

# Code of Bank's Commitment to Micro and Small Enterprises

August 2012



***Union Bank***  
*of India*

*T*his is a Code, reflecting the

bank's positive commitment to its Micro and Small Enterprise (MSE) customers to provide easy, speedy and transparent access to banking services in their day-do-day operations and in times of financial difficulty. This Code is not only a Charter of Rights of the MSE but also enshrines his obligations *vis-a-vis* his bank.



## TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION</b>	<b>2</b>
1.1	Objectives of the Code	2
1.2	Application of the Code	2
<b>2.</b>	<b>KEY COMMITMENTS</b>	<b>4</b>
2.1	Our Key Commitments to you	4
<b>3.</b>	<b>INFORMATION</b>	<b>6</b>
3.1	General	6
3.2	Interest Rates	6
3.3	Tariff Schedule	7
3.4	Terms and Conditions	7
<b>4.</b>	<b>PRIVACY AND CONFIDENTIALITY</b>	<b>8</b>
4.1	Credit Information Companies	9
<b>5.</b>	<b>LENDING</b>	<b>10</b>
5.1	Application	10
5.2	Credit Assessment	11
5.3	Sanction / Rejection	13
5.4	Central Registry	14
5.5	Post Disbursement	14
5.6	Non-Fund Based Facilities	16
5.7	Insurance	16
5.8	Financial Difficulties	16
5.9	Nursing Sick MSEs and Debt Restructuring	17
<b>6.</b>	<b>COLLECTION OF DUES AND POLICY ON SECURITY REPOSSESSION</b>	<b>18</b>
6.1	Collection of Dues	18
6.2	Policy on Collection of Dues and Security Repossession	19
<b>7.</b>	<b>DEPOSIT ACCOUNTS</b>	<b>20</b>
7.1	Account Opening and Operation of Deposit Accounts	21
7.2	Changing your Account	21
7.3	When you open a Deposit Account	22
7.4	Minimum Balance	22
7.5	Charges	22
7.6	Term Deposits	22
7.7	Statements	23
7.8	Dormant/Inoperative Accounts	23
7.9	Closing Your Account	24
7.10	Clearing Cycle / Collection Services	24
7.11	Cash Transactions	24
7.12	Direct Debits and Standing Instructions	24
7.13	Stop Payment Facility	25
7.14	Cheques/Debit Instructions Issued by you	25
7.15	Branch Closure/Shifting	26
7.16	Settlement of Claims in Respect of Deceased Account Holders	26
<b>8.</b>	<b>PROTECTING YOUR ACCOUNTS</b>	<b>26</b>
8.1	Secure and Reliable Banking and Payment Systems	26
8.2	Keeping us up to date	26
8.3	Checking Your Account	26
8.4	Taking Care	27
8.5	Internet Banking	28
8.6	Cancelling Payments	28
8.7	Liability for Losses	29
<b>9.</b>	<b>SERVICES</b>	<b>29</b>
9.1	Foreign Exchange Services	29
9.2	Remittances within India	30
<b>10.</b>	<b>COMPLAINTS, GRIEVANCES AND FEEDBACK</b>	<b>30</b>
10.1	Internal Procedures	30
10.2	Banking Ombudsman Scheme	31
<b>11.</b>	<b>ADVERTISING, MARKETING AND SALES</b>	<b>32</b>
<b>12.</b>	<b>MONITORING</b>	<b>32</b>
<b>13.</b>	<b>GETTING HELP</b>	<b>33</b>
<b>14.</b>	<b>REVIEW OF THE CODE</b>	<b>33</b>
	<b>Annex: Glossary</b>	<b>34</b>

# INTRODUCTION

This is a Code, which sets minimum standards of banking practices for banks to follow when they are dealing with **Micro and Small Enterprises** (MSEs) as defined in the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. It provides protection to you and explains how banks are expected to deal with you for your day to-day operations and in times of financial difficulty.

The Code does not replace or supersede regulatory or supervisory instructions issued by the Reserve Bank of India (RBI) and we will comply with such instructions /directions issued by the RBI from time to time. The provisions of the Code may set higher standards than what is indicated in the regulatory or supervisory instructions and such higher standards will prevail, as the Code represents best practices agreed by us as our commitment to you.

In the Code, 'you' denotes the MSE in India and 'we', the bank that you deal with.

## 1.1 Objectives of the Code

The objectives of the Code are -

- a. To give a positive thrust to the MSE sector by providing easy access to efficient banking **services**.
- b. To promote good and fair banking practices by setting minimum standards in dealing with you.
- c. To increase transparency so that you can have a better understanding of what you can reasonably expect of the services.
- d. To improve our understanding of your business through effective communication.
- e. To encourage market forces, through competition, to achieve higher operating standards.
- f. To promote a fair and cordial relationship between you and us and also ensure timely and quick response to your banking needs.
- g. To foster confidence in the banking system.

The standards of the Code are covered by the key commitments in Section 2.

## 1.2 Application of the Code

As defined in the MSMED Act, 2006, MSEs cover Micro and Small Enterprises engaged in the manufacturing or production or processing

or preservation of goods and those engaged in providing or rendering of services.

Unless it says otherwise, this Code will apply to all the products and services listed below, under current regulatory instructions, whether they are provided by branches, subsidiaries, joint ventures or agents, across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other mode. However, all products discussed here may or may not be offered by us.

- a. **Current accounts**, term deposits, recurring deposits, and all other **deposit accounts**.
- b. Payment services such as payment orders, remittances by way of Demand Drafts and wire transfers, all electronic transactions like Real Time Gross Settlement (**RTGS**), Electronic Funds Transfer (**EFT**), National Electronic Funds Transfer (**NEFT**) or any other mode.
- c. Banking services related to Government transactions.
- d. **Demat accounts, equity, government bonds**.
- e. Indian currency notes exchange facility.
- f. Collection of cheques / instruments, safe custody services.
- g. Loans and other **credit facilities** which include fund based such as cash credit, **overdraft**, cheque and bill purchase/discounting (both inland and foreign), negotiation under reserve of documents tendered under **Letter of Credit** (both inland and foreign) and non fund based such as establishment of inland and /or foreign Letter of Credit (D/P or D/A), issuing of **Guarantee** (both inland and foreign), Inland or foreign bill or cheque for collection, Co-acceptance and avalisation of **bills**, buyer's credit, etc.
- h. Foreign Exchange Services as permitted under Foreign Exchange Management Act (FEMA) / Reserve Bank of India's guidelines including money changing.
- i. Third party insurance and investment products marketed through our branches and/ or our authorized representatives or agents.
- j. **Card** products like **ATM** / Debit/Credit cards, and services.
- k. **Factoring services**.
- l. **Merchant Services**.

The meanings of words in **bold black** have been given in the Glossary.

## 2. KEY COMMITMENTS

### 2.1 Our Key Commitments to you

#### 2.1.1 To act fairly and reasonably in all our dealings with you by

- a. Providing minimum banking facilities of receipt and payment of cash/ cheques at the bank's counter.
- b. Providing speedy and efficient credit and service delivery.
- c. Meeting the commitments and standards in this Code, for the products and services we offer, and in the procedures and practices our staff follow.
- d. Making sure our products and services meet relevant laws and regulations in letter and spirit.
- e. Ensuring that our dealings with you rest on ethical principles of integrity and transparency.
- f. Operating secure and reliable banking and **payment and settlement systems**.
- g. Considering cases of financial difficulty sympathetically (see paragraph 5.8 below).

#### 2.1.2 To help you understand how our Financial Products and Services work by

- a. Giving you information about them in any one or more of the following languages: Hindi, English or the appropriate local language.
- b. Ensuring that our advertising and promotional literature is clear and not misleading.
- c. Ensuring that you are given clear and full information about our products and services, the terms and conditions and the interest rates/service charges, which apply to them.
- d. Ensuring that there is no mis-selling of our products.
- e. Giving you information on the facilities provided to you and how you can avail of these and whom you can contact for addressing your queries and how.

