



Janalakshmi Financial Services Pvt. Ltd., Head Office: 34/1, "Rajashree Saroja Plaza", Andree Road, Shanthi Nagar, Bangalore-560027.Tel: 080 – 42595700; Website: [www.janalakshmi.com](http://www.janalakshmi.com)

**Audit Wing**

Ref: JL/HO/AW/ P- 31/Index – Credit/23/2011/NSR

07/09/2011

**CIRCULAR NO: 53/2011**

To:

**All the branches/offices/Region Heads/Functional Heads at HO**

**1. Background:**

- 1.1 Attention of the branches/offices is invited to our circular No: 19/2010 dated 01/09/2010 vide which we had advised introduction of Fair Practices Code (FPC) in Janalakshmi and also display of the FPC guidelines in the notice board of the branches.
- 1.2 Inter alia we had also instructed all the branches to issue copies of loan documents to all the borrowers under group loans.
- 1.3 It is now decided to amend the guidelines as regards issue of the loan documents to the group loans and to that extent the FPC guidelines. The amended guidelines are in the subsequent para.

**2 Amended guidelines on Implementation of the Fair Practices Code in the Branches:**

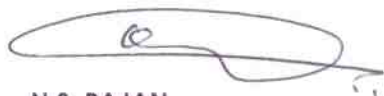
- 2.1 The branches shall henceforth not issue copies of the loan documents, viz; DPN/Inter-se cum Undertaking Letter to the borrowers under Group Loans. However, the existing guidelines on issue of the Sanction letter & the Repayment Schedule cum loan pass card to each borrower under group loan and obtaining an acknowledgement thereof, the copy of which is to be kept along with the executed loan documents should be complied with.
- 2.2 The above guidelines are not applicable to issue of copies of loan documents other loan products, viz; Gold Loans, Education Loans, EFSL and Housing Loans. The Following are the loan documents which needs to be given to the customers in respect of Gold Loans, Education Loans, EFSL and Housing Loans:

Sl. No.	Product/Type of Loan	Loan Document	Suggested way of giving a copy to the customer
2.2.1	Education Loan (In select branches only)	a) DPN – NF 22 (a) b) Educational Loan Agreement – NF 28	Electronic download of soft copy from loan document kit generated by branches for each borrower.
2.2.2	EFSL (In select branches only)	a) DPN – NF 22 (b) b) Hypothecation Agreement – NF 29 (Wherever hypothecation is involved) c) LEDTD – NF 30 (wherever mortgage is involved)	Electronic download of soft copy from loan document kit generated by branches for each borrower.
2.2.3	Housing Loans (In select branches only)	a) LEDTD – NF 30 (Mortgage Documents) b) Housing Loan Agreement (NF 33)	Electronic download of soft copy from loan document kit generated by branches for each borrower.
2.2.4	Gold Loans (In select branches only)	a) Gold Loan Valuation cum Sanction Memorandum	Hard copy of the Gold Loan Valuation cum Sanction Memorandum to be issued to the borrower.

2.3 The amended Fair Practices Code (**Annexure – I**) should be implemented with immediate effect in all the branches. **It is adequate if Annexure – I of the circular only is displayed on the notice board and not the circular part, which is for internal circulation only.**

2.4 The amended Fair Practices Code (**Annexure – I**) will also be published on the website of Janalakshmi.

Branches are subject to regular periodical internal audit, statutory and also regulatory audits, during which time the implementation of Fair Practices Code may be verified. Hence, all the branches are requested to take note of the above and ensure strict compliance.



**N.S. RAJAN**  
**SENIOR VICE PRESIDENT – AUDIG WING**



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Annexure - I

## **FAIR PRACTICES CODE ADOPTED BY JANALAKSHMI** (TO BE DISPLAYED ON THE NOTICE BOARD OF THE BRANCHES & WEBSITE OF THE COMPANY)

1. Janalakshmi's loan application forms contain information about the interest/fees/charges payable for processing, etc., so that a meaningful comparison with that of other MFIs can be made by the prospective borrowers to enable them to take informed decisions. The loan application form also specifies all the documentation required to be submitted with the application.
2. Janalakshmi gives acknowledgement for receipt of all loan applications.
3. Janalakshmi indicates the time frame within which loan applications containing full information/details/documents will be disposed off while acknowledging the application.
4. Janalakshmi verifies the loan applications within a reasonable period of time. If additional details/documents are required, it intimates the applicants immediately thereafter.
5. Janalakshmi conveys to the applicant/s concerned, the loan sanctioned to them along with the terms and conditions thereof and obtains their specific acknowledgement for acceptance of the same for its records.
6. Janalakshmi furnishes a copy of the loan sanction letter containing all the terms and conditions of a loan to all the borrowers and copies of the loan documents in respect of Gold Loans, Educational Loans, EFS Loans and Housing Loans, even in the absence of specific request from the borrower.
7. Janalakshmi will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions of sanction.
8. Janalakshmi will give notice to the borrowers about any changes in the terms and conditions by (i) Informing during collection and (ii) Providing a letter to the borrower. Janalakshmi also ensures that changes in interest rates and service charges are

effected only prospectively and changes in the interest rates shall be published on the branch's notice board as and when changes are made.

9. Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities, Janalakshmi will give reasonable notice to the borrowers concerned in writing.
10. Janalakshmi releases all securities on receiving payment of loan or realisation of loans subject to any legitimate right or lien for any other claim Janalakshmi may have against borrowers. If such right of set-off is to be exercised, the borrower would be given notice about the same with full particulars about the remaining claims and the documents under which Janalakshmi is entitled to retain the security till the relevant claim is settled/paid.
11. Janalakshmi in the normal course would endeavour not to interfere in the affairs of its borrowers, which are not either directly or indirectly related to its extending the credit facilities unless some new information, not earlier disclosed by the borrowers concerned, has come to the notice of Janalakshmi.
12. In the matter of recovery of loans, Janalakshmi would not resort to undue harassment of the customers.
13. In case of receipt of request for transfer of loan accounts from concerned borrowers, the consent or otherwise of Janalakshmi, would be conveyed within 7 days from the date of receipt of such requests for the related accounts.
14. Janalakshmi has a Grievance Redressal Mechanism within the organisation to resolve complaints/disputes, if any, arising in relation to the loan where all complaints/disputes arising out of the decision of Janalakshmi's functionaries up to the Branch Heads, are heard and disposed off at least by the next higher authority at Zonal/Head Office level.

Date: 07/09/2011