

Grameen Development and Finance Private Limited

Revised/ Amended Fair Practice Code “FPC” of Grameen Development and Finance Private Limited pursuant to guidelines of Reserve Bank of India vide its Master Circular no. RBI/2015-16/16 DNBS (PD) CC No. 054/03.10.119/2015-16 dated July 1, 2015. It has been further updated vide Master Direction- Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14 2022.

Objective of the Code

The code has been developed with an objective of:

- (a) Ensuring fair practices while dealing with customers
- (b) Greater transparency enabling customers in having a better understanding of the product and taking informed decisions
- (c) Building customer confidence in the company

Grameen Development and Finance Private Limited (GDF) has adopted the fair practice code as outlined below to conduct business transactions and implement procedures in conformity with the Reserve Bank of India guidelines. This sets minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day to day basis.

General Guidelines applicable on NBFC:-

A. I.	<u>Applications for Loans and their processing</u>
	a. All communications to the borrower shall be in a language as understood by the borrower.
	b. GDF maintains the loan application forms which include 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 loan application form indicates the documents required to be submitted with the application form, viz., <ul style="list-style-type: none">• KYC Document in Support of identity and address of borrower as prescribed by RBI.• Passport size photograph of borrower.
	c. GDF shall give acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
II.	<u>Loan appraisal and terms/ conditions</u>
	The concerned staff of GDF will convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise the following: <ul style="list-style-type: none">• The amount of loan sanctioned along with the terms and conditions• Annualized rate of interest• Method of application of the annualized rate of interest• No penal interest charged for late repayment• No penalty charged for pre-payment of loan
III.	<u>Disbursement of loans including changes in terms and conditions</u>
	a. GDF will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. GDF will also ensure that changes in interest rates and charges are affected only prospectively.
	b. Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
	c. GDF will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim GDF may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which GDF is entitled to retain the securities till the relevant claim is settled/ paid.
IV.	<u>General</u>
	a. GDF 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 notice of GDF.

Grameen Development & Finance Private Limited

	b. In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of the GDF, if any, will 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												
	c. In the matter of recovery of loans, the GDF will not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc.												
	d. GDF will ensure that its staffs are adequately trained to deal with the customers in an appropriate manner without resorting to rude behavior.												
V.	<u>Responsibility of Board of Directors</u>												
	The Board of Directors of GDF will also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism will ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors will be 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 will be submitted to the Board at regular intervals, as may be prescribed by it.												
VI.	<u>Grievance Redressal Mechanism</u>												
	a. GDF has appropriate and streamline Client Grievance Redress Mechanism in place wherein the complaints and queries of its clients are captured through the telephonic conversation, emails, drop box by and with the aggrieved client or her relative.												
	b. GDF has set up the dedicated Landline Number, the number will be printed & reflected on all the printed material such as client Loan Passbook, Loan Application Form, etc and displayed at the branches.												
	c. Grievances will handle by the designated officer who will register the client complaints after clear understanding of the nature and type of the grievance, he/she will find the instant solution if possible, or in other case he/she will find out the corrective measurement with subsequent discussion with concerned branch incharges, supervisors, or the Manager Operations for the particular compliant so lodged and will ensure to provide satisfaction to client with prompt solution.												
	d. In case the client is not satisfied with the outcome provided subsequent upon discussion with concerned supervisors or from investigation or the complaint is not resolved within 7 days, the matter will refer to the Grievance Redressal Committee, who will investigate the issue and will take the necessary steps with due consideration and verification.												
	e. In case of any staff is found involve in any kind of misbehavior or misconduct, disciplinary action against accused such staff shall be taken immediately.												
	f. All the branches shall have a suggestion and complaint box where the clients can post their grievances.												
	g. The client shall have free and full access to lodge their inquiries, or complaints at the concerned branch office or to the Head Office during working hours on Monday to Friday between 9:30 am to 5:30 pm and on Saturday from 9:30 am to 1:30 pm: <table border="1" data-bbox="422 1523 1013 1870"> <tr> <td>Name</td> <td>Rajesh Baishya</td> </tr> <tr> <td>Designation</td> <td>Complaint Redressal Officer</td> </tr> <tr> <td>Contact Address</td> <td>Vill: Dubjeni, Kuls Road PO/PS: Chhaygaon Dist: Kamrup PIN: 781124 State: Assam</td> </tr> <tr> <td>Phone No</td> <td>+913623261017</td> </tr> <tr> <td>Mobile No</td> <td>+919101899764</td> </tr> <tr> <td>Email id</td> <td>baishyarajesh3@gmail.com</td> </tr> </table>	Name	Rajesh Baishya	Designation	Complaint Redressal Officer	Contact Address	Vill: Dubjeni, Kuls Road PO/PS: Chhaygaon Dist: Kamrup PIN: 781124 State: Assam	Phone No	+913623261017	Mobile No	+919101899764	Email id	baishyarajesh3@gmail.com
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Email id	baishyarajesh3@gmail.com												
	h. If the complaint or dispute is not addressed within a period of one month, the client may appeal to the Officer-in-Charge of the Regional Office of Department of Non Banking Supervision of RBI at the below address: <table border="1" data-bbox="422 1971 1444 2007"> <tr> <td>Designation</td> <td>General Manager</td> </tr> </table>	Designation	General Manager										
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Grameen Development & Finance Private Limited