#### 2.1.3 To help you use your Account or Service by

- a. Providing you regular appropriate updates.
- b. Keeping you informed about changes in the interest rates, charges or terms and conditions.

- c. Displaying in our branches for your information:
  - i. The services we provide.
  - ii. Minimum balance requirement for Current Accounts and charges for non-maintenance thereof.
  - iii. Name of the official at the branch whom you may approach if you have a grievance.
  - iv. Name and address of the Zonal/ Regional Manager whom you can approach if your grievance is not redressed at the branch.
  - v. Name and contact details of the **Banking Ombudsman** under whose jurisdiction the branch falls.
  - vi. Information available in booklet form.
- d. We have displayed on our website our policies on
  - i. Cheque Collection
  - ii. Grievance Redressal
  - iii. Compensation
  - iv. Collection of Dues and Security **Repossession**.

#### **2.1.4 To deal quickly and sympathetically when things go wrong by**

- a. Correcting mistakes promptly and cancelling any bank charges that we apply due to our mistake.
- b. Handling your complaints promptly.
- c. Telling you how to take your complaint forward if you are still not satisfied (see paragraph No. 10 below).
- d. Providing suitable alternative avenues to alleviate problems arising out of technological failures in the bank.

#### **2.1.5 To treat all your personal and business information as private and confidential**

We will treat all your personal and business information as private and confidential subject to matters mentioned in paragraph No. 4 below.

#### **2.1.6 To publicise the Code**

We will

- a. Provide you (existing **customer**) with a copy of the Code, free of cost, on request, over the counter or by electronic communication or **mail**.
- b. Provide you (new customer) with a copy of the Code, free of cost, when you open your account.

- c. Make available this Code for perusal at every branch and on our website.
- d. Ensure that our staff is trained to provide relevant information about the Code and to put the Code into practice.

### **2.1.7 To adopt and practice a Non Discrimination Policy**

We will not discriminate on the basis of age, race, gender, marital status, religion or disability, if any, of the promoter/proprietor/partner/s of the enterprise.

## **3. INFORMATION**

You can get information on interest rates, common fees and charges through any of the following

- a. Phoning our branches or help-line.
- b. Looking at our website.
- c. Asking our designated staff/help desk.
- d. Referring to the **Tariff Schedule** (see paragraph 3.3 below), which is available at our branches and on our website.

### **3.1 General**

We will

- a. Give you information on all schemes offered by us specifically for MSEs.
- b. Give you information and explain the key features of our loan and products viz. **cash credit**, term loans, guarantees, **bill discounting/purchase**, off balance sheet items including applicable interest rate, methodology of calculation of interest and fees and charges.
- c. Endeavour to customize the product and service that you choose, to suit your needs.
- d. Tell you if we offer products and services in more than one way (for example, through ATMs, on the Internet, over the phone, in branches and so on) and tell you how to find out more about them.
- e. Tell you what information we need from you to prove your identity and address, for us to comply with legal, regulatory and internal policy requirements.

### **3.2 Interest Rates**

#### **Changes in interest rates**

We will inform you of any change in interest rates on our products within



seven days of the decision either by

- a. Letter;
- b. SMS; or
- c. e-mail

as appropriate to you.

We will also display this information on our website and make it available at our branches, for perusal.

### **3.3 Tariff Schedule**

#### **3.3.1 Fees & Charges**

- a. We will make known to you all charges applicable to the products and services chosen by you like charges leviable for non maintenance of minimum balance, collection of outstation cheques, issue of Demand Drafts and cheque books, account statement, account closure and charges for deposit/withdrawal at ATM locations.
- b. We will ensure that fees and service charges for various services are approved by the bank's Board or any competent authority, having jurisdiction on all branches and duly authorized by the Board to take decisions in this regard and that they would be reasonable and non-discriminatory for similar class of customers.
- c. We will place our Tariff schedule on our website and make a copy available at every branch for your perusal, free of cost.
- d. We will display on our website and in our branches a list of services which are rendered free of charge.
- e. We will also provide you information about the penalties leviable in case of non-observance/violation of any of the terms and conditions governing the product/services chosen by you.
- f. We will not increase charges on account of the branch being upgraded to Core Banking Solutions (CBS).

#### **3.3.2 Changes in Fees & Charges**

If we change / revise any fees or charges or introduce a new fee or charge, it will be notified through statements of accounts /email /SMS alerts / notice board at branches one month prior to the revised charges becoming effective. This information will also be made available on our website.

### **3.4 Terms and Conditions**

- a. We will advise you the relevant terms and conditions for the service you have asked us to provide.

- b. All terms and conditions will be fair and will set out respective rights especially with regard to **nomination facility**, wherever applicable and liabilities and obligations clearly and as far as possible in plain and simple language.

### **3.4.1 Changes to Terms and Conditions**

- a. We will inform you of the changes in terms and conditions by
  - i. Letter;
  - ii. SMS; or
  - iii. e-mail

as appropriate to you.

We will also display this information on our website and make it available at our branches, for perusal.

- b. Normally, changes to terms and conditions will be made with prospective effect giving notice of one month.
- c. If we have made any change without notice we will notify the change within 30 days. If such change is to your disadvantage, you may within 60 days and without notice close your account or switch it without having to pay any extra charges or interest.
- d. If we have made a major change or a lot of minor changes in any one year, we will, on request give you a copy of the new terms and conditions.

## **4. PRIVACY AND CONFIDENTIALITY**

a. We will treat all your personal and business information as private and confidential (even when you are no longer a customer), and shall be guided by the following principles and policies. We will not reveal any information or data relating to your accounts, whether provided by you or otherwise, to anyone, including other companies/entities in our group, other than in the following exceptional cases

- i. If we have to disclose the information as required by law.
- ii. If there is a duty towards the public to reveal the information.
- iii. If our interests and /or any prudent risk mitigating strategy require us to give the information (for example, to prevent fraud). However, we will not use this as a reason for giving information about you or your accounts (including your name and address) to anyone else, including other companies in our group, for marketing purposes.



- iv. If you ask us to reveal the information, or if we have your permission.
- b. If we are asked to give a banker's reference about you, we will need your written permission before we give it.
- c. We will explain to you the extent of your rights under the existing legal framework for accessing the personal records that we hold about you.
- d. We will not use your personal and business information for marketing purposes by anyone including ourselves unless you specifically authorize us to do so.

#### **4.1 Credit Information Companies**

- a. We will explain to you the role of **Credit Information Companies (CIC)** and the effect the information they provide to their members can have on your ability to get credit.
- b. When you open your account, we will pass your account details to CIC/s which include the business /personal debts you owe us as also the conduct of your account and the checks we may make with them from time to time.
- c. Updated information about credit availed from us will be reported by us to the CIC/s on a monthly basis.
- d. Information reported to CIC/s will also include personal debts you owe us even when
  - i. You have fallen behind with your payments
  - ii. The amount owed is in dispute
  - iii. You have made any proposals to repay which we are not satisfied with.
- e. If your loan account has been in default and thereafter regularised, we will take steps to update this information with the CIC/s in the next monthly report.
- f. We shall keep the CIC/s updated of your account details, on a monthly basis, especially when your account becomes 'standard' after a period of being 'sub-standard' and / or immediately after the account is regularized / closed to our satisfaction.
- g. When you apply for credit facility from us, we will on request, and on payment of prescribed fee, furnish you a copy of the credit information obtained by us from the CIC.

