

# Code of Bank's Commitment to Micro and Small Enterprises

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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 MSE customer and explains how banks are expected to deal with MSE customer for their day-to-day operations.

The Code does not replace or supersede regulatory or supervisory instructions issued by the Reserve Bank of India (RBI) and the Bank will comply with such instructions /directions issued by the RBI from time to time. The Code represents best practices agreed by the bank as its commitment to MSE customer.

### 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 MSE customers.
- c. Increase transparency so that MSE customers can have a better understanding of what can reasonably be expected of the services offered by the Bank.
- d. Improve the Bank's understanding of the MSE customers' business through effective communication.
- e. Encourage market forces, through competition, to achieve higher operating standards.
- f. Promote a fair and cordial relationship between the MSE customers and the Bank and also ensure timely and quick response to the MSE customers' banking needs.

### 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 the products and services offered by the bank at its branches, under current regulatory instructions.

## KEY COMMITMENTS

### The Bank's Key Commitments To MSE customers

- To Act Fairly And Reasonably In All its Dealings With MSE Customers By

- a. Providing appropriate banking facilities to the MSE customer.
- b. Providing speedy and efficient credit and service delivery.
- c. Meeting the commitments and standards in this Code, for the products and services the bank offers, and in the procedures and practices the bank's staff follows.
- d. Making sure the bank's products and services meet relevant laws and regulations in letter and spirit.
- e. Ensuring that the Bank's dealings with its MSE customers rest on ethical principles of integrity and transparency.

- To Help MSE Customers Understand How the Bank's Financial Products And Services Work By

- a. Ensuring that MSE Customers are given clear information about the Bank's loan products

b. Giving MSE Customers information on what are the facilities provided to them and how they can avail of these, what are their financial implications and who they can contact for addressing their queries.

- To Help MSE Customers Use their Account Or Service By

- a. Providing MSE customer regular appropriate updates.
- b. Keeping MSE customers informed about changes in the interest rates, charges or terms and conditions.

- To Deal Quickly And Sympathetically

- a. Correcting mistakes promptly and canceling any bank charges that were applied due to the bank's mistake.
- b. Handling MSE customer's complaints promptly.
- c. Telling MSE customers how to take their complaint forward if they are still not satisfied
- d. Providing suitable alternative avenues to alleviate problems arising out of technological failures in the bank.

- To Treat All MSE Customer's Personal And Business Information As Private And Confidential

The Bank will treat all MSE customer's personal and business information as private and confidential subject to specific circumstances

- To Publicize The Code

The Bank Will

- a. Provide existing MSE customer with a copy of the Code on request free of cost.
- b. Provide new MSE customer with a copy of the Code when they open an account.
- c. Make available this Code for perusal at every branch.
- d. Ensure that the Bank's staff is trained to provide relevant information about the Code and to put the Code into practice.

- To Adopt And Practice A Non Discrimination Policy

The Bank 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.

## INFORMATION

MSE customer can get information on interest rates, common fees and charges through any of the following

- a. Phoning the bank's branches.
- b. Asking the bank's designated staff/help desk.
- c. Referring to the Tariff Schedule which is available at the bank branches.

### Interest Rates

Changes in interest rates

The Bank will inform the MSE customer of the change in interest rates on loan related products immediately (maximum 15 days) by

- a. Phoning MSE customer's office
- b. Notice at the branch

### Tariff Schedule

#### Fees & Charges

- a. The Bank will make known to MSE customer all charges applicable to the products and services chosen by them
- b. The Bank will make a copy of the Tariff schedule available at every branch for the MSE customer's perusal.
- c. The Bank will also provide the MSE customers information about the penalties leviable in case of non-observance/violation of any of the terms and conditions governing the product/services chosen by them.

#### Terms And Conditions

- a. When MSE becomes a customer or avails of a product/ service for the first time, the Bank will advise them of the relevant terms and conditions for the service which the Bank will provide.
- b. All terms and conditions will be fair and will set out respective rights wherever applicable and liabilities and obligations clearly and as far as possible in plain and simple language.

