



Regd. No. U65910UP2002NPL027113  
(Providers of financial services to the rural poor)  
**CASHPOR MICRO CREDIT**

Circular No. 564

Date -08/02/2016

**Revised Sa-Dhan Code of Conduct**

To,

**All Hot members/ Departmental Heads/ RQC Offices/RMs/ DRMs/ BMs/ CMs/ Regional Offices/  
Head Office and all other staff of CASHPOR GROUP:**

Our Company is a member of Sa-Dhan, the industry association & Self-Regulatory Organization (SRO) for NGO-MFIs as well as NBFC-MFIs. As a SRO, Sa-Dhan plays an important role in self-regulating the activities of its members MFIs and their compliance with the Regulatory norms. Similarly, Micro Finance Institutions Network (MFIN) is the industry association and SRO for NBFC-MFIs. Sa-Dhan and MFIN had jointly developed a **uniform code of conduct for all the Microfinance institutions** in 2011 which was adopted by the Company vide Staff Circular dated 1<sup>st</sup> September 2011 and further revised in 2012 which was adopted by the Company vide staff Circular 442, 443 and 444 dated 4<sup>th</sup> September 2012. The principles given in the code of conduct deals with various issues viz, client protection against multiple borrowing and over-indebtedness, transparency in the operations of the MFI and clear-cut disclosures of all the terms and conditions relating to Micro Finance Services to the clients; client literacy and education, etc. This Uniform Code of Conduct is an attempt from the two SROs (Sa-Dhan & MFIN) to guide the growth of the microfinance industry in the direction and manner in which clients are benefited and the sector's reputation remains robust in the eyes of all stakeholders, including the RBI. The code of conduct shall be adopted by the Board of Directors of the Company on an annual basis and that the principles enumerated in the said code of conduct shall be complied by the MFI.

Sa-Dhan and MFIN have recently once again revised the said Uniform Code of Conduct w.e.f. 14<sup>th</sup> December 2015. The Code shall be followed by all MFIs, regardless of their form of organization. The code of conduct has laid down requirements in addition to those prescribed under existing regulatory framework to enhance and improve the sector practices. In line with the revised code of conduct, which is being attached with this circular, CASHPOR's Core Values of Microfinance, CASHPOR's Client Protection Guidelines and CASHPOR's Institutional Conduct Guidelines are also being revised **and attached with this circular**. They must be displayed on all notice boards of the company offices including Branch Office and Regional Offices.

***Further, this circular and attached Code of Conduct shall replace Point 7.7 of Chapter 7 (Sa-Dhan's New Code of Conduct for MFIs) of the Operations Manual of the Company. This circular will supersede staff circulars 442, 443 and 444.***

**All the concerned are required to note the contents of this circular and supervisors are to ensure that a copy of this circular in both the languages must be displayed on notice board of all the offices of the company, and read and initialed by all staff concerned.**

Sd/-

Mukul Jaiswal  
Managing Director



# CODE OF CONDUCT FOR THE MICROFINANCE INDUSTRY

## **Preamble**

Microfinance Institutions (MFIs), irrespective of legal forms, seek to create individual and social benefits and promote financial inclusion by providing financial services to clients of financially unserved and underserved households. Over time, the Microfinance Sector has become an integral part of the financial infrastructure for the vulnerable sections of society in India.

It is important to define core values and fair practices for the microfinance sector so as to ensure that microfinance services through MFIs are provided in a manner that benefits clients, and is ethical and dignified.

## Part I

# CASHPOR's CORE VALUES OF MICROFINANCE

The Core Values of Microfinance which guide the microfinance institutions are as follows:

### A. INTEGRITY

- To provide BPL women, with access to financial services that are client focused, designed to enhance their well being, and delivered in a manner that is ethical, dignified, transparent, equitable and cost effective.

### B. QUALITY OF SERVICE

- To ensure quality services to clients, appropriate to their needs, and delivered efficiently in a convenient and timely manner.
- To maintain high standards of professionalism based on honesty, non-discrimination and customer centricity.

### C. TRANSPARENCY

- To provide complete and accurate information to clients regarding all products and services offered.
- To create awareness and enable clients and all other stakeholders to understand the information provided with respect to financial services offered and availed.

### D. FAIR PRACTICES

- To ensure that clients are protected against fraud and misrepresentation, deception or unethical practices.
- To ensure that all practices related to lending and recovery of loans are fair and maintain respect for client's dignity and with an understanding of client's vulnerable situation.

