



FAIR LENDING PRACTICES CODE

1. PREAMBLE

(a) Scope:

Fair Lending Practices Code (FLPC for Short) aims at providing information to Customers seeking credit facilities of all categories of loans irrespective of amount of loan sought by the borrower and facilitates effective interaction of customers with the Bank.

(b) Extent:

Modified FLPC is put in place by our Bank with effect from 30.04.2007.

(c) The Bank reserves the right to modify / incorporate / delete any of the clauses in this FLPC at any time and will announce the revised code, in place of the present FLPC furnished hereunder.

2. IMPORTANT DECLARATIONS:

Our Bank declares and undertakes

- a) To provide professional, efficient, courteous, diligent and speedy services in the matter of lending.
- b) Not to discriminate on the basis of religion, caste, sex, descent or any of them (except participation in credit-linked schemes framed for weaker sections of the society like Women Entrepreneur Scheme etc.)
- c) To be fair and honest in advertisement and marketing of Loan Products
- d) To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- e) If sought, to provide such assistance or advise to customers applying for loans.
- f) To attempt in good faith to resolve any disputes or differences with customers by the complaint redressal cells within the Bank.
- g) To comply with all the regulatory requirements in good faith.
- h) To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representation from banks.

3. FAIR PRACTICES:

3.1 Product Information:

- a) A Prospective customer would be given all the necessary information adequately explaining the range of loan products available with our Bank to suit his needs.
- b) On exercise of choice, the customer would be given the relevant information about the loan product of his choice.
- c) The Customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily at our bank.
- d) The Customer would be informed of the names and phone numbers of branches (*or the persons*) whom he can contact for the purpose of loan to suit his needs.
- e) The Customer would be informed the procedure involved in servicing and closure of the loan taken.

3.2 Interest Rates:

- 3.2.1 Interest Rates for different loan products would be made available through and in any one or all of the following media, namely:
 - a. In our Bank's Web site
 - b. Over phone, if Tele Banking services are provided
 - c. Through display in the branches
 - d. Through other media from time to time.
- 3.2.2 Customers would be entitled to receive periodic updates on the interest rates applicable to their accounts, if the Revision is individual Customer-Specific.
- 3.2.3 On demand, Customers can have full details of method of application of interest.

3.3 Revision in Interest Rates:

- a. Our Bank would notify immediately or as soon as possible any revision in the existing interest rates and make them available to the customers in the media listed in Para 3.2.1.
- b. Interest Rate revisions to the existing customers would be notified within a reasonable period of ten days from the date of change through the media as per Para 3.2.1.

3.4 Default Interest / Penal Interest:

Our Bank would notify clearly about the default interest / penal interest rates to the prospective customers.

3.5 Charges

- a. Our Bank would notify details of all charges payable by the customers in relation to their loan account.
- b. Our Bank would make available for the benefit of prospective customers all the details relating to charges to all loan applicants of all categories of loans irrespective of amount of loan sought by the borrower in the media as specified in Para 3.2.1.

- c. Any revision in charges would be notified in advance and would be made available in the media as listed in Para 3.2.1
- d. Our bank would clearly specify the charges to be recoverable from the Borrower for interest and charges, wherever necessary and get a mandate for debiting the said account along with the documentation.

3.6 Terms and Conditions for Lending:

- a. Our Bank would ordinarily give an acknowledgement of receipt of loan application and if demanded by the customer, a copy of the application form duly acknowledged would also be given, as soon as the customer chooses to buy a retail product or service of his choice. In respect of loan applications all loan applicants of all categories of loans irrespective of amount of loan sought by the borrower, the acknowledgement will indicate the timeframe for disposal of such applications.

Immediately after the decision to sanction the loan, our Bank would show draft of the documents that the customer is required to execute and would explain, if demanded by the customer, the relevant terms and conditions for sanction and disbursement of loan. The bank would obtain the customers' acceptance / guarantor's acceptance of these terms and conditions on record by way of an acceptance signature in the copy of sanction advice / ticket issued to the customer.

Loan Application Forms, Draft documents, Sanction letter, Declarations or such other papers to be signed by a customer would comprehensively contain all the terms and conditions relating to the product or service of his choice.

