

FAIR PRACTICE CODE

The Reserve Bank of India (RBI) has issued revised circular no. **RBI/2015-16//16 DNBS (PD) CC No. 054 / 03.10.119/ 2015-16 dated July 01, 2015 and RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (updated as on 31.05.2018)** on Guidelines on Fair Practice Code for Non Banking Financial Companies (NBFC)s thereby setting standards for fair business and corporate practices while dealing with their customers.

The Fair Practice Code, as adopted herein below, is in conformity with the Guidelines on Fair Practice Code for NBFCs as contained in the aforesaid RBI Circular(s)/Direction(s). This fair practice code shall be displayed at all the Branches/office premises in the vernacular language and shall also be placed on the company's website.

I. Application for loan and their processing:

- The Company will have a Board approved, standard form of loan agreement in vernacular language or a language as understood by the borrower.
- Loan applications forms will clearly state the information/documents that the company requires to collect from the customers to fulfil the KYC norms and will include the following to comply with legal and regulatory requirements:
 - ✓ All the terms & conditions of the loan;
 - ✓ Pricing of loan which involves three components i.e. the interest charge, the processing charge and the insurance premium;
 - ✓ No penalty is charged on delayed payment;
 - ✓ No pre-payment charges will be collected;
 - ✓ No security deposit/margin is collected from the borrower;
 - ✓ The borrower cannot be a member of more than one SHG/JLG;
 - ✓ The moratorium between the grant of loan and the due date of the repayment of the first instalment (as per RBI Guidelines);
 - ✓ An assurance that the privacy of the borrower data will be respected and;
 - ✓ The Company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal.

The product catalogue will be made available to the borrower providing details of the product, the rate of interest, repayment terms, processing fees, insurance and all necessary information which affects 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 designated staff of the Company shall verify & cross check the loan application along with the supporting documents. The staff should also make sure that all the mandatory details are being duly filled in the loan application.
- All the communication by the Company to the borrower shall be in vernacular language or a language as understood by the borrower.

- The Company shall give acknowledgment for receipt of all loan applications and the time frame within which loan applications will be disposed shall also be indicated in the acknowledgment.

II. Loan appraisal and Terms & Conditions:

- The Company shall conduct a due diligence to assess the need and repayment capacity of client before providing loans, which will be an important parameter for taking decisions on processing of the application to avoid over-indebtedness of the client. The Company will make loans commensurate with the client's ability to repay. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.
- 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.
- The company shall keep the acceptance of the terms and conditions by the borrower and all other concerned documents on its record.
- The Company shall furnish a copy of the loan agreement containing all the terms and conditions attached to the loan in the vernacular language as understood by the borrower along with the copies of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loans.

III. Disbursement of loans including changes in terms and conditions:

- Loans will be disbursed in the Company's branch premises only.
- Loan card/passbook will be given to every borrower for each loan. The loan card/passbook would contain the repayment schedule, effective rate of interest, processing fees and insurance premium and claim procedure details, etc. In addition to this, the loan card shall also reflect the following details as specified in the NBFC-MFI (Reserve Bank) Directions, 2011:
 - ✓ All other terms and conditions attached to the loan information which adequately identifies the borrower and acknowledgment by the Company of all repayments including instalments received and the final discharge;
 - ✓ The loan card shall mention the grievance redressal system and also the name of the nodal officer/compliance officer;
 - ✓ Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself;
 - ✓ All entries in the loan card are in the vernacular language.
- The Company will not charge any penalty on delayed payments and the same has been mentioned in the Loan Agreement in Bold and vernacular language as understood by the borrower.

- The Company will give notice to the borrower in the vernacular language as understood by the borrower of any change in terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc. The Company will change interest rates and charges are only prospectively. The loan agreement will cover this through suitable disclosure.
- Decision to recall/accelerate payment or performance under the agreement will be in consonance with the loan agreement.

IV. Determination of Interest Rates:

- The Company will comply with the regulatory requirement of RBI in respect of interest rate chargeable to clients' in addition the rate will be fair & transparent taking into account the cost of funds, risk, etc.
- The rate of interest and the approach for gradations of risk and rationale if any for charging rate of interest to different categories of borrowers shall be disclosed to the borrower in the application form and communicated explicitly in the sanction.
- The rates of interest and the approach of gradations of risk shall also be made available on the website and the information shall be updated whenever there is a change in the rates of interest.
- The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

V. Grievance Redressal Mechanism:

The grievance redressal mechanism is being set up to resolve the disputes arising out of the decisions of the functionaries in relation to the products and services. In case a Company's staffs are involved in any kind of inappropriate behaviour, disciplinary actions against such staff shall be taken immediately. The clients will be made aware of the grievance settlement procedure at the time of disbursement of loans and during the group meetings. The monitoring and audit team will verify the awareness of the clients' in this regard.

- All branches shall have a suggestion and complaint box in their premises where the clients can make their grievances. All the clients' shall have access to the higher level of staff (i.e. Branch Manager, Regional Manager or District Manager) to highlight and discuss their issues/grievances, if any. The senior staff at the field level has been empowered to take certain actions/decisions to address the needs/issues of the clients immediately. Our clients' can also call at our Customer Service Helpline on **+91(33)-2357 8508/18** or also can write to us at the below mentioned address:

**To,
ASA International India Microfinance Limited
Victoria Park, 4th Floor, GN - 37/2, Sector - V,
Salt Lake City, Kolkata - 700091
West Bengal**

All grievances shall be addressed within 48 hours to a week time on a case-to-case basis.

