

JOINT LIABILITY GROUP (JLG) AGREEMENT

Date: _____

Group ID: _____

Loan Amount: Rs. _____/- Loan tenure: _____ months Purpose of Loan: **Micro Loan**

TERMS AND CONDITIONS TO THE JLG LOAN AGREEMENT

1. *Grant of Loan: Based on the representations of the Borrower, and subject to the compliance of all the Terms and Conditions by the Borrowers, Axis Bank Ltd. shall lend to the Borrower and the Borrower agrees to borrow from Axis Bank Ltd loan[s] under the "Joint Liability Group Loan" a sum of Rs.[.....] ["the Principal"].*
2. *Rate of Interest: Interest on the loan will be charged at% on the basis of monthly rest which is% above the one year Marginal Cost of funds based Lending Rate (MCLR) which is at present%. The rate of interest viz% will be valid for the entire tenor of the loan to be payable by the Borrower per [•], with weekly or monthly rests, on the outstanding balance, in consonance with the policy of Axis Bank Ltd and the guidelines of Reserve Bank of India from time to time ["Interest"].*
3. *Repayment: Unless an earlier demand for repayment is made by Axis Bank Ltd. the Principal and the Interest and costs and charges, if any ["JLG Loan"] payable by the Borrower shall be repayable by the Borrower in _____ monthly/fortnightly/weekly instalments from the later of the date of execution of this Agreement/disbursement of the JLG Loan. All repayments shall be first applied to costs, charges, Interest and the balance finally towards the JLG Loan. Any extension of the repayment period for the JLG Loan shall be at the sole discretion of Axis Bank Ltd.*
4. *Guarantee obligations: All the borrowers herein jointly and severally, unconditionally and irrevocably guarantee the JLG Loan availed by each and every other Borrower of the group under this Agreement ("Group Guarantee"). Each Borrower jointly and severally undertakes to repay the said JLG Loan and hereby confirm to have full knowledge of the transaction. All the parties hereby agree to be bound by and abide with the Terms and Conditions of this Agreement all times henceforth. Until the JLG Loan are repaid in full by each of the Borrower, no Borrower shall be relieved in any manner whatsoever from his/her obligations under this Agreement, notwithstanding any pre-closure, prepayment or recall of the JLG Loan.*
5. *Collection Receipts: All payments by the customer to the Bank shall be acknowledged through receipt. Any future claims have to be backed by the receipt. In absence of such proof, no claim shall be considered.*
6. *Representations: The Borrower jointly and severally represent, warrant and acknowledge to Axis Bank Ltd that:*
 - a) *Each are individually eligible to contract and that the Borrower is eligible to avail the JLG Loan;*
 - b) *The JLG Loan shall ensure not be utilized for any illegal, unlawful or immoral purposes or activities;*
 - c) *They shall participate in all the activities as a group and perform all the obligations in the manner specified by Axis Bank Ltd. for the Group. In no event without the prior consent of Axis Bank Ltd. shall there be any reconstitution of the Group. At the sole discretion of Axis Bank Ltd and with the consent of the Group Members, the Group may be reconstituted by adding or relieving any other member of Axis Bank Ltd.*
7. *Right to sharing/providing Information: The Applicant hereby expressly authorizes Axis Bank Ltd and its agents to exchange, share or part with all the information, data or documents relating to the Borrower's loan information including credit history to affiliated organizations of Axis Bank Ltd/ Banks/ Financial Institutions/ Credit Information Companies(CIC) / Agencies/ Statutory Bodies/Tax authorities/Central Information Bureaus/Research Partners and such other persons as Axis Bank Ltd may deem necessary or appropriate, when necessary. The Borrower shall not hold Axis Bank Ltd liable for use of this information.*
8. *The Borrower & Guarantor hereby gives specific consent to the Bank/Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13) of the Insolvency and Bankruptcy Code, 2016 ('Code' for brief) read with the relevant Regulations/ Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the Credit/ Financial facilities availed from the Bank/ Lender, from time to time, to any 'Information Utility' ('IU' for brief) as defined in Section 3 (21) of the Code, in accordance with the relevant Regulations framed under the Code, and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Bank/Lender, as and when requested by the concerned 'IU' .*
9. *The Borrower understand that as a pre-condition, relating to grant of the loans/ advances/other fund based and/or non fund credit facilities to the Borrower, the Bank requires the consent of the Borrower[s] for the disclosure by the bank of, information and data relating to the Borrower[s] and Guarantor[s], of the credit facility availed of/to be availed, by the Borrower[s]. Obligations assumed/to be assumed, by the Borrower[s] and/or, in relation thereto and default, if any, committed by the Borrower(s) and/or, in discharge thereof.*
 - a) *Accordingly, the Borrower[s] , hereby agree and give consent for the disclosure by the Bank of all or any such:*
 - *information and data relating to them*
 - *the information or data relating to any credit facility availed of/to be availed by them and*
 - *default, if any, committed by them, in discharge of their such obligations,**as the Bank may deem appropriate and necessary to disclose and furnish to Credit Information Bureau [India] Ltd. and any other agency authorized in this behalf by RBI*
 - b) *We, declare that the information and data furnished by us to the Bank are true and correct.*
 - c) *We, undertake that:*

