

Fair Practice Code for Lending

5.1 PREAMBLE:

In the backdrop of present economic scenario, competitive environment, financial sector reforms and the need for transparency in the field of lending by banks/financial institutions and as per guidelines issued by Reserve Bank of India, Corporation Bank (hereinafter called 'The Bank') hereby adopts this Fair Practices Code containing general principles of fair practices to be followed by the Bank.

This Fair Practices Code consists of general guidelines on fair practices on lending including processing of loan applications, appraisal of loan proposals, disbursement of loan, post-disbursement supervision and other general terms and conditions to be followed by the Bank.

5.2 FAIR PRACTICES:

Following is the Code of Fair Practices of the Bank:

5.2.1 Processing of loan applications:

- a. The Bank shall provide comprehensive information including information about fees and charges and amount of such fees refundable in case of non-acceptance of application as per the details, more fully described in the guidelines issued in this regard from time to time, to all categories of loans irrespective of amount of the loan sought by the borrower.
- b. The Bank shall provide details of prepayment options, if any/applicable, and any other matters which affect the interest of the borrower as per the guidelines issued in this regard from time to time.
- c. The Bank would ordinarily provide to the borrowers a due acknowledgment for receipt of loan application/s. The above said acknowledgment shall also mention the time-frame within which loan application/s up to Rs.2 lakhs will be disposed of by the Bank.
- d. The Bank shall verify the loan applications within a reasonable period of time as per the time-frame mentioned in the guidelines issued from time to time and shall intimate the borrower immediately thereafter for the additional details/ documents, if any, required for processing the proposal.

- e. Wherever possible the Bank shall convey in writing the main reason(s) which, in the opinion of the Bank, after due consideration, has/have led to rejection of the loan application within a stipulated time, as mentioned in the guidelines issued in this regard from time.

5.2.2 Loan appraisal:

5.2.2.1.The Bank shall ensure that there is a proper assessment of credit applications made by the borrower.

5.2.2.2.The Bank shall convey to the borrower the credit limit/credit facilities sanctioned along with the terms and conditions thereof.

5.2.2.3.On a demand being made, the Bank shall provide a copy of the loan agreement to the borrower.

5.2.2.4.Disbursement of loan and changes in terms and conditions.

5.2.2.5.The Bank shall ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.

5.2.2.6.The Bank shall give notice of any change in terms and conditions including interest rates, service charges, etc. to the borrower and ensure that changes in interest rates and charges are made prospectively. Whenever the changes made are not borrower specific and apply to any/all categories of borrowers, notice of change shall construed to be made if the communication of the same is made in any of the following media;

- I. Display in the notice Board of the Bank in the branch where the borrower's account is maintained, or
- II. Newspaper publicity, or
- III. In the Bank's web site, or
- IV. Over telephone in the cases where Tele Banking facility is extended, or
- V. Direct communication by courier/post

5.2.3 Post-disbursement Supervision:

5.2.3.1.Post-disbursement supervision by the Bank, particularly in respect of loans up to Rs.2 lakhs, shall be constructive with a view to taking care of any 'lenders related' genuine difficulty that the borrower may face.

5.2.3.2.Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities, the Bank shall give notice to the borrower, as specified in loan agreement, within a reasonable period even if no such condition exists in the loan agreement.

5.2.3.3.The Bank shall release all securities on receiving payment of loan or in realisation of loan

subject to any legitimate right or lien for any other claim the Bank may have against the borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the documents under which the Bank is entitled to retain the securities till the relevant claim is settled /paid.

5.2.4 General:

5.2.4.1.The Bank shall refrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new Information, not earlier disclosed by the borrower, has come to the notice of the Bank).

5.2.4.2.The Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Bank from participating in credit linked schemes framed for weaker sections of the society.

5.2.4.3 In the matter of recovery of loans, the Bank shall not resort to undue harassment that is, persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

5.2.4.4.In case of receipt of request for transfer of borrowal account, either from the borrower or from a Bank/financial institution which proposes to take over the account, the consent or otherwise, i.e., objection of the Bank, if any, shall be conveyed within 21 days from the date of receipt of such request.

