



Policy on Fair Practice Code for Lenders

(A). The Bank has introduced transparent and fair practices, as envisaged by RBI, in the Fair Practice Code for Lenders. The Bank is ensuring the following practices in respect of lending activities.

Processing Loan application

(B) Loan application forms in respect of all categories of loans irrespective of the amount of loan sought by the borrower should be comprehensive. The Business Departments shall ensure that the loan application is comprehensive and transparently discloses all information to the borrower about fees / charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed, pre-payment options and charges, penalty for delayed repayments, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Further, it shall be ensured that the loan application captures 'all-in-cost' to the customer to enable them to compare the rates, charges with other sources of finance. It should also be ensured that such charges/ fees are non-discriminatory, and all such information should also be displayed on the website of the Bank for all categories of loan products.

(C) Branch / RM shall issue proper acknowledgement at the time of receipt of loan application.

(D) Branch / RM / Credit Hub should verify the loan applications within a reasonable period of time and if additional details / documents are required, proper intimation shall be provided to the applicants immediately. The loan applications shall be disposed of within timelines specified in the loan policy. Bank shall make suitable disclosures on the timelines for conveying credit decisions through the website, notice boards, product literature, etc.

(E) In case of rejection of loan application, Bank should convey in writing, the main reasons which have led to rejection of the loan application. The rejection shall be conveyed within the timelines specified.

Credit appraisal

(F) Proper assessment of credit applications shall be carried out by credit processing officers/ through digital mode, irrespective of the security / higher margin offered.

(G) After approval, sanction order containing the terms and conditions thereof and duly certified by authorised official shall be issued to the borrower and borrower's acceptance of these terms and conditions with his full knowledge shall be obtained and kept on record.

(H) A copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement should be furnished to the borrower at the time of sanction / disbursement of loans.

(I) The loan agreement should clearly stipulate credit facilities that are solely at the discretion of Bank. This 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 borrowal account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction. It shall be specifically stated that the Bank does not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.

(J) In the case of lending under consortium arrangement, Credit Hubs, with the support of Business team shall complete the appraisal of proposals in a time bound manner to the extent feasible and communicate the decisions on financing or otherwise within a reasonable time.

Disbursement

(K) Branch / RM with the support of Credit Administration Department shall ensure timely disbursement of loans sanctioned in conformity with the terms and conditions stipulated by the sanctioning authority. Proper intimation shall be issued to the borrowers in case of change in the terms and conditions including interest rates, service charges etc. Any increase in interest rates and charges shall be effected only prospectively.

Post Disbursement Supervision

(L) CRMD shall ensure that the post disbursement supervision, particularly in respect of loans up to Rupees two lakhs, should be constructive with a view to taking care of any "lender-related" genuine difficulty that the borrower may face.

(M) Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, Bank should give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.

(N) Bank shall release all securities on receiving full and final settlement of the loan provided there is no other legitimate right or lien for any other claim Bank may have against borrowers. If such right of set off is to be exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which Bank is entitled to retain the securities till the relevant claim is settled/ paid.

General conditions

(O) Bank shall restrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the Bank).

(P) Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude Bank from participating in credit-linked schemes framed for weaker sections of the society.

(Q) For recovery of loans, the Bank should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

(R) In case of receipt of request for transfer of borrowal account, either from the borrower or from a Bank/financial institution, which proposes to take over the account, the consent or otherwise i.e, objection of the lender, if any, should be conveyed within a maximum period of 14 days from the date of receipt of request.

(S) A grievance redressal mechanism to address complaints in borrower accounts shall also be in place. The grievances shall be dealt as per the guidelines set out in Policy for Grievance Redressal formulated and monitored by Service Quality Department (Policy for Grievance Redressal is separately published in website of the Bank). The Fair Practices Code and the Grievance redressal mechanism shall mutatis mutandis be applicable to loans taken over from other banks and financial institutions.