- the Credit Information Bureau [India] Ltd, and any other agency so authorized may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them and
 - the Credit Information Bureau [India] Ltd. and any other agency, so authorized may furnish for consideration, the processed information and data or products there of prepaid by them, to Banks/FIs and other credit grantors or registered users, as may be specified by the Reserve bank in this behalf.
10. Recall of Loan amount: Axis Bank Ltd. shall have the right to recall any of the Loan amounts/ facilities at any time at its discretion, without assigning any reasons for such recall. Upon any such recall, the Principal, Interest and all other amounts stipulated by Axis Bank Ltd. shall be payable by the Borrower within 15 days from the date of such recall by Axis Bank Ltd.
 11. Alteration of the terms and conditions: Axis Bank Ltd shall have the absolute discretion, without assigning any reason to amend or supplement any of the terms, including but not limited to the rate of Interest, periodicity rests, etc. Provided that the Parties herein shall be duly intimated of such change. Intimation of the amended terms by hosting the same on the notice board located at the office of Axis Bank Ltd or any other manner as decided by Axis Bank Ltd shall be construed as valid and effective intimation. It is further explicitly stated that in the event Axis Bank Ltd at its sole discretion discharges or alters any or all of the obligations of a party herein under this Agreement, such discharge by Axis Bank Ltd shall not relieve the other parties from their obligations under this Agreement.
 12. Right of Pre-closure: The Borrower shall be entitled to pre-close the Loan by remitting the Principal, the Interest and any costs and charges as may be outstanding at the time of such pre-closure and no Interest shall be due and payable for the remaining period. However, in the event, the Interest payable is less than such minimal processing and operational charges, subject to applicable laws, the minimum charges shall be levied, at such differential rate of interests that may be computed in this regard. There is no Pre-closure charges
 13. Computation of amount outstanding: The records maintained by Axis Bank Ltd and a certificate in writing signed by an officer of Axis Bank Ltd. shall be conclusive proof of the amounts outstanding from the Borrower. In the event of any dispute/disagreement about the said computation, the Borrower shall not be entitled to withhold the payment outstanding or demanded by Axis Bank Ltd.
 14. Set off: In addition to and not in limitation of all rights of set off that Axis Bank Ltd may have under any applicable law, and whether or not Axis Bank Ltd has made any demand or the obligations of the Borrower have matured, Axis Bank Ltd shall have the right to set-off or appropriate against all monies of the Borrower and/or the each of the Guarantors jointly and severally standing to the credit any of their respective account[s] with Axis Bank Ltd or any of its group entities and the respective parties authorizes Axis Bank Ltd to debit such respective account[s] of the Borrower with Axis Bank.
 15. Termination: Axis Bank Ltd shall have the right but not the obligation to terminate this Agreement, invoke the Group Guarantee and/or recall all or any part of the JLG Loan including such amounts outstanding and other charges in any of the following events:
 - a) The Borrower commits an Event of Default. The Borrower shall be deemed to have committed an act of default on the happening of inter-alia, any one or more of the following events [hereinafter referred to as "Event of Default"]:
 - I. The Borrower commits breach or default of any of the terms and conditions and/or covenants herein or any misrepresentation to Axis Bank Ltd. or
 - II. The Borrower fails to furnish any information or documents that may be required by the Axis Bank Ltd; or
 - III. There exists any other circumstance, which, in the sole opinion of Axis Bank Ltd, jeopardizes the Bank's interests.
 16. Authorization/Assignment: The Borrower expressly recognizes and accepts that Axis Bank Ltd shall, without prejudice to its right to perform such activities itself or through its officers or employees, be entitled and have full power and authority to appoint one or more third parties as Axis Bank Ltd may select or otherwise assign and to delegate to such third party all or any of its functions, rights and powers under this Agreement relating to administration of any Loan including the right and authority to collect and receive on behalf of Axis Bank Ltd from the Borrower any payments and other amounts due by the Borrower under any and all Agreements signed in this regard and to perform and execute all lawful acts, deeds, matters and things connected therewith and incidental thereto including sending notices, attending the residence or office of the Borrower or otherwise contacting the Borrower. The Borrower and the Guarantors further explicitly recognize that Axis Bank Ltd shall have the option to assign this Agreement to any other person by way of sale of portfolio or otherwise, and approve and authorize such transactions, without the requirement for prior or further intimation to or approval from the Borrower.
 17. Processing Fee: Borrower agrees to pay a one-time, non-refundable processing fee of 1% of the total sanctioned amount for amounts greater than Rs. 25,000. The Processing fee shall be deducted during disbursement and the customer shall be provided with the balance amount.
 18. GST: Goods and Services tax (GST) will be charged extra as per the applicable rates, on all the charges and fees (wherever GST is applicable)
 19. Insurance Premium: Borrower can opt to get either herself or her spouse or defined blood relatives (in case of single/widow/divorced borrowers) or both to get insured against the sanctioned loan amount for the time period of equal to the loan tenure. The insurance premium, if opted shall be deducted accordingly from the sanctioned amount during disbursement and the remaining amount shall be handed over to the borrower.
 20. We have been informed by _____ (Insurance agent of <XYZ Ltd.>) about life insurance cover under _____ Insurance Company's Life Shield Policy. We are aware that the sum insured and tenor are linked to loan tenor and loan amount respectively. I hereby give my consent to _____ (Insurance agent of <XYZ Ltd.>) to extend coverage to me/us under Life Shield- A group term life insurance policy taken by _____ (Insurance agent of <XYZ Ltd.>) for covering its microloans customers. I unconditionally agree and confirm in favor of _____

