

Vasai Janata Sahakari Bank Ltd.

Head Office

Date: 19.09.2024

CIRCULAR

CIRCULAR NO.: HO/LOANS/CIRCULAR/8/2024-25

To,
Senior Manager/Branch Manager,
_____ Branch/Department.

Sub.: Adoption of "Fair Practice Code for Lenders".

The Board of Directors in its meeting held on 23.08.2024 has approved "Fair Practice Code for Lenders (FPCL) as follows, which is a voluntary code adopted by the Bank. It aims to provide valuable inputs to customers and facilitate effective interaction of customers with the Bank.

VJSBL - FAIR PRACTICE CODE FOR LENDERS

Lending being one of the core businesses of any Financial Institution and in adherence to the Lenders Liability Laws constituted by the Government of India and the guidelines provided by the Reserve Bank of India from time to time, Vasai Janata Sahakari Bank Ltd. ("Bank") adopts the general principles on adequate disclosures on the terms and conditions of a loan which aims to achieve synchronization of best practices while dealing with the Customers by its transmission through its Fair Practice Code for Lenders. The Bank shall always aim to provide valuable inputs to its Customers and try to facilitate effective interaction of customers with the Bank.

A) Application for loans and their processing:

1. The Bank shall provide complete information explaining the key features of our loan product which also includes fees/charges, if any, payable for processing, prepayment options and any other matter which affects the interest of the borrower which enables the borrower to take an informed decision.
2. The Bank will advise the applicants about what information/documents are required with respect to the identity, address, employment, etc. and any other document that is stipulated by statutory authorities, in order to comply with legal and regulatory requirements.
3. The Bank shall give acknowledgement for receipt of all loan applications and the applicant would also be informed about the time frame within which loan application would be disposed of.
4. The Bank will verify the loan applications within a reasonable period of time. If any additional details/ documents are required, the borrowers will be intimated immediately within the specified period at the time of accepting the application.
5. The Bank will convey in writing to the applicant the main reason/ reasons for rejection of the loan applications within the stipulated time.

B) Processing of Loans:

1. The Bank will ensure proper assessment of credit application of the borrowers.
2. The Bank will convey to the borrower through issuance of sanction letter the credit limit sanctioned along with the terms and conditions thereof.



3. The Bank will keep the borrower's acceptance of terms and conditions on record. If any terms and conditions are required to be negotiated then such terms and conditions and other caveats governing credit facilities shall also be reduced in writing and only after the borrower's acceptance of all the terms and conditions a fresh sanction shall be issued and the acceptance of the same shall be taken on records.

4. The Bank will provide copies of the complete set of the loan agreement along with a set of all enclosures quoted in the loan agreement to the borrower, if demanded by the Borrower.

5. The Bank will verify the loan applications within a reasonable period of time.

6. Borrower would be made aware that following credit facilities are solely at the discretion of lenders:

- Drawings beyond the sanctioned limits
- Honoring cheques issued for the purpose other than specifically agreed to in the credit sanction
- Disallowing drawing on a borrowal account on its classification as a non-performing asset
- Disallowing drawing on a borrowal account on account of non-compliance with the terms of sanction.

7. In the case of lending under consortium arrangement, the Bank and other participating lenders would evolve procedures to complete appraisal of proposals in the time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

C) Disbursement of Loans by the Bank:

1. The Bank will ensure timely disbursement of loans in conformity with the terms and conditions governing such sanctions.

2. The Bank will give notice of any change in the terms and conditions including interest rates, service charges etc. through and in any one or all the following media, namely:

- On the Bank's website.
- Through prominent display on 'Notice Board' in the branches and at other delivery points.
- Through other media.

3. The Bank will ensure that changes in interest rates and charges are affected only prospectively.

D) Post Disbursement Supervision:

1. Borrower would be made aware of the submission schedule of various stock statements/financial accounts etc. to the Bank and the penalties, in case of default by the borrower.

2. Borrower would be made aware of the stock audit/ credit rating etc. to be completed by the external agencies and the details of cost to be borne by him.

3. The Bank will give notice to the borrowers before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities.

4. The Bank will release all securities on receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim the Bank may have against borrowers. If such right of set off is to be exercised, the Bank will



give notice about the same to the borrower with full particulars about the remaining claims.

E) Guarantee:

The Bank will explain all the terms and conditions to the person who is willing to be the guarantor to the loan of the borrower about:

1. His liability as a Guarantor
2. The amount of liability he will be committing to the Bank
3. Circumstances in which he will have to pay up the liability
4. Whether the Bank has recourse to his monies in the bank if he fails to pay up as a Guarantor
5. Whether his liabilities as a Guarantor are limited to a specific quantum or are they unlimited
6. Time and circumstances in which his liabilities as a Guarantor will be discharged as also the manner in which the Bank will notify him.

General

1. The Bank will refrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
2. The Bank will not discriminate on grounds of sex, caste and religion in the matter of lending.
3. In the matter of recovery of loans, the Bank will not resort to undue harassment such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
4. In case of receipt of request for transfer of borrower account, the Bank will convey consent or otherwise within the prescribed time lines from the date of receipt of request.
5. The Bank is committed not to disclose its Customer's (whether Borrower or not) confidential information to any third party unless agreed to by the customer. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureaus, Reserve Bank of India, other banks/ financial and lending institutions.

Subject to above, customer information would be revealed only under the following circumstances;

- If compelled by law
- If it is in the Public Interest to reveal the information
- If the interest of the Bank require disclosure.

6. Bank may occasionally update this Fair Practice Code for Lenders from time to time as per the amendments or notifications received from the statutory authorities.

Grievance Redressal Mechanism


The Bank would have in place a Board Approved "Customer Grievance Redressal Policy", which will be displayed on the website, wherein clear procedure for resolving disputes will be explained.



All the Senior Managers, Branch Managers, Officials and Staff Members of the Bank are hereby advised to go through the said "Fair Practice Code" adopted by the Bank to understand our commitments to the customers/borrowers to prepare ourselves and deliver our services to them accordingly.

You are further advised to ensure strict compliance of these commitments and note that lapse in implementation of these commitments on the part of any of the staff members will be viewed seriously by the management.

The said "Fair Practice Code for Lenders" adopted by the Bank shall be displayed on the website of the Bank and implemented with immediate effect.


Chief Executive Officer



Encl.: Copy of Board Approved Note dated 23.08.2024.

Copy to:-

- 1) Senior Manager/Branch Manager, _____ Branch
- 2) Mr. Rahul Deshmukh – Asst. General Manager – IT (Head Office) with an instruction to publish the same on Bank's website immediately.

Copy for information to:

- 3) Micheal Dias, Asst. General Manager - Head Office
- 4) Mr. Subhash Thakare, Asst. General Manager – Head Office
- 5) Head of Department (Head Office)

- Credit
- Investment
- Accounts
- Audit
- Recovery.