

SATRA Development Finance Private Limited

Fair Practices Code

SATRA Development Finance Private Limited – Fair Practices Code

SATRA Development Finance Private Limited has drafted and adopted its Fair Practice Code in the lines with RBI circular on Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 reference **DoR. FIN.REC. 95/03.10.038/ 2021-22** dated **14.03.2022**.

The objective of the Fair Practice Code is to maintain integrity, transparency, quality of service, fair practice, privacy of customer information, integrating social values into operations, and feedback and grievance redressal mechanism.

The Fair Practice Code as approved by the Board of Directors of the Company is available in English as well as vernacular language. The FPC is also displayed in all our offices and branch premises.

The Code as adopted by SATRA Development Finance Private Limited is enumerated below:

1. General

- a. A statement articulating our commitment to transparency and fair lending practices, in vernacular language, shall be displayed in the premises.
- b. The KYC-AML Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers.
- c. The effective rate of interest charged and the grievance redressal system etc shall be prominently displayed in all our offices and on website.
- d. The Company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal.
- e. A microfinance loan will be a collateral-free loan given to a household having annual household income up to ₹3, 00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.
- f. All collateral-free loans, irrespective of end use and mode of application/ processing/ disbursement (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹3,00,000, shall be considered as microfinance loans.
- g. SDFPL has formulated assessment of household income in line with the indicative methodology for assessment of household income as per guideline provided by RBI.
- h. SDFPL shall mandatorily submit information regarding household income to the Credit Information Companies (CICs). Reasons for any divergence between the already reported household income and assessed household income shall be specifically ascertained from the borrower/s before updating the assessed household income with CICs.

- i. There shall be no pre-payment penalty on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount

2. Applications for loans and their processing

- a. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b. Procedure for application of loan shall not be cumbersome.
- c. Loan application forms shall include necessary information affecting the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.
- d. A system of giving acknowledgement for receipt of all loan applications, preferably, the time frame within which loan applications will be disposed shall be indicated in the acknowledgement.

3. Loan appraisal and terms/conditions

- a. The Company's field officers are trained to make necessary enquiries with regard to existing debt of the borrowers.
- b. The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.
- c. The Company shall furnish a copy of the loan agreement, /loan card preferably in vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loan.
- d. The limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income. This shall be subject to a limit of maximum 50 per cent of the monthly household income
- e. The computation of loan repayment obligations shall take into account all outstanding loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household. The outflows capped at 50 per cent of the monthly household income shall include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.
- f. Existing loans, for which outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income exceed the limit of 50 per cent, shall be allowed to mature. However, in such cases, no new loans shall be provided to these households till the prescribed limit of 50 per cent is complied with.

4. Disbursement of loans including changes in terms and conditions

- a. All sanctions and disbursement of loans shall be done only at a central location and more than one individual shall be involved in this function. In addition, there shall be close supervision of the disbursement function.
- b. Loan disbursements are done as per pre determined time structure.
- c. The loan card (pass book) should reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.
 - i. Information which adequately identifies the borrower;
 - ii. Simplified factsheet on pricing;
 - iii. All other terms and conditions attached to the loan;
 - iv. Acknowledgements by SDFPL of all repayments including installments received and the final discharge; and
 - v. Details of the grievance redressal system, including the name and contact number of the nodal officer of SDFPL.
 - vi. Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself.
- d. The Company shares complete customer data with Equifax, High-Mark, Experian, and CIBIL (All RBI approved Credit Bureaus).
- e. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, should 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.

5. Pricing of loans

- a. The Pricing of Loans of the company shall be done in accordance with the RBI guideline. The same has been prepared and accordingly the Pricing Policy of the Company has been approved by the Board on 28th March, 2022.
- b. The Pricing of Loans of the company shall, inter alia, cover the following:
 - A well-documented interest rate model/ approach for arriving at the all-inclusive interest rate;
 - Delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters;
 - The range of spread of each component for a given category of borrowers; and a ceiling on the interest rate and all other charges applicable to the microfinance loans.

- c. SDFPL shall disclose pricing related information to a prospective borrower in a standardized simplified factsheet as per RBI guideline.
- d. Any fees to be charged to the microfinance borrower by the RE and/ or its partner/ agent shall be explicitly disclosed in the factsheet. The borrower shall not be charged any amount which is not explicitly mentioned in the factsheet.
- e. Any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

6. Recovery of loans

- a. Recovery will normally be made only at a central designated place. Field staff shall be 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.
- b. In the matter of recovery of loans, the Company shall not resort to
 - i) Use of threatening, use of muscle power for recovery of loans, or abusive language etc.
 - ii) Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.
 - iii) Harassing relatives, friends, or co-workers of the borrower
 - iv) Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
- c. SDFPL shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- d. The Company releases all securities (i.e. documents) on repayment of all securities (i.e. documents) on repayment of all dues or on realization of the outstanding amount.

7. Staff Training

- a. The Company shall ensure that a Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. The Code will lay down minimum qualifications necessary for the field staff and shall have necessary training tools identified for them to deal with the customers.
- b. Training to field staff shall include programs to inculcate appropriate behaviour towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff will have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery. Penalties may also be imposed on cases of non-compliance of field staff with the Code of conduct. Generally only employees and not out sourced recovery agents are used for recovery in sensitive areas.

- c. Field Staff shall be trained so as to refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- d. Field staff will be trained properly to make necessary enquiries with regard to existing debt of the borrowers.
- e. Field staff may also be trained to offer training, if required to the borrowers, so that they are fully aware of the procedure and systems related to loan/other products.
- f. Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix.