### E. PRIVACY OF CLIENT INFORMATION

- To safeguard personal information of clients, allowing disclosures and exchange of relevant information with authorized personnel only, and with the knowledge and informed consent of clients.

### F. INTEGRATING SOCIAL VALUES INTO OPERATIONS

- To ensure high standards of governance and management focused on not only financial performance but also social impact of business.



- To monitor and report social as well as financial data.
- To assess the social performance and social relevance of the institution from time to time.

#### **G. FEEDBACK & GRIEVANCE REDRESSAL MECHANISM**

- To provide clients formal and informal channels for feedback and suggestions.
- To consistently assess the impact of services in order to enhance competencies and serve clients better.
- To provide a formal and easy to access grievance redressal mechanism for clients.

## **Part II**

### **CODE OF CONDUCT**

All Microfinance Institutions, regardless of form of organisation, are required to follow all regulatory norms as well as consumer protection practices (specifically, RBI's Guidelines on Fair Practices issued for NBFCs) laid down by the government and the regulators in both letter and spirit. This Code of Conduct lays down additional requirements to enhance and improve sector practices. The code of conduct is to be followed by all MFIs.

#### **APPLICATION OF THE CODE**

**This Code applies to the following activities undertaken by Microfinance Institutions:**

- Providing financial services to clients, individually or in groups either on its own or as an agent.
- Recovery of credit provided to clients.
- Collection of thrift from clients, wherever permitted by law.
- Providing insurance, pension services and remittance services, or any other related products and services.
- Formation of any type of community collectives including self-help groups, joint liability groups and their federations.
- Livelihood promotion services and Business development services including marketing of products or services made or extended by the eligible clients or for any other purpose for the welfare and benefit of clients.
- Finance Plus services provided by MFIs such as health, financial literacy, vocational training etc.

**CASHPOR agrees to:**

1. Promote and strengthen the Microfinance movement in the country by bringing BPL clients to the mainstream financial sector.
2. Build progressive, sustainable, and client-centric systems and practices to provide a range of financial services (consistent with regulation) to clients.

3. Promote cooperation and coordination with other MFIs and other agencies in order to achieve higher operating standards and avoid unethical practices – including competitive business practices - in order to serve clients better.

In order to adhere to the core values of Microfinance and abide by the Code of Conduct, as mentioned in the following paragraphs, must be abided by while providing microfinance services:

## **1. Integrity and Ethical Behaviour**

- We shall design appropriate Board approved policies and operating guidelines to treat clients and employees with fairness and dignity.
- We shall incorporate transparent and professional governance system to ensure that staff and persons acting on their behalf are oriented and trained to put this Code into practice.
- Our incentive structure for the staff should aim at promoting good business and service practices towards customers.
- We shall educate clients on the Code of Conduct and its implementation.

## **2. Transparency**

- We shall disclose all terms and conditions to the client, in a form and manner that is understandable, for all services offered. Disclosure must be made prior to disbursement in accordance with the Reserve Bank of India's (RBI) Fair Practices Code through one or more following documents:
  - a. Individual sanction letter
  - b. Loan card
  - c. Loan schedule
  - d. Passbook
  - e. Through Group/Centre meetings for securing clients' informed consent. (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance).
- We shall communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them.
- At the minimum, we must disclose the following terms:
  - a. Rate of interest on a reducing balance method
  - b. Processing fee
  - c. Any other charges or fees howsoever described
  - d. Total charges recovered for insurance coverage and risks covered
- We must communicate in writing, charges levied for all financial services rendered. Fee on non-credit products/services will be collected only after prior declaration to the client.
- We must declare all interest and fees payable as an all-inclusive Annual Percentage Rate (APR) and equivalent monthly rate.
- We shall follow RBI's guidelines with respect to interest charges and security deposit.



- Formal records of all transactions must be maintained in accordance with all regulatory and statutory norms, and borrowers' acknowledgment/acceptance of terms/ conditions must form a part of these records.
- Where a loan is not sanctioned against an accepted application, MFIs must disclose the reasons for rejection.
- Place in public domain the assessment reports on code of conduct compliance.
- All MFI should put their annual reports and annual financial statements in public domain (preferably on their websites) immediately after approval of their Board/AGM.