- In case the complaint is not resolved within the given time or if the client is not satisfied with the solution provided, the client can approach the Complaints Redressal Officer/Nodal Officer. The name and contact detail of the Officer is as follows:

Ms. Sadiyah Zaheer, Company Secretary

Contact No. +91-8336936205 [Calls will be taken between 10.00 a.m. to 5.00 p.m. on all workdays]

Email Id: sadiyah@asaindiamf.com

- If the complaint/dispute is not addressed within a period of one month, the client may appeal to the Officer-in-charge of the Regional Office of DNBS of RBI:

**To,
The Officer-in-Charge,
Department of Non Banking Supervision,
Reserve Bank of India,
Central Vista, Sector - 17,
Chandigarh - 160017**

Contact No. 0172-2715282

Email Id: dnbschandigarh@rbi.org.in

Mandatory display of the following information prominently, for the benefit of the clients':

- The names and contact details of Regional Manager, District Manager, Compliance Officer and the Managing Director along with the Customer Service Helpline no. **+91(33)-2357 8508** at all the branches and business premises;
- The address and contact details of the Regional Office of RBI, under whose jurisdiction the Company falls along with the details of local RBI offices at all the branches;
- The Customer Service Helpline no. **+91(33)-2357 8508** shall be mentioned at all clients' loan card, group resolution book, passbook, etc.
- Copy of this code will be displayed and updated regularly at all the branches and business premises and on the website of the ASAI India for the information of the general public.

VI. Non-Coercive Methods of Recovery:

- The existing system to make recovery at Group Meetings should be strictly followed.
- Filed staff will be allowed to make recovery at the place of residence or work of the borrower only if the borrower fails to appear at central designated place or on two (2) or more successive occasions.

- The procedure as provided in the Code of Conduct as approved by the Board along with manuals and Fair Practice Code covers the code of conduct by field staff and systems for their recruitment, training and supervision.
- The Code lays down minimum qualifications necessary for the field staff and training tools to deal with the customers.
- Training includes programs to inculcate appropriate behaviour towards borrowers without adopting any abusive or coercive debt collection / recovery practices.
- The Company has no performance based incentive for loan mobilised or rate of recovery that may encourage inappropriate behaviour to achieve targets. Penalties are also imposed in cases of non-compliance by the field staff with the Code of Conduct.
- No Operation staffs are outsourced or recovery agents are used to ensure appropriate behaviour through own staff.

VII. Privacy of Client Information:

Clients' information shall be kept strictly confidential and shall be disclosed to the third party only if Client has been informed about such disclosure and permission has been obtained in writing or as per the requirement of law.

VII. Internal Control System:

- The Company Secretary, Ms. Sadiyah Zaheer will be the designated Compliance Officer.
- The Compliance Officer is assigned with the responsibility for ensuring compliance with the Directions rests with the NBFCs.
- The procedure laid-out in the loan manual shall be followed for due diligence of customer before extending any loan.
- KYC Guidelines are stipulated as a part of loan rules and shall be strictly complied with.
- The monitoring by DGM/AGM-Operations will cover verification of compliance at field level during their branch monitoring.
- The Internal Auditor will periodically conduct audit and include compliance as a part of reporting.

IX. General:

- The Company will not discriminate loan applications on grounds of gender, caste or religion.
- The Company will not interfere 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).

- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the NBFC, 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.
- In the matter of recovery of loans, ASAI India is committed not to resort to undue harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. The staff will continue to be adequately trained to deal with the customers in an appropriate manner. Any rude behaviour from staff will be dealt with under the disciplinary proceedings of staff rules;
- The Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect;
- As previously stated the Fair Practice Code & all other information, for the benefit of the clients', shall be displayed in its all office and branch premises in vernacular language;
- ASAI India is committed to transparency and fair lending practices. Our commitment shall be displayed in vernacular language in all branches/office Premises and Head Office and in loan cards;
- Field staff shall be trained to make necessary enquiries with regard to existing debt of the borrowers. They will also be trained to use the credit bureau software to additionally verify the same;
- Trainings to the borrowers shall be free of cost through group meetings. Field staff shall be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loan/other products;
- The effective rate of interest charged and the grievance redressal system set up by the Company should be prominently displayed in all its offices in vernacular language as a catalogue and on its website;
- The Company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal shall be made. And as previously stated, the same will be disclosed in the loan agreement and also in the Fair Practice Code displayed in its office/branch premises;
- The Company shall ensure compliance to KYC Guidelines of RBI. Proper due diligence shall be carried out to ensure the repayment capacity of the borrowers;
- All sanctions and disbursement of loans should be done only at the respective Branches and as specified in the loan manual all Loan Officers and Managers should be involved in this function. In addition, there should be close supervision of the disbursement function;
- The existing single page application of loan under the ASA methodology and the disbursement procedure is adequately simple and loan disbursements are done as per pre-determined time structure which needs to be adhered.

The above Fair Practice Code shall be strictly followed by all department and staff. All clients will be made aware of the Fair Practice and transparencies that the ASAI India follows. The grievance settlement procedure existing in the organization should be explained at group meetings to all clients.

X. Review of the Compliance of the Fair Practices Code:

The Managing Director of the Company will review the compliance of the Fair Practice Code and the functioning of the grievance redressal mechanism once in a quarter. Any deviation of compliance will be immediately placed to the Managing Director for immediate circular of the same to the Board.

A report on the compliance of the Fair Practice Code and functioning of the grievance redressal mechanism will be placed before the Board of Directors of the Company at all Board Meetings.