	Contact Address	Department of Non-Banking Supervision, Station Road, Post Bag No. 120, Panbazar, Guwahati-781001
	Contact No	0361-2635007/273647
	Email Id	dnbsguwahati@rbi.org.in
	i. A report on client grievance status will be placed & reviewed by the Board of Directors regularly at the interval of three months. The Board will also ensure to periodical review of the compliance of Fair Practices Code.	
VII.	<u>Language and mode of communicating Fair Practice Code</u>	
	Fair Practices Code in the vernacular language or a language as understood by the borrower based on the guidelines outlined hereinabove will be put in place by GDF with the approval of the Board of Directors of GDF. GDF 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 will be put upon their web-site, if any, for the information of various stakeholders.	
VIII.	<u>Regulation of excessive interest charged by NBFCs</u>	
	a. The Board of GDF shall lay out the appropriate internal principles and procedures in determining interest rates and processing and other charges.	
	b. The Board of GDF shall adopt an interest rate model considering relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.	
	c. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published will be updated whenever there is a change in the rates of interest.	
	d. The rate of interest will be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.	

B. NBFC-MFIs:

In addition to the general principles as above, GDF will follow fair practices that are specific to their lending business and regulatory framework.

I.	<u>General:</u>
	<p>a. The FPC in vernacular language shall be displayed by GDF in its office and branch premises and on its website,</p> <p>b. A statement shall be made in vernacular language and displayed by GDF in their premises and in loan cards articulating their commitment to transparency and fair lending practices</p> <p>c. Field staff shall be trained to make necessary enquiries with regard to existing debt of the borrowers,</p> <p>d. Training if any, offered to the borrowers shall be free of cost. 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,</p> <p>e. The effective rate of interest charged and the grievance redressal system set up by the GDF shall be prominently displayed in all its offices and in the literature issued by it (in vernacular language) and on its website,</p> <p>f. A declaration that the GDF will be accountable for preventing inappropriate staff behavior and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises,</p> <p>g. The KYC Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers,</p> <p>h. All sanctions and disbursement of loans will be done only at a central location and more than one individual will be involved in this function. In addition, there will be close supervision of the disbursement function,</p>

Grameen Development & Finance Private Limited

	<p>i. Adequate steps will be taken to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.</p>
II.	<p><u>Disclosures in loan agreement / loan card:</u></p> <p>a. GDF shall have a Board approved, standard form of loan agreement. The loan agreement shall be in vernacular language or language understood by the borrower.</p> <p>b. In the loan agreement of GDF shall disclose the following details:</p> <ul style="list-style-type: none"> • All the terms and conditions of the loan, • Pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof), • No penalty charged on delayed payment, • No Security Deposit / Margin is being collected from the borrower, • The borrower cannot be a member of more than one SHG / JLG, • Moratorium period between the grant of the loan and the due date of the repayment of the first installment (as guided by the NBFC-MFIs (Reserve Bank) Directions, 2011), • An assurance that the privacy of borrower data will be respected. <p>c. The loan passbook (loan card) of GDF shall reflect the following details as specified in the Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions:</p> <ul style="list-style-type: none"> • Information which adequately identifies the borrower; • Simplified factsheet on pricing; • The effective rate of interest charged, • All other terms and conditions attached to the loan, • Acknowledgements by the GDF of all repayments including installments received and the final discharge, • The loan passbook will prominently mention the grievance redressal system set up by the GDF and also the name and contact number of the Complaint Redressal Officer (Nodal officer) • Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan passbook itself, • All entries in the Loan Passbook shall be in the vernacular language.
III.	<p><u>Training of Staff</u></p> <ul style="list-style-type: none"> • GDF shall have a board approved policy regarding the conduct of employees and system for their recruitment, training and monitoring. This policy shall, inter alia, lay down minimum qualifications for staff and shall provide necessary training tools to deal with the customers. Training to employees shall include programs to inculcate appropriate behavior towards customers. Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix. • Field staff shall be trained to make necessary enquiries regarding the income and existing debt of the household.
IV	<p><u>Responsibilities for Outsourced Activities</u></p> <ul style="list-style-type: none"> • Outsourcing of any activity by GDF does not diminish its obligations and the onus of compliance with the RBI directions shall rest solely with GDF. • GDF shall be accountable for inappropriate behavior 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.
V.	<p><u>Non-Coercive Methods of Recovery:</u></p> <p>a. GDF 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.</p>

Grameen Development & Finance Private Limited

	<ul style="list-style-type: none"> b. As specified in the NBFC-MFIs (Reserve Bank) Directions, recovery shall normally be made only at a central designated place. c. 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 two or more successive occasions. d. Field staff shall follow the client protection principles adopted by GDF and should not force the clients for recoveries. e. GDF 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. Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff shall have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery. Penalties might also be imposed in cases of non-compliance by field staff with the Code of conduct. f. GDF shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh: <ul style="list-style-type: none"> I. Use of threatening or abusive language. 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. Publishing the name of borrowers V. Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation VI. Misleading the borrower about the extent of the debt or the consequences of non-repayment g. GDF shall not use recovery agents or employee of any recovery agency to be used for recovery from borrowers.
VI.	<u>Internal control system:</u>
	GDF shall make necessary 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.

C. Industry Code of Conduct

In addition to the above fair practices code, GDF abides the general Code of conduct in respect of transparency, self-discipline, co-ordination among MFIs and Healthy Competition, grievances and redressal Mechanism as set up by Microfinance Institution Network (MFIN) and Sa-Dhan of which GDF is a member.

D. GDF own code of conduct

GDF has put in place its own Code of Conduct since startup of the micro finance activity and follows it in order to ensure carry out ethical, social and professional conduct and business activities and practices to bring the organization to the next level. This Fair practice code is subject to revision based on RBI Guidelines as may issue or amended from time to time.