

*T*his is a voluntary 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.



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INTRODUCTION

This is a voluntary 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 Code has been developed to

- a. Give a positive thrust to the MSE sector by providing easy access to efficient banking **services**.
- b. Promote good and fair banking practices by setting minimum standards in dealing with you.
- c. Increase transparency so that you can have a better understanding of what you can reasonably expect of the services.
- d. Improve our understanding of your business through effective communication.
- e. Encourage market forces, through competition, to achieve higher operating standards.
- f. Promote a fair and cordial relationship between you and us and also ensure timely and quick response to your banking needs.
- g. 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, all parts of this Code 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 or through electronic 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.
- g. Loans and other **credit facilities** including off balance sheet products such as **Letters of Credit, Bills, Bank Guarantees** etc.
- h. Foreign exchange services including money changing.
- i. Third party insurance and investment products sold by us.
- 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 5.6 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.
- c. Ensuring that you are given clear 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 what are the facilities provided to you and how you can avail of these, what are their financial implications and whom you can contact for addressing your queries.

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.

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 on request free of cost.
- b. Provide you (new customer) with a copy of the Code when you open your account.
- c. Make available this Code for perusal at every branch and on our website.
- d. Ensure that our staff are 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 the branch and on our website.

3.1 If You Want To Become Our Customer

We Will

- a. Give you information on all schemes offered by us specifically for MSEs.
- b. Give you information to 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 the change in interest rates on our products within seven days of the decision by

- a. Writing to you.
- b. Notice at the branch.
- c. Placing on website.

3.3 Tariff Schedule

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 place our Tariff schedule on our website and make a copy available at every branch for your perusal, free of cost.
- c. We will display on our website and in our branches a list of services which are rendered free of charge.
- d. 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.
- e. We will not increase charges on account of the branch being upgraded to Core Banking Solutions (CBS).

Changes in Fees & Charges

If we increase any of these fees or charges or introduce a new fee or charge, it will be notified through our website/statements of accounts/ email /SMS alerts/notice board at branches 30 days prior to the revised charges becoming effective.

3.4 Terms And Conditions

- a. When you become a customer or avail of a product/ service for the first time, 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.

Changes to Terms and Conditions

- a. When you become a customer, you can get information of changes to terms and conditions through any of the following channels
 - i) Account statements
 - ii) ATMs
 - iii) Written communication
 - iv) Notice Board at each branch
 - v) Email/ website/ SMS
- b. 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.
- c. 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 or a summary of the changes.

4. PRIVACY AND CONFIDENTIALITY

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 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

- a. If we have to give the information by law.
- b. If there is a duty towards the public to reveal the information.
- c. If our interests require us to give the information (for example, to prevent fraud) but 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.
- d. If you ask us to reveal the information, or if we have your permission.

- e. If we are asked to give a banker's reference about you, we will need your written permission before we give it.

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.

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 Reference Agencies

- a. When you open your account, we will pass your account details to **credit reference agencies** 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.
- b. We will explain to you the role of credit reference agencies and the effect the information they provide to their members can have on your ability to get credit.

5. LENDING

Our loan policy dealing with your application for loan or any financial assistance will be reflective of the objectives and spirit of the national policy and the regulatory prescription. 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. We will endeavour to provide facilities through a Single Window Mechanism.

5.1 Application

We will

- a. Make available, free of cost, simple standardized, easy to understand, application form for loans.
- b. Provide you with a checklist (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 also provide you information about the interest rates applicable, 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.
- 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. Endeavour to enable you to know online the status of your application.
- g. Not charge any processing fee for loans up to Rs.5 lakh if the loan is not sanctioned.
- h. Dispose of your application for a credit limit or enhancement in existing credit limit up to Rs 2 lakh within two weeks; and for credit limit up to Rs 5 lakh within 4 weeks from the date of receipt provided your application is complete in all respects and is accompanied by documents as per 'check list' provided and dispose of loan applications for amounts exceeding Rs 5 lakh, within a reasonable time frame.