- d. Wherever possible, reasons for rejection of loan would be conveyed to the customers.
- e. Before disbursement of loan, our Bank upon written request would deliver the FORMAT (copy) of the documents to be executed by the customers against their acknowledgement at their cost.

If the borrower desires to have the copies of the executed loan documents, bank upon written request would deliver the copies of duly executed documents after due verification by the branch lawyer, against the borrowers' written acknowledgement, at their cost.

Modification on time frame for disposal of applications in respect of all categories of loans irrespective of the amount of loan shall be as under:

Sanctioning Authority	Time lines for disposal of loan applications under normal circumstances
Approvals to be granted by the Branch Managers	within 30 days of receipt of loan application
Approvals to be granted by the Zonal Managers	within 45 days of receipt of loan application
Approvals to be granted by the Head Office	within 90 days of receipt of loan application

3.7 Account Practices:

- a. Our Bank would provide regular statement of accounts, unless not found necessary by the customers.

- b. Our Bank would notify relevant due dates for application of agreed interest, penal interest, default interest and charges if they are not mentioned in the Loan applications, documents or correspondence.
- c. Our Bank would notify in advance any change in accounting practices that would affect the customer, before implementation, in the media listed in para 3.2.1.

3.8 Information Secrecy

- a. All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, Reserve Bank of India, other banks and financial institutions.
- b. Subject to above Para, customer information would be revealed only under the following circumstances, namely;
 - If our Bank is compelled by law
 - If it is in the Public Interest to reveal the information
 - If the interests of our Bank require disclosure.

3.9 Financial Distress

- a. Our Bank would reckon cases of customer's financial distress and consider them sympathetically.
- b. Customer would be encouraged to inform about their financial distress as soon as possible.
- c. Our Bank would adequately train the operational staff to give patient hearing to the customers in financial distress and would render such help as may be possible in their view.
- d. In the event of default our bank will take every legal means for the recovery of the loans from the borrowers / guarantors / securities / other assets.

3.10 Grievance Redressal

The Branch Manager can be approached through letter or in person, who will attend to / give personal hearing to the grievances of the Credit Applicants on any working day during the Banking Hours. The findings will be communicated within one week to the aggrieved party.

If the customer is not satisfied with the reply, he can approach the Zonal Head (whose name and office address are displayed in the branch) for redressal of the complaints / grievances. All Zonal Heads or the nominated officer at the Zonal Office will attend to the Complaints / grievances and also give personal hearing to the applicants. The decision will be communicated to the applicants within two weeks.

The grievances can be represented in plain paper with all relevant particulars by the Applicant.

General Terms and conditions applicable for all facilities /all types of borrowers

1	All applicants / borrowers and guarantors must furnish their Passport size photos along with application.
2	The advance will be released only upon completion of documentation in all respects as per Bank's rules
3	Processing fee and other charges as per Bank's rules should be paid upfront.
4	Processing charges for renewal of facilities will be charged on due dates irrespective of whether the renewal papers are submitted or not.
5	Bank is entitled to charge and recover interest, various fees, charges as per actuals/ prescribed tariff from the borrower as applicable from time to time.
6	The limits shall be availed within the prescribed time limit as specified in the sanction ticket or within 3 months from the date of communication of sanction which ever is earlier
7	The advance must be used for the purpose for which it is sanctioned. Unless otherwise specified, the working capital limits disbursed are valid for a period of one year from the date of sanction. For any request for renewal/enhancement, application should be made at least three months in advance furnishing all the relevant data as required by Bank.
8	Acceptance of immovable properties offered as security is subject to the unqualified legal opinion of the Bank 's approved lawyer conveying a clear, valid, subsisting and marketable title.
9	Valuation of the property, wherever given as security, should be done by the Bank's approved Engineer/Revenue authorities.
10	In the case of immovable properties given as security the borrower should furnish up-to-date encumbrance certificate showing NIL encumbrance and up-to-date tax paid receipt at the time of documentation. Stamp duty charges for creation of EM to be borne by the applicant / borrower.
11	Immediately on completion of 4 months from the date of creation of Equitable Mortgage, further encumbrance certificate shall be produced. Thereafter, encumbrance certificates and property tax paid receipts shall be produced every year.
12	Securities for one or more facilities shall also stand as additional security for all other facilities granted or to be granted from time to time to the said borrowers, unless specifically waived by the Bank.
13	Fixed assets charged to the Bank shall not be leased / disposed / substituted / re-located / mortgaged / assigned without prior approval of the Bank.
14	All the assets charged to the Bank [except for the assets exempted from insuring in certain loan Products/ Schemes] shall be adequately insured against all attendant risks at the expense of the borrower(s). The insurance policy with Bank clause (viz. Bank as mortgagee, hypothecatee or pledgee as the case maybe) shall be lodged with the Bank. The insurance cover shall be kept in force at all times through prompt renewals and with suitable enhancements to include any increase in the value of securities.
15	Machinery, equipment, vehicles, etc. charged to the Bank should be painted with the