## 5. LENDING

- a. Our loan policy will be reflective of the objectives and spirit of the National Policy and the Regulatory Prescription. We will endeavour to provide facilities through a Single Window Mechanism.
- b. We shall place the policy relating to Micro and Small Enterprises on our website and also make it available to you at the branch for perusal. On request we will make available a copy at a nominal charge.
- c. We will display on our website and also make available at our branches a copy of our policy on
  - Lending to the Micro and Small Enterprises
  - Rehabilitation for the Micro and Small Enterprises
- d. We will inform you about salient features including benefits available and charges payable and terms of Credit Guarantee Scheme of CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES which is extended by eligible banks and is popularly known as CGTMSE guarantee scheme for MSEs and which is available at present to new as well as existing Micro and Small Enterprises including Service Enterprises with a maximum credit cap of ` 100 lakh (Rupees One hundred lakh) per borrower, excluding retail trade, educational institutions, training institutes and Self Help Groups (SHGs) as per the said Scheme.
- e. Where a loan is eligible to be covered under any subsidy scheme in force, we will explain to you the features of such scheme and any requirement you will need to fulfill.
- f. We will endeavour to conduct programmes to enhance knowledge on financial management of prospective borrowers.
- g. We shall endeavour to organize meetings of MSE borrowers at periodic intervals as a regular channel for exchange of ideas and suggestions.

### 5.1 Application

We will

- a. Make available, free of cost, simple, standardized, easy to understand, application form(s) for loans.
- b. Provide you with a checklist of documents to be submitted (compliant with legal and regulatory requirements) along with the loan application form to enable you to submit the application complete in all respects. If required, we will assist you in filling up your loan application form.



- c. At the time of making available application form provide you information about the interest rates applicable along with the annualized rates of interest and the fees/charges, if any, payable for processing, pre-payment options and charges, if any, and any other matter which affects your interest, so that a meaningful comparison with those of other banks can be made and informed decision can be taken by you.
- d. Acknowledge, in writing, the receipt of your loan application, whether submitted manually or online, indicating therein the time frame within which the application will be disposed of.
- e. Normally collect all particulars required for processing the application for credit facility at the time of application. In case we need any additional information, we will contact you within seven working days from receipt of application.
- f. At the time of renewal of an existing loan facility, which has been satisfactorily conducted, we will endeavour to obtain from you only those additional information which are already not in our possession.
- g. Give you the Most Important Terms and Conditions (MITC) governing the loan / credit facility approved by us and which may be availed by you.
- h. Endeavour to enable you to know online the status of your application.
- i. Not charge any processing fee for loans up to ` 5 lakh, whether sanctioned or not.
- j. Dispose of your application for a credit limit or enhancement in existing credit limit up to ` 5 lakh within two weeks; and for credit limit above ` 5 lakh and up to ` 25 lakh within 4 weeks; and for credit limit above ` 25 lakh within 8 weeks from the date of receipt, provided your application is complete in all respects and is accompanied by documents as per 'check list' provided.

## **5.2 Credit Assessment**

- a. We will
  - i) Verify the details mentioned by you in your application by contacting you through our staff / agencies appointed by us for this purpose at your business address/ residence.
  - ii) Before lending you any money or increasing your overdraft or borrowing limit/s, we shall carry out proper assessment of your loan application undertaking detailed due diligence and appraisal.

- iii) Satisfy ourselves about the reasonableness of the projections made by you.
- iv) While assessing your credit requirement, take into account the seasonality or cyclical nature of your business and, where required, fix separate peak and non-peak credit limits.
- b. We may require the following information to enable us to make a fair assessment
  - i) Purpose of borrowing.
  - ii) Your business plan.
  - iii) Your business's cash flow, profitability and existing financial commitments supplemented, if necessary, by account statements.
  - iv) Your personal financial commitments.
  - v) How you have handled your finances in the past.
  - vi) Information we get from Credit Information Companies.
  - vii) Ratings assigned by reputed credit rating agencies, if any.
  - viii) Information from others, such as other lenders / creditors.
  - ix) Market reports.
  - x) Any **security** provided or whether CGTMSE guarantee cover is available if the credit requirement is within Rupees One hundred lakh.
  - xi) Any other relevant information.
- c. We will
  - i) Not insist on collateral for credit limits up to ` 10 lakh or up to limits specified by Reserve Bank of India, from time to time.
  - ii) Consider providing collateral free credit limits up to ` 25 lakh if we are satisfied about your track record and financial position being good and sound.
  - iii) Seek your consent to cover the credit facilities sanctioned to you within credit cap of ` 100 lakh (Rupees One hundred lakh) under Credit Guarantee Scheme of CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES and accordingly will not insist on collateral security and / or Third party Guarantee for facilities within a maximum limit of ` 100 lakh (Rupees One hundred lakh) if the facility approved by us is an eligible facility and has been covered under the CGTMSE scheme and for which you have agreed to.



- iv) Provide micro and small enterprises (manufacturing) working capital limits computed on the basis of a minimum of 20 per cent of your projected annual turnover.
- v) Consider your request for suitable enhancement in the working capital limits in cases where the output exceeds the projections or where the initial assessment of working capital is found inadequate and you have provided necessary evidence therefor.

#### **d. Guarantees**

If you want us to accept a guarantee or other security from someone else for your liabilities, we will ask you for your permission to give confidential information about your finances to them or to their legal adviser. We will also

- i. Encourage them to take independent legal advice to make sure that they understand their commitment and the possible consequences of their decision (where appropriate, the documents we ask them to sign will contain this recommendation as a clear and obvious notice).
- ii. Tell them that by giving the guarantee or other security they may become liable as well as you.
- iii. Give a copy of the terms and conditions of the loan sanctioned / loan agreement to the guarantor(s) of the credit facility availed by you.
- iv. Send a copy of the annual statement of account of your term loans / demand loans to the guarantor(s) of the loan.

#### **5.3 Sanction / Rejection**

We will

- a. Not insist on any deposit as 'quid pro quo' for sanctioning credit facility/ies.
- b. While offering you an overdraft, or an increase in your existing overdraft limit tell you if your overdraft is repayable on demand or otherwise.
- c. Put down in writing terms and conditions and other caveats governing credit facilities agreed to and duly certify the same and give you a copy thereof.
- d. Supply, at our cost, authenticated copies of all the loan documents executed by you, with a copy each of all enclosures quoted in the loan document and the list thereof.

- e. Convey in writing the reasons for not acceding to your request for a loan or credit facility.
- f. Follow a rating system, the parameters of which will be shared with you.
- g. Permit pre-payment of fixed rate loans up to ₹ 50 lakh without levying any pre-payment penalty.
- h. Permit prepayment of floating rate loans without levying any pre-payment penalty.
- i. Ensure disbursement of the loan sanctioned within two working days from the date of compliance with all terms and conditions governing such sanction.
- j. Provide you an amortization schedule (schedule of repayment of principal and interest for the duration of the loan).
- k. Ensure periodic review and renewal of facility as per terms and conditions in the sanction letter given to you.

#### **5.4 Central Registry**

When you avail of a loan facility, we will advise you the functioning of the Central Registry and the fact of availability of their records for search by any lender or any other person desirous of dealing with the property.

#### **5.5 Post Disbursement**

We will

- a. Refrain from interference into your business affairs except as may be required in terms of sanction of loan, loan agreement or when new / adverse information comes to our knowledge.
- b. Endeavour to be constructive in our monitoring process and sympathetically deal with genuine difficulties that you may face in your dealings with us.
- c. Require you to inform us of any subsequent credit facility you avail of from any other lending institution.
- d. Obtain following information from you on an ongoing basis:
  - i) A comparison of the forecasts in your business plan with the actual results.
  - ii) Progress on important aspects of your business plan.
  - iii) Annual accounts such as Balance Sheet and Profit and Loss Account and other supporting documents.
  - iv) Age-wise break up of your creditors and debtors and the amounts involved.



