

Fair Practices Code for Lending

1. The Bank declares and undertakes

- i. To provide in a professional manner, efficient, courteous, diligent and speedy services in the matter of lending.
- ii. Not to discriminate customers on the basis of religion, caste, sex or descent.
- iii. To be fair and honest in advertising and marketing of its Loan Products.
- iv. To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities with regard to loan transactions and if sought, to provide such assistance or advice to customers in contracting loans.
- v. To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal mechanism within the Bank.
- vi. To comply with all the regulatory requirements with regard to lending in good faith.

2. Loan applications and processing

The loan application forms shall include information about interest rate, processing fees and other charges, fees refundable in the case of non-acceptance of application (if applicable), pre-payment options and charges, penalty for delayed repayments, conversion charges for switching loan from fixed to floating interest rates or vice versa, existence of any interest reset clause and any other matter which may affect the interests of the borrower. Further, such information including the all-in-cost shall also be made available to the borrower as part of the facility terms. There shall be no pre-payment penalty on microfinance loans. Penalty if any for delayed payment shall be applied on the overdue amount and not on the entire loan amount in case of microfinance loans.

The Bank shall provide a clear, concise, one-page key fact statement/fact sheet, in the format prescribed by RBI, to all borrowers at every stage of the loan processing as well as in case of any change in any of the terms and conditions.

Receipt of completed application forms will be duly acknowledged. The acknowledgement shall include the time frame within which loan applications up to Rs.2 lakhs will be disposed of and in the case of other loans, the approximate date by which the applicant should call on the Bank for preliminary discussions, if deemed necessary. However, in the case of Corporate/ SME lending, where the credit proposals originate through detailed interaction with the borrowers, an acknowledgment process may not be followed.

In case of Microfinance Loans, the total repayment in the monthly obligations of the household will have a limit upto 50 percent of the monthly household income.

3. Display of Information:

The Bank shall display on its website the interest rate range of loans contracted in the past quarter for different categories of advances granted to individual borrowers along with mean interest rates for such loans. The total fees and charges applicable to various types of loans to individual borrowers shall be disclosed at the time of processing of loan as well as displayed on the website of the Bank. The Bank shall publish on its website Annual Percentage Rate (APR) representing the total cost of credit on a loan to an individual borrower.

The minimum, maximum and average interest rates charged on microfinance loans will be published in the Bank's website and in all Bank's offices in the literature issued by the Bank.

4. Disposal of Loan Applications:

All Retail and Micro Credit loan applications shall be disposed of within a period of 4 weeks from the date of receipt of duly completed loan applications i.e. with all the requisite information/papers. If additional details / documents are required, the Bank shall intimate the borrowers.

In case of rejection of loan application, the same shall be conveyed in writing along with the main reason(s), which led to rejection of the loan application. The time frame for conveying the reason/s of rejection will be as per the schedule given below:

Priority Sector	Duration
Up to Rs.25000	Within 2 weeks
> ₹.25000 and up to ₹.5.00 lakh	Within 4 weeks
> ₹.5.00 lac	Within 8-9 weeks

Non- Priority Sector	Duration
Fund Based	Within 6 weeks
Non-Fund Based	Within 8 weeks

The above time frame for disposal of applications is from the date of receipt of loan application, complete in all respects.

5. Product Information

- A prospective borrower shall be given necessary information about the range of loan products available with the Bank to suit his/her needs. On exercise of choice, the customer shall be given the relevant information about the loan product of choice.
- The Customer shall be explained of the processes involved till sanction and disbursement of loan and the timeframe within which all the processes shall be completed.
- The Customer shall be informed of the names and phone numbers of persons, whom he/she can contact for the purpose of loan to suit his/her needs.
- The Customer shall also be informed of the procedure involved in servicing and closure of the loan taken.
- For Microfinance Loans, issuance of non-credit products shall be with full consent of the borrowers and fee structure for such products shall be explicitly communicated to the borrower in the loan card.

6. Interest Rates and Charges

- Interest Rates and charges for different loan products shall be made known/available through any one or all of the following media, namely: Bank's website; through prominent display in the Branches and at other delivery points, from time to time.
- Customers shall be entitled to receive periodic updates on the interest rates applicable to their accounts.
- On demand, customers can have full details of the method of application of interest.
- Any revision in interest rates or charges shall be notified to the customer through any of the media (stated above).

7. Loan appraisal and terms/conditions

The Bank shall assess the credit requirement and creditworthiness of borrowers. Stipulation of margin and security shall be based on due diligence and creditworthiness of borrowers in line with extant Loan Policy of the Bank. The assessment shall be based

on all credit related information and such other information as may be called for/collected by the Bank.

