

FAIR PRACTICES CODE FOR LENDERS

APPLICATIONS FOR LOANS AND THEIR PROCESSING:

1. The Bank has introduced comprehensive loan application forms in respect of all categories of loans, irrespective of the amount. These forms shall contain information about the fees/charges, if any, payable for processing, the amount of such fees refundable in the case of non acceptance of application, pre-payment options and any other matter which affects the interests of the borrower. This information will enable the applicants to have a meaningful comparison with similar provisions of other banks and thereafter to take an informed decision. **At present the Bank charges processing fee and other charges like service charge, administrative fee etc. as indicated in the loan applications in respect of all categories of loans.**
2. Bank shall issue acknowledgement for receipt of all loan applications received by it, as per annexure.
3. Bank shall verify the loan applications within a reasonable period of time. If additional details/documents are required, the same shall be intimated to the applicants immediately.

LOAN APPRAISAL

1. Bank shall conduct a due diligence on the credit worthiness of the applicants, which will be an important parameter for taking a decision on the application. Mere offering of security with substantial margin will not be the sole consideration for sanctioning loans.
2. Bank shall make proper and prompt assessment of credit applications.
3. If the application is rejected, the main reason /reasons which, in the opinion of the bank after due consideration, have led to rejection of the applications in respect of all categories of loans shall be conveyed in writing within the stipulated time.
4. When sanctioned, the Bank shall convey to the applicant the details of credit limit/s sanctioned along with the terms and conditions thereof and shall obtain the latter's acceptance of the terms and conditions.

TERMS AND CONDITIONS:

1. Bank's sanction order shall contain the terms and conditions and other caveats and/or references thereof, governing credit facilities given by the bank.
2. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to the borrower.
3. 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 such consortiums, Bank shall strive to complete its processing and appraisal and to communicate decisions within reasonable time.

DISBURSEMENT OF LOANS

Bank shall disburse the loans sanctioned as soon as the applicants submit documents/papers/details in conformity with the terms and conditions governing such sanction.

CHANGE IN TERMS AND CONDITIONS

Bank shall give notice of any change in the terms and conditions including interest rates, service charges etc to the Borrower. Changes in the rates of interest and other charges shall be effected only prospectively

POST- DISBURSEMENT SUPERVISION

1. Bank shall carry out post disbursement supervision of all the credit limits sanctioned by it to ensure that the funds extended by it are safe and are deployed as per the terms of sanctions. However, it shall strive to address any "lender-related" genuine difficulty that the borrower may face.
2. If the Bank decides to recall/accelerate payment or performance under the agreement or to seek additional securities, Bank shall give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.

Bank shall release all securities on receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim it may have against borrowers. If such right to set off is exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which the Bank is entitled to retain the securities till the relevant claim is settled/paid.

GENERAL

1. Bank shall not interfere 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) and for protecting its interests.
2. Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this shall not preclude the Bank from participating in credit-linked schemes framed for the welfare of the weaker sections of the society.
3. In the matter of recovery of loans, 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.
4. 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 Bank, if any, shall be conveyed within 21 days from the date of receipt of request.

Grievance Redressal Mechanism

The Bank shall put in place the following mechanism for redressal of grievances relating to borrowal accounts:

- a. All complaints received at Branch, Regional office or Head office shall be given an interim acknowledgement.
- b. Complaints against the decisions of branches shall be enquired into by Regional offices and appropriate steps to redress the grievances, if found legitimate, shall be initiated by ROs and communicated to the complainant within reasonable time.
- c. Complaints against the decisions of the Regional offices and Head Office shall be enquired into by the respective operational departments at HO and appropriate steps to redress the grievances, if found true shall be initiated by the said Departments in consultation with the concerned authority, within reasonable time.
- d. All complaints received at Head office, irrespective of whether it is against branch, RO or HO shall be disposed off by respective departments at HO, after ascertaining views of branch and RO, if found necessary. In respect of complaints against HO Department Heads, the Executive Director/ Chairman shall be the authority to dispose off the complaint.
- e. A consolidated review report of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at the various levels of controlling offices shall be submitted to the Board by Credit Control Department at HO at half-yearly intervals as on 31st December and 30th June.

Annexure

ACKNOWLEDGEMENT FOR LOAN APPLICATION

To: _____

Date:

We acknowledge receipt of the application submitted by you for the following loans -

- 1
- 2
- 3
- 4
- 5

We will process the loan application immediately. In case it is found while processing the loan application that additional details/ documents are required, we will intimate you the same and in such cases, you are required to provide the same immediately for prompt disposal of the application. You are also required to comply with the requirements of the Bank such as production of evidence to prove the title to the security offered such as Title Deeds of immovable properties of Land and Building and related papers, wherever applicable. You have to make arrangements for obtaining Legal scrutiny Report, valuation etc. as per rules of the Bank wherever applicable. If the requirements of the Bank for taking a decision on the loan application are completely fulfilled by you, the loan application will be disposed off within the time frame noted below.

Please note that by accepting this loan application, there is no commitment on the part of the Bank to approve and disburse the loan. The Bank will have absolute discretion to sanction or reject the loan proposal.

Branch Manager