- e. Allow drawals against your limits as per usual safeguards.
- f. If your circumstances change, talk to you about any new information we will need from you.
- g. Convey our consent or otherwise within two weeks of receipt of a request for transfer of the borrowal account, either from you or from the bank / financial institution that proposes to take over the account.
- h. Release all securities immediately on repayment of loan and in any case within fifteen days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, we will give due notice with full particulars about the other claims and retain the securities / documents / title to mortgaged property till the relevant claim is settled / paid.
- i. Effect pledges / deliveries on the same day of receiving your request.
- j. Grant you increase in the drawing power within 24 hours of lodgment of security.
- k. Inform you of debits to your account arising out of interest application, fees and charges.
- l. In addition to providing periodical statements for operating accounts, provide you with an annual statement of account of your term loans / demand loans.
- m. Provide you with the loan statement, more often, if required, at a cost which will be indicated in the Tariff Schedule.
- n. Monitor the progress made by you through any or more of the following modes
  - i) Scrutinising periodic statements of stocks you hold.
  - ii) Watching the transactions in your account with us.
  - iii) Visits by either our staff or authorised representative to your premises for verification of the stocks and/or assets financed.
  - iv) Obtain wherever necessary market reports on how your business is going on.
- o. Endeavour to send you a communication through letter / mail or SMS about the status of your account before it becomes an NPA.
- p. Give you notice, sufficiently in advance, if we decide to recall / accelerate payment or performance under the agreement or seek additional securities.

## 5.6 Non-Fund Based Facilities

- a. We may offer **non-fund based facilities** for purchase of capital equipment or raw materials/consumables etc. through issuance, advising, confirmation, negotiation, discounting of Letters of Credit (LCs). Facilities such as Letter of Credit, Guarantees, Collections are governed, besides national laws, by relevant Rules and applicable Publications of International Chamber of Commerce (ICC) published from time to time and you agree to the same.
- b. We may stand as a guarantor for your financial obligations.
- c. We may help you in collection of export bills and domestic outstation trade and service bills.

## 5.7 Insurance

- a. We will inform you if we, as agents of any insurance company, offer any type of insurance.
- b. We will ensure that we have your written consent to avail these insurance products.
- c. In case of securities lodged with us for loans availed by you, we will not insist on your obtaining insurance cover from any particular provider.

## 5.8 Financial Difficulties

How we can help

**5.8.1** We will consider cases of financial difficulty sympathetically and positively. You will usually identify problems first and should let us know as soon as possible. If we become aware of problems, we will let you know in writing. If speed seems to be important, we may try to contact you by phone, fax or e-mail.

**5.8.2** This list gives a few examples of what may concern us, particularly if you do not explain what is happening.

- a. If there is a delay in commencement of commercial production and there is cost overrun etc.
- b. If there is inordinate delay in submission of periodic information like stock statement, renewal data, etc.
- c. If there is high incidence of cheque returns in your Cash Credit / Current Accounts
- d. If you exceed your agreed sanctioned limits frequently.
- e. If there are large increases or decreases in your business turnover without proper clarification from you.

- f. If there is a stoppage/ suspension of work for an unreasonably long time.
- g. If you are incurring loss.
- h. If you suddenly lose a business partner or co-promoter or a key customer or employee.
- i. If you sell a large part of your business.
- j. If you use credit facility/ies for purposes other than those agreed with us or divert the funds for purposes other than intended business.
- k. If you do not service interest at prescribed intervals.
- l. If you fail to adhere to the agreed loan repayment schedule.
- m. If the bills drawn by you on your customers return unpaid frequently.
- n. If you do not honour bills drawn on you by your suppliers frequently.
- o. If guarantees issued by us on your behalf are not honoured by you when invoked.
- p. If your book debts/debtors size is increasing not in consonance with turnover in your account.
- q. If all sales are not routed through your account.
- r. If you do not comply with conditions set out in the loan agreement.
- s. If you do not furnish agreed information on time.
- t. If another creditor brings a winding-up petition or other legal action against your business.

**5.8.3** We will do all we can to help you overcome your difficulties. With your active co-operation, we will develop a plan for dealing with your financial difficulties and we will tell you, in writing, what we have agreed.

**5.8.4** We will endeavour to provide you with credit counseling services so that we can be of help to you in dealing with your financial problems.

**5.8.5 a.** If you are in difficulties, we will work with your advisers, if you ask us to. It is important that you act in good faith, keep us informed about developments, keep to your agreement with us and are prepared to make necessary changes early enough.

**b.** We may ask you for more financial information /commitments to help us work together to understand your problems.

## **5.9 Nursing Sick MSEs and Debt Restructuring**

We will consider a nursing/ debt restructuring programme in case your

borrowal account remains **substandard** for over six months, or your unit is considered to be sick as per the policies of our bank.

For examining your request for rehabilitation / debt restructuring we will

- a. First see whether you are viable / potentially viable.
- b. If you are found to be viable / potentially viable, initiate corrective action for your revival.
- c. In case your unit is potentially viable and is under consortium / multiple banking arrangement, and if we have maximum share of outstanding, work out the restructuring package.
- d. Work out a **rehabilitation package** which will also include your contribution in accordance with RBI stipulations and implement the same within a maximum period of 60 days from the date of receipt of your request.

If we do not think that the rehabilitation plan will succeed, we will explain the reasons why and help you and your advisors consider other options.

If we cannot reach an agreement, we will make it clear why we feel unable to continue to support you and tell you when we will withdraw our support.

### **5.9.1 Settlement of dues**

- a. In case we offer you a One Time Settlement (OTS) for repayment of dues, we will explain to you the details of the offer.
- b. We will spell out, in writing, the terms and conditions of the OTS offered to you.
- c. If the OTS proposal is agreed to, we will explain to you the implications of such settlement on your credit history maintained by the Credit Information Companies (CICs).

## **6. COLLECTION OF DUES AND POLICY ON SECURITY REPOSSESSION**

### **6.1 Collection of Dues**

- a. Whenever we give loans, we will explain to you the repayment process by way of amount, tenure and periodicity of repayment. However if you do not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues which will be given to you at the time of sanction of loan.

- b. The process will involve reminding you by sending you notice or by making personal visits and/ or repossession of security, if any.
- c. In case of default, we may refer the case to the recovery agent. We will inform you that recovery proceedings have been initiated.
- d. On initiating recovery proceedings we will also tell you that in case you have a complaint to make in this regard you may contact our helpline number.
- e. We will investigate your complaints about unfair practices by our recovery agents. In the event of receipt of any complaint from you that the bank's representative / recovery agent has engaged in any improper conduct or acted in violation of the Code, we will investigate the matter and communicate the findings to you within 30 working days from the date of receipt of complaint and wherever justified, compensate you for losses, if any.

## **6.2 Policy on Collection of Dues and Security Repossession**

- a. Our collection policy is built on courtesy, fair treatment and persuasion. We believe in fostering customer confidence and long-term relationship. As part of our policy -
  - i. We will provide you with all the information regarding dues and will endeavour to give sufficient notice for payment of dues.
  - ii. We will write to you when we initiate recovery proceedings against you.
  - iii. We will post details of the recovery agency firms / companies engaged by us on our website.
  - iv. We will also make available, on request, details of the recovery agency firms/companies at our branches.
  - v. Our staff or any person authorized to represent us in collection of dues or/and security repossession will identify himself/ herself and display the authority letter issued by us and upon request display to you his/ her identity card issued by us or under our authority.
  - vi. We will have a system of checks before passing on a default case to collection agencies so that you are not harassed on account of lapses on our part.
- b. All the members of the staff or any person authorised to represent our bank in collection or/and security repossession would be subjected to due diligence and they would follow the guidelines set out below:
  - i. You would be contacted ordinarily at the place of business/

occupation and if unavailable at the place of your business/ occupation at the place of your residence or in the absence of any specified place at the place of your authorised representative's choice.

