



CREDITACCESS GRAMEEN LIMITED

Guidelines on Fair Practices Code for NBFC-MFIs and Ombudsman for NBFC

Revision History

Version	Author	Description of Changes	Release Date
1	CAO	First version	28-05-2007
2	CAO	Amendments under Loan Agreement Norms Amendments under Internal Control System	21-12-2021
3	CCO	Alignment with RBI Directions on MFI Loans, dated March 14, 2022	April 29, 2022
4	CCO	Alignment with Reserve Bank – Integrated Ombudsman Scheme, 2021	October 21, 2022
5	CCO	Amendments under Loan Applications Processing and General Section	January 19, 2024

Version	Author	Reviewed by	Approved by
1	CAO	MD & CEO	Board of Directors
2	CAO	MD & CEO	Board of Directors
3	CCO	MD & CEO	Board of Directors
4	CCO	MD & CEO	Board of Directors
5	CCO	MD	Board of Directors

Table of Contents

Introduction	4
Loan Applications and processing	4
Loan Appraisal and terms/conditions.....	4
The Loan agreement shall contain the following details:.....	5
Disbursement of Loans.....	6
Non-Coercive Methods of Recovery.....	6
General.....	7
Internal Control System.....	8
Periodical review of compliance to fair practices code and grievance redressal system	8
Salient features of 'the Reserve Bank – Integrated Ombudsman Scheme, 2021'	9

CREDITACCESS GRAMEEN LIMITED

Guidelines on Fair Practices Code for NBFC-MFIs and Ombudsman for NBFC

Introduction

CreditAccess Grameen Limited (the 'Company' or 'CA Grameen') has been extending Microfinance loans through JLG model for income generation activities and other requirements like water and sanitation, education, festivals, medical, home improvement, emergency etc. to the low-income households ("MFI Loans"). The company also extends individual loans for business expansion, home improvement and for purchase of vehicles ("Retail Finance Loans"). The company is governed by balanced team of learned, experienced practitioners and professionals. To bring total transparency in the working of the Company the following 'Code of Fair Practices' are recommended to be adopted by the Board. The loans offered by the Company is categorized under two heads - Microfinance Loans (MFI Loans) and Retail Finance Loans.

Loan Applications and processing:

1. The Company shall communicate with all its members/ borrowers in the respective local / official languages of the states concerned or in a language as understood by the borrower. (MFI Loans)
2. The Company shall collect all necessary documents from borrowers to comply with KYC norms of Reserve Bank of India (RBI).
3. The minimum, maximum and average interest rates charged on loans shall be prominently displayed on Company's website, all its branch premises and in other literature issued by the Company.
4. The loan application shall contain list of documents required for availing the loan.
5. The loan card issued to the borrower shall contain all relevant details specified by RBI, from time to time.
6. The Company shall provide a fact sheet containing all necessary details of the loan product along with pricing related information and the fee charged to the borrower. (MFI Loans)
7. The Company shall record and acknowledge all loan applications received in the minute books maintained at the Groups/Kendra's on the day of such applications. (MFI Loans)
8. The Company shall provide an acknowledgement to customers for loan application received. (Retail Finance Loans)
9. The Company shall dispose all the loan applications within 3 weeks (MFI Loans) and 30 days (Retail Finance Loans) from the date of loan application.
10. The details of dedicated mechanism for redressal of recovery related grievances of customers shall be provided to the borrower at the time of loan disbursal.

Loan Appraisal and terms/conditions

1. The Company shall train and equip all our Kendra Managers/ Relationship Officers to conduct proper income assessment and due diligence to understand the repayment capacity of the household.
2. The Company shall obtain credit bureau report for all loan applications to get details of the existing loan repayment obligations of the household/borrower/co-borrower. The Company shall make informed decision on sanction of loans to borrowers based on credit bureau report.
3. The Loan amount sanctioned along with the detailed terms and conditions shall be communicated to borrower by means of a sanction letter / loan card with specific details in the language understood by the borrower and keep the acceptance of these terms and conditions by the borrower on record at the branches. (MFI Loans)

The Loan agreement shall contain the following details:

1. The interest rate to be charged, method of application thereof, the processing fee charged and the insurance premium applicable for member. (MFI Loans)
2. The Company shall always adopt interest rate model as per the Pricing Policy considering relevant factors such as cost of funds, margin and risk premium, etc., duly approved by the Board. The Company shall disclose minimum, maximum and average rates of interest for different set of products through formal communications, display in all offices/branch premises, Company's website and other literature issued by the Company. The Company shall communicate the rate of interest explicitly in the sanction letter / loan card. (MFI Loans)
3. The rate of interest and the approach for gradations of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter / loan card / fact sheet.
4. The Company shall not levy any pre-payment charges for Group lending borrowers and shall not stipulate any Security Deposit/ Margin. (MFI Loans)
5. The Company shall provide a minimum moratorium of one instalment between the grant of loan and due date of the first instalment. (MFI Loans)
6. The Company shall assure the privacy of borrower's data except for sharing the same with all Industry Associations, Credit Bureau, Lenders to the company and any statutory/regulatory/rating agencies. (MFI Loans)
7. Loan Agreement shall include the decision to recall / accelerate the repayment whenever the borrower commits a gross deviation of any of the terms and conditions of the loan. (Retail Finance Loans)
8. Loan Agreement shall also contain a clause to release all securities and repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the borrower. Under such conditions when the right of set off is to be exercised, the Company shall serve a notice period of 7 (seven) days 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. (Retail Finance Loans)
9. The Company shall declare its accountability for any inappropriate staff behavior and timely Grievance Redressal of the borrowers. Grievance redressal channels shall be available on the loan cards issued to the borrowers, as well as displayed at all branches of the Company.

10. The Company shall give options of repayment frequency to all its customers to choose between weekly, biweekly, or monthly depending on their cash flow. (MFI Loans)
11. In addition to the loan sanction letter and passbook / loan card, a copy of the Loan agreement shall be made available to the borrowers. (MFI Loans)

Disbursement of Loans

1. The Company shall serve notice to borrowers in local language of any change/s in terms and conditions including disbursement schedule, interest rates, service charges, etc. The Company shall also effect such changes only prospectively. (MFI Loans)
2. The Company shall organize all sanctioning and disbursement of loans to happen at the branch location and more than one official shall be involved in this function. The Company shall have close supervision of the disbursement function by its senior officials and monitoring teams through random checks. (MFI Loans)
3. The Company shall issue loan card containing following information in the language understood by the borrower for MFI Loans:
 - i. Borrower's identity and the relevant information.
 - ii. Simplified fact sheet on pricing as recommended by RBI.
 - iii. Details of non-credit products wherever applicable and obtain consent of the borrowers.
 - iv. Salient terms and conditions of the loan.
 - v. Acknowledgements by the Company for the repayments by borrowers including installments received and final discharge.
 - vi. Grievance Redressal System including the Toll-free number, e-mail id and name of the nodal officer apart from Branch address and telephone number of the branch.

Non-Coercive Methods of Recovery

1. The Company shall collect all its recoveries at the central designated place namely Kendra Meetings which is decided mutually by borrowers and the Company. Only in case the borrower fails to attend Kendra Meeting on 2 or more successive occasions, the Company's field staff shall visit the place of residence or place of work of the borrower for recovery. (MFI Loans)
2. The Company shall ensure that a uniform systems and procedure approved by the Board as a policy in the matter of staff recruitment, training and supervision is in place. The Company's policy shall focus on training field staff through training programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices. (MFI Loans)
3. The Company shall have a policy of appraisal of field staff, where the compliance of code of conduct and customer satisfaction shall be one of the parameters for appropriate compensation. (MFI Loans)
4. The Company shall initiate necessary disciplinary action against staff who abuses any of the items under Code of conduct.
5. The Company shall not engage/outsourced any recovery agents for recovery.

