

J&K Development Finance Corporation Ltd

(A Govt. of India Enterprise)

Fair Practices Code

With a view to provide term lending to the industrial fraternity of the State of Jammu & Kashmir & to achieve the desired results in a transparent manner, JKDFC Ltd. has decided to adopt the following Fair Practice Code:

Applications for loans & their processing

The loan application form, checklist of formalities to be complied with by the prospective borrower terms & conditions governing the grant of Term Loan, all types of correspondence with the prospective borrower will be in English, Hindi/ Urdu.

The prospective borrower will be provided with the standardized loan application form against a payment of Rs. 1000.00, adjustable subsequently against processing fee, along with a detailed check list of formalities (to be complied with before submission of the loan application) & copy of indicative terms & conditions governing the grant of such term loan, explicitly detailing therein the rate of interest, periodicity of charging of interest, compounding thereof in case of default (if any), charging of penal interest in case of delayed payments, mode of raising of demand, whether monthly/quarterly/half yearly, as the case may be & repayment period. The loan application & checklist of formalities can also be downloaded from the Corporations' website www.jkdfc.org. In case of downloaded forms, the application fee will be accepted along with the processing fee details, whereof are available on website;

The loan application complete in all respects with all requisite documents & processing fee will be properly acknowledged at the time of its submission at the respective offices of the Corporation. Necessary provisional application code will be allotted for future reference;

The acknowledgement inter-alia will include the approximate time frame within which the loan will be sanctioned, which in cases, within the powers of the Internal Management Committee, shall not be more than one month from the date of receipt of complete set of documents, enumerated in the checklist of formalities, provided to the borrower along with the application form;

The Term lending Policy incorporating the interest rates, details of processing fee payable along with the application, upfront fee payable at the time of acceptance of terms & conditions & security to be offered are available on the website www.jkdfc.org.

Loan appraisal & terms and conditions

Loan application submitted by the prospective entrepreneur will be processed in accordance with the guidelines contained in term lending policy & the appraisal manual of the Corporation;

Sanction or rejection will be communicated in English, Hindi/ Urdu to the prospective client on his/her/their residential/firm address(s) within a week's time from the date of sanction or rejection, as the case may be, by the competent authority. The letter of sanction will incorporate the terms & conditions governing such sanction (in duplicate) including amount of loan sanctioned, annualised rate of interest and method of application thereof and penal interest charged for late payment of interest which shall be written in bold letters with list of documents to be furnished/ executed to secure the loan. The borrower will be advised to deposit the requisite upfront fee once the sanction is communicated & the acceptance thereof (in duplicate) by the borrower is furnished to the Corporation.

Copy of loan agreement shall be furnished to the borrower, which will be in English, Hindi /Urdu at the time of sanction of loan.

Borrower's acceptance letter along with the terms & conditions for grant of such loan (in duplicate) will be placed on record & shall form part of the registered agreement.

Disbursement of Loans including changes in terms & conditions

The loan will be disbursed only after the borrower fulfills/complies with all the institutional formalities & terms and conditions including execution of legal documents stipulated in the sanction letter;

Any subsequent changes in the terms and conditions including rate of interest, penal interest, service charges, pre-payment charges, disbursement schedule, repayment schedule, etc will be communicated to the borrower in vernacular languages (English, Hindi / Urdu) on his/her/their registered address(s), both factory as well as residential by registered post;

Change in the rates of interest /service charges will have prospective effect only;

Consequent upon such changes, if any, supplemental deeds/documents or over writings are required to be executed, the same will be communicated to the borrower in writing in vernacular languages on his/her/their registered address(s), both factory as well as residential by registered post.

Recall or enhanced repayment notice will be in conformity with the terms & conditions specified in the loan agreement & will not be unilateral & will be exercised only in cases where the recovery or performance of the unit is not satisfactory. Proper notice in writing will be served on the borrower in such an event;

The Corporation will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to legitimate right or lien for any other claim, the Corporation may have against the borrower. In case any such right of set off is to be exercised, the Corporation will give notice about the same with full particulars about the remaining claims & conditions under which the Corporation is entitled to retain the securities till the relevant claim is settled /paid.

Regulation of Excess Interest Charged

The Corporation will adopt an interest model rate taking into account relevant factors such as cost of funds, margin & risk premium, etc & determine the rate of interest to be charged for loans & advances. The rate of interest & the approach for gradation of risks & rationale for charging different rates of interest to different categories of borrowers will be disclosed to the borrowers in the application form & communicated explicitly in the sanction letter.

The rates of interest & the approach for gradation of risk will also be made available on the website of the Corporation & shall be updated as & when there is a change in interest rate structure;

The rate of interest will be annualized rate so that borrower is aware of exact rates that would be charged to the account.

Corporation will lay out appropriate internal principles & procedures in determining the interest rates, processing fee & other charges.

General

Post disbursement supervision will be undertaken at regular intervals to ensure that the unit is functioning properly & that the unit is not facing any difficulty in its day today functioning.

The Corporation will refrain from interference in the affairs of the borrowers except for what is provided in the terms & conditions governing the sanction of such loan (unless new information, not earlier disclosed by the borrower, has come into the notice of the Corporation). However this will not imply that the Corporation's right of recovery & enforcement of security under law as well as appointment of nominee directors, where ever required, is affected by the commitment.

In case of request for transfer of borrower account by the borrower /from a bank/financial institution, the Corporation's consent or otherwise will be conveyed within 21 days from the date of receipt of the request. Such transfer will be as per the transparent contractual terms in consonance with law;

In case of recovery, Corporation will not resort to undue harassment. Staff involved in recovery will be accountable for any act of rude behavior. The recovery team will operate as per laid down guidelines, extant provisions & within legal framework. The recovery team will be given proper & adequate training to deal with the customers in appropriate manner;

Complaints

In case of any complaint/grievance, the applicant/borrower will have to inform the concerned office in charge in writing. The officer in charge will immediately take up the matter for Redressal.

Grievances redressal Mechanism

All disputes arising out of the decisions of the various management levels will be heard & disposed of at least at next higher level within fifteen days from the receipt of complaint/grievance.

Review

The Corporation will have a periodic review of the implementation of the Fair Practices Code & the functioning of the Grievance mechanism. A consolidated report thereof will be submitted to the Board of Directors at regular intervals.

Display

The Fair practices Code (FPC) will be displayed by the Corporation for the benefit of its customers at all of its operational offices with following details:

Name & contact details (telephone nos./mobile nos. as also e-mail address of the Grievance Redressal Officer who can be approached by the customers /public for resolution of the complaints against the Corporation;

If the complaint /dispute is not resolved within a period of one month, the customer may appeal to the officer-in-charge of the Regional office of the DNBS of RBI, Jammu, Rail Head Complex, Jammu under whose jurisdiction the registered office of the Corporation falls;

The Fair Practices Code, will in a vernacular language as understood by the customers of Corporation, be after approval by the Board of Directors of Corporation, put on the web site of the Corporation for wide publicity.