- ii. Identity and authority to represent would be made known to you at the first instance.
  - iii. Your privacy and dignity would be respected.
  - iv. Interaction with you would be in a civil manner.
  - v. Normally our representatives will contact you between 0700 hrs and 1900 hrs, unless the special circumstances of your business or occupation require otherwise.
  - vi. Your requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
  - vii. Time and number of calls and contents of conversation would be documented.
  - viii. All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
  - ix. During visits to your place for dues collection, decency and decorum would be maintained.
  - x. Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/visits to collect dues.
- c. We will follow a Security Repossession Policy in consonance with the law. A copy of the policy will be displayed on the website and made available on request.

## **7. DEPOSIT ACCOUNTS**

- a. You may open different type of accounts with us such as current accounts, term deposits, etc.
- b. The above may be opened by you with nomination facility, wherever it is permitted.
- c. We will explain the implications of the foregoing accounts as also the nomination facilities at the time of opening of the account.
- d. We will also inform you about liquid deposit facility, sweep account and similar types of products offered by us and their implications

and procedures involved at the time of opening of account wherever applicable/ admissible.

## **7.1 Account Opening and Operation of Deposit Accounts**

Before opening any deposit account, we will

- a. Carry out due diligence as required under “Know Your Customer” (KYC) guidelines.
- b. Ask you to submit or provide necessary documents or proof to do so.
- c. Obtain only such information to meet with KYC, Anti Money Laundering or any other statutory requirements. In case any additional information is asked for, it will be sought separately and we will specify the objective of obtaining such additional information. Providing such information will be voluntary unless required by law.
- d. Provide the account opening forms and other material to you. The same will contain details of essential information required to be furnished and documents to be produced for verification and/or for record for meeting the KYC requirements.
- e. Explain the procedural formalities and provide necessary clarifications sought by you while opening a deposit account.
- f. Give you the Most Important Terms and Conditions (MITC) governing the deposit facility you have availed.
- g. At the time of opening of the account, make available to you the details of the insurance cover in force under the insurance scheme, subject to certain limits and conditions offered by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC).

## **7.2 Changing your Account**

- a. If you decide to close your current account we will close your account within three working days of receiving your instructions.
- b. If you want to transfer your account to another branch of our bank we will do so. Your account at the new branch will be operationalised within one week of receiving your request, subject to your complying with the required KYC formalities at the new branch. We will intimate you as soon as the account is operationalised. The new branch will be provided with information on your standing instructions/direct debits, if any.
- c. We will cancel / refund any bank charges you would have to pay as a result of any mistake or unnecessary delay by us when you transfer your current account to or from us.

## **7.3 When you open a Deposit Account**

We will

- a. Inform you about number of transactions, cash withdrawals etc., that can be done free of charge within a given period.
- b. Inform you about the kind of charges, if any, in case of exceeding such limits. Details of the charges will be included in the Tariff Schedule.
- c. Inform you of the rate at which interest is paid on your deposits, how it is calculated and its periodicity.

## **7.4 Minimum Balance**

For deposit products like Current account or any other type of Deposit account, we will inform you

- a. About minimum balances to be maintained as part of terms and conditions governing operation of such accounts.
- b. About charges which will be levied in case of failure to maintain minimum balance in the account by you. Details of the other charges to be levied will be included in the Tariff Schedule.
- c. Of any change in minimum balance to be maintained 30 days in advance. During this notice period, we will not charge you for non-maintenance of higher minimum balance prescribed.

## **7.5 Charges**

Specific charges for issue of cheque books, additional/ duplicate statement of accounts, duplicate pass book, copies of paid cheques, folio charges, debit card, ATM card, verification of signature, return of cheque for insufficient balance, change in mandate or style of account, stop payment, standing instructions/cancellations thereof etc., will be included in our Tariff Schedule. Concessions or relief given will not be withdrawn during the original validity period of the concession/relief. (Please see para 3.3 above).

## **7.6 Term Deposits**

### **7.6.1 Renewal of Deposits**

- a. We will obtain instruction from you for disposal of your deposits at maturity in the application form.
- b. Where there are no instructions on disposal of deposits at maturity, we will inform you in advance through letter / mail / SMS about impending date of maturity.



- c. We will also tell you the interest rate applicable for the deposit to be renewed.

### **7.6.2 Premature withdrawal of Term Deposits**

We will

- a. Inform you the procedure for withdrawal of Term Deposit before maturity.
- b. Disclose the interest rates policy for premature withdrawal of term deposit.

### **7.6.3 Renewal of Overdue Term Deposits**

We will tell you the interest rate applicable in case you renew the deposits after the date of maturity.

### **7.6.4 Advances against Deposits**

We will explain facility of loan/overdraft available against term deposits.

## **7.7 Statements**

- a. To help you manage your account and check entries in it, we will mail you a monthly statement of account, unless this is not appropriate for the type of account you have (like an account where you have a passbook). We may provide statement by e-mail, or through our secure Internet banking service, if you so desire, provided we have such facility with us.
- b. You can ask us to provide you with account statements more often than is normally available on your type of account, at a charge. This charge will be indicated in the Tariff Schedule.
- c. You will be able to see your last few transactions at the counter. You will also be able to see the transactions on ATM or through your Internet account wherever such facilities are available with us.

## **7.8 Dormant/Inoperative Accounts**

We will

- a. Tell you when you open your account, the circumstances under which your account will be classified as inoperative / dormant. You will also be informed at least three months before your account is classified as inoperative / dormant or treated as unclaimed account and the consequences thereof.
- b. Tell you the procedure to be followed if you want to activate the account.
- c. We will not charge you for reactivation of the inoperative account.

## 7.9 Closing Your Account

Under normal circumstances, we will not close your account without giving you at least 30 days notice. Examples of circumstances, which are not 'normal', include **improper conduct of account** etc. In all such cases, you will be required to make alternate arrangements for cheques already issued by you and desist from issuing any fresh cheques on such account.

## 7.10 Clearing Cycle / Collection Services

We will

- a. Tell you about the clearing cycle for local instruments and the outstation instruments including details such as, when you can withdraw money after lodging collection instruments and when you will be entitled to earn delayed interest as per our **Cheque Collection Policy** which is available on our website and also available for perusal at the branch.
- b. Pay you compensation as per our cheque collection policy/**compensation policy** for any delay in collection of instruments, without waiting for a demand from you.
- c. Provide details, if we offer immediate credit for outstation cheques including the applicable terms and conditions, such as the limit up to which instruments tendered by you can be credited, operating accounts satisfactorily etc.
- d. Proceed as per our cheque collection policy and provide all assistance to you to obtain a duplicate cheque/instrument in case a cheque/ instrument tendered by you is lost in transit.
- e. Give the above information when you open your account and whenever you ask us. If there is any change in our policy, the revised policy will be displayed on our website and at all our branches.

## 7.11 Cash Transactions

- a. We will accept cheques/ cash and dispense cash at counters wherever your account is maintained.
- b. We will exchange soiled/mutilated notes and/ or small coins at such of our branches as per RBI Directives.
- c. For transactions above a specified amount we may require you to furnish your **PAN**.

## 7.12 Direct Debits and Standing Instructions

We will

- a. At the time of opening the account tell you how direct debits/

standing instructions work and how you may record/cancel them and the charges connected with them. Charges will be levied as per the Tariff Schedule as amended from time to time.

- b. Act upon mandates given by you for direct debits [say **Electronic Clearing Service (ECS)**] and other standing instructions. In case of any delay or failure in executing the mandate resulting in financial loss or additional cost, we will compensate you as per the Compensation Policy. Our Compensation Policy is available on our website. If the mandate cannot be executed due to insufficient balance in your account, we will levy charges as per the Tariff Schedule as amended from time to time.
- c. Refund your account with interest as soon as it is determined that it is unauthorisedly /erroneously debited from your account and compensate you as per the compensation policy of the bank.