### **3. Client Protection**

#### **A. Fair Practices**

- We must ensure that the provision of micro finance services to eligible clients is as per RBI guidelines.
- We will offer only those financial products and services that have been approved by the concerned regulatory authority to their customers (even when acting as agents of other financial institutions).
- We must obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
- The decision on loans must be taken within a reasonable of time. We should indicate the time limit within which our clients can expect a decision on their proposal and if sanctioned, the time taken for disbursement of loan.
- Products should not be bundled. (Bundling in this context means making purchase of a product or service conditional for provision of another product or service). The only exceptions to bundling may be made with respect to credit life, life insurance & livestock insurance products, which are typically offered bundled with loans. The terms of insurance should be transparently conveyed to the client and must comply with RBI & Insurance Regulatory and Development Authority (IRDA) norms. Consent of the client must be taken in all cases.

#### **B. Avoiding Over-indebtedness**

- We must conduct proper due diligence as per their internal credit policy to assess the need and repayment capacity of client before making a loan and must only make loans commensurate with client's ability to repay.
- If a client has loans from 2 separate MFI, then irrespective of the source of the loans, we shall not be the third lender to that client. This should be validated by the Credit Bureau Report prior to extension of the loan.
- We must not, under any circumstance, breach the total debt limit for any client, as prescribed by RBI or Central/State Governments. This should be validated by the Credit Bureau Report prior to disbursement of the loan.
- We, after due verification of credit bureau reports will ensure that loans given on the basis of joint liability of group of borrowers (JLG loan) is restricted to Rs 60,000 per borrower. Where the loan to a specific borrower exceeds Rs 60,000, or the loan takes the total debt of the borrower above Rs 60,000, such a loan should be given as an individual loan without involving the JLG. MFIs will take necessary steps to have appropriate systems and staff with required competencies to deal with individual loans.
- We should carry out test checks of efficacy of our processes relating to avoidance of over-indebtedness through additional credit bureau reports on select sample of clients after loan disbursement. The result of this verification should be reviewed by the Board periodically.
- To reduce the errors in identification of borrowers in credit bureau reports, we will move towards adoption of UIDAI number (Aadhaar number) based KYC within a two year period (from the day this



COC comes into effect). As an initial measure, we will ensure that while providing second and subsequent cycle loans the borrowers are identified with their Aadhaar number as part of KYC. The Aadhaar numbers will then be used by the Credit Bureaus for producing CIR.

### **C. Appropriate interaction and collection practices**

- We must have clearly defined guidelines for employee interactions with clients.
- We must ensure that all staff and persons acting on our behalf :
  - a. Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
  - b. **DO NOT** indulge in any behaviour that in any manner would suggest any kind of threat or violence.
  - c. **DO NOT** contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - d. **DO NOT** visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues even if two or more successive repayments are not received.
- We must provide a valid receipt (in the form decided by us) for each and every payment received from the borrower and record the payment in the loan passbook/loan card with the client.
- We must have a detailed Board approved process for dealing with clients, at each stage of default.
- We must not collect shortfalls in collections from employees and our HR policies must categorically denounce this practice. However, in proven cases of frauds by employees we can recover the money from employees.

### **D. Privacy of client information**

- We must keep personal client information strictly confidential. Client information may be disclosed to a third party subject to the following conditions:
  - a. Client has been informed about such disclosure and prior permission has been obtained in writing.
  - b. The party in question has been authorized by the client with intimation to us, to obtain client information from us.
  - c. It is legally required to do so.
  - d. This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau) provided that the
    - i) clients' prior consent has been obtained and
    - ii) the receiver of such information is also bound by these conditions to keep the client information confidential.

## **4. Governance**

We must incorporate a formal governance system that is transparent and professional, and adopts the following best practices of corporate governance:

1. We must observe high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body and seek to comply with the best



standards stipulated in Companies Act, RBI regulations and the Stock Exchange regulations, wherever applicable.

2. We will Endeavour to have independent directors to the extent of 1/3<sup>rd</sup> of the Governing Board.
3. We must have a Board approved debt restructuring product/program for providing relief to borrowers facing repayment stress.
4. We will appoint an audit committee of the Board with an independent director a chairperson.
5. We must ensure transparency in the maintenance of books of accounts and reporting/presentation and disclosure of financial statements by qualified auditor/s.
6. We must put in best efforts to follow the Audit and Assurance Standards issued by the Institute of Chartered Accountants of India (ICAI).
7. We must place before the Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct and the functioning of the grievance redressal mechanism at various level of management, specifically indicating any deviations and reasons therefore, at regular intervals, as may be prescribed by Board.