(Insurance agent of <XYZ Ltd.>) to process my insurance claim application on my/our death and receive the claim amount and adjust the same towards my/our outstanding loan and pay balance amount to my nominee/legal heir/ beneficiary.

21. I unconditionally agree and confirm in favor of _____ (BC to Axis Bank Ltd.) Ltd to process my insurance claim application on my/our death and receive the claim amount and adjust the same towards my outstanding loan and pay the balance amount to my nominee/legal heir/beneficiary.
22. **General Clauses:**
- a. The Borrower hereby and hereon represent and warrant that the information provided at any time in any of the Agreements/ Applications/ and communications, and in the respective Appraisal Form and various other documents in this regard are and would be true, correct and updated in all respects and that nothing has been or would be withheld and in case of any change of information it shall be their obligation to immediately intimate Axis Bank Ltd forthwith.
 - b. **Successors and Assigns:** All references to Axis Bank Ltd, the Borrower shall include, where the context so requires, its/ their successors, assigns and/or heirs.
 - c. **Severability:** The invalidity or unenforceability of any term, phrase, Clause, paragraph, restriction, covenant, agreement or other provisions hereof shall in no way affect the validity or enforcement of any other provision, or any part thereof.
23. **Governing Law and Jurisdiction:** This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Republic of India. Any dispute, controversy or claim arising out of or relating to the interpretation, application or performance of this Agreement, including its existence, validity or termination, shall be settled by final and binding arbitration by a sole arbitrator nominated by Axis Bank Ltd in accordance with the Arbitration and Conciliation Act, 1996. The place of arbitration shall be Mumbai and the language to be used in the proceedings is English. The Courts of Chennai shall have jurisdiction over the questions of validity, enforceability an interpretation of this Agreement.
24. The Fair Practice Code for the Lenders as published on the Axis Bank's website, shall apply to the Loan. Copy of the Fair Practice Code for lenders as available on the Bank's website. <https://www.axisbank.com/docs/default-source/default-document-library/fpc-retail-microfinance-21-4-21.pdf>
25. **Term:** This Agreement shall begin on the date of sanction and/or disbursement of the JLG Loan, and shall remain in effect until repayment of the entire JLG Loan by the Borrower, or unless terminated earlier by Axis Bank Ltd. It is further specifically stated that the termination of this Agreement under any circumstances does not alter or change any of the terms and conditions under any other contract agreed between the parties and this is independent herein.
26. RBI vide its guidelines (reference no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22) on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning, pertaining to Advances – Clarifications' dated 12-11-2021 has clarified and/or harmonized certain aspects of the extant Regulatory guidelines. The Borrower agrees, undertakes and confirms that the Bank has brought the following clarifications to the notice of the Borrower and the Borrower confirms of having been apprised of as follows:

(a) **Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

- (i) **Dues:** shall mean the principal / interest / any charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.
- (ii) **Overdue:** shall mean the principal / interest / any charges levied on the loan account which are payable, but have not been paid within the period stipulated as per the terms of sanction of the credit facility. In other words, any amount due to the bank under any credit facility is 'overdue' if it is not paid by the due date fixed by the bank.
- (iii) **Relevance of the principle of 'First In First Out' (FIFO) in appropriation of payments into the Borrower's account:** The principle of FIFO i.e. 'First In, First Out' accounting method is relevant to arrive at the number of days overdue for determining the SMA/NPA status. The FIFO principle assumes that the oldest outstanding dues in the loan account needs to be cleared first. The FIFO method thus requires that what is due first must be paid by the Borrower first. For example, if in any loan account as on 01-02-2021, there are no overdues and an amount of INR X is due for payment towards principal instalment / interest / charges, any payment being credited on or after 01-02-2021 in the loan account will be used to pay off the dues outstanding on 01-02-2021.

Assuming that nothing is paid / or there is partial payment (INR Y) of dues during the month of February, the overdue as on 01-03-2021 will be INR X - INR Y.

Additionally, an amount of INR Z becomes due as on 01-03-2021. Now any payment partial payment into the account on or after 01-03-2021 will be first utilized to pay off the partial due of 01-02-2021 (INR X - INR Y). If there is more recovery than the INR X - INR Y, then after recovering dues of 01-02-2021, the remaining amount will be treated as recovery towards due of 01-03-2021.

(iv) **Age of oldest dues:**

The age of oldest dues is reckoned in days from the date on which the oldest payment is due and continues to remain unpaid. In the aforesaid illustration, if the dues relating to 01-02-2021 remain unpaid till 01-03-2021, the age of the oldest dues is reckoned as 29 days on 02-03-2021.

(b) **Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

Lending institutions will recognize the incipient stress in loan accounts, immediately on default, by classifying them as Special Mention Accounts (SMA). The basis of classification of SMA / NPA category shall be as follows:

Loans other than revolving facilities		Loans in the nature of cash credit / overdraft	
SMA Sub categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA 0	Up to 30 days	NA	NA
SMA 1	More than 30 days and Up to 60 days	SMA 1	More than 30 days and Up to 60 days
SMA 2	More than 60 days and Up to 90 days	SMA 2	More than 60 days and Up to 90 days

(c) **Non-performing Asset:**

Non-Performing Asset (NPA) is a loan or an advance where:

- Interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- The account remains 'out of order' as indicated below, in respect of an Overdraft / Cash Credit (OD / CC),
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops
- The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

(d) **'Out of Order' Status:**

An account shall be treated as 'out of order' if:

- the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

Illustrative movement of an account to SMA category to NPA category based on delay / non-payment of dues and subsequent upgradation to Standard category at day end process:

