

DOHA BANK INDIA BRANCH FAIR PRACTICES CODE FOR LENDERS

Version 1

DOCUMENT CONTROL INFORMATION

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SUMMARY OF ABBREVIATIONS

Abbreviation	Description
AGM	Assistant General Manager
CEO	Chief Executive Officer
FPC	Fair Practices Code
HO	Head Office
MANCO	Management Committee

1. MANUAL SUMMARY

This Policy sets out guidelines for conducting the Bank's business in India in a Fair and Transparent manner with a view to achieving its long term growth objectives while simultaneously building a strong brand image through professional and ethical banking practices.

2. PURPOSE

- a. This policy has been prepared to comply with following circulars issued by Reserve Bank of India from time to time:
 - i. DBOD Leg No BC. 104/09.07.007/2002-03 dated May 5, 2003
 - ii. RBI/2004/98, DBS. Co FGV(F) No 1306/23.08001/2003-04 dated March 15, 2004,
 - iii. RBI/2006-07/79, CSD, BOS,5/13.33.01/2005-06 dated July 20, 2006,
 - iv. RBI/2006-2007/280, DBOD No.Leg BC.65/09.07.005/2006-07 dated March 6,2007
 - v. RBI/2010-2011/272, DBOD No. Leg BC. 61/09.07.005/2010-11 dated Nov 12, 2010.
- b. The purpose of this policy is to provide guidelines to the operating staff on the following:
 - i. Complete transparency in client dealings as far as it relates to the terms and conditions of the banking transaction being undertaken by the client, including but not limited to the pricing being charged to the customer.
 - ii. Ensuring that the customer has sufficient understanding of the transaction being undertaken either directly or through professional assistance resulting in Suitability Risk being low.
 - iii. Providing only those services which are permitted to be rendered by the local regulators and where the officials of the Bank have necessary Professional expertise or certifications, wherever required.
 - iv. Adopting non-coercive and legally permitted procedures for recovery of dues from defaulting borrowers or customers.
 - v. Mechanism for grievance redressal.

3. SCOPE

This policy document covers the following aspects:

- a. Covering Fair Practice Code for Lenders which will assist as a base to all credit manuals of the bank.
- b. Provide framework regarding banking norms & conduct of lending in Indian banking environment.

4. RELATED POLICIES & PROCEDURES

All the banking activities in India shall be in complete compliance with guidelines issued by the Reserve Bank of India as well as the Bank's Local Credit Policy. In short, the lending operations in India shall be governed by the following guidelines issued by the Reserve Bank of India, which has been elaborated in the Credit Policy / Credit Administration Policy Manuals:

- a. RBI/2014-15/103 DBOD.No.BP.BC.6/21.06.201/2014-15 - July 1, 2014- Master Circular – Basel III Capital Regulations.
- b. RBI/2014-15/93 RPCD.MSME & NFS.BC.No. 3/06.02.31/2014-15 - July 1, 2014-Master Circular - Lending to Micro, Small & Medium Enterprises (MSME) Sector.
- c. RPCD.CO.Plan.BC - 10/04.09.01/2014-15 July 01, 2014-Master Circular - Priority Sector Lending-Targets and Classification.
- d. RBI/2014-15/75 DBOD No BP.BC.20/21.04.141/2014-15 -July 1, 2014- Master Circular – Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks.
- e. RBI/2014-15/74 DBOD.No.BP.BC.9/21.04.048/2014-15 - July 1, 2014- Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances
- f. RBI/2014-15/ 64 DBOD.No.Dir.BC. 16/13.03.00/2014-15 - July 1, 2014- Master Circular- Loans and Advances – Statutory and Other Restrictions and any other related & proceeding instructions for RBI/regulators.
- g. Or any other RBI Master Circulars related to FPCL supersede above mentioned circulars.

Besides, the policies and procedures laid down in the Credit Administration Policy Manual (Ref. No. DB-IN-CA-PO-01-01) as well as the Credit Administration Procedures (Ref. No. DB-IN-CA-PR-01-01) shall also be borne in mind while dealing with customers.

Lastly, the officials shall also ensure, to the extent it is relevant and applicable, strict compliance with Master Circular on Customer Service No RBI/2014-15/72 DBOD No. Leg.BC.21/09.07.006/2014-15 dated July 1, 2014 available in the RBI website "rbi.org.in".

