

## **FAIR PRACTICE CODE OF KSBCDC LTD**

### **1) Introduction**

This policy shall be termed as Fair Practice Code of the Kerala State Backward Classes Development Corporation Limited (KSBCDC) (hereinafter called 'the Company') prepared in accordance with the directions of the Master Direction -Non Banking financial Company (Reserve Bank) Directions, DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on December 29, 2022), and other directives issued by the Reserve Bank i

### **2) RBI Guidelines**

The Reserve Bank of India has rolled out certain guidelines to cover inter alia:

- Application for loans and their processing
- Loan appraisal and terms / conditions
- Disbursement of loans including changes in terms and conditions
- Responsibility of Board of Directors
- Grievance Redressal Mechanism

KSBCDC has put in place the Fair Practice Code in an endeavour to achieve the synchronization with the best practices in dealing with the customers, employees etc. The Fair Practice Code shall apply across all aspects of the operations of the Company including loan origination, processing, and collection activities.

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### **3) Applications for loans and their processing**

a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

b) Loan application forms shall 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 an informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.

c) All loan applications received by the Corporation will be given an acknowledgment slip. The expected timeframe within which the loan applications will be disposed off shall be indicated in the acknowledgment.

d) Loan applications shall be processed after necessary due diligence and verifications by the approval committee. The Education loans shall be processed within 30 days of receipt of loan application and the other loans shall be processed within 90 days of receipt of application.

The time limit will be **reckoned** from the date of submission of duly filled in application form along with all the required documents excluding the time required for obtaining external legal opinion, valuation, certificate confirmation etc.

**4) Loan appraisal and terms/conditions**

a) The company shall 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 annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

b) A copy of the loan agreement along with a copy of each of enclosures quoted in the loan agreement shall be provided to all the borrowers at the time of sanction/ disbursal of loans.

**5) Disbursement of loans including changes in terms and conditions.**

a) The Company shall give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that if there are any changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement also.

b) The company shall decide to recall/accelerate the payment of loans in consonance with the conditions of the loan agreement.

c) The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan including applicable interest, charges etc. subject to any legitimate right or lien for any other claim 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 is entitled to retain the securities till the relevant claim is settled / paid.

**6) Interest Rate**

a) KSBCDC acts as a state channelizing agent for the national agencies for upliftment of backward classes and minority communities. The interest rates on the loan schemes provided by the company using the funds of national agencies shall be fixed according to the guidelines issued by the agencies. The interest rates on the projects implemented using own funds of the Company shall be fixed as per the decisions of the Board of Directors of the Company. The interest rates shall be clearly communicated to the borrowers and include the same in loan agreement and sanction letter.

b) The penal interest charged for belated repayment shall also be indicated both in the loan sanctioned letter and in the loan agreement in bold letters.

## **7) 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 the loan agreement (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 borrower account, the consent or otherwise i.e. objection of the company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with the law.
- c) In the matter of recovery of loans, the Company shall not resort to undue harassment viz persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.

## **8) Responsibility of Board of Directors**

The Board of Directors of the company shall 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 Company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall periodically review the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

## **9) Grievance Redressal Officer**

- a) The Company has appointed the officer in charge of the particular unit office will be the first level Grievance Redressal Officer. If the complaint is not redressed within 15 days, the customer may appeal to General Manager (Projects) for the complaints regarding the project and Manager (Recoveries) for the complaints regarding the recovery as Grievance Redressal Officers to resolve disputes arising in this regard. The officer shall duly ensure that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- b) The Company shall implement all possible steps to prevent and minimize customer complaints and grievances. The Company shall display the details including name and contact details of Grievance redressal officer in all the branches of the company.
- c) If the complaint / dispute is not redressed within a period of 30 days, the customer may lodge his complaint under the Reserve bank of India – Integrated Ombudsman Scheme, 2021. As per the Integrated Ombudsman Scheme, 2021, the complaint may be filed through any of the following methods;
  - Online – on CMS portal of RBI at <https://cms.rbi.org.in>
  - Physical Complaint to “Centralised Receipts and Processing Centre, 4<sup>th</sup> Floor, Reserve Bank of India, Sector-17, central Vista, Chandigarh – 160017
  - Email – [crpc@rbi.org.in](mailto:crpc@rbi.org.in)