#### Changes to Terms and Conditions

- a. When MSE become a customer, they can get information of changes to terms and conditions through any of the following channels
  - i) Written communication
  - ii) Notice Board at each branch
  - iii) Email

## **PRIVACY AND CONFIDENTIALITY**

The Bank will treat all personal and business information of its MSE customers as private and confidential [even when they are no longer a customer], and shall be guided by the following principles and policies. The Bank will not reveal information or data relating to MSE customer's accounts, whether provided by the MSE customer or otherwise, other than in the following exceptional cases

- a. If the Bank has to give the information by law.
- b. If there is a duty towards the public to reveal the information.
- c. If the Bank's interests require to give the information (for example, to prevent fraud) but the bank will not use this as a reason for giving information about the MSE customer or their accounts [including name and address] to anyone else, including other companies in the bank's group, for marketing purposes.
- d. If the MSE customer asks the Bank to reveal the information, or if the Bank has the MSE customer's permission.
- e. If the Bank is asked to give a banker's reference about the MSE customer, the Bank will need written permission from the MSE customer before the bank gives it.

The Bank will not use the MSE customer's personal and business information for marketing purposes by anyone including itself unless the MSE customer specifically authorizes the Bank to do so.

#### Credit Reference Agencies

- a. When an MSE opens its account, the Bank will pass account details to credit reference agencies which include the business /personal debts the MSE customer owes the Bank as also the conduct of the account and the checks the Bank may make with them from time to time.
- b. The Bank will explain to the MSE customer the role of credit reference agencies and the effect the information they provide to their members can have on the MSE customer's ability

to get credit.

## LENDING

The Bank's loan policy dealing with the MSE customers' application for loan or any financial assistance will be reflective of the objectives and spirit of the national policy and the regulatory prescription.

### Request letter for credit facilities

The Bank will

- a. Accept a request letter from the MSEs mentioning the required credit facilities which they wish to avail from the bank.
- b. Provide the MSEs with a checklist for requisite documents which need to be submitted for the bank to consider their request
- c. The Bank will also provide 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 the MSEs interest
- d. Acknowledge in writing the receipt of the loan application.
- e. Normally collect all particulars required for processing the application for credit facility at the time of application. In case the Bank needs any additional information, the bank will contact the MSEs within 15 working days from receipt of application.
- f. Not charge any processing fee for loans up to Rs.5 lakh if the loan is not sanctioned.
- g. The Bank will take a decision on application for a credit limit or enhancement in existing credit limit as under:
  - up to Rs 2 lakh within two weeks from the date of receipt;
  - Above Rs. 2 lacs upto credit limit up to Rs 5 lakh within 4 weeks
  - Above Rs. 5 lakh, within 6 weeks.

\* from the date of receipt provided the application is complete in all respects and is accompanied by documents as per 'check list' provided by the bank.

### Credit Assessment

- a. The Bank will
  - i) Verify the details mentioned by the MSEs in their application by contacting them through the Bank's staff for this purpose at MSEs business address/ residence.
  - ii) Before lending the MSEs any money, or increasing MSE customers borrowing limit/s, assess whether they will be able to repay it. The bank shall carry out proper assessment of the loan application by carrying out detailed due diligence and appraisal.
  - ii) Satisfy itself about the reasonableness of the projections made by the MSEs.
- b. This assessment may include looking at the following
  - i) Information MSEs give to the Bank, including the purpose of borrowing.
  - ii) MSEs business plan.
  - iii) MSEs business cash flow, profitability and existing financial commitments supplemented, if necessary, by account statements.
  - iv) MSEs personal financial commitments.
  - v) How MSEs have handled their finances in the past.
  - vi) Information the Bank gets 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, wherever applicable

- c. The Bank 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 it is satisfied about the MSEs 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 MSE customers' 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 they have provided necessary evidence.

### **Sanction/Rejection**

The Bank will

- a. Put down in writing terms and conditions and other caveats governing credit facilities agreed to and duly certify the same and give the MSE customers a copy thereof on request.
- b. Convey in writing the reasons for not acceding to MSEs request for a loan or credit facility.
- c. Ensure periodic review and renewal of facility as per terms and conditions in the sanction letter given to MSE customers.

