



Fair Practices Code for Lenders

In terms of Reserve Bank of India's directives and the guidelines of the Banking Codes and Standards Board of India (BCSBI), the basic principles of the Fair Practice Code for Lenders are as under:

- A. To provide professional, efficient, courteous, diligent and speedy services.
- B. Not to discriminate on the basis of religion, caste, sex, descent, financial status, etc.
- C. To be fair and honest in disclosures, dissemination of information and presentation while releasing information to public 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. To render necessary assistance to customers applying for loans.
- F. To attempt in good faith, to resolve any disputes or differences with customers by setting up complaint redressal cells within the organisations.
- G. To comply with all regulatory requirements in good faith.
- H. Information regarding rate of interest, processing fee, service charges, refund of charges, etc. to be levied by the Bank shall be provided to the applicants while giving loan application form, to enable the customer to calculate the all-in cost and compare the charges with other available sources of finance
- I. Acknowledgement of loan application shall be given.
- J. The main reason/reasons for rejection of loan application by the Bank shall be conveyed to the applicants
- K. It is obligatory on the part of the Bank to provide a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers after due execution of the documents as per terms of sanction letter/at the time of disbursement of loans even when no specific request in this regard has been made by the borrower. However, the copies shall be given under acknowledgement only.
- L. Utmost care shall be taken while giving copies of such documents to the borrower to ensure that the documents are not blank/incomplete. It is implied that handling of blank/incomplete loan documents to the borrower and subsequent cutting, corrections, filling up the blank documents etc. will not be legally enforceable as such action post facto will be considered as alteration and be treated as "Null and Void" and will lead to Legal Risk for the Bank. Wherever applicable, the legal audit shall be completed and amendment in existing documents or fresh/additional documents if so, suggested by the legal auditors shall be obtained/completed/executed before handling over copies of the documents to the borrower.
- M. Bank shall adopt code of commitment issued by Banking Codes and Standards Board of India.