

FAIR PRACTICES CODE FOR LENDERS

As directed by RBI from time to time, Bank has adopted the following Board approved fair practices code in relation to its lending activities.

Processing of Loan application

1. Bank's loan application will be comprehensive irrespective of the amount sought by the borrowers and Bank shall provide the prospective customers all significant and deterministic information required to assist the customer in taking an informed financial decision.
2. The Bank would acknowledge the receipt of loan applications that are received complete in all respects. If additional details are required, bank will intimate the applicants immediately.
3. The loan applications shall be disposed of within timelines specified as per Bank's loan policy. Bank makes suitable disclosures on the timelines for conveying credit decisions through the website/ notice boards etc.

Credit Appraisal

1. The Bank will conduct a comprehensive credit assessment of applications by borrowers and will not use margin and security stipulation as a substitute for due diligence on credit worthiness of the borrower.
2. The Bank will 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/her full knowledge on record.
3. Terms and conditions and other caveats governing credit facilities sanctioned after negotiation with the borrower will be consolidated in writing and will be duly certified by the authorized official. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement will be furnished to the borrower at the time of sanction/disbursement of loans.
4. Bank will provide Key Fact Statement(KFS) to all prospective borrowers to help them take an informed view before executing the loan contract. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same. KFS shall include information on rate of interest (fixed/ floating) and manner of charging, rates of processing fee, service charges, pre-payment charges, penal charges, annual percentage rate (APR) etc, as amended up to date, for all credit facilities.
5. The loan agreement will clearly stipulate credit facilities that are solely at the discretion of lenders. 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 non-performing asset or on account of non-compliance with the terms of the sanction.
6. In the case of lending under a consortium arrangement, the participating lenders will evolve procedures to complete appraisal of proposals in a time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

7. In the case of rejection of loan application, the main reason/reasons which, in the opinion of the bank, have led to rejection of the applications will be conveyed in writing in the case of all categories of loans irrespective of any threshold limits.

Disbursal of loans and Post-disbursal supervisions

1. 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 will also ensure that changes in interest rates and charges are effected only prospectively.
2. Post disbursement supervision, particularly in respect of loans up to Rs. 2 lakhs, will be constructive with a view to taking care of any lender-related genuine difficulty that the borrower may face.
3. The Bank will give notice to the borrowers, as specified in the loan agreement, or will provide a reasonable period, if no such conditions exist in loan agreement, before taking a decision to recall/ accelerate payment or performance under the agreement or seeking additional securities.
4. The Bank will release all securities on receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim the Bank may have against borrowers. If such right of set-off is to be exercised, borrowers will 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 Guidelines

1. The Bank will refrain 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).
2. The Bank will not discriminate on grounds of sex, caste and religion in the matter of lending.
3. The Bank will not resort to undue harassment namely bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. in the matter of recovery of loans.
4. In case of receipt of request for transfer of borrower account, either from the borrower or from a bank/ financial institution, which proposes to take-over the account, the consent or otherwise, that is objection of the Bank, if any, will be conveyed within 21 days from the date of receipt of request.
5. In case of personal loans Bank shall release all the original movable/ immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.
6. Bank charges interest on loans from the date of actual disbursement of the funds and not from date of sanction or documentation.
7. Bank charges interest on loan only for the period for which the loan is outstanding and not for the entire month.
8. Bank do not collect instalments in advance; interest is charged after reckoning the actual loan disbursement and instalments payments, if any.

9. No penal charge shall be levied in the form of penal interest. Further, there shall be no capitalisation of penal charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

Grievance Mechanism

A grievance redressal mechanism at various levels of controlling offices to address complaints are put in place. The grievances shall be dealt as per the guidelines set out in Bank's Grievance Redressal Policy. Disputes arising out of decisions of the bank's functionaries would be disposed of at the next higher level.

Escalation of complaints:

Level 1: All front-end channels: Branch/Call Centre Email ids of the bank for escalations are made available in all branches, website with escalation matrix, in absence of satisfactory resolution, customer may approach Zonal offices-Cluster Head, Zonal Manager in case of no/delayed response by the bank. The contact details are displayed on Grievance Redressal poster displayed at each branch .

Level 2: Zonal Nodal Officer/ Central Nodal Officer: If a customer is not satisfied with the resolution provided through the channels listed above and/or the timeline of the resolution/turnaround time (TAT) is breached, the customer can escalate the grievance to Zonal Nodal Officer/ Central Nodal Officer for Grievance Redressal as available on our website under complaint redressal.

Level 3: Principal Nodal Officer: In case the customer fails to get redressal from any of the above levels, the details of the Principal Nodal officer are also made available on our website.

In case of non satisfactory resolution, non/delayed response from Level I and Level II, customers can reach out to PNO. TAT for PNO escalated complaints are 21 days from the date of receipt at PNO office. Any complaint received directly at PNO office, bypassing Level I and Level II will be considered as normal complaint only.

Level 4:- The Bank has implemented RBI Internal Ombudsman Scheme. There is a separate detailed SOP document covering various aspects of the Internal Ombudsman Scheme. The bank appointed Internal Ombudsman as an independent authority to review complaints that were partially or wholly rejected by the bank. The IO mechanism was set up with a view to strengthen the internal grievance redressal system of banks and to ensure that the complaints of the customers are redressed at the level of the bank itself by an authority placed at the highest level of bank's grievance mechanism to minimize the need for the customers to approach other forum for redressal.

As per Internal Ombudsman Scheme, all complaints which are partly or wholly rejected by the bank will be invariably submitted to Internal Ombudsman for his review and concurrence. IO will not accept any customer complaints directly and any escalations to IO will be routed through the central grievance redressal team.