Due date of payment	Payment date	Payment covers	Age of oldest dues in days	SMA /NPA categorisation	SMA since date / SMA class date	NPA categorization	NPA Date
01.01.2022	01.01.2022	Entire dues upto 01.01.2022	0	NIL	NA	NA	NA
01.02.2022	01.02.2022	No Payment or Partly paid dues of 01.02.2022	1	SMA-0	01.02.2022	NA	NA
01.02.2022	02.02.2022	No Payment or Partly paid dues of 01.02.2022	2	SMA-0	01.02.2022	NA	NA
01.03.2022		Dues of 01.02.2022 not fully paid 01.03.2022 is also due at EOD 01.03.2022	29	SMA-0	01.02.2022	NA	NA
		Dues of 01.02.2022 fully paid, Due for 01.03.2022 is not paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA
		No payment of full dues of 01.02.2022 and 01.03.2022 at EOD 03.03.2022	31	SMA-1	01.02.2022/ 03.03.2022	NA	NA
		Dues of 01.02.2022 fully paid, due for 01.03.2022 not fully	1	SMA-0	01.03.2022	NA	NA

		paid at EOD 01.03.2022					
01.04.2022		No payment of dues of 01.02.2022, 01.03.2022 and amount dues on 01.04.2022 at EOD 01.04.2022	60	SMA-1	01.02.2022/ 02.04.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.04.2022 at EOD 02.04.2022	61	SMA 2	01.02.2022 / 02.04.2022	NA	NA
01.05.2022		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 01.05.2022	90	SMA 2	01.02.2022 / 02.04.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 02.05.2022	91	NPA	NA	NA	02.05.2022
01.06.2022	01.06.2022	Fully paid dues of 01.02.2022 at EOD 01.06.2022	93	NPA	NA	NPA	02.05.2022
01.07.2022	01.07.2022	Paid entire dues of 01.03.2022 & 01.04.2022 at EOD 01.07.2022	62	NPA	NA	NPA	02.05.2022
01.08.2022	01.08.2022	Paid entire dues of 01.05.2022 & 01.06.2022 at EOD 01.08.2022	32	NPA	NA	NPA	02.05.2022
01.09.2022	01.09.2022	Paid entire dues of 01.07.2022 & 01.08.2022 at EOD 01.09.2022	1	NPA	NA	NPA	02.05.2022
01.10.2022	01.10.2022	Paid entire dues of 01.09.2022 & 01.10.2022	0	Standard Account with No Overdues	NA	NA	STD from 01.10.2022

(e) The Borrower agrees and acknowledges that the manner of classification and illustrations of SMA and NPA as provided in sub-clauses (a) to (d) above in which the Bank is required to classify accounts as SMA / NPA as per the various applicable regulations and guidelines issued by RBI from time to time and:

a. the same is liable to change / be modified as per the requirements of the RBI guidelines in the matter issued from time to time. Any such change shall be intimated by the Bank to the Borrower from time to time and the Borrower agrees and acknowledges that such intimation shall accordingly modify the manner and illustrations provided herein without a need for further amendment to the Agreement or require specific acknowledgment of the Borrower; and

b. the Bank shall have the right to classify the account of the Borrower with the Bank as SMA / NPA as per the applicable regulations / guidelines issued by RBI from time to time even though the manner of classification and the illustrations thereof are not set forth in this Agreement or the Sanction Letter(s).

27. The Bank shall be accountable for inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal.

28. Grievance Redressal: Level 1 includes call centre numbers: 1860-419-5555, 1860-500-5555. The borrower may also contact the nodal officer of the bank if the customer is not satisfied with the response offered to the customer in level 1

Email – nodal.officer@axisbank.com

Ph. No. 080-61865200

Timings: 9:30 AM to 5:30 PM Monday to Saturday (except second and fourth Saturday and Bank holidays)

<i>Signature/Thumb Impression of Borrower 1</i>	<i>Signature/Thumb Impression of Borrower 2</i>	<i>Signature/Thumb Impression of Borrower 3</i>	<i>Signature/Thumb Impression of Borrower 4</i>	<i>Signature/Thumb Impression of Borrower 5</i>
<i>Signature/Thumb Impression of Borrower 6</i>	<i>Signature/Thumb Impression of Borrower 7</i>	<i>Signature/Thumb Impression of Borrower 8</i>	<i>Signature/Thumb Impression of Borrower 9</i>	<i>Signature/Thumb Impression of Borrower 10</i>

Bank Official Name:- _____ *Signature of Bank Official:* _____

Designation: _____

Date: _____