## **5. Recruitment**

The code covers all MFI staff.

1. As a matter of free and fair recruitment practice, there will be no restriction on hiring of staff from other MFIs by legitimate means in the public domain like general recruitment advertisements in local newspapers, web advertisements, walk-in interviews, etc.
2. Whenever we will recruit an employee from another MFI, it will be mandatory to seek a reference check from the existing employer. The reference check will be sought from existing employer only after an offer is made and an offer letter is issued to the prospective employee.
3. We shall respond to the reference check request from another MFI within two weeks.
4. We must honour notice period as contractually agreed between employer and employee subject to a minimum of one month for an outgoing employee.
5. We shall not recruit an employee of another MFI, irrespective of the grade/level of the employee, without the relieving letter from the previous MFI employer. An exception can however be made in instances where the previous employer (MFI) fails to respond to the reference check request within 20 days. All MFIs must provide such relieving letter to the outgoing employee in case he/she has given proper notice, handed over the charge and settled all the dues towards the MFI, except in proven cases of fraud or gross misconduct by the employee.
6. Whenever we recruit from another MFI, at a level up to the Branch Manager position, the said employee shall not be assigned to the same area where he/she was serving at the previous employer, for a period of 1 year.



## **6. Client Education**

1. We must have a dedicated process to raise clients' awareness of the options, choices and responsibilities vis-à-vis financial products and services available.
2. New clients must be informed about the organization's policies and procedures to help them understand their rights as borrowers.
3. We must ensure regular checks on client awareness and understanding of the key terms and conditions of the products/ services offered / availed. Customer feedback should be gathered, as part of internal audit systems or through some other regular monitoring such as a system of calls to random sample of customers. The feedback from such monitoring should be reported to the board periodically.

## **7. Data Sharing**

1. We agree to share complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the SRO.
2. All MFIs should provide the data and information called for by all supervisory and regulatory bodies including the SRO.

## **8. Feedback/ Grievance Redressal Mechanism**

1. We must establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently. The minimum standards required of the GRM are
  - a. an easy procedure for recording a complaint over phone - with details of phone numbers printed on loan cards,
  - b. a staff assisted procedure at the branch for recording complaints/ grievances,
  - c. acknowledgement for receipt of the complaint
  - d. a time limit for resolution of the complaint,
  - e. a clear appeal procedure in case where client is not satisfied with the solutions offered by the MFI,
  - f. nodal staff in the branch to guide customers to lodge grievance with RBI or SRO,
  - g. assurance to customers that they will be treated fairly despite the complaint/grievance being lodged.
2. We must inform clients about the existence and purpose of these mechanisms and how to access them.
3. We must designate at least one grievance redressal official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.
4. We must display contact number and address of SRO (as applicable) nodal official and details of the grievance redressal system of the SRO.
5. We will have an appropriate mechanism for ensuring compliance with the Code of Conduct.
6. Where complainants are not satisfied with the outcome of the investigation conducted by us into their complaint, they shall be notified of their right to refer the matter to the grievance redressal mechanism established by the SRO, as applicable.



7. MFIs should prepare a monthly report on grievances received, resolved and pending for a senior management review and periodic reports to the board.

### Part III

## CASHPOR'S CLIENT PROTECTION CODE/GUIDELINES (CPG)

This Client protection code states do's and don'ts for CASHPOR and all its employees/supervisors/managers as a measure of client protection:

1. We shall display this Client Protection Code in all our branches and other offices, in both the languages, English and Hindi.
2. We shall endeavour to provide micro finance services to all eligible clients, as per RBI guidelines.
3. We shall educate clients, staff, and any persons acting on their behalf on the Code of Conduct and its implementation.
4. We shall disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in accordance with the Reserve Bank of India's (RBI) fair practices code through one or more following documents.
  - a. Individual sanction letter
  - b. Loan card
  - c. Loan schedule
  - d. Passbook
  - e. Through Group/Centre meetings for securing clients' informed consent. (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance).
5. We shall communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
6. We shall disclose the following terms:
  - a. Rate of interest on a reducing balance method
  - b. Processing fee
  - c. Any other charges or fees howsoever described
  - d. Total charges recovered for insurance coverage and risks covered
7. We shall communicate in writing, charges levied for all financial services rendered.
8. We shall not collect fee on non-credit products/ services without prior declaration to the client.
9. We shall declare all interest and fees payable as an all-inclusive APR and equivalent monthly rate.
10. We shall follow RBI's guidelines with respect to interest charges and security deposit.