General

1. The Company shall refrain from interference in the affairs of the borrower/ member except for the purposes provided in the terms and conditions of the loan agreement, unless the borrower/member declared/ disclosed earlier false information which comes to the notice of Company on a later date.
2. The Company shall oblige the request for transfer of borrower account, the consent or otherwise i.e., objection of the Company, if any, and 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 law. (MFI Loans)
3. The Company shall lay down effective Grievance Redressal Mechanism by arranging for the Toll-Free Number / Email / address of GRO and designate a senior level officer as Grievance Redressal Officer. The Company shall provide the telephone no. of the Grievance Redressal offices being set up by SRO. (Retail Finance and MFI Loans)
4. The borrower is free to take up her grievance through the Toll-Free number/ Email / Letter to Grievance Redressal Cell at Company's Head Office, which shall resolve the grievance within 30 (thirty) working days thereof. If the borrower does not receive any response from the Company or customer remains dissatisfied with the reply of the Company, he / she can escalate the matter to the Centralised Receipt and Processing Centre by following the procedure as provided under the Reserve Bank – Integrated Ombudsman Scheme. The Salient Features of the said Scheme are provided at Annexure I.
5. The Company shall display its Fair Practices Code in local languages in all its offices/branch premises and upload the same on its website. Also, the following information shall be displayed at all its branches and its website:
 - i. Loan products with salient features including minimum, maximum and average interest rates applicable.
 - ii. Dos and don'ts for field staffs.
 - iii. Branch Manager's name and contact number, Area Manager's name and contact number, Grievance Redressal Mechanism including Toll Free number, Email and Nodal Officer designation & address, Ombudsman's address and contact number.
 - iv. A statement in local language articulating the Company's commitment to transparency and Fair Lending Practices and the same shall be displayed in all the office premises and loan cards.
 - v. A declaration that the Company shall be accountable for any inappropriate behaviour by its employees and shall provide timely grievance redressal to the customers.
6. The Company shall provide training and refresher courses annually to all its members/ borrowers free of cost so as to bring about the awareness of all the changes that might have occurred during the period. The Company shall train its field staff to enable them to render such training to borrowers. Also, the Company shall cover a minimum of 3% (three percent) of its borrowers/ members to be contacted to study the borrowers' feedback about its systems and procedures, quality of loan products and any other deficiencies so as to bring about necessary changes for their convenience. (MFI Loans)
7. The Company's field staff shall not call on the borrowers for overdue recovery before 9 am and after 6 pm and shall not visit their residence or workplace on days of festival, marriage or any mourning occasions, for the purpose of recovery.

8. The Company shall ensure that the procedure for application of loan is not cumbersome and loan disbursements are made as per pre-determined time schedule driven through the well-defined process.
9. The details of non-credit products, if any, including the terms and conditions, claim settlement, nomination, etc., shall be advised in detail in local language and necessary consent shall be obtained from the applicant. (MFI Loans)
10. The Company shall declare its accountability for any inappropriate staff behaviour and for providing timely grievance redressal for the borrowers.

Internal Control System

Periodical review of compliance to fair practices code and grievance redressal system

1. The Company shall incorporate verification and checks for compliance of all the practices through the specific designated officials in the hierarchy and through effective internal audit/ periodical inspections.
2. Company's management will ensure to submit an annual report to its Board on review of compliance to Fair Practices Code and functioning of grievance redressal system at various levels of management.
3. Internal audit shall review the implementation of Fair Practices Code and effectiveness of grievance redressal system during branch audits.
4. The functioning of grievance redressal system shall be reviewed by internal audit at HO.
5. Internal audit shall furnish feedback on the grievance redressal system to the Audit Committee at Quarterly intervals.

Details of Nodal Officer / Principal Nodal Officer of the Company for redressal of grievances of customers:

Mr. Nagananda Kumar

No.49, 46th Cross, Next to Rajalakshmi Kalyana Mantapa, 8th Block, Jayanagar, Bengaluru – 560 070.

Toll Free Number - 1800 123 153 153

Tel: 080 – 2263 7300

Email: yourvoice@cagrameen.in

Annexure I

Salient Features of 'the Reserve Bank – Integrated Ombudsman Scheme, 2021'

In case of grievance, the customer may prefer a written complaint with the branch office of the Company, in respect of the following, provided the matter is not referred to any court or forum:

- Not conveyed the amount of loan sanctioned, terms & conditions, annualized rate of interest, etc.
- Notice not provided for changes in agreement, levy of charges
- Failure to ensure transparency in contract/loan agreement
- Failure/ Delay in releasing securities/ documents
- Failure to provide legally enforceable built-in repossession in contract/ loan agreement
- RBI directives not followed by the Company
- Guidelines on Fair Practices Code not followed

If the customer had not received any reply from the Company within 30 days after the Company received the complaint; or the customer is not satisfied with the reply, the customer may lodge a complaint online through the portal <https://cms.rbi.org.in>. The complaint may also be submitted through electronic or physical mode to the Centralised Receipt and Processing Centre at Reserve Bank of India, Central Vista, Chandigarh - 160017, within one year after the customer has received the reply from the Company or where no reply is received, within one year and 30 days from the date of the complaint.