8. Responsibility of Board of Directors

- a. The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard.
- b. Such a mechanism ensures that all disputes arising out of the decisions of lending institutions functionaries are heard and disposed of at least at the next higher level.
- c. The Board of Directors periodically reviews the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board quarterly.
- d. The Company has made organizational arrangements to assign responsibility for compliance to designated individuals within the company and establish systems of internal control including audit and periodic inspection to ensure the same.
- e. A declaration is given in the loan agreement that the Company is accountable for preventing inappropriate staff behaviour and timely grievance redressal be made and also in FPC displayed in Company's office/branch premises.

9. Training of Clients

- (a) SDFPL will take steps to educate the client about the implication of the non-repayment including impact on the credit score and try to convince the Client for repayment.
- (b) Group training is necessary for developing group solidarity and the necessary skills to develop strict credit discipline. Prospective members undergo approximately 3 hours of group training over a period of 2 days. Compulsory Group Training has been properly described in the Operations Manual.
- (c) The Company shall provide training to the Borrowers with regard to the terms and conditions of the Loan, the re-payment Schedule and explain them the various components of the pricing of their loan and also educate them about the Grievance Redressal System and how to report grievances.
- (d) The Company shall provide such training to the Clients and Borrowers, absolutely free of cost.

10. Grievance Redressal Mechanism

In the present competitive scenario, excellent customer service is an important tool for sustained business growth. Customer complaints are part of the business life in any corporate entity. At SATRA Development Finance private Limited, customer service and satisfaction are our prime focus. We believe that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. SATRA Development Finance private Limited has come up with a lot of initiatives that are oriented towards providing a better customer experience and an efficient complaints redressal mechanism with a view to providing enhanced experience to our customers.

In order to make SATRA Development Finance private Limited's redressal mechanism more meaningful and effective, a structured system has been built. This system would ensure that the redressal sought is just and fair and is within the given frame- work of rules and regulation.

a. Machinery to handle customer complaints/ grievances

Customers who wish to provide feedback or send in their complaint may use the following channels between 9:30 am and 6:00 pm, from Monday to Saturday (except on national holidays).

- Call our Customer Service Helpline on +91-73993-23409
- Email us at biplab.satra@gmail.com
- Write to us at the below mentioned address:
SATRA Development Finance private Limited- Customer Service Cell Sahitya Sabha Bhawan, Dhanai Bora Chowk, Village- Pachimchuba, Post- Sipajhar, Distt.-Darrang (Assam) – 784145

In case the complaint is not resolved within the given time or if he / she is not satisfied with the solution provided by SATRA Development Finance private Limited, the customer can approach the Complaints Redressal Officer (Nodal officer). The name and contact of the Complaint Redressal Officer (Nodal officer) is as follows:

Mr. Nani Kumar Saikia, Director
Mobile No.: +91-9435185878
Email Id: satradevfin@gmail.com

We assure a response to letters / emails received through this channel within 5 working days.

If the complaint/dispute is not redressed within a period of one month, the customer may appeal to Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of RBI under whose jurisdiction the Registered Office of the SATRA Development Finance private Limited falls. The details of DNBS are given below:

General Manager,
Department of Non-Banking Supervision
Reserve Bank of India,

Fair Practice Code- SATRA Development Finance private Limited

Station Road
Panbazar
Guwahati-
781001

b. Mandatory display requirements

SATRA Development Finance private Limited has the following in all our branches:

- Appropriate arrangement for receiving complaints and suggestions.
- Display of the name, address and contact number of the Complaint Redressal Office

The process of the complaints redressal unit will ensure closure of all complaints to the customers' satisfaction.

They will ensure that the complaint is escalated to the appropriate levels in case it is not possible to resolve at his/her level. Whilst the ultimate endeavor is to ensure we reach a situation where our customers don't have to complain to senior management to get an effective redressal, we have put in a robust mechanism to handle these complaints, review them from a point of view of understanding reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

c. Time frame

To register complaints, the customers may use any of the channels mentioned above (refer point (a) on Internal Machinery to handle the customer complaints). If the complaint has been received in writing, SATRA Development Finance private Limited will endeavor to send an acknowledgement / response within a week. Once the matter is examined, SATRA Development Finance private Limited endeavours to either send a final response to the customer or an intimation seeking more time within one month upon receipt of complaint. Complaints that are received at our end will be seen in the right perspective and would be analyzed from all possible angles.

The communication of SATRA Development Finance private Limited's stand on any issue will be provided to the customers. Complaints that require some time for examination of issues involved will be acknowledged promptly.

SATRA Development Finance private Limited will display prominently, for the benefit of their customers, at their branches / places where business is transacted, the details of the grievance redressal officer belonging to their company as also that of the local office of RBI as detailed above.

d. Periodic Review

The aforesaid policy will be reviewed periodically /revised as and when there are any new changes incorporated by SATRA Development Finance private limited in handling complaints/ Grievances of the customer which includes introduction of new grievance channels, if any.

The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

- At the operational level, the Company will display the following information prominently, for the benefit of its customers, at its branches / places where business is transacted:
- 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.
- If the complaint / dispute is not redressed within a period of one month, 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 Company falls.

In short, the public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the company, together with details of the grievance redressal officer and of the Regional Office of the RBI.

- Fair Practices Code (which should preferably in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove should be put in place by all Company with the approval of their Boards within one month from the date of issue of this circular. Company will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.

11. Internal control system:

The Company has established an internal audit team for periodic inspection of the branches, ensuring compliance with the Fair Practice Code and proper functioning of the Grievance Redressal Mechanism implemented by the Company.

The Fair Practice Code prepared in accordance with the guideline as per RBI circular no. DoR.FIN.REC.95/03.10.038/2021-22 is placed and approved by the Board of Directors of Satra Development Finance Private Limited in its meeting held on 28th March, 2022.