### 7.13 Stop Payment Facility

We will

- a. Accept stop payment instructions from you in respect of cheques issued by you. Immediately on receipt of your instructions we will give acknowledgement and take action provided these cheques have not already been cleared by us.
- b. Include in the Tariff Schedule any charges that may be levied for action on stop payment instructions.
- c. Compensate you as per the compensation policy of the bank if a cheque has been paid after stop payment instructions are acknowledged.

### 7.14 Cheques/Debit Instructions Issued by you

We will

- a. Keep original cheques/debit instructions paid from your account or copies or images of the same, for such periods as required by law.
- b. Give you the cheque /debit instruction or a copy thereof as evidence as long as records are available with us. If there is a dispute about a cheque paid/debit from your account, in case the request is made within a period of one year from the date of cheque / debit instruction, no charge will be levied and beyond a period of one year from the date of cheque / debit instruction charges will be levied as per the Tariff Schedule.
- c. Tell you how we will deal with **unpaid cheques** and **out-of-date [stale] cheques**. We will charge for the cheques returned unpaid. The details of charges to be levied will be included in the Tariff Schedule as amended from time to time.

### 7.15 Branch Closure/Shifting

If we plan to close our branch or if we move our branch, we will give you

- a. Notice of two months if there is no other branch of any bank functioning at your centre or if we are not able to continue to provide banking services to you.
- b. Notice of one month in all other cases
- c. In case we shift the branch, we will inform you of the address of the new location of our branch.
- d. We will inform you of any change in the timings of the working of the branch.

### 7.16 Settlement of Claims in Respect of Deceased Account Holders

We will follow a simplified procedure for settlement of accounts of **deceased account** holders and to the extent as may be applicable to MSEs, we will abide by the provisions of Code of Bank's Commitment to Customers.

## 8. PROTECTING YOUR ACCOUNTS

### 8.1 Secure and Reliable Banking and Payment Systems

We will function as part of the banking system so that you enjoy secure and reliable banking and payment systems. We will install CCTV, where necessary, for close surveillance as part of security arrangements.

### 8.2 Keeping us up to date

Please make sure you let us know as soon as possible when you change your

- a. Name, constitution (including change in Partners/Directors).
- b. Address.
- c. Phone number.
- d. E-mail address (if this is how we communicate with you).

### 8.3 Checking Your Account

- a. We recommend that you check your statement or passbook regularly. If there is an entry, which seems to be wrong, you should tell us as soon as possible so that we can investigate the same. Regular checks on direct debits and standing instructions will help you be sure the money is going where you want it to.
- b. If we need to investigate a transaction on your account, you should co-operate with us and with the police/ other investigative agencies if we need to involve them.

## 8.4 Taking Care

The care of your cheques, passbook, cards, **PINs, passwords and other security information** by you, is essential to help prevent fraud and protect your accounts. Please make sure that you follow the advice given below.

### a. **Do not**

- i) Keep your cheque book and ATM/debit /credit cards together.
- ii) Sign and keep blank cheque leaves.
- iii) Write down or record your PIN, password or other security information.
- iv) Give your account details, password, card, PIN or other security information to anyone.

### b. **Always**

- i) Write clearly the name of the person you are paying the cheque to, if you send cheque through the post, it will help to prevent fraud. We will recommend that you write such cheques for instance with carbon paper on the reverse to avoid chemical alterations.
  - ii) Choose your new PIN carefully, if you change your PIN.
  - iii) Memorize your PIN, password and other security information and destroy the written communication, if any, of the same as soon as you receive it.
  - iv) Take **reasonable** steps to keep your card safe in your personal custody and your PIN, password and other security information secret at all times.
  - v) Keep your card receipts safe and dispose them of carefully.
  - vi) Write on the cheque the name of the account holder (ABC Bank Account - XYZ) if you are paying a cheque into a bank account. You should draw a line through unused space on the cheque so unauthorized person cannot add extra numbers or names.
- c. In the event your cheque book, or ATM/Debit /Credit card has been lost or stolen, or that someone else knows your PIN or other security information, we will, on your notifying us, take immediate steps to try to prevent these from being misused.
- d. It is essential that you tell us as soon as you can if you suspect or discover that your cheque book, card has been lost or stolen or someone else knows your PIN, password or other security information.

- e. You could tell us about the loss by phone at our 24 hour toll free number given to you and send us a written confirmation to that effect immediately. Alternatively, you may advise us by email to the address we have given you for this purpose.
- f. You may be liable for any misuse until the time that we have been notified.

## **8.5 Internet Banking**

Online banking is safe and convenient as long as you take a number of simple precautions.

**Please make sure you follow the advice given below.**

- a. Visit our Internet banking site directly. Avoid accessing the site through a link from another site or an email and verify the domain name displayed to avoid spoof websites.
- b. Ignore any e-mail asking for your password or PIN and inform us of the same for us to investigate the same. Neither the police nor we will ever contact you to ask you to reveal your online banking or payment card PINs, or your password information.
- c. We advise you not to use cyber cafés /shared PCs to access our Internet banking site.
- d. We advise you to update your PC with latest anti-virus and spy ware software regularly. You may install security programmes to protect against hackers, virus attacks or malicious 'Trojan Horse' programmes. A suitable firewall installed in a computer to protect your PC and its contents from outsiders on the Internet is recommended.
- e. Disable the 'File and Printing Sharing' feature on your operating system.
- f. Log off your PC when not in use.
- g. Do not store your ID/PIN in the Internet Explorer Browser.
- h. Check your account and transaction history regularly.
- i. Follow our advice – our websites are usually a good place to get help and guidance on how to stay safe online.

## **8.6 Cancelling Payments**

If you want to cancel a payment or series of payments you have authorized, you should do the following

- a. To stop payment of a cheque or cancel standing instruction given, or a direct debit you must tell us in writing.



- b. To cancel a direct debit, you inform us. We recommend that you inform the **originator** of the direct debit also.
- c. It may not be possible to cancel payments if you do not give notice of your decision to cancel.

### **8.7 Liability for Losses**

- a. If you act fraudulently, you will be responsible for all losses on your account.
- b. If you act without reasonable care, and this causes losses, you may be responsible for them.
- c. Unless you have acted fraudulently or without reasonable care, your liability for the misuse of your card will be limited to the amount stipulated in the terms and conditions governing the issue of the card.
- d. You may be liable for misuses on account of loss of your PIN or compromise of your password or of other secured information until the time that we have been notified.

## **9. SERVICES**

### **9.1 Foreign Exchange Services**

- a. When you buy or sell foreign exchange, we will give you information on the services, details of the exchange rate and other charges which apply to foreign exchange transactions. If this is not possible, we will tell you how these will be worked out.
- b. If you want to transfer money abroad, we will tell you how to do this and will
  - i) Guide you about regulatory requirements or conditions as and when requested by you.
  - ii) Give you a description of the services and how to use them.
  - iii) Give details of when the money you have sent abroad should get there and the reasons for delays, if any.
  - iv) Give the exchange rate applied when converting to the foreign currency (if this is not possible at the time of the transaction, we will let you know later what the rate is).
  - v) Give details of any commission or charges, which you will have to pay and a warning that the person receiving the money may also, have to pay the foreign bank's charges.

- vi) Tell you if the information provided by you for making a payment abroad is adequate or not. In case of any discrepancies or incomplete documentation, we will advise you immediately and assist you to rectify/complete the same.
- c. For any inward remittances we will
  - i) Tell you the original amount received and charges, if any, levied if money is transferred to your bank account from abroad. If the sender has agreed to pay all charges, we will not take any charges when we pay the money into your account.
  - ii) In case of delay beyond the day when the amount is due for credit, compensate you (a) for any loss on account of interest for due period beyond the due date and (b) also for adverse movement of forex rate as per the compensation policy of the bank which is available on our website, without waiting for a demand from you.
- d. We will issue all certificates required to be issued under regulatory/ statutory instructions free of charge.