11. We shall obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
12. We shall disclose reasons for rejection of loans to applicants.
13. We shall indicate the time limit within which clients can expect a decision on their application and if sanctioned, the time taken for disbursement of loan.
14. We shall not bundle products, except for credit life, life insurance & live-stock insurance products. The terms of insurance should be transparently conveyed to the customer and must comply with RBI & IRDA norms. Consent of the client must be taken in all cases.
15. We shall conduct proper due diligence to assess the need and repayment capacity of client before making a loan and must only make loans commensurate with the client's ability to repay.
16. We shall not be the 3rd lender to a client if the client has loans from 2 other lenders (irrespective of the source of loan).
17. We shall not breach the total debt limit for any client, as prescribed by the RBI or Central/ State Government or SRO.
18. We shall ensure that all employees follow company guidelines for interaction with clients.
19. We shall ensure that all staff and persons acting for us or on our behalf :
  - a) Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
  - b) **DO NOT** indulge in any behaviour that in any manner that would suggest any kind of threat or violence to clients.
  - c) **DO NOT** contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - d) **DO NOT** visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
20. We shall provide a valid receipt (in whatever form decided by us) for each and every payment received from the borrower and record the payment in the loan passbook/loan card with the client.
21. We shall follow approved company procedure to deal with client default sensitively.
22. We shall follow our debt restructuring mechanism for borrowers under liquidity stress.
23. We shall keep personal client information strictly confidential.
24. We shall disclose client information to a third party only under the following conditions:
  - a) Client has been informed about such disclosure and permission has been obtained in writing.
  - b) The party in question has been authorized by the client to obtain client information from us.



- c) It is legally required to do so.
  - d) This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau) provided that the i) clients' prior consent has been obtained and ii) the receiver of such information is also bound by these conditions to keep the client information confidential.
25. We shall follow board approved process to raise clients' awareness of the options, choices, and responsibilities vis-à-vis financial products and services available.
  26. We shall inform all new clients about the organization's policies and procedures.
  27. We shall inform clients about the existence and purpose of feedback mechanisms and how to access them.
  28. We shall get an assessment of compliance with the code of conduct carried out by an agency approved by SRO, once in every 12 to 18 months and place the assessment report in public domain.

## **Part IV**

### **CASHPOR's INSTITUTIONAL CONDUCT GUIDELINES (ICG)**

1. We shall have an appropriate mechanism for ensuring compliance with the Code of Conduct.
2. We shall have appropriate policies and operating guidelines to treat clients and employees with fairness and dignity.
3. We shall maintain formal records of all transactions in accordance with all regulatory and statutory norms, and borrowers' acknowledgement/acceptance of terms/ conditions must form a part of these records.
4. We shall have detailed board approved process for dealing with clients, at each stage of default.
5. We shall not collect shortfalls in collections from employees except in proven cases of frauds by employees.
6. We endeavor to ensure that our competitive practices are fair and customer friendly.
7. We will avoid geographies where there is a large presence of other MFIs with significant business volumes.
8. We shall have a Board approved debt restructuring product/program for providing relief to borrowers facing repayment stress.
9. We shall seek a reference check from previous employer for any new hire.
10. We shall provide within 2 weeks the reply to the reference check correspondence for another MFI.
11. We shall honour notice period as contractually agreed between employer and employee subject to a minimum of one month for an outgoing employee.



12. We shall not recruit an employee of another MFI without the relieving letter from the previous MFI employer except where the previous employer (MFI) fails to respond to the reference check request within 20 days.
13. We shall not assign a new employee recruited from another MFI, to the same area he/she was serving at the previous employer, for a period of 1 year. This restriction applies to positions up to the Branch Manager level.
14. We shall have a dedicated process to raise the client's awareness of options, choices, rights and responsibilities as a borrower and shall conduct regular checks on client awareness and understanding of the key terms and conditions of the products/ services offered / availed.
15. We agree to share complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the SRO.
16. We shall establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently.
17. We shall designate an official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.
18. We shall undertake remedial measures in respect of deficiencies found in COC observance during assessments carried out.



