations of this Agreement to any other person without the prior written consent of the other Party, such consent not to be unreasonably withheld. Provided that the BRKGB may assign any of its rights and obligations hereunder to any of its Affiliates without the prior consent of _____

IN WITNESS WHEREOF, this Agreement has been executed by the Parties hereto on the day and year first above written.

Signed and Delivered by the within named
BRKGB, by the hand of Sri -----, For Baroda Rajasthan Kshetriya Gramin Bank

It's authorized official in the presence of:

- 1.
- 2.

Signed and Delivered by the within named

_____ by the hand of Sri _____, For _____ Vendor.

It's authorized official in the presence of:

- 1.
- 2.

Schedule 'A' – Relevant documents to be received from Service Provider