## **9.2 Remittances within India**

If you want to remit money within India we will inform you how to effect and will

- a. Give description of services and how to use them.
- b. Suggest to you the best way to send the money to suit your needs.
- c. Disclose the details of all charges including commission that you will have to pay for the service as per the Tariff Schedule as amended from time to time.
- d. In case of any delay, compensate you as per the compensation policy of the bank for the loss/additional expenses incurred by you, without waiting for a demand from you.

# **10. COMPLAINTS, GRIEVANCES AND FEEDBACK**

## **10.1 Internal Procedures**

- a. If you want to make a complaint, we will tell you
  - i) How to do this.
  - ii) Where a complaint can be made.
  - iii) When to expect a reply.



- iv) Whom to approach for redressal.
- v) What to do if you are not happy about the outcome.
- b. Our staff will help you with any questions you have.
- c. We will tell you where to find details of our procedure for handling complaints fairly and quickly. We will also place on our website our Grievance Redressal Policy.
- d. We will display the name of the official at the branch whom you may approach if you have a grievance. If your complaint is not resolved at the branch level, you may approach our Regional Manager / Zonal Manager at the address displayed at the branch.
- e. If your complaint has been received in writing, we will endeavour to send you an acknowledgement/ a response within a week. If your complaint is relayed over phone at our designated telephone helpdesk or customer service number we shall provide you a complaint reference number and keep you informed of the progress within a reasonable period of time.
- f. After examining the matter, we will send you our final response or explain why we need more time to respond and shall endeavour to do so within thirty days of receipt of your complaint and will tell you how to take your complaint further if you are still not satisfied.

## **10.2 Banking Ombudsman Scheme**

- a. We will display on our website and in all our branches a notice explaining that we are covered by the Banking Ombudsman Scheme, 2006 of the Reserve Bank of India. Copy will be made available on request at a nominal charge.
- b. Within 30 days of lodging a complaint with us, if you do not get a satisfactory response from us and you wish to pursue other avenues for redressal of grievances, you may approach Banking Ombudsman appointed by Reserve Bank of India under Banking Ombudsman Scheme, 2006. Salient features of the Banking Ombudsman Scheme are displayed in the branch notice boards and the scheme itself is displayed on our website. Our staff would explain the procedure in this regard.

**10.3** We will put in place guidelines for a system of customer satisfaction audit to ascertain the level of implementation of the provisions of the Code and customer satisfaction.

## **11. ADVERTISING, MARKETING AND SALES**

- a. We will make sure that all advertising and promotional material is clear and not misleading.
- b. In any advertising in any media and promotional literature that draws attention to a banking service or product and includes a reference to an interest rate, we will also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
- c. If we avail of the services of third parties for providing support services, we will require that such third parties handle your personal and business information (if any available to such third parties) with the same degree of confidentiality and security as we would.
- d. We will ensure that any third party or agent acting on our behalf or selling our product complies with the Code in respect of all products and services covered by the Code.
- e. We may, from time to time, communicate to you new features of our products availed by you. Information about our other products or promotional offers in respect of our products/services, will be conveyed to you only if you have given your consent to receive such information/ service either by mail or by registering for the same on our website or on our phone banking/customer service number.
- f. We have prescribed a code of conduct for our Direct Selling Agencies (DSAs) whose services we may avail to market our products/ services which amongst other matters requires them to identify themselves when they approach you for selling our products personally or through phone.
- g. In the event of receipt of any complaint from you that our representative/courier or DSA has engaged in any improper conduct or acted in violation of this Code, we shall take appropriate steps to investigate and to handle the complaint and to make good the loss, as per our compensation policy without waiting for a demand from you.

## **12. MONITORING**

The Banking Codes and Standards Board of India monitors the Code.

## 13. GETTING HELP

If you have any enquiries about the Code, you should contact us at our designated telephone helpdesk or customer service number or contact the Indian Banks' Association at the following address:

Indian Banks' Association

Centre 1, World Trade Centre, Cuffe Parade, Mumbai - 400 005

Tel. No. : 022- 2217 4040

Fax : 022- 2218 4222

Website : [www.iba.org.in](http://www.iba.org.in)

Or, contact the Banking Codes and Standards Board of India at

Reserve Bank of India Building,

C-7, 4th Floor, Bandra Kurla Complex, Mumbai - 400 051

Telephone : 022-2657 3724 / 2657 3371;

Fax : 022- 2657 3719

Email : [help.bcsbi@rbi.org.in](mailto:help.bcsbi@rbi.org.in)

Website : [\*\*www.bcsbi.org.in\*\*](http://www.bcsbi.org.in)

**13.1** We will have notices in all our branches and on our website explaining that copies of the Code are available and how you can get one and that we will make a copy available to you on request.

## 14. REVIEW OF THE CODE

This Code will be reviewed every two years. The review will be undertaken in a transparent manner.

## Annex: Glossary

### ATM

An automated teller machine (ATM) is a machine in which a customer can use his card along with PIN to get cash, information and other services.

### Bank Guarantee

**Bank guarantee** is a promise by a bank on behalf of its customer to a third party to pay an amount specified in the guarantee deed in case the customer fails to perform the obligation as stipulated in the deed.

### Banking Ombudsman

Banking Ombudsman is an independent dispute resolution authority set up by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services.

### Bills

Bills are financial negotiable instruments such as Bills of Exchange or Promissory Notes. Bill of Exchange is issued by a seller to his buyer directing him to make payment for the goods supplied/ services rendered. Bill in the form of a promissory note is issued by a buyer to his seller undertaking to make payment for the goods received/ services rendered.

### Bill Purchase / Discounting

Bill purchase / discounting are modes of extending credit to the seller of goods who has raised demand / usance bill of exchange. Demand bills are purchased and usance bills are discounted.

### Card

Card is a general term for any plastic card, which a customer may use to pay for goods and services or to withdraw cash. In this Code, it includes ATM/ Smart/Debit/Credit cards.

### Cash Credit/Overdraft

Cash credit/overdraft is a form of credit facility in which a borrower is sanctioned a pre- arranged limit with the freedom to borrow as much money as he requires. In case of flow of credit to the account, he can withdraw afresh subject to the limit sanctioned. As such, the limit works as a revolving line of credit. Bank charges interest on the outstanding balances.

### Cash losses

**Cash losses** mean net losses minus depreciation.

### Cheque Collection Policy

Cheque Collection Policy refers to the policy followed by a bank in respect of various local and outstation cheques and instruments deposited with the

bank for credit to an account. The policy inter alia deals with

- Cheque purchase requests
- Time frame for credit of cheques
- Payment of interest in case of delay in collection of cheques
- Instant credit of local and outstation cheques
- Cheque instruments lost in transit

### **Compensation Policy**

Compensation Policy refers to the policy followed by a bank for compensating its customers for the financial losses incurred by them (the customers) due to the acts of omission or commission on the part of the bank.

### **Credit facilities/ Bank Loan**

Credit facilities from the bank may be in the form of a term loan or in the form of overdraft or cash credit that is extended by a bank to its customer for a specified period and he is charged interest on the outstanding balances.

### **Credit Information Companies (CICs)**

Credit Information Companies are companies formed and registered under the Companies Act, 1956 and which have been granted a Certificate of Registration by the Reserve Bank. These companies are empowered to collect data on credit from credit institutions who are its members and disseminate the same after analysis, to its members and specified users.

### **Current Account**

A form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount.

### **Customer**

An MSE or its authorised representative who has an account with a bank or who avails of other products/ services from a bank.