### **Post Disbursement**

The Bank will

- a. Assure that it will refrain from interference into the MSE customers' business affairs except on what is in terms of sanction of credit facilities or when new information comes to bank's knowledge.
- b. Endeavour to be constructive in its monitoring process and sympathetically deal with genuine difficulties that the MSE customers' may face in their dealings with the Bank.
- c. Obtain following information from the MSE customers' on an ongoing basis
  - i) A comparison of the forecasts in their business plan with the actual results.
  - ii) Progress on important aspects of their business plan.
  - iii) Annual accounts such as Balance Sheet and Profit and Loss Account and other supporting documents.
  - iv) Age-wise break up of their creditors and debtors and the amounts involved.
- d. If circumstances change, talk to MSE customers about any new information the Bank will need from the MSE customers.
- e. Give notice in case the Bank exercises right of set off, with full particulars of its remaining claims against the MSE customer as also of the documents under which the Bank is entitled to retain the securities till the relevant claim is settled/ paid by the MSE customer.
- f. Monitor the progress made by the MSE customers' through any or more of the following modes
  - i) Scrutinising periodic statements of stocks.
  - ii) Watching the transactions in the MSE customer's account with the Bank.
  - iii) Visits by either the Bank's staff or authorised representative to MSE customers' premises for verification of the stocks and/or assets financed.
  - iv) Obtain wherever necessary market reports on how MSE customer's business is going on.

## **COLLECTION OF DUES**

Whenever the Bank gives any credit facilities, it will explain to the MSE customers the repayment process by way of amount, tenure and periodicity of repayment. However if the MSE customers do not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the MSE customer by sending notice or by making personal visits and/ or repossession of

security, if any. The Bank's collection policy is built on courtesy, fair treatment and persuasion. The Bank believes in fostering customer confidence and long-term relationship. The Bank will provide the MSE customer with all the information regarding dues and will endeavor to give sufficient notice for payment of dues. The Bank's staff deputed for collection of dues or/and security repossession will identify himself/ herself. Any person authorised to represent the bank for these purposes will identify himself/herself and also display the authority letter issued by the Bank.

All the members of the staff or any person authorised to represent the bank in collection or/and security repossession would be subjected to due diligence and they would follow the guidelines set out below

- a. The MSE customer would be contacted ordinarily at the place of business/occupation and if unavailable at the place of your business/ occupation at the place of residence or in the absence of any specified place at the place of the MSE customer's authorised representative's choice.
- b. Identity and authority to represent would be made known to the MSE customer at the first instance.
- c. MSE customer's privacy and dignity would be respected.
- d. Interaction with the MSE customer would be in a civil manner.
- e. MSE customer's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
- f. All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

### **Security Repossession Policy**

The Bank has in place a Security Repossession Policy which the bank will follow.

## **DEPOSIT ACCOUNTS**

The Bank has a separate policy on deposits which will be made available to you on request at any of the branches.

## **SERVICES**

### **Foreign Exchange Services**

- a. When MSE customers buy or sell foreign exchange, the Bank will give information on the services, details of the exchange rate and other charges which apply to foreign exchange transactions.
- b. If the MSE customers want to transfer money abroad, the Bank will tell them how to do this and will
  - i) Guide the MSE customer about regulatory requirements or conditions as and when requested by the MSE customer.
  - ii) Give the MSE customer a description of the services and how to use them.
  - iii) Give details of when the money the MSE customers 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, the Bank will let the MSE customer know later what the rate is).
  - v) Give details of any commission or charges, which the MSE customer 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 the MSE customer if the information provided by them for making a payment abroad is adequate or not. In case of any discrepancies or incomplete documentation, the Bank will advise the MSE customer immediately and assist them to rectify/complete the same.

c) For any inward remittances the Bank will

Tell the MSE customer the original amount received and charges, if any, levied if money is transferred to the MSE customer's bank account from abroad. If the sender has agreed to pay all charges, the Bank will not take any charges when it pays the money into the MSE customer's account.

d. The Bank will Issue all certificates required to be issued under regulatory/ statutory instructions

### **Remittances Within India**

If MSE customers' want to remit money within India the Bank will inform them how to effect and will

a. Give description of services and how to use them.

b. Suggest to the MSE customers' the best way to send the money to suit their needs.

c. Disclose the current charges in respect of remittances made through the electronic mode through the bank as mentioned below (exclusive of service tax)