5. THE FAIR PRACTICES CODE (FPC) FOR LENDERS ADOPTED BY THE BANK

a. Application for Loan and their Processing:

- i. The Bank's focus is mainly on Corporate Lending and accordingly for corporate borrowers, credit facilities are provided based on customer selection and risk assessment for these segments. Thus for this segment the Bank does not have any prescribed standardized application forms to be submitted by the prospective customers. It may be a simple request letter or email.
- ii. In respect of all applications, for loans not exceeding Rs 2,00,000, the Bank would give acknowledgement for receipt of all loan applications. Where requests are received along with a covering letter, the Bank will acknowledge the same by signing and returning the duplicate of the same. In case of request for financial assistance through mail, the Bank shall send an acknowledgement by responding to the same by mail, in terms of RBI circular DBOD. Leg. No.BC. 104 /09.07.007/2002-03
- iii. The Bank would indicate the time frame within which loan applications containing full information / details / documents will be disposed off while giving acknowledgements for receipt of the same.
- iv. The Bank would verify the loan applications within a reasonable period of time. If additional details / documents are required, it would intimate the applicants / borrowers immediately thereafter.

b. Loan Appraisal and Terms & Conditions:

- i. The Bank would ensure that there is proper assessment of credit applications submitted by the applicant/s / borrower/s.
- ii. The Bank would carry out proper due diligence on the creditworthiness of the applicants / borrowers notwithstanding the stipulation of any security and margin made by it.
- iii. While handling the credit proposals the Bank would have procedures to complete the appraisal in a time bound manner to the extent feasible and communicate its decision on financing or otherwise within a reasonable time.
- iv. The Bank would make proper assessment of the borrowers' credit needs in order to take care that the credit limit/s, which are, sanctioned meet/s the genuine requirement of such borrowers.
- v. The Bank would convey to the applicants / borrowers concerned, the credit limits sanctioned to them along with the terms and conditions thereof and obtain their specific acknowledgement for acceptance of the same for its records.

- vi. While conveying the terms and conditions and other caveats governing the credit facilities stipulated by the sanctioning authority of the Bank in writing to the applicant / borrower, the authority of the Bank as per whose orders the sanction communication has been released would also be duly indicated therein.
- vii. The Bank shall furnish a copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans against the specific request from the borrower.
- viii. For all loan applications for less than Rs 2 laksh, in terms of RBI Circular No DBOD Leg BC. No. 104 /09.07.007/2002-03, the Bank would convey within the time earlier indicated in the acknowledgement given for receipt of the related loan applications, the reasons which have led to the rejection, if any, thereof.

c. General:

- i. Allowing drawings beyond sanctioned limit, honouring the cheques issued for the purposes other than specifically agreed to in the credit sanction, disallowing drawings on a loan account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction etc., would be solely at the discretion of the Bank. Again, the Bank does not have an obligation to meet additional requirements of borrowers on account of growth in business etc. without the proper review of the credit limits of such borrowers.
- ii. The Bank would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions of sanction.
- iii. The Bank would give the notice of any change in the terms and conditions and service charges to the borrowers concerned. In respect of interest rates, any change in Base Rate of the Bank would be updated in the bank's website.
- iv. The Bank would promptly attend to any "lender-related" genuine difficulties that the borrowers may face.
- v. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, the Bank would give reasonable notice to the borrowers concerned in writing.
- vi. The Bank will 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.

- vii. In the matter of recovery of loans, the Bank would not use any physical power / harassment by persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- viii. 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 lender, if any, should be conveyed within 21 days from the date of receipt of request.
- ix. The Bank would have a Grievance Redressed Mechanism within the organisation to resolve disputes, if any, arising in relation to the FPC for lenders where all disputes arising out of the decision of a Bank's functionary falling within the sanctioning powers of Chief Country Head are heard and disposed off by Management Committee (MANCO). The Bank would also conduct periodical reviews of the compliance to this FPC and the functioning of the grievance redressing mechanism at various levels. An aggrieved customer shall, in the first instance, bring his / her grievance to the notice of Head-Operations (for operations related issues) or Head-Corporate Banking (for matters relating to credit) by giving a representation in writing signed by the aggrieved person or authorized signatory as the case may be. It shall be the responsibility of the Head-Operations or Head Corporate Banking to look into the matter and provide a satisfactory response within a maximum of 7 working days. In the event of the customer not being satisfied with the response provided, the customer can escalate the matter to the Country Manager who shall enquire into the matter and provide a response within 15 working days from receipt of the correspondence from the aggrieved at his office, after calling for such details as may be required from the concerned department or officials. Details of all such matters shall be placed before the Local Advisory Board for their information and also brought to the notice of HO.
- x. Levying certain charges in addition to the processing fee which are not initially disclosed to the borrower is an unfair practice. Branches should disclose the 'all-in-cost' expense that should be borne by the customer. The normal rates shall be put up in the notice board for the benefit of all customers.

