

The Fair Practice Code in respect of lending activity of Assam Financial Corporation (AFC).

1. OBJECTIVES

The Fair Practice Code sets out the minimum standards, for investment activity pursued by AFC, to be followed while dealing with entrepreneurs seeking financial assistance. The Code explains how AFC is expected to deal with the entrepreneurs who are availing the financial assistance from it.

The Code has been developed with a view to:

- (a) promote fair practice by setting minimum standard in dealing with entrepreneurs;
- (b) increase transparency so that entrepreneurs can have a better understanding of what they can reasonably expect of the services;
- (c) encourage market forces, through competition, to achieve higher operating services;
- (d) promote client friendly relationship between AFC and entrepreneurs;
- (e) to develop confidence in the lending system of AFC

2. KEY COMMITMENTS

A. Our key commitments to entrepreneurs are:

To act fairly and reasonably in dealing with entrepreneurs in:

- Meeting the commitments and standards in this code, for the lending and financial services AFC offers.
- Ensuring that our dealings with entrepreneurs rest on ethical principles of integrity and transparency.

B. To help entrepreneurs to understand how our financial products and services work by:

- Giving complete information about the various schemes of term lending of AFC.
- Ensuring that our advertising and promotional literature is clear and not misleading.

- Ensuring that you are given clear information about our products and services, the terms and conditions and the interest rate/charges, which apply to them.
- Giving you information on what is best suited to you, how you can avail of the benefits, what are their financial implications and whom you can contact for addressing your queries.

C. To keep entrepreneurs aware & updated by:

- Providing update of interest accrued on term loan account.
- Keeping informed about changes, if any, in the interest rate, charges or terms and conditions.
- Providing information of various financial schemes covering eligibility criterion, purpose, rate of interest, repayment/moratorium period, various charges payable by the entrepreneurs etc. will also be available with the loan application form.

D. To act promptly when things those go wrong by:

- Correcting the mistakes.
- Handling complaints promptly.
- Telling you how to take complaint forward if you not satisfied.

E. To publicise the code, AFC will make this code available on its website and on request provide either over the counter or by electronic communication or mail.

F. AFC will not discriminate on the basis of age, race, gender, marital status, religion or disability while adopting and practicing the code.

3. APPLICATION FOR LOANS AND THEIR PROCESSING

a. At the time of sourcing a loan product, we will provide information about the interest rates applicable, as also the fees/charges, if any, payable for processing, prepayment options and charges, if any, and any other matter which affects the interest of the borrower, so that a

meaningful comparison with those of other institution/banks can be made and informed decision can be taken by entrepreneur.

b. All particulars normally required for processing the loan application will be specified at the time of application. In case any additional information is required, the applicant will be contacted immediately.

c. The loan application form of AFC will cover various aspects of project formulation and details; information/documents required to be attached.

d. On receipt of application for financial assistance, AFC will provide an acknowledgement for receipt of loan application. Loan application duly supported with complete information/documents, will be disposed of by AFC, normally within 45 days.

e. AFC will not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude AFC from framing, adopting, and approving, different schemes for various financial needs of the entrepreneurs.

f. In case of receipt of request from the borrower for transfer of its account, the consent or otherwise i.e. objection of AFC, if any, shall be conveyed within 31 days from the date of receipt of request. Such transfer shall be as per transparent & contractual terms and conditions of loan agreement.

g. Margin and availability of security shall not be substitute for due diligence on credit worthiness of the borrower

3.0 LOAN APPRAISAL AND TERMS/CONDITIONS

The competent authority shall issue Loan Sanction Letter, on sanction of term loan assistance, which inter-alia shall provide information as regards to:

- a. Amount of loan sanction
- b. Terms and conditions
- c. Rate of interest, period of compounding, panel interest etc.
- d. Repayment schedule and moratorium period
- e. The contact person for seeking disbursement of loan
- f. All terms and conditions shall be transparent in the sanction communication governing credit facilities in writing and

acceptance thereof by the borrower shall be kept on record, along with loan/security documents

- g. Copies of all loan agreement along with a copy of each of all enclosures quoted in the loan agreement should be furnished to the borrower.

4.0 DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

a. AFC will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.

b. Changes in the interest rates and charges, if any, shall be affected by AFC prospectively and shall normally be effective from the date of sanction of loan. A suitable condition in this regard shall be inserted in the loan agreement.

c. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

d. AFC will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim AFC 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 AFC is entitled to retain the securities till the relevant claim is settled/paid.

4.0 GENERAL

a) AFC will 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 AFC).

b) AFC shall treat customer information as private and confidential and shall be guided by following principles and policies:

The information shall be parted by AFC only in the following circumstances:

i). Information required to be given under law or as demanded or required by Statutory authorities:

ii). Information is given with customer's written permission.

c) In the matter of recovery of loans, AFC will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.

d) AFC's recovery collection policy shall be built on courtesy, fair treatment and persuasion. Efforts will be made in building customer confidence and long term relationship.

e) The staff deputed to make recovery calls shall identify themselves and shall provide details with regard to outstanding claims to the customer.

f) Under no circumstances, AFC shall resort to any illegal means of the customer for recovery of the dues.

g) For any grievance and complaint of misconduct against an official of the Corporation a borrower may address for redressal to

**MANAGING DIRECTOR,
ASSAM FINANCIAL CORPORATION,
MD. SHAH ROAD, PALTAN BAZAR,
GUWAHATI - 781008
Phone : (0361)2635639
Email : afcghy@gmail.com**

h) Annual compliance of the code and functioning of the grievances redressal mechanism shall be placed before the Board for review.

i) Please note that the above guidelines are applicable to all loan applications for all segments irrespective of the amount of the limit.