

Fair Practise Code for Lenders

AS DIRECTED BY THE RESERVE BANK OF INDIA, FROM TIME TO TIME THROUGH ITS CIRCULARS, THE BANK HAS ADOPTED MODIFIED FAIR PRACTICE CODE FOR LENDERS AS APPROVED BY THE BOARD OF DIRECTORS. THE SALIENT FEATURES OF THE SAME ARE:

1. Loan application:

In the loan application form, the Bank shall provide comprehensive information including information about fees and charges if any payable for processing and amount of such fees refundable in case of non-acceptance of application, prepayment options and other matter which affects the interest of the borrowers, of all categories of loans, irrespective of the amount of loan sought by them.

2. Processing of loan application:

- a. The Bank shall provide acknowledgement for receipt of all loan applications indicating the time frame within which the application will be disposed of.
- b. The Bank shall verify the loan application and if additional details / documents are required; these will be sought from the applicant.
- c. For all categories of loans and irrespective of any threshold limits, the Bank will be expected to process the application without delay. In case the application is turned down, the Bank will convey in writing or through email to the applicant the reasons for rejection within one month.

3. Loan Appraisal and Terms and Conditions

- a. The Bank will ensure that there is proper assessment of credit requirement and creditworthiness of borrowers. Stipulation of margin and security will be based on due diligence and creditworthiness of borrowers in line with extant Lending Policy of the Bank. The methodologies for assessment have been detailed in the various policy/product notes of the Bank. The assessment will be based on all credit related and such other information as may be called for/collected by the Bank.
- b. The bank shall convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his full knowledge on record.
- c. Bank will provide a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers after due execution of the documents as per

terms of sanction letter even when no specific request in this regard has been made by the borrower.

d. As far as possible, the facility terms will stipulate terms & conditions relating to the credit facilities that are solely at the discretion of the Bank. These may include approval or disallowance of facilities, such as drawings beyond the sanctioned limits, honouring cheques issued for the purpose other than specifically agreed to in the credit sanction and disallowing drawing on a borrower account on its classification as a nonperforming asset or in the event of default or on account of non-compliance with the terms of sanction. The Bank would not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.

4. Processing of loan application:

The Bank will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. The Bank will give notice of any change in the terms and conditions including interest rates, service charges etc. The Bank would ensure that changes in interest rates and charges are effected only prospectively (unless otherwise required by regulation/law).

5. Post Disbursement Supervision

a. Before taking decision to recall / accelerate payment or performance under the facility terms or seeking additional securities, the Bank would give notice to borrowers, as specified in the facility terms or a reasonable period if no such condition exists in facility terms (unless the security is in jeopardy).

b. The Bank would release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim lenders may have against borrowers. If such right of set off is to be exercised, borrowers will be given 3 notice about the same and the documents under which lenders are entitled to retain the securities.

6. General

a. In case of receipt of request for transfer of borrower account, either from the borrower or from a bank, which proposes to take over the account, the consent or otherwise i.e. objection of the Bank, if any, would be conveyed within 21 days from the date of receipt of request.

b. The bank shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc

c. The Bank would not discriminate on grounds of sex, caste and religion in the matter of lending.

d. An appropriate grievance redressal mechanism has been put in place whereby disputes arising out of the decisions of Bank's functionaries would be heard and disposed off in the manner prescribed under the grievance redressal policy of the Bank.

e. The Bank will be accountable for inappropriate behavior by its employees or employees of the outsourced agency and will provide timely grievance redressal.