



## **Fair Practice Code For Lenders**

As directed by the Reserve Bank of India, from time to time through its circulars, the Bank has adopted modified Fair Practice Code for Lenders as approved by the Board of Directors. The salient features of the same are:

### i) Applications for Loan

In the loan application form, the Bank shall provide comprehensive information including information about fees and charges if any payable for processing and amount of such fees refundable in case of non-acceptance of application, prepayment options and other matter which affects the interest of the borrowers, of all categories of loans, irrespective of the amount of loan sought by them.

### ii) Processing

- a. The Bank shall provide acknowledgement for receipt of all loan applications indicating the time frame within which the application will be disposed of.
- b. The Bank shall verify the loan application and if additional details / documents are required; these will be sought from the applicant.
- c. For all categories of loans and irrespective of any threshold limits, the Bank will be expected to process the application without delay. In case the application is turned down, the Bank will convey in writing to the applicant the reasons for rejection within one month.

### iii) Loan Appraisal and Terms and Conditions

- a. The sanctioning authority will be expected to ensure proper assessment of the credit application as per the extant instructions and credit policy of the bank. The availability of adequate margin and security will not be a substitute for due diligence on the creditworthiness of the customer.
- b. All the terms and conditions and other caveats will be duly communicated by an authorized official of the Bank to the customer in writing.
- c. The bank would convey to the borrower/guarantor the credit limit along with the terms and conditions thereof and obtain the borrower's/guarantor's acceptance of these terms and conditions given with his full knowledge on record.
- d. In respect of approved credit proposals, terms and conditions and other caveats governing credit facilities given by the Banks would be reduced in writing and duly certified by the bank official. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be furnished to the borrower.
- e. The sanction letter / loan agreement will clearly state that the credit facilities will be extended solely at the discretion of the Bank and that drawings under the following circumstances will be solely at the discretion of the Bank.
  - i. Drawings beyond the drawing power / sanctioned limits.
  - ii. Honouring of cheques issued for the purpose other than specifically stipulated in the sanction.

- iii. Drawings in an account once it is classified as NPA.
- iv. No drawings will be allowed in case of non-compliance of the terms and conditions by the borrower.
- v. Meeting further requirements of the borrower on account of growth in business will be subject to proper review of the credit limits.
- f. Borrower will be advised about fees / charges payable for processing the loan application; and the amount of fees to be refunded under certain circumstances shall be governed by extant RBI guidelines.

iv) Disbursement of loans including changes in Terms and Conditions

- a. The Bank would ensure timely disbursement of loans sanctioned in conformity of terms and conditions governing such sanction.
- b. Any changes in the terms and conditions of the sanction such as interest and charges will be notified to the borrower before effecting the changes.
- c. Any changes in interest rate and charges will be effected only prospectively after giving due notice to the borrower.

v) Post Disbursement Supervision

- a. The post disbursement supervision, such as submission of periodical reports and periodic inspection, will be stipulated at the time of issue of the sanction letter. The sanction letter would also mention whether the Bank or the borrower will bear the cost of inspection.
- b. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, lenders should give notice to borrowers, as specified in loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- c. The Bank shall release all securities on receiving payment of loan. However, the Bank may decide to exercise the right to set off any legitimate right or lien for any other claim against borrower. In case the Bank decides to retain the security, the borrower will be notified about the remaining claims and the documents under which the Bank is entitled to retain the security till the relevant claim is paid / settled.

vi) Others

- a. The Bank will not interfere in the affairs of the borrowers except where provided for in the terms and conditions of the loan sanction documents, such as periodic inspection, scrutiny of books of accounts, verification of stocks and book debts, and scrutiny of QIS statements.
- b. In case any information not disclosed earlier by the borrower has come to the notice of the Bank, the Bank will have the right to elicit the necessary information from the borrower and initiate action to protect its interest.
- c. While, the Bank may participate in credit-linked schemes framed for weaker sections of the society, the Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending.
- d. In the matter of recovery of loans, the Bank shall not resort to undue harassment such as persistently bothering the borrowers at odd hours and use of muscle power.
- e. In the case of receipt of request for transfer of borrowal account, either from the borrower or from other banks / FIs which propose to take over the loan,

the Banks' consent or objection, if any, shall be conveyed within 21 days from the date of receipt of request.

vi) Grievance Redressal

Though the sanction of the loans will be at the sole discretion of the Bank, borrowers will have an opportunity to appeal against the decision. For this purpose, the applicant/borrower may contact: -

The Nodal Officer – Grievance Redressal,  
Axis Bank Ltd, NPC1,  
5th Floor, "Gigaplex",  
Plot No I.T.5, MIDC,  
Airoli Knowledge Park,  
Airoli, Navi Mumbai-400708

Email: -nodal.officer@axisbank.com

The Bank will acknowledge the receipt of the complaint and will ensure that a response is provided within a period of 30 days.

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