### **Deceased account**

A Deceased account is a deposit account in which case either the single account holder has deceased or in case of joint accounts one or more of joint account holders has/have deceased.

### **Demat accounts**

A Demat account refers to dematerialised account and is an account in which the stocks of investors are held in electronic form.

### **Deposit Accounts**

- “Savings deposits” means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period.

- “Term deposit” means a deposit received by the bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring/Short Deposits/Fixed Deposits/ Monthly Income Certificate/Quarterly Income Certificate etc.
- “Notice Deposit” means term deposit for specific period but withdrawable on giving at least one complete banking day’s notice.

### **Electronic Clearing Service**

The Electronic Clearing Service (ECS) is an online transmission system which permits the electronic transmission of payment information by the banks/branches to the Automated Clearing House (ACH) via a communication network.

### **Electronic Funds Transfer**

Electronic Funds Transfer (EFT) is a scheme introduced by RBI to help banks to offer their customers facility of transfer of funds from account to account from one bank branch to another in places where EFT service is available.

### **Equity**

Equity means a part of capital of a corporate entity that is represented by the shares of the company whether in physical or dematerialised form.

### **Factoring**

Factoring is a financial option for the management of receivables. It is the conversion of credit sales into cash.

### **Government bond**

Government bond means a security, created and issued by the Central or State Government for raising a public loan.

### **Guarantee**

A promise given by a person.

### **Improper conduct of account**

Issuing of cheque on the account without sufficient balance in the account; frequent returns of inward / outward cheques in the account; account has been overdrawn, or the account holder has exceeded its agreed credit limit; non compliance of KYC procedure; fraud/malefeasance or fraudulent intention exhibited by the customer; suspicious transactions/ engagement in money laundering activity under the scope of PMLA Act, 2002 etc. are instances of improper conduct of account.

### **Letter of Credit**

A letter of credit is a document issued by a bank, which usually provides an irrevocable undertaking for payment to a beneficiary against submission of documents as stated in the Letter of Credit.



## **Mail**

Mail is a letter in a physical or electronic form.

## **Merchant Services**

Merchant services generally refer to merchant accounts allowed to trading and service establishments for acceptance of payments through credit/ debit cards. The cards may be accepted over the counter through card terminals i.e. Point of Sale (POS) machines or over phone or through internet.

## **Micro and Small Enterprises**

Micro and Small Enterprises are those enterprises engaged in manufacturing or rendering services.

A micro enterprise is defined as:

An enterprise engaged in the manufacture or production of goods pertaining to any industry where the investment in plant and machinery does not exceed ` 25 lakh

or

An enterprise engaged in rendering services where investment in equipment does not exceed ` 10 lakh.

A small enterprise is defined as :

An enterprise engaged in manufacture or production of goods pertaining to any industry where the investment in plant and machinery is more than ` 25 lakh but does not exceed ` 5 crore

or

An enterprise engaged in rendering services where investment in equipment is more than ` 10 lakh but does not exceed ` 2 crore.

## **National Electronic Funds Transfer**

National Electronic Funds Transfer (NEFT) system is a nation-wide funds transfer system to facilitate transfer of funds from one bank branch to any other bank branch in the country.

## **Net worth**

**Net worth** means sum of Capital and free reserves minus accumulated losses.

## **Nomination Facility**

The nomination facility enables the bank to: make payment to the nominee of a deceased depositor, of the amount standing to the credit of the depositor, return to the nominee, the articles left by a deceased person in the bank's safe custody, release to the nominee of the hirer, the contents of a safety locker, in the event of death of the hirer.

## Non-Fund based facility

Non-fund based facilities are such facilities extended by banks which do not involve outgo of funds from the bank when the customer avails the facilities but may at a later date crystallise into financial liability if the customer fails to honour the commitment made by availing these facilities. Non-fund based facilities are generally extended in the form of Bank Guarantees, Acceptances and Letters of Credit.

## Non Performing Asset

A **Non Performing Asset** (NPA) is a loan or an advance where

- i) interest and/ or installment of principal remain **overdue** for a period of more than 90 days in respect of a term loan.
- ii) the account remains '**out of order**' in respect of an Overdraft/Cash Credit (OD/CC).
- iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased or discounted.

## Originator

An organisation which collects payments from a customer's account in line with customer's instructions.

## Other Security Information

A selection of personal facts and information (in an order which the customer knows), which may be used for identification when using accounts.

## Out-of-date (stale) cheque

A cheque, which has not been paid because the date written on the cheque is a date exceeding three months from the time of its presentation.

## 'Out of Order' status

An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

## Overdue

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

## PAN

The Permanent Account Number (PAN) is an all India unique Number having ten alphanumeric characters allotted by the Income Tax Department,





Government of India. It is issued in the form of a laminated card. It is permanent and will not change with change of address of the assessee or change of Assessing Officer.

### **Password**

A word or a set of numbers or an alphanumeric combination for an access code, which the customer has chosen, to allow him to use a phone or Internet banking service. It is also used for identification.

### **Payment and Settlement System**

Payment and Settlement System means financial system creating the means for transferring money between suppliers and user of funds usually by exchanging debits or credits among financial institutions.

### **PIN**

A confidential number, use of which along with a card allows customers to pay for articles/services, withdraw cash and use other electronic services offered by the bank.

### **Real Time Gross Settlement**

The acronym 'RTGS' stands for Real Time Gross Settlement. RTGS system offers the fastest means of transfer of funds through banking channel. Settlement of transactions under RTGS takes place on one- to-one basis, which is termed as 'Gross' settlement and in 'real time' i.e. without any waiting period.

### **Reasonable**

Governed by or being in accordance with reason and sound thinking; being within the bounds of common sense; not excessive or extreme.

### **Repossession**

Repossession is the process by which a creditor with a loan secured on house or goods (e.g. car) takes possession of the security, if the debtor does not repay as per the terms of the loan agreement.

### **Rehabilitation Package**

Rehabilitation package is the package drawn for the rehabilitation of a **sick unit**. The package has to be drawn in accordance with the RBI stipulations and it usually consists of

- i) Working Capital with relaxation in the rate of interest in terms of regulatory guidelines
- ii) Funded Interest Term Loan
- iii) Working Capital Term Loan
- iv) Term Loan
- v) Contingency Loan Assistance

## **Smart Cards**

A smart card is a plastic card about the size of a credit card, with an embedded microchip which can process data. It provides a secure way of identification, authentication and storage of data. It can be used for telephone calling, electronic cash payments, and other applications.

## **Security**

Represents assets used as support for a loan or other liability. In the event of the borrower defaulting on the loan, the lender bank can claim these assets in lieu of the sum owed.

Primary security is the asset created out of the credit facility extended to the borrower and / or which is directly associated with the business / project of the borrower for which the credit facility has been extended.

Collateral security is any other security offered for the said credit facility. For example, hypothecation of jewellery, mortgage of house etc.

## **Services**

- i) In respect of small and micro service enterprises, services refer to small road and water transport operators, small business, professional and self-employed persons, and all other service enterprises.
- ii) Services rendered by the banks include various facilities like remittance (issue of DDs, MTs, TTs etc), receipt and payment of cash, exchange of notes and foreign exchange etc. provided by the banks to the customers.

## **Sick Unit**

Sick unit refers to a unit whose account has remained substandard for more than six months or there has been erosion in net worth due to accumulated cash losses to the extent of 50% of the net worth during the previous accounting year and the unit has been in commercial production for at least two years.

## **Substandard**

A substandard asset would be one, which has remained NPA for a period less than or equal to 12 months.

## **Tariff Schedule**

The schedule containing charges levied by a bank on the products and services offered by it to its customers.

## **Unpaid Cheque**

This is a cheque, which is returned 'unpaid' (bounced) by the drawee bank.



