

Fair Practices Code

Sl no	Provisions
(i)	<p>Applications for loans and their processing</p> <p>(a) Loan application forms would include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.</p> <p>(b) The company would devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of would also be indicated in the acknowledgement.</p>
(ii)	<p>Loan appraisal and terms/conditions</p> <p>We would convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on our record.</p> <p>It is advised to invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.</p>
(iii)	<p>Disbursement of loans including changes in terms and conditions</p> <p>(a) We would give notice to the borrower for any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. We would also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard would be incorporated in the loan agreement.</p> <p>(b) Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.</p> <p>(c) We would release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim that the company may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the company would be entitled to retain the securities till the relevant claim is settled/paid.</p>
(iv)	<p>General</p> <p>(a) The company would refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).</p> <p>(b) In case of receipt of request from the borrower for transfer of borrowing account, the consent or otherwise i.e. objection of the company, if any, would be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.</p>

	(c) In the matter of recovery of loans, the company would not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans , etc..
(v)	The Board of Directors of company would 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 would 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 management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.
(vi)	Fair Practices Code based on the guidelines outlined by RBI is being put in place with the approval of the Board. The company will have the freedom of enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the RBI prescribed guidelines. The same would be put up on the web-site for the information of various stakeholders.
(vii)	<p>Complaints about excessive interest charged by NBFCs</p> <p>(A) In conformity with normal financial practice prescribed by RBI, the Board would lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans would also be kept in view.</p> <p>(B) As per the prescription of RBI -</p> <p>(a) The Board shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.</p> <p>(b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.</p> <p>(c) The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.</p>
(vii)	<p>Clarification regarding repossession of vehicles</p> <p>We would have a re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding: (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale /</p>

	<p>auction of the property; (e) the procedure for giving repossession to the borrower and (f) the procedure for sale / auction of the property. A copy of such terms and conditions would be made available to the borrowers in terms of circular wherein it was stated that the company may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.</p>
--	--