#### **Electronic products**

a) Inward RTGS / NEFT / ECS transactions – free, no charge to be levied.

b) Outward transactions –

(i) RTGS – Rs. 1 to 5 lakh – not exceeding Rs. 25 per transaction

– Rs. 5 lakh and above – not exceeding Rs. 50 per transaction

(ii) NEFT – Up to Rs. 1 lakh – not exceeding Rs. 5 per transaction

– Rs.1 lakh and above – not exceeding Rs. 25 per transaction

## **COMPLAINTS, GRIEVANCES AND FEEDBACK**

### **Internal Procedures**

a. If the MSE customers want to make a complaint, the Bank will tell them

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 they are not happy about the outcome.

b. The Bank's staff will help the MSE customers with any questions they have.

c. When an MSE becomes a customer, the Bank will tell them where to find details of the Bank's procedure for handling complaints fairly and quickly.

d. If the MSE customer complaint has been received in writing, the Bank will endeavor to send the MSE customer an acknowledgement/ a response within a week.

e. After examining the matter, the Bank will send the MSE customer its final response or explain why the Bank needs more time to respond and shall endeavor to do so within six weeks of receipt of the complaint and will tell the MSE customer how to take their complaint further if they are still not satisfied.

### **Banking Ombudsman Scheme**

a. The Bank will display in all its branches a notice explaining that the Bank is covered by the Banking Ombudsman Scheme, 2006 of the Reserve Bank of India.



b. Within 30 days of lodging a complaint with the Bank, if the MSE customers' do not get a satisfactory response from the Bank and they wish to pursue other avenues for redressal of grievances, they 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. The Bank's staff would explain the procedure in this regard.

## 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](mailto:help.bcsbi@rbi.org.in) Website : [www.bcsbi.org.in](http://www.bcsbi.org.in)

## GETTING HELP

If the MSE customers have any enquiries about the Code, they should contact the Indian Banks' Association at the following address.

Indian Banks' Association Centre 1, World Trade Centre , Cuffe Parade, Mumbai 400 005 Tel. [www.iba.org.in](http://www.iba.org.in)

The Bank will have copies of the Code made available to MSE customers on request.

For further help the MSE customers can contact the following personnel at respective branches of the bank.

### 1. Mumbai Branch

Branch Manager  
French Bank Building  
62, Homji Street, Fort  
Mumbai – 400001.  
Tel – (022) 66501300

### 2. Delhi Branch

Branch Manager  
1<sup>st</sup> Floor east Towers (Sood Towers)  
25-Barakhamba Road  
New Delhi – 110001.  
Tel – (011) 41796600

### 3. Chennai Branch

Branch Manager  
3<sup>rd</sup> Floor, Prince Towers  
25/26 College Road  
Chennai – 600006  
Tel – (044) 28211969

### 4. Kolkata Branch

Branch Manager

Unit No. 301, Office No. 2,  
Avani Signature, 3<sup>rd</sup> floor,,  
91A/1, Park Street,  
Kolkata – 700016.  
Tel – (033) 66526300.

5. Pune Branch

Branch Manager

Unit No. 5, Ground Floor,  
Godrej Millenium Park  
9 Koregaon Road,  
Pune – 411001  
Tel – (020) 26130142.

6. Ahmedabad Branch

Branch Manager

Unit Nos 203, 2<sup>nd</sup> Floor  
Sakar II, Ellisbridge  
Ahmedabad – 380006.  
Tel – (079) 26579880

7. Hyderabad Branch

Branch Manager

Venkat Plaza, 2<sup>nd</sup> Floor  
6-3-883/5 Punjagutta  
Hyderabad – 500082  
Tel – (040) 66511003

8. Bangalore Branch

Branch Manager

Landmark Bldg, 3<sup>rd</sup> floor  
21/15, MG Road  
Bangalore – 560001  
Tel – (080) 25596794.

9. Head Compliance

BNP Paribas House, 1 North Avenue, Maker Maxity  
Bandra-Kurla Complex, Bandra East  
Mumbai 400 051  
Tel – (022) 61964000

9. Head Office

BNP Paribas House, 1 North Avenue, Maker Maxity  
Bandra-Kurla Complex, Bandra East  
Mumbai 400 051  
Tel – (022) 61964000