	Bank's name or affixed with the bank's name board. In the premises where stocks hypothecated/pledged to the Bank are stored, Bank name board with specific mention of the branch name should be displayed prominently both inside and outside the premises.
16	Assets charged to the Bank are subject to inspection by Bank's officials from time to time.
17	For working capital facilities against stock etc, monthly stock statement with break up of stocks as required by the Bank is to be submitted. Delayed submission of stock statements / financial statements etc., will attract levy of penal interest as per Bank's rules in force from time to time.
18	All fund based/non-fund based /fee based transactions shall be routed only through the account with our Bank.
19	Interest will be generally charged on the last working day of every month and should be paid as and when charged.
20	Default in payment of interest / instalments on the respective due dates will attract overdue interest on the defaulted amount at 2% over and above the contractual / Maximum interest rates or at such rates as applicable from time to time.
21	Stipulated margin on securities charged to the Bank should be maintained during the currency of the advance.
22	If any default / deterioration occurs in any security charged to the Bank, the liability of the borrower shall become immediately due and payable.
23	Upon Sanction, the duplicate copy of the sanction letter is to be returned duly signed by the borrower / guarantor in token of acceptance of terms and conditions.
24	The Bank is not under any obligation to make further advances or other accommodation to the borrower, unless deemed fit and necessary by the Bank.
25	Changes, if any made to the structure of ownership/management of the borrowing concern shall be promptly informed to the Bank.
26	Besides General Terms and conditions, Scheme-specific / activity-specific terms and conditions will be stipulated in the Sanction Ticket and should be complied by the applicant, based on the nature of facility; constitution of the borrower; purpose; end use; security and nature of charge on the security.
27	For Scheme-specific / activity-specific loans for activities like Small Scale Industries, Cottage Industries, Agriculture, allied activities, Poultry, Minor irrigation, Land Development, Gobar Gas plant, Self Help Group, Crop Loans for specific crops, tie up arrangement details, Personal loan products, consumer articles, vehicles for Commercial / Personal use, Retail Traders, service providers, etc., terms and conditions can be had from the branches separately.
28	The Bank may at its discretion recall the entire advance upon default of a single instalment / interest.
29	In addition to these terms and conditions all the facilities sanctioned shall be subject to the Bank's rules as well as the directives issued by RBI or any other Regulatory Authority from time to time.
30	The Bank reserves to itself the right to cancel / suspend / reduce any or all the limits sanctioned / alter / amend / vary the terms of sanction including rate of interest at its sole discretion without assigning any reason.
31	Bank at its discretion may approve or disallow, drawings beyond the sanctioned limit or honouring cheques issued for the purpose other than specifically agreed to in the credit sanction.
32	Bank may disallow drawing on a borrowal account on its classification as a non-performing asset or on account of non compliance with the terms of sanction.
33.	In case of MTL (except Home Loans), prepayment penalty @ 2% of the drawing Limit or balance outstanding, whichever is higher, to be paid except if prepayment is from internal generation.

SERVICE CHARGES*
(For all credit facility accounts)

1. Processing charges for credit proposals :	
Term Loans	Will be recovered once at the time of initial sanction wherever applicable. 1.15% upfront fee on the limits sanctioned
Operative Working Capital	Will be recovered on sanction and on the due date of renewal of facilities
For Structured Loan Products	Processing charges as per product guidelines
Upto Rs. 25000	Priority – nil
Above Rs.25000 upto Rs.5 lakhs	0.30% with min. of Rs.300
Above Rs. 5 lakhs upto Rs.1 crores	0.28 % with min. of Rs.1500/-
Above Rs. 1 crore upto Rs. 10 crores	0.23% with min. of Rs.28,000/-
Above Rs. 10 crores	0.13% with a min. of Rs.2,30,000/- and max. without ceiling.