How does Ombudsman take decision?

- Proceedings before Ombudsman are summary in nature
- Promotes settlement through facilitation or conciliation or mediation.
- If not reached, Ombudsman can issue Award/Order

The Customer, if aggrieved by an Award of Ombudsman or rejection of a complaint may, within 30 days of the date of receipt of the Award or rejection of the complaint, prefer an appeal before the Appellate Authority namely the Officer In-Charge, Consumer Education and Protection Cell of the Regional Office of the Reserve Bank of India of respective State. This is an Alternate Dispute Resolution Mechanism, and the customer is at liberty to approach any other court/forum/authority for the redressal at any stage.

Name and addresses of The Officer In-Charge Consumer Education and Protection Cells are given below:

#	Addresses of The Officer In-Charge Consumer Education and Protection Cells		
01	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Old Municipal Road, 2nd Floor, Jackson Gate Building, Tripura West Agartala- 799001	16	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Rail Head Complex Jammu - 180 012
02	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Near Gandhi Bridge Ahmedabad-380014	17	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India M.G Road Kanpur - 208 001
03	The Officer In-Charge Consumer Education and Protection Cell	18	The Officer In-Charge Consumer Education and Protection Cell

	Reserve Bank of India 3rd Floor, F. Kapsanga Building Opposite Assam Rifle Gate, Dawrpui, Aizawl Mizoram – 796 001		Reserve Bank of India Ernakulam North Kochi - 682 018
04	The Officer In-Charge Consumer Education and Protection Cell 3rd Floor, Reserve Bank of India Sector 10, Plot No.2 CBD Belapur, Navi Mumbai - 400 614	19	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 15, Netaji Subhas Road Kolkata-700 001
05	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 10/3/8, Nrupthunga Road Bengaluru-560 001	20	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 8-9, Vipin Khand, Gomti Nagar Lucknow-226 010
06	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Hoshangabad Road Bhopal-462 011	21	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Main Building, Mumbai Regional Office, Fort Mumbai - 400 001
07	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar – 751001	22	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Dr. Raghavendra Rao Road, Civil Lines P.B.No.15, Nagpur - 440 001
08	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Central Vista, Sector 17 Chandigarh - 160 017	23	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 6, Sansad Marg New Delhi - 110 001
09	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Fort Glacis, Rajaji Salai Chennai-600 001	24	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 7th Floor, Gera Imperium-II Patto Panaji - 403 001
10	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 74/1, Rajpur Road GMVN Building, Dehradun 248 001	25	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India South Gandhi Maidan Patna - 800 001
11	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Tseyang Dzong, Amdo Golai NH-31 A, P.O. - Tadong Gangtok -737101	26	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Subhashish Parisar Satya Prem Vihar, Sundar Nagar Raipur-492 013
12	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Pan Bazaar, Station Road Guwahati - 781 001	27	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India R.R.D.A. Building, Pragati Sadan (4th Floor), Kutchery Road, Ranchi – 834001
13	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India 6-1-56, Secretariat Road, Saifabad Hyderabad-500 004	28	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Apphira Building Fruit Garden Shillong-Jowai Road PO – Laitumkhrah, Shillong - 793 003
14	The Officer In-Charge Consumer Education and Protection Cell	29	The Officer In-Charge Consumer Education and Protection Cell

	Reserve Bank of India Opp. Manipur Legislative Assembly Lilashing Khongnangkong Imphal (Manipur) – 795 001		Reserve Bank of India B-478, Sector 4 New Shimla Himachal Pradesh - 171 009
15	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Rambagh Circle, Tonk Road Jaipur-302 052	30	The Officer In-Charge Consumer Education and Protection Cell Reserve Bank of India Bakery Junction Thiruvananthapuram – 695 033