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, assess whether you will be able to repay it. We shall carry out proper assessment of your loan application by carrying out detailed due diligence and appraisal.
 - iii) Satisfy ourselves about the reasonableness of the projections made by you.
- b. This assessment may include looking at the following
 - i) Information you give us, including the 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 reference agencies.
 - 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.
- c. We will
- i) Not insist on **collateral** for credit limits upto Rs 5 lakh.
 - ii) Consider providing collateral free credit limits upto Rs 25 lakh if we are satisfied about your track record and financial position being good and sound.
 - iii) 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.
 - iv) 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.
- 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.

5.3 Sanction/Rejection

We will

- a. Not insist on compulsory 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 authenticated copies of all the loan documents executed 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 loans up to Rs.5 lakh without levying any pre-payment penalty.
- h. Ensure disbursement of the loan sanctioned within two working days from the date of compliance with all terms and conditions governing such sanction.
- i. Ensure periodic review and renewal of facility as per terms and conditions in the sanction letter given to you.

5.4 Post Disbursement

We will

- a. Assure that we refrain from interference into your business affairs except on what is in terms of sanction of loan, loan agreement or when new information comes to bank's 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. 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.
- d. Allow drawals against your limits as per usual safeguards.
- e. If your circumstances change, talk to you about any new information we will need from you.

- f. 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.
- g. Release all securities on receiving repayment of loan immediately and in any case not later than one week subject to any legitimate right or lien for any other claim we may have against you.
- h. Give notice in case we exercise such right of set off, with full particulars of our remaining claims against you as also of the documents under which we are entitled to retain the securities till the relevant claim is settled/ paid by you.
- 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. 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.

5.5 Non-Fund Based Facilities

We may offer **non - fund based facilities** for purchase of capital equipment or raw materials/consumables etc. through issuance, advising, confirmation, negotiation, discounting etc. of Letters of Credit (LCs).

We may stand as a guarantor for your financial obligations.

We may help you in collection of export bills and domestic outstation trade and service bills.

5.6 Financial Difficulties

How we can help

5.6.1 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.

5.6.2 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 you exceed your agreed sanctioned limits frequently.
- c. If there are large increases or decreases in your business turnover without proper clarification from you.
- d. If there is a stoppage/ suspension of work for an unreasonably long time.
- e. If you are incurring loss.
- f. If you suddenly lose a business partner or co –promoter or a key customer or employee.
- g. If you sell a large part of your business.
- h. If you use credit facility/ies for purposes other than those agreed with us or divert the funds for purposes other than intended business.
- i. If you do not service interest at prescribed intervals.
- j. If you fail to adhere to the agreed loan repayment schedule.
- k. If the bills drawn by you on your customers return unpaid frequently.
- l. If you do not honour bills drawn on you by your suppliers frequently.
- m. If guarantees issued by us on your behalf are not honoured by you when invoked.
- n. If your book debts/debtors size is increasing not in consonance with turnover in your account.
- o. If all sales are not routed through your account.
- p. If you do not comply with conditions set out in the loan agreement.
- q. If you do not furnish agreed information on time.
- r. If another creditor brings a winding-up petition or other legal action against your business.

5.6.3 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.

5.6.4 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.

5.6.5

- 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.

5.7 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**.

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.

6. COLLECTION OF DUES

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. The process will involve reminding you by sending you notice or by making personal visits and/ or **repossession of security**, if any. In case of default, we may refer the case to the recovery agent. We will inform you that recovery proceedings have been initiated.

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. We will investigate your complaints about unfair practices by our recovery agents.

Our collection policy is built on courtesy, fair treatment and persuasion. We believe in fostering customer confidence and long-term relationship.

We will provide you with all the information regarding dues and will endeavor to give sufficient notice for payment of dues. Our staff deputed for collection of dues or/and security repossession will identify himself/herself. Any person authorised to represent us for these purposes will identify himself/herself and also display the authority letter issued by us.

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

- a. 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.
- b. Identity and authority to represent would be made known to you at the first instance.
- c. Your privacy and dignity would be respected.
- d. Interaction with you would be in a civil manner.
- e. Normally our representatives will contact you between 0700 hrs and 1900 hrs, unless the special circumstances of your business or occupation require otherwise.
- f. Your requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
- g. Time and number of calls and contents of conversation would be documented.
- h. All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

- i. During visits to your place for dues collection, decency and decorum would be maintained.
- j. Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/visits to collect dues.

