

FAIR PRACTICES CODE OF KSIDC

1. Application of loans and their processing

- a. All loan application forms shall contain necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFs can be made, and informed decision can be taken by the borrower. The application form shall indicate the documents required to be submitted.
- b. All loan applications received by the Company will be given an acknowledgement slip.
- c. Being project specific loans, sanctions will be obtained after the approval of the Executive Committee/ Board which are normally held once in 3 months.

2. Loan appraisal and terms / conditions

The Company will convey in writing to the borrower, the amount of the loan sanctioned along with the terms and conditions including applicable rate of interest, method of charging interest, repayment terms and keep the acceptance of these terms and conditions by the borrower on its record.

3. Disbursement of loans including changes in terms and conditions

- a. The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company will also ensure that changes in interest rates and charges are effected only prospectively.
- b. The Company shall recall or accelerate the payment of loans in consonance with the conditions in the loan agreement.
- c. The Company will release all securities on repayment of all the dues subject to any legitimate right or lien for any other claim, it may have against the borrower.

4. Post- disbursement supervision

- (a) Post disbursement supervision by the Company will be constructive and the genuine difficulties which the borrower may face, will be given due consideration.
- (b) Before taking a decision to recall/ accelerate payment or performance under agreement or seeking additional securities, the Company shall give notice to borrowers in consonance with the loan agreement.
- (c) The change in the terms and conditions of the loan agreement shall be informed to the loanees prospectively.

5. The loan application register shall be kept at the office recording the details regarding the sale of loan applications, receipt of application, sanction of applications and rejection of applications with reasons for rejection.

6. Prior notice shall be given to the loanee if additional security is sought for from them.

7. A Grievance Redressal Mechanism shall be formulated and set up within the organization for effectively handling the complaints received by the Company from various clients.

8. General

(a) The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).

(b) In case of receipt of request for transfer of borrowal account, either from the borrower or from a lender which proposes to take over the account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days with the receipt of the request. Such transfer shall be as per transparent contractual terms in consonance with law.

(c) In the matter of recovery of loans, the Company shall not resort to harassment.

The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the Organisation to resolve disputes arising in this regard. Such a mechanism shall 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. Periodical review of the functioning of the grievances redressal mechanism shall be done in every 3 months at various levels of management. Periodical review of the compliance of the Fair Practices Code shall be done by the Board of Directors in every 6 months.

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