



# **Fair Practices Code**

Svamaan Financial Services Pvt. Ltd.

# Fair Practices Code

Svamaan Financial Services Pvt. Ltd. (“Svamaan” or the “Company”) is registered as Non-deposit taking NBFC-MFI with the Reserve Bank of India. The Fair Practices Code (FPC) of Company is drafted as per the guidelines issued by RBI on February 18, 2013 via Circular no. RBI/2012-13/416 DNBS. CC. PD No. 320/03.10.01/2012-13 to promote good and fair practices by setting minimum standards in dealing with the clients and increasing transparency to enable clients to have a better understanding of the services provided by the Company.

The Company commits itself to implementing and adopting these fair practices in all its activities and transactions with its members while functioning as an NBFC-MFI.

## A. Fair practices code for all lending activities

### A.1 Loan Proposal and processing

1. Svamaan will make all communications to its borrowers in vernacular language or in a language as understood by the borrower
2. Loan application form will include all necessary information regarding loan terms and conditions to help the borrower in comparing it with other NBFCs and making an informed decision
3. Loan application form will indicate documents required to be submitted along with the application form
4. We will issue an acknowledgement to borrowers for receiving Loan Application Form
5. Acknowledgement slip provided to the customer on receipt of Loan Application Form will indicate date and the time frame for processing of loan application
6. The Company will ensure that the loan application procedure is simple for the customer

### A.2 Loan Appraisal and Disbursement

1. The Company will comply with the KYC guidelines as issued by RBI and due diligence will be carried out for all the loan applications as per company’s Credit Policy to ensure adequate repayment capacity of the borrower
2. The Company will provide sanction letter to the borrower in vernacular language conveying the amount of loan sanctioned and all the terms and conditions including the annualized interest rate. Svamaan will also keep an accepted copy of the same for its record.

### A.3 Disbursement of loans including changes in terms and conditions

1. The Company will give notice to the member/borrower in vernacular language or a language as understood by them of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
2. The Company will ensure that changes in the interest rates and any other charges are affected only prospectively and a suitable condition in this regard is incorporated in the loan agreement
3. Decision to recall/accelerate payment or performance under the agreement will be in consonance with the loan agreement
4. The Company will keep all the documents in safe custody at respective premises under the custody of authorized persons
5. The Company will release all securities, if any, taken on repayment of all dues or on realization of the outstanding amount of loan, subject to any legitimate right for any other claim the Company may have against the member

## B. General

1. The Company 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 the Company)
2. In the matter of recovery of loans, the Company will resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours of the day, undue harassment, and use of muscle power for recovery of loans. The Company will not resort to undue harassment of the customers. **As complaints from customers also include rude behavior from the staff of the companies, Svamaan will ensure that the staffs are adequately trained to deal with the customers in an appropriate manner and that the grievances are redressed on a timely basis**
3. There will be no discrimination in extending products and facilities including loan facilities to the physically / visually challenged applicants on grounds of disability (Ref: RBI Circular No. DNBS.CC.PD.No. 191/03.10.01/2010-11 dated July 27, 2010, as amended from time to time).
4. Grievance Redressal Mechanism  
The Company will also lay down a Grievance Redressal Mechanism within the organization to resolve complaints/ disputes, if any, arising in this regard. Such a mechanism will ensure that all complaints/ disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at an appropriate level
5. Grievance Redressal Officer  
At the operational level, the company will display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted: a. The name and contact details (Telephone/ Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company. b. If the complaint / dispute is not redressed within a period of one month or if the customer is not satisfied with the resolution provided by the Company, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the NBFC falls.