6.1 Security Repossession Policy

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

You may open different type of accounts with us such as current accounts, term deposits etc.

The above may be opened by you with or without nomination facility, wherever it is permitted. We will explain the implications of the foregoing accounts as also the nomination facilities at the time of opening of the account.

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 of the bank.
- b. Ask you to submit or provide necessary documents or proofs to do so.
- c. Obtain only such information to meet with our 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.
- 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. 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 two 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 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.

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.

7.6 Term Deposits

Premature Withdrawal of Term Deposit

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.

Renewal of Overdue Term Deposits

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

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, what period of inoperation of the account would render your account being classified as dormant/



inoperative account. You will also be informed three months before your account is classified as dormant, inoperative or treated as unclaimed account and the consequences including the charges for reactivation thereof as per the Tariff Schedule.

- b. Tell you the procedure to be followed if you want to activate the 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. 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.
- c. 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.
- d. 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

We will accept cheques/ cash and dispense cash at counters wherever your account is maintained. We will exchange soiled/mutilated notes and/ or small coins at such of our branches as per RBI Directives.

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 as per the **Compensation Policy** of the bank which 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. Send a remittance advice to the recipient of the remittance.
- d. 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, no charge will be levied and beyond a period of one year 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 three months if there is no other branch of any bank functioning at your centre or if our branch is a specialized SME / MSE branch and inform you how we will continue to provide banking services to you.
- b. Notice of two months , if there is a branch of any other bank functioning at your centre.

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, 2006 .

8. PROTECTING YOUR ACCOUNTS

8.1 Secure And Reliable Banking And Payment Systems

We will co-operate as a banking system so that you enjoy secure and reliable banking and payment systems you can trust. 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 off 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. We will advise you what you can do to protect your cheque book and ATM/Debit/Credit Card from misuse.
- d. 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.
- e. 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.
- f. 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.

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 authorised, 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 and we have taken steps to prevent misuse.

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.
- 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.

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. When you become a customer, 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. 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.
- e. 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 six weeks 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.



11. ADVERTISING, MARKETING AND SALES

- a. We will make sure that all advertising and promotional material is clear.
- 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 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.
- e. 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.
- f. 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.

12. MONITORING

The Banking Codes and Standards Board of India monitors the Code. The contact details are as follows:

The Banking Codes and Standards Board of India, Reserve Bank of India Building, C-7, 4th Floor, Bandra Kurla Complex, Mumbai-400051

Telephone: 022-26573715 ; Fax: 022- 26573719

Email : help.bcsbi@rbi.org.in Website : www.bcsbi.org.in

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- 22182217

Fax: 022- 22835638

Email: ibastadium@vsnl.net Website: www.iba.org.in

Or, contact the Banking Codes and Standards Board of India at the address given at para 12 on page 27.

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 within a period of three 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 to deal with disputes between the bank and individual / small businesses.

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 Discounting

In case of discounting of a bill, a bank buys the bill (i.e. Bill of Exchange or Promissory Note) before it is due and credits the value of the bill after discount charges to the customer's account. The transaction is practically an advance against the security of the bill and the discount represents the interest on the advance from the date of purchase of the bill until it is due for payment. Only 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/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

Collateral Security/ Security

Collaterals are assets pledged/hypothecated/ mortgaged by a borrower as a security for a credit facility. In the event of the borrower defaulting on the loan, the lender bank can claim these assets in lieu of the sum owed.

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 reference agencies

Credit reference agency means a credit information company formed and registered under the Companies Act, 1956 that has been granted a Certificate of Registration under the Credit Information Companies (Regulation) Act, 2005.



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.

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.

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 Rs.25 lakh

or

An enterprise engaged in rendering services where investment in equipment does not exceed Rs.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 Rs.25 lakh but does not exceed Rs.5 crore



or

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

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 six months from the time of its presentation.

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.

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



Security

Represents assets used as support for a loan or other liability.

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 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.