5.2.4.5.The documents/securities charged to the Bank shall be returned within 15 working days of the closure of the relative borrowal account. If the security has been charged to multiple loan accounts as a continuing security, the same shall be returned to the borrower within 15 working days of the closure of all the accounts. If any delay occurred on the part of the Bank in returning the security as above, the borrower shall be entitled for compensation to the tune of Rs. 10 per day subject to a maximum of Rs. 5000.

5.2.5 Grievance Redressal

5.2.5.1 .All grievances pertaining to the areas covered in this Code shall be referred to the Customer Services Division at the respective Zonal Offices in the case of Branch sanctions; at respective Circle Offices in the case of Zonal Office sanctions; and Customer Services Division, H.O., in the case of Circle Office and Head Office sanctions, for redressal.

5.2.6 Time Norms for disposal of credit proposals

A. Priority sector Advances:

Sl.No.	Particulars	Time norms
1.	Agriculture	
a.	Kisan Credit Cards [irrespective of the amount]	15 days
b.	All other Agricultural loans	
	Loans upto Rs.25,000	Within a fortnight
	Loans above Rs. 25,000	Within 4 weeks
2.	Small Scale Industries	
	Loans upto Rs.25,000	Within 2 weeks
	Loans above Rs. 25,000	Within 4 weeks
3.	Other Priority Sectors	
	Loans upto Rs.25,000	Within a fortnight
	Loans above Rs. 25,000	Within 4 weeks

B. Other social lending schemes:

Sl. No.	Name of the Scheme	Time norms
1.	National Rural Livelihood Mission [NRLC]	Not later than 1 month.
2.	National Urban Livelihood Mission Loans upto Rs. 25,000 - within a fortnight. [NULM]	Loans above Rs.25,000- within 4 weeks.
3.	Prime Minister's Employment Generation Programme [PMEGP]	Loans upto Rs. 25,000 - within a fortnight. Loans above Rs.25,000- within 4 weeks.
4.	Scheme for Liberation and Rehabilitation of Scavengers Loans upto Rs. 25,000 - within a fortnight. [SLRS]	Loans above Rs.25,000- within 4 weeks.

Note: The time norms stipulated above is from the date of receipt of the required data in full.

A. Non Priority Sector Advances and Credit Cards:

The Bank shall give a provisional acknowledgment for receipt of all loan applications. The Bank's branch concerned shall verify the loan applications within a period not exceeding two weeks. If additional details / documents are required, the said branch shall intimate the same to the borrowers immediately within this period. Where full details/ documents are available, the branch of the Bank concerned shall submit the proposal with its recommendations to the higher authorities within 7 days

wherever they are within the said higher authority's sanctioning powers.

In respect of proposals which are in the sanctioning powers of higher authorities other than those at the branch concerned, if any additional details / documents are required by such authorities, the same shall be intimated to the applicant / borrower through the said branch within 3 weeks from the date of receipt of the proposal at the respective office to enable the branch to in turn convey the same to the applicant / borrower.

If all the requirements in respect of details / documents are complied with by the borrowers, the Bank shall acknowledge the proposals concerned and shall adhere to the following time frame for disposal of the proposal from the date of acknowledgment.

Credit Proposals falling under the sanctioning powers of Delegates upto the rank of Chairman and Managing Director:

Sl.No.	Particulars	Time norms
1.	Non Consortium Advances, other than exports :	
a.	Sanction of fresh/enhanced credit limits	Within 45 days
b.	Renewal of existing credit limits	Within 30 days
2.	Consortium advances, * other than exports	
a.	Sanction of fresh/enhanced limit	Within 60 days
b.	Renewal of existing credit limit	Within 45 days
	*In respect of consortium accounts, the time limit stipulated shall be from the date of receipt of the appraisal note from the leader Bank. Where our Bank is the leader of a consortium, the time indicated above shall be exclusive of the time taken to finalise the appraisal note at the consortium.	
3.	Export Accounts:	
a.	Sanction of Fresh/enhanced credit limits	Within 45 days
b.	Renewal of existing credit limits	Within 30 days
c.	Adhoc limits	Within 15 days

Proposals falling under the sanctioning powers of Management Committee:

In respect of proposals which are within the sanctioning powers of the Management Committee of the Board, the Bank shall ensure submission of the appraisal proposals to the said Committee within the above said time limit. Once the Management Committee of the Bank gives its decision thereon, the same shall be conveyed to the applicant/ borrower within 15 days thereof.
