

GS Mahanagar Co-operative Bank Ltd.

(Scheduled Bank)

Hiramani Super Market Bldg.,

Dr. B.A. Road, Lalbaug.

Bombay 400 012.

FAIR PRACTICE CODE FOR LENDERS

(W.E.F. 1ST APRIL 2008.)

Fair Practice Code for Lenders (FPCL) is a voluntary code adopted by our Bank, which aims to achieve synchronization of best practices while dealing with **Customers**. It aims to provide valuable inputs to **Customers** and facilitates effective interaction of customers with the Bank.

FPCL would be applicable in the Bank from the date it is placed in the Bank's web site or is otherwise publicised through the media.

FPCL contains 8 important Declarations from us, the spirit of which pervades the entire FPCL provisions.

The Bank declares and undertakes

- To provide in a professional manner, 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 in contracting loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the organization.
- 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.

1. PRODUCT INFORMATION -

- a) A prospective customer would be given all the necessary information adequately explaining the range of loan products available with our Bank to suit his needs.
- b) On exercise of choice, the customer would be given the relevant information about the loan product of his choice.
- c) The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of time frame within which all the process 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.

2. INTEREST RATES :

- a) Interest rates for different loan products would be made available through and In anyone or all of the following media, namely:
 - a) In our Bank's Web site
 - b) Over Telephone of our Loan Department at Head Office, or at concerned Branches.
 - c) Through prominent display in the branches and extension counters.
 - d) Through News paper advertisements or other media as and when necessary.
- b) Customers would be entitled to receive periodic updates on the interest rates applicable to their accounts.
- c) On demand, customers can have full details of method of application of interest.

3. **REVISION IN INTEREST RATE:**

- a) Our Bank would notify immediately or as soon as possible any revision in the "existing interest rates and make them available to the customers by display on the Notice Board of Branches and Extension Counters.
- b) Interest rate revision to the existing customers would be notified within 3 working days from the date of change.

4. **DEFAULT INTEREST / PENAL INTEREST:**

- a) Our Bank would notify clearly about the default interest / Penal interest rates to the prospective customers.

5. **CHARGES :**

- a) Our Bank would notify details of all charges payable by 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 retail product on the website.
- c) Any revision in charges would be notified in advance and would also be made available on Notice Board of Branches and Extension Counters and on the website.
- d) Our Bank would clearly specify the charge account for interest and charges, wherever necessary and get a mandate for debiting the said charge account along with the document.

6. **TERMS AND CONDITIONS FOR LENDING :**

- a) The Customer will be given a separate acknowledgement receipt on submission of loan application. The receipt will also mention the charges payable and required shareholding when the loan is sanctioned.

- b) If additional details /documents are required the concerned branch will intimate the borrower within 3 days. The Branch will submit the applications to Loan Department for scrutiny / sanction immediately on receipt of required details /documents, where Head Office sanction is required.
- c) The additional details and documents required as per the queries raised by scrutiny section and legal Department will be communicated to the borrower immediately through the concerned branches , but not later than 7 working days.
- d) 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.
- e) Loan application forms, draft documents or such other papers to be signed by the customer should comprehensively contain all the terms and conditions relating to product or service of his choice.
- f) Wherever possible, reasons for rejection of loan would be conveyed to the customers. In case of small borrowers seeking loans up to Rs. 2 lakhs, the concerned branch will convey in writing , the main reason / reasons which in the opinions of the bank, after due consideration have led to the rejection of the loan applications within 7 days from the date of receipt of application.
- g) Before disbursement of loan and on immediate execution of the documents, our Bank would deliver a copy of the Loan agreement with enclosures if any to the customers.

7. ACCOUNT PRACTICES :

- a) Our Bank would provide regular statement of accounts, unless not found necessary by the customers.
- b) Our Bank would notify relevant due dates for application of agreed interest, penal Interest, default interest, and charges if they are not mentioned in the Loan application, documents or correspondence.
- c) Our Bank would notify in advance any change in accounting practices that would affect the customer, before implementation.

8. INFORMATION SECRECY :

- a) All personal information of the customers 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 the Bank is compelled by law
- * If it is in the public interest to reveal the information
- * If the interest of our Bank require disclosure.

9. GRIEVANCE REDRESSAL:

- a) Our Bank would have a grievance redressal Cell / Department / Centre within outside the organisation.
- b) Our Bank would make available all the details namely:
 - * Where a complaint can made?
 - * How a complaint should be made?
 - * When to expect a reply?
 - * Whom to approach for redressal of grievance, etc.

To the customers individually on demand and through website.
- c) 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 complaint, unless the nature of complaint is such that It requires verification voluminous fact and figures.

10. POST DISBURSEMENT SUPERVISION:

- a) Post Disbursement supervision by the bank, particularly in respect of loans upto Rs. 2.00 lakh, will be constructive with a view to taking care of any "Lender - related " genuine difficulty that the borrower may face.
- b) Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, the bank will give notice to borrowers and a reasonable period.
- c) Bank will release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim banks may have against borrower, and / or guarantors. If such right of set off is to be exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which banks are entitled to retain the securities till the relevant claim is settled /paid.

11. GENERAL :

- a) Bank will restrain 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)
- b) Bank will not discriminate on grounds of sex, caste and religion in the matter of lending.

- c) In the matter of recovery of loans, Bank will not resort to undue harassment viz. Persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- d) In case of receipt of request for transfer of borrowal account, either from the borrower or from a bank, which proposes to take-over the account, the consent or otherwise i.e. objection of the Bank, if any will be conveyed within 21 days from the date of receipt of request.