Details of the Grievance Redressal Officer:

Name: Ms. Bharati Rathi  
Address: 93, 9<sup>th</sup> Floor, Maker Chambers VI, Nariman Point, Mumbai, 400021  
E-mail id: [grievancecell@svamaan.in](mailto:grievancecell@svamaan.in)  
Landline: 022 49429020

If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Office-in-charge of the Regional Office of DNBS of RBI as per details given below:

The General Manager  
Department of Non-Banking Supervision,  
Reserve Bank of India  
Mumbai Regional Office,  
3rd Floor, Opp: Mumbai Central Railway Station,  
Byculla, Mumbai – 400 008  
Ph: 022-23084121  
Fax: 022-23022011  
E-mail:dnbsmro@rbi.org.in

### **C. Governance and Transparency:**

1. Svamaan board will adopt an interest rate model (as allowed by statute) taking into account relevant factors such as cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances
2. The rate of interest will be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter
3. The rate of interest will be made available on the web-site of the Company and the same will be updated whenever there is change in the same
4. Necessary organizational arrangements will be made to assign responsibility of compliance to designated individuals within the Company and establish system of internal controls including audit and periodic inspection to ensure the same
5. The fair practices guidelines of RBI with regards to repossession of vehicles financed by NBFC and lending against collateral of gold jewelry would not be applicable to the Company as the Company is not into such businesses. However, the Company follows the statutes and guidelines laid out by RBI for NBFC-MFI

### **D. Guidelines specific to NBFC-MFIs**

In addition to the general principles as above, Svamaan adopts following fair practices that are specific to microfinance lending business and regulatory framework.

#### **General**

1. A translated copy of this FPC in the relevant vernacular language will be made available to the prospective borrower/ customer on demand and the same will be displayed in the offices/ branches and on the website
2. The Company will act in a transparent manner and adopt fair lending practices. Such statement articulating our commitment to transparency and fair lending practices will also be included in our loan card
3. The Company will be accountable for inappropriate staff behavior and for resolving the grievances in a timely manner and the same will be included in the loan agreement
4. Field staffs will be trained to make necessary enquiries with regard to existing debt of the borrowers
5. Training, if any, offered to the borrowers will be free of cost. Field staffs will be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loans / other products
6. Courteous language will be used and decorum will be maintained during interaction with customers
7. The Company will ensure that the employees of the Company are respectful of cultural thoughts and sensitivities during interaction with customers
8. The Company will not indulge in any behavior that could lead to any sort of conflict, threat or violence
9. The Company will not take any bribe or collect any unauthorized money from the customers
10. Customers will not be contacted at odd hours
11. New clients will be informed about the organization's policies and procedures to help them understand their rights as borrowers
12. The Company will endeavor to create awareness and enable customers to understand the information provided with respect to financial services offered and availed.

#### **Loan Agreement / Disclosure in Loan Agreement / Loan Card:**

1. There will be a standard format of loan agreement approved by the board
2. The loan agreement will be in vernacular language as understood by the borrower along with the copy of all enclosures, if any and the same will be provided to all the borrowers/customers
3. The following will be disclosed in the loan agreement:
  - i) All the terms and condition of loan
  - ii) The pricing of the loan i.e. the annual interest rate, processing fee and insurance premium
  - iii) That there will be no penalty charged on delayed payment
  - iv) That no security deposit / margin is being collected from the borrower
  - v) That the borrower cannot be a member of more than one SHG / JLG
  - vi) That the moratorium between the grant of the loan and the due date of the repayment of the first installment will be in accordance with the provisions of Non- Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 and as may be amended from time to time
  - vii) An assurance that the privacy of the borrower data will be respected
4. A copy of the Loan Agreement along with its enclosures will be given to the borrower
5. The loan card will contain the following details:
  - i) The effective rate of interest charged
  - ii) All other terms and conditions attached to the loan
  - iii) Information which adequately identifies the borrower

- iv) Acknowledgements of all repayments including installments received and the final discharge
- v) The loan card will prominently mention the grievance redressal system and also the name and contact number of the nodal officer
- vi) Non-credit products issued will be with full consent of the borrowers and fee structure will be communicated in the loan card itself
- vii) All entries on the loan card will be in vernacular language

**Non – Coercive methods of Recovery:**

1. Recovery will normally be made at a centrally designated place
2. However, field staff are allowed to make recovery at the place of residence or work of the borrower only if, borrower fails to appear at central designated place on 2 or more successive occasions
3. A board approved policy will be in place with regard to code of conduct by field staff and systems for their recruitment, training and supervision
4. We will explain the entire repayment procedure to the customer in detail and in language as understood to him
5. Only employees and not out sourced recovery agents will be used for recovery in sensitive areas
6. We will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. Staff will be adequately trained to deal with the customers in appropriate manner