## Annexure

### **CASHPOR's Commitment to its Clients**

We, as part of the Microfinance Industry promise the clients that we will:

1. Provide micro finance services to all eligible clients in complete compliance with RBI guidelines.
2. Educate clients on the Code of Conduct and its implementation.
3. Disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in accordance with the Reserve Bank of India's (RBI) fair practices code through one or more following documents.
  - a. Individual sanction letter
  - b. Loan card
  - c. Loan schedule
  - d. Passbook
  - e. in local language through Group/Centre meetings and secure their consent. (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance).
4. Communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
5. Disclose the following terms of loans:
  - a. Rate of interest on a reducing balance method
  - b. Processing fee
  - c. Any other charges or fees howsoever described
  - d. Total charges recovered for insurance coverage and risks covered
6. Declare all interest and fees payable as an all-inclusive APR and equivalent monthly rate communicate in writing, charges levied for all financial services rendered.
7. Not collect fee on non-credit products/ services without prior declaration to the client.
8. Follow RBI's guidelines with respect to interest charges and security deposit.
9. Obtain copies of relevant documents from clients, as per standard KYC norms. Any additional documents we ask for will be reasonable and necessary for completing the transaction.
10. Disclose reasons for rejection of loans to applicants.
11. Indicate the time limit within which applicants/ customers can expect a decision on loan application and if sanctioned, the time taken for disbursement of loan.



12. Not bundle products, except for credit life insurance, life insurance & live-stock insurance products. The terms of insurance will be transparently conveyed to the customer and will comply with RBI & IRDA norms. Consent of the client will be taken in all cases.
13. Conduct proper due diligence to assess the need and repayment capacity of customer before making a loan and must only make loans commensurate with the client's ability to repay.
14. Not be the 3rd lender if the customer already has loans from 2 other lenders (Irrespective of the source of loan).
15. Not breach the total debt limit for any client, as prescribed by the RBI or Central/State Governments.
16. Ensure that all our employees follow company guidelines for interaction with customers.
17. Ensure that all staff and persons acting on our behalf:
  - a. Use courteous language, maintain decorum, and are respectful
  - b. DO NOT indulge in any behavior that in any manner that would suggest any kind of threat or violence to clients.
  - c. DO NOT contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - d. DO NOT visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
18. Provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower.
19. Follow approved company procedure to deal with any default sensitively.
20. Follow the debt restructuring mechanism approved by our board for borrowers under liquidity stress.
21. Keep the collected client information strictly confidential.
22. disclose client information to a third party only under the following conditions:
  - a. Client has been informed about such disclosure and permission has been obtained in writing.
  - b. The party in question has been authorized by the client to obtain client information from the MFI.
  - c. It is legally required to do so.
  - d. This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau) provided that the
    - i) customer's prior consent has been obtained and
    - ii) the receiver of such information is also bound by these conditions to keep the client information confidential.





23. follow board approved process to raise customers' awareness of the options, choices, and responsibilities vis-à-vis financial products and services available.
24. Inform all new clients about the organization's policies and procedures.
25. Inform clients about the existence and purpose of feedback mechanisms and how to access them.

## **Clients' Rights**

As a customer you have the following rights to:

1. Ascertain the terms and conditions of the loan from the field officer or the branch staff – either orally or in writing
2. Ascertain the balance outstanding, amount of loan and interest repaid and other information relating to an existing loan or a loan that has been closed not earlier than 12 months back – either orally or in writing
3. Receive a loan sanction letter or loan card indicating all the terms of the loan
4. Get a passbook in any suitable form indicating the periodic loan installments repaid and the balance outstanding
5. Get a receipt for any payments including loan installments made to the staff of MFI
6. Access the officials indicated in the loan-card or other material of the MFI for making complaints, registering grievances – this can be done in writing or over phone
7. Receive assistance from a designated staff of the institution in the branch for lodging a complaint or grievance
8. Receive an acknowledgement of a complaint or grievance lodged by you with a time limit indicated for resolution
9. Receive a reply to your complaint/grievance within the prescribed time limit – which will be informed to you by us when you lodge the complaint
10. Appeal to a higher level in case you are not satisfied with the response or the solution provided on your complaint
11. Appeal to the nodal officer of RBI in any case, regardless of our grievance procedure