2. Inspection Charges for credit Limits :

Limit	Inspection charges (Inclusive of service tax)
For advances upto Rs.5000	Nil
For advances above Rs.5000 and upto Rs.25000	Rs. 5 per inspection per borrower subject to a maximum of Rs.60 per year per borrower
For advances above Rs.25000 and upto Rs. 1 lakh	Rs.100 per inspection subject to a max. of Rs.400 per year per borrower
For advances above Rs.1 lakh and upto Rs.10 lakhs	Rs.300 per inspection subject to a max. of Rs. 1200 per year per borrower
Above Rs. 10 lakhs	Rs.1000 per inspection + actual TA / DA charges
Exemption: Government sponsored loans such as SGSY/PMRY are exempt from the levy of Inspection Charges	N.A.

3. Ledger Folio charges (at the time of annual closing) :

<p>➤ Term/demand loans For Cash credit/Overdraft accounts Priority Sector</p> <p>➤ For accounts with limits upto Rs.50000 ➤ For every additional block of Rs.10000 limit ➤ For consumption of folios in excess of the free entitlement</p> <p>Other Sectors</p> <p>➤ For every block of Rs.10000 limit ➤ For consumption of folios in excess of the free entitlement</p>	<p>➤ Nil</p> <p>➤ 5 pages free per annum ➤ 1 additional page free per annum</p> <p>➤ Rs.70 per page</p> <p>➤ 1 page free per annum ➤ Rs.70 per page</p>
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Note: For computerized accounts 40 entries or part there of will be reckoned as one folio.

4. Cost of Kisan Credit Card (Not exceeding Rs.50/-) to be borne by borrower

5. Credit Guarantee Fund for Micro & Small Enterprises

One time guarantee fee at specified rate- Currently 1.00% in the case of credit facility upto Rs.5 lakh and 1.5% in the case of credit facility above Rs.5 lakh

Annual service fee at specified rate- Currently 0.50% in the case of credit facility upto Rs.5 lakhs and 0.75% in the case of credit facility above Rs.5 lakhs

6. Insurance charges	Actuals
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7. Out-of-Pocket expenses including legal charges, remittances by post:

All out-of-pocket expenses such as pre-sanction and post-sanction visits, recovery visits, valuation fees payable to approved valuers, Fees to Panel Advocates for opinion, sending notices, etc., should be paid by the borrower, as applicable

8. Penal Interest for dues / irregularities:

Upto Rs.25000	NIL
Above Rs.25000	Additional interest @ 2% above the applicable rate

9. Periodicity of charging interest:

As per RBI Master Circular - Interest Rates on Advances (DBOD dated 01.07.2011), banks should charge interest on agricultural advances for long duration crops at annual rests. As regards other agricultural advances in respect of short duration crop and allied agricultural activities such as dairy, fishery, piggery, poultry, bee-keeping etc., banks may take into consideration due dates fixed on the basis of fluidity with borrowers and harvesting / marketing season while charging interest and compounding the same if the loan / instalment becomes overdue. Further, in respect of Short Term advances related to Small and Marginal farmers, banks should ensure that the total interest debited to an account should not exceed the principal amount.

In our bank, for crop loans, interest on simple basis is debited to the account and only on the due date the same is compounded at half yearly rests. In other words, interest on STPL is not compounded till it becomes due.

In case of all agri term loans interest is debited to the account on simple basis at half yearly rest till the instalment become due. However, interest is compounded on due dates as soon as the holiday/gestation period is over.

For Non-agricultural advances, interest will be charged at monthly intervals.

**Service Charges are subject to periodical change*

Service Charges are charged according to the rating of the account.

Any revalidation and / or modification in sanction terms after 15 days from the date of communication of sanction by the bank/branch will attract further processing charges at 25% of the original processing charges stipulated.

Adhoc limit if adjusted beyond 3 months will attract penal interest as per extent guidelines