- xi. The Bank would release all securities on receiving payment of loan or realisation of loans subject to any legitimate right or lien for any other claim; the Bank may have against borrowers. If such right of set off is to be exercised, the borrower would 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 security till the relevant claim is settled / paid.
- xii. The Bank in the normal course would endeavour not to interfere in the affairs of its borrowers which are not either directly or indirectly related to its extending the credit facilities unless new information not earlier disclosed by the borrowers concerned has come to the notice of the Bank.

6. ANNEX

6.1. Guidelines on Fair Practices Code for Lenders (Master Circular of Reserve Bank of India)

On the basis of the recommendations of the Working Group on Lenders' Liability Laws constituted by the Government of India, we have examined, in consultation with Government, select banks and financial institutions, the feasibility of introducing the Fair Practices Code for Lenders. The guidelines have since been finalised and banks/ all India Financial Institutions are advised to adopt the following broad guidelines and frame the Fair Practices Code duly approved by their Board of Directors.

1. Guidelines

(i) Applications for loans and their processing

(a) Loan application forms in respect of priority sector advances up to Rs.2.00 lakhs should be comprehensive. It should include information about the fees/charges, if any, payable for processing, the amount of such fees refundable in the case of non acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower.

(b) Banks and financial institutions should devise a system of giving acknowledgement for receipt of all loan applications. Time frame within which loan applications up to Rs.2 lakhs will be disposed of should also be indicated in acknowledgement of such applications.

(c) Banks / financial institutions should verify the loan applications within a reasonable period of time. If additional details / documents are required, they should intimate the borrowers immediately.

(d) In the case of small borrowers seeking loans up to Rs. 2 lakhs the lenders should convey in writing, the main reason/reasons which, in the opinion of the bank after due consideration, have led to rejection of the loan applications within stipulated time.

(ii) Loan appraisal and terms/conditions

- a. Lenders should ensure that there is proper assessment of credit application by borrowers. They should not use margin and security stipulation as a substitute for due diligence on credit worthiness of the borrower.
- b. The lender should convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his full knowledge on record.
- c. Terms and conditions and other caveats governing credit facilities given by banks/ financial institutions arrived at after negotiation by lending institution and the borrower should be reduced in writing and duly certified by the authorised official. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to the borrower.

- d. As far as possible, the loan agreement should clearly stipulate credit facilities that 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.
- e. In the case of lending under consortium arrangement, the participating lenders should evolve procedures to complete appraisal of proposals in the time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

(iii) Disbursement of loans including changes in terms and conditions

Lenders should ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. Lenders should give notice of any change in the terms and conditions including interest rates, service charges etc. Lenders should also ensure that changes in interest rates and charges are effected only prospectively.

(iv) Post disbursement supervision

- a. Post disbursement supervision by lenders, particularly in respect of loans upto Rs.2 lakhs, should 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, lenders should give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- c. Lenders should release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim lenders may have against borrowers. 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 lenders are entitled to retain the securities till the relevant claim is settled/paid.

(v) General

- a. Lenders should 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 lender).
- b. Lenders must not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude lenders from participating in credit-linked schemes framed for weaker sections of the society.
- c. In the matter of recovery of loans, the lenders should 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/financial institution, which proposes to take- over the account, the consent or otherwise i.e, objection of the lender, if any, should be conveyed within 21 days from the date of receipt of request.
2. Fair Practices Code based on the guidelines outlined in the paragraph 2 above should be put in place in respect of all lending prospectively, but not later than 01 August 2003. Banks and financial institutions will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. For this purpose, the Boards of banks and financial institutions should lay down a clear policy.
3. The Board of Directors should also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of controlling offices. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.
4. The adoption of the Code, printing of necessary loan application forms and circulation thereof among the branches and controlling offices should also be completed latest by end of June 2003. The Fair Practices Code, which may be adopted by banks and financial institutions, should also be put on their website and given wide publicity. A copy may also be forwarded to the Reserve Bank of India.

7. SIGNOFF FORM

No.	Name	Designation	Signature	Date	Initial
1.	Mr. S Ravindran,	Head – Corporate Banking (Mumbai Branch)			
2.	Mr. G. Pattabiraman	Country Manager – India			
3.	Mr. Khalid Latif	Head of Credit Risk Management			
4.	Mr. Ganesan Ramakrishnan	Head of International Banking			
5.	Mr. Suhas Rogiye	Senior Manager Business Process Reengineering & Quality Assurance			
6.	Mr. Mohammad Darwish	Head of Operational Risk			
7.	Mrs. Carmen Zaydeh	Manager – Organization & Methods			
8.	Dr. R. Seetharaman	Chief Executive Officer			

POLICY & PROCEDURE DEVELOPMENT
AND REMUNERATION COMMITTEE

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