In cases where the Bank is the leader of a lending consortium, the Bank shall evolve procedures for complete appraisal of proposals by members of the Consortium in a time bound manner and shall strive to communicate decisions on financing or otherwise within a reasonable time. In cases, where the Bank is a member of a consortium, Bank shall strive to complete its processing and appraisal and to communicate decisions within reasonable time.

The Bank shall convey to the borrower the credit limit and details of facilities along with the terms and conditions thereof and keep the borrower's acceptance on record. The terms and conditions and other caveats governing credit facilities given by the Bank, shall be communicated to the borrower under the signatures of authorised official. A copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement shall be furnished to the borrower at the time of disbursement of loan.

The loan agreement shall, as far as possible, stipulate the 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 a purpose other than specifically agreed to in the credit sanction and disallowing drawing on a borrower account on its classification as a Non Performing Asset (NPA) or in the event of default or on account of non-compliance with the terms of sanction. The Bank shall not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.

The Loan agreement for Microfinance loans, will be provided in the language understood by the borrower.

8. Disbursement of loans and change in terms & conditions

- i. The Bank shall ensure expeditious disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.
- ii. Any changes in the terms and conditions of the sanction such as interest and service charges shall be notified to the borrower before effecting the changes.
- iii. Any changes in interest rate and charges will be effected only prospectively after giving due notice to borrowers (unless otherwise required by regulation/law)
- iv. The loan card provided to the borrower in case of Microfinance loans, will be in the language understood by the borrower which explains the broader terms and conditions along with the grievance redressal system of the Bank.

8.1 Post disbursement supervision

The post disbursement supervision by the Bank, particularly in respect of loans up to Rs. 2 lakhs shall be constructive with a view to take care of any genuine difficulty that the borrower may face. For collection purposes, the Bank shall adhere to the policy guidelines as uploaded on the Bank's website titled 'Guiding Principles & Code of Conduct for Collection and Recovery of dues from borrowers'. Further the Bank reiterates the following points with regard to post disbursement supervision:

- a. Inappropriate occasions such as bereavement in the family or events of similar nature, if known to the Bank, will be avoided for making calls or visits.
- b. Before taking decision to recall / accelerate payment or performance under the facility terms or seeking additional securities, the Bank shall 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).
- c. The Bank shall release all securities on receiving payment of loan or realisation of loan, subject to any legitimate right or lien for any other claim the Bank may have against the borrowers/guarantors. If such right of set off is to be exercised, borrowers /guarantors shall be given intimation about the same with full particulars about the remaining claims and also the documents under which the Bank is entitled to retain the securities.

- d. Submission of periodical reports by the borrower and periodic inspection of securities by the Bank for post disbursement supervision shall be stipulated in the loan sanction letter. The sanction letter shall also mention whether the Bank or the borrower will bear the cost of inspections.
- e. For Microfinance loans, the call or visits by the appointed staffs/agency will be restricted from 9 am to 6 pm.

8.2 Information Secrecy

All personal information of the customer shall be kept confidential and shall not be disclosed to any third party unless agreed to by the customer. The term 'Third Party' excludes all Law Enforcement Agencies, Credit Information Bureaus, Reserve Bank of India and other Banks and Financial Institutions. Customer information shall be revealed only under the following circumstances:

- i. If the Bank is under obligation to do so, under the provisions of Law.
- ii. If it is in the Public Interest to reveal the information.
- iii. If the interests of the Bank require disclosure.

8.3 General

- i. In case of receipt of request for transfer of loan 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, shall be conveyed within 21 days from the date of receipt of request.
- ii. In case any information not disclosed earlier by the borrower has come to the notice of the Bank subsequently, the Bank will have the right to elicit the necessary information from the borrower and to initiate action to protect its interest.
- iii. The Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, any particular product designed for a specific target group or any benefit/incentive offer by the bank to attract a certain target group within the ambit of a special scheme shall be out of the purview of above.
- iv. The Bank reserves the right to enforce security for recovery of dues in the form and manner as it deems fit in case of default in payment or on the occurrence of any other event of default. However, for recovery of loans, the Bank shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of force etc.
- v. The Bank shall refrain from intervening in the affairs of the borrowers except as provided in the terms and conditions of the facility terms, unless new information, not earlier disclosed by the borrower, has come to its notice.

8.4 Complaints & Redressal:

In case of any complaint/grievance, the applicant/ borrowers shall have to inform in writing the concerned Branch/ Credit Officer who shall provide an interim acknowledgement to the customer and then take up the matter with Head Office for redressal. The Branch / Credit Officer shall report the matter with full details within 7 days from date of receipt, to Head Office. The Head Office shall take steps to redress and resolve the grievance/dispute, within a maximum period of 30 days. Bank shall be accountable for inappropriate behavior by Bank's employees or employees of the outsourced agency and shall provide timely grievance redressal.
