



Svasti's Fair Practice Code

Svasti
April 2022

Introduction:

This is the new Fair Practice Code that is being put in place in pursuant with the Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.

The provisions in the previous versions of Svasti's Fair Practice Code and Code of Conduct are replaced with this new version of the Fair Practice Code.

The Svasti Fair Practice Code is drafted to facilitate and maintain a high degree of ethical standards in our Operations. We at Svasti are committed to behaving in a fair, ethical and transparent manner in the conducting of our lending business.

We commit to be being fully compliant with the KYC guidelines issued by the RBI and to our Fair Practices Code, which is compliant with the new RBI Directives dated 14 March 2022 and the Code of Conduct for MFIs in India.

Scope of the Policy:

The policy is applicable to all activities of Svasti for all the products.

Guidelines related to Fair Practice:

A. Lending Process:

- The process of applying for a loan will not be cumbersome
- Only relevant documents, in accordance with KYC norms set by RBI, will be collected from customers and their household members
- All loan applications will be verified by field staff and go through necessary credit bureau checks to ensure the repayment capacity of the borrowers
- There shall be a board-approved policy for assessment of household income
- There shall have a board-approved policy regarding 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
- The moratorium between grant of loan and due date of repayment of first instalment will be at least equal to repayment frequency
- The customers shall be given flexibility of repayment periodicity on microfinance loans as per borrowers' requirement

B. Disbursement:

- The disbursement time will be intimated to the customers in advance
- All disbursement of loans will be done at a central location
- There will be more than one individual involved in the process of disbursement

C. Collection

- Collection will happen in a centralized location
- Collection will be done by employees of Svasti and collection will not be outsourced to recovery agents



- The field staff will adhere to the Employee Code of Conduct (ECOC) and the Collection Code of Conduct (CCOC)
- Field staff shall be trained to inculcate appropriate behaviour towards customers
- Collection by the field staff will not be done using any abusive or coercive methods
- Customers will be informed about registering complaints on the customer care number and action will be taken against staff found guilty of violating the ECOC or the CCOC

D. Guidelines related to Recovery of Loans

- Svasti shall put in place a mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available i.e., delinquency management policy
- The following practices shall be deemed as harsh :
 - Use of threatening or abusive language
 - Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.
 - Harassing relatives, friends, or co-workers of the borrower
 - Publishing the name of borrowers
 - Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
 - Misleading the borrower about the extent of the debt or the consequences of non-repayment
- The existing customer grievance redressal shall have provision for redressal of recovery related grievances. The details of this mechanism shall be provided to the borrower at the time of loan disbursal
- Svasti will not outsource its recovery activities to third party entities.

E. Pricing:

- The rate of interest charged will be in adherence with the RBI guidelines and Svasti's Microfinance Pricing Policy
- The interest rates charged will not be usurious
- No fee on non-credit products/services will be collected without prior declaration to the client
- No security deposit or collateral will be collected
- Clients can pre-pay the loans. No penalty will be charged on prepayment. However, there shall be a penalty interest for delayed payment that shall be applied on the overdue amount and not on the entire loan amount
- All pricing related information to a prospective borrower will be disclosed in a standardised simplified factsheet which will be part of the loan card
- Any fees to be charged to the microfinance borrower shall be explicitly disclosed in the factsheet. The borrower shall not be charged any amount which is not explicitly mentioned in the factsheet
- Svasti shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website
- 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
- Training, if any, offered to the borrowers shall be free of cost.



F. Loan Documentation

G.1. Loan Agreement:

- There shall be a standard form of loan agreement for all microfinance loans offered by Svasti in a language understood by the borrower

G.2. Loan Card:

- All borrowers shall receive a loan card which shall incorporate the following:
 - Information which adequately identifies the borrower
 - Simplified factsheet on pricing
 - All other terms and conditions attached to the loan
 - Acknowledgements of all repayments including instalments received and the final discharge
 - Details of the grievance redressal system, including the name and contact number of the grievance redressal officer
 - All entries in the loan card shall be in a language understood by the borrower
 - Issuance of non-credit products shall be with full consent of the borrowers and fee structure for such products shall be explicitly communicated to the borrower in the loan card itself
- All pricing related information to a prospective borrower shall be displayed in a standardised simplified factsheet as indicated by RBI. Any fees charged by Svasti, or our partners or agents shall be explicitly disclosed in the factsheet. The borrower shall not be charged any amount which is not explicitly mentioned in the factsheet.
- Provide standard factsheet for other loans (i.e., collateralized loans) extended to borrowers from low-income households.

G. Conduct towards customers:

- Svasti shall be accountable for inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal, shall be made in the loan agreement and also in the FPC displayed in its office/ branch premises/ website.

H. Displays:

- Prominently display the minimum, maximum and average interest rates charged on microfinance loans in all our offices and branches in the literature (information booklets/ pamphlets in local language) issued by it and details on its website.
- The branch will have the following information displayed for the benefit of the customer.
 - The FPC document, in the vernacular language, articulating Svasti's commitment to transparency and fair lending practices
 - All the product details
 - The effective rate of interest charged
 - The processing charge
 - The insurance premium
 - A declaration that Svasti will be accountable for preventing inappropriate staff behaviour and providing timely grievance redressal
 - The name, contact number and the email address of the customer care-in-charge.
 - The contact details of the Officer-in-Charge of the Regional Office of DNBS of RBI under whose jurisdiction the Svasti office falls.



I. Complaints Resolution

In case of any complaints, customers should call the following:

Officer in charge of Customer Grievances – Ganesh Khirsagar
Phone number – +91-9769616817 (between 10 am and 5 pm)

Complaints can also be addressed to custservice@svasti.in

Svasti is accountable in preventing inappropriate staff behaviour. Svasti ensures timely grievance redressal.

In case complaints are not addressed in one month, the customer may appeal to:

The Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS) of Reserve Bank of India (RBI).

Address for the Regional Office of DNBS of RBI:

Fort Glacis, 16, Rajaji Salai, P.B. No. 40
Chennai - 600001.

Tel: 044-2536 1490, 044-2539 9222.

Fax: 044-2539 3797.

J. Privacy of data

- Svasti shall protect the privacy of client and household data captured according to its Privacy Policy
- Consent shall be taken from clients and their households for capturing and sharing their information as required with the CICs

Communication of the Fair Practice Code:

- The FPC shall be displayed:
 - In all our offices and on our website
 - In all our branch and central disbursement locations (CDLs) in local language
- All staff will be trained on the Fair Practice Code and appropriate behaviour towards clients

Disciplinary Procedure:

- Any violations of the Policy will attract disciplinary action as per the disciplinary policy mentioned in the Human Resources Policy

Monitoring and Compliance:

- The internal audit team will monitor the compliance to the Fair Practice Code as a part of its regular activities and will report to the Board and Management on a quarterly basis.