

ANDHRA PRADESH GRAMEENA VIKAS BANK

(Sponsored by State Bank of India)

HEAD OFFICE : WARANGAL

Andhra Pradesh Grameena VikS Bank Fair Lending Practices Code

1. PREAMBLE

Scope:

1(a) Andhra Pradesh Grameena Vikas Bank Fair Lending Practices Code (APGVBFLLPC) is a voluntary code adopted by our Bank, which aims to achieve synchronization of best practices while dealing with Customers in India. It aims to provide valuable inputs to Customers and facilitates effective interaction of customers with us.

Extent:

1 (b) APGVBFLLPC contains 8 important declarations from us, the spirit of which pervades the entire Fair Practices Code prescribed by RBI.

2. Important declarations:

Our Bank declares and undertakes

- ❖ To provide professional, efficient, courteous, diligent and speedy services in the matter of retail lending
- ❖ Not to discriminate on the basis of religion, caste, sex, descent or any of them
- ❖ To be fair and honest in advertisement and marketing of Loan Products.
- ❖ To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- ❖ If sought, to provide such assistance or advice to customers applying for loans.
- ❖ To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the organizations.
- ❖ To comply with all the regulatory requirements in good faith.
- ❖ To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representations 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/her 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 and 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.
- f) In order to bring more transparency in regard to information on fee/charges, at the time of discussions on the loan proposal with the prospective borrower and handing over the loan application form, the prospective borrower will be thoroughly informed about all fee/charges i.e. 'all-in cost' applicable to each type of loan product. Also, the customer will be informed about the Bank's website wherein the charges applicable to all types of loan products viz. the Interest rate, processing fee, other charges etc. are displayed. This would enable the prospective borrower to make a comparison of fee/other charges with other Banks and to take a judicious decision in the matter.

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) Through prominent display in the branches and at other delivery points
- c) 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.

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 makes 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 7** working days from the date of change.

3.4 Default Interest/Penal Interest

- a) 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 generally in respect of Bank's products by displaying at branch notice board and also bank website..
- c) Any revision in charges would be notified in advance and would also be made available in the bank website and be displayed at the branch notice board.

3.6 Terms and Conditions for Lending:

- a) Our Bank would ordinarily give an acknowledgement of receipt of loan request 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 product or service of his choice.
- b) 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.
- c) Loan Application forms; Draft, documents 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) In case of all categories of loans irrespective of any threshold limits, including credit card applications, the bank would convey in writing the main reason/ reasons, which in the opinion of the bank, have led to rejection of the loan applications.
- e) Before disbursement of loan and on immediate execution of the loan documents, our Bank would deliver a copy of the duly executed documents to the customers.
- f) As far as possible, the loan agreement would clearly stipulate that credit facilities are solely at the discretion of lenders. These may include approval or disallowance of facilities, such as, drawings beyond the sanctioned limits, honouring cheques issued for the purpose other than specifically agreed to in the credit sanction, and disallowing drawing on a borrowal account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction. It may also be specifically stated that the lender does not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.

g) The time lines for credit decisions.

Timeline for loans applications disposal	
Loan Limit upto 2 lakhs	
1). KCC	7 days
2). Others	10 days
Loan limit above Rs. 2 lakh	
1).Housing loan upto Rs. 15 lakh	15 days
2).Housing loan > 15 lakh	20 days
3).Education loans	
a). Upto 4 lakh	6 days
b). Above 4 lac to 7.5 lakh	10 days
c). Above 7 5 lakh	15 days
d). Above 4 to 20 lakh (abroad)	15 days
4).Personal loans	3 days
5).Transport operators	7 days
6). ISB (where collateral free)	6 days
7). Car Loan	4
8). Mortgage Loan	15
9). SHG	2
10). PGL	1
11). Others (except above)	
a). > Rs.2 lakh upto Rs.5 lakh	15 days
b). > Rs.5 lakh	20 days

Monitoring Mechanism

All the branches are advised to strictly adhere to the time lines in taking credit decisions. The applications received and disposal registers should be maintained promptly. Inspection officials/Controllers are advised to verify the applications received and disposed register during their visit/inspections and see that credit decisions are taken within the time limits prescribed for respective limits.

3.7 Accounting 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.

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 in the interests of our Bank disclosure is required.

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.

3.10 Grievance Redressal:

All disputes arising on account of implementation of our fair lending practices code shall be heard and disposed of by an authority as given below. The HOCC I and HOMC shall be the deciding authority in respect of HOCC II and ROCC sanctions respectively.

Grievances Redressal Mechanism:

Area of jurisdiction	Redressal official
Regions:	
Sanction related to branches	Regional Manager
Sanctions related to ROCC	GM- II/HOCC
Sanctions related to HOCC II	HOCC I
Credit Department:	
Sanctions related to Credit Department within the powers	HOCC I
Sanctions related to HOCC I & II	BOARD

Our Bank would make available all details, namely;

- Where a complaint can be made
- How a complaint should be made
- When to expect a reply
- Whom to approach for redressal of grievance etc.,

Response to a complaint whether positive or negative or requiring more time for redressal would be given within a maximum period of four weeks from the date of complaint, unless the nature of complaint is such that it requires verification of voluminous facts and figures.

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