



**SANGHAMITHRA**

**Sanghamithra Rural Financial Services**

**(SRFS)**

**Fair Practices Code**

## Table of contents

<i>Sl. No.</i>	<i>Particulars</i>	<i>Pg. No.</i>
1	Objectives of FPC	3
2	Loan applications and processing	5
3	Loan appraisal	6
4	Loan document details	7
5	Disbursement of Loans	8
6	Non-coercive methods of recovery	8
7	General	9
8	Internal Control	10
9	Grievance Redressal Process	11

## **Sanghamithra Rural Financial Services**

Sanghamithra Rural Financial Services (“SRFS”) is registered under section 25 of the Companies Act, 1956 (Section 8 of Companies Act, 2013), and is a “Not for Profit” company.

### **RBI required a Fair Practices Code approved by the Board**

*Ref : RBI master direction DNBR.PD.007/03.10.119/2016-17 dated 1<sup>st</sup> September 2016*

### **Fair Practices Code**

#### **1.00 Objectives of Fair Practices Code:**

- 1.01 Build customer confidence in Sanghamithra.
- 1.02 Ensure client protection and fair practices while dealing with the customers.
- 1.03 Enable greater transparency to ensure that the customers have a better understanding of the products and take an informed decision.
- 1.04 Ensure that borrower is not unfairly discriminated against on various grounds, viz., religion, caste, gender, marital status, sexual orientation, etc.
- 1.05 Establish a transparent framework that fosters trust and confidence in SRFS’s commitment to fair and ethical practices.
- 1.06 Ensure customers are well-informed about SRFS’s services, loan terms, and policies to support informed decision-making.
- 1.07 Protect customer rights by providing clear guidelines on loan repayment, grievance handling, and ethical conduct in all interactions.

- 1.08 Encourage and promote responsible lending practices by setting standards that prevent over-indebtedness and ensure clients' financial well-being.
- 1.09 Create a culture of integrity within SRFS, ensuring that all staff adhere to ethical standards and demonstrate respect and empathy towards customers.
- 1.10 Enhance the quality of customer interactions by training staff to provide courteous and respectful service in all customer dealings.
- 1.11 Establish fair and respectful recovery processes, focusing on empathetic and lawful approaches to debt collection.

## **2.00 Loan Applications and processing**

- 2.01 The procedure for loan application is to be user-friendly and not cumbersome.
- 2.02 SRFS shall communicate with all its borrowers / clients / members of SHGs – JLGs, in the official languages of respective Indian States concerned, wherever Sanghamithra has established its presence.
- 2.03 SRFS shall collect all necessary documents from borrowers to comply with KYC norms of Reserve Bank of India (RBI).
- 2.04 The rates of interest rates charged on loans shall be prominently displayed on SRFS's website and in all its branch premises of Sanghamithra.
- 2.05 The loan pass book / loan card issued to the borrower shall contain all relevant details specified by RBI, from time to time.
- 2.06 All loan borrowers / clients shall be provided with a fact sheet containing all necessary details of the loan product along with rate

of interest, other charges if any chargeable to the borrower.

- 2.07 A register / soft-copy of all loan applications received and disposed-off shall be maintained at all Branches / Regional Offices and at Head Office.
- 2.08 It is stipulated that all the loan applications (complete on all respect) are to be processed and disbursed within 3 weeks from the date of loan application.
- 2.09 The details of dedicated mechanism for redressal of recovery related grievances of customers shall be provided to the borrower at the time of loan disbursement.

### **3.0 Loan Appraisal**

- 3.01 All the operating staff members shall be adequately trained in sourcing of loans and loan processing regarding income assessment and repayment capacity of the household.
- 3.02 Once the customer's eligibility / income criteria are established, it shall be subjected to Credit Bureau Check (*CB check*) to obtain details of the existing loan repayment obligations of the household/borrower/co-borrower. SRFS shall make informed decision as to whether loan is to be sanctioned or not based on Credit Bureau report.
- 3.03 The details of loan amount sanctioned along with detailed terms and conditions shall be communicated to borrower by means of a "Sanction Letter" in duplicate along with a "Repayment Schedule" with specific details in the language understood by the borrower.

3.04 The original loan sanction letter is to be handed over to borrower and 2<sup>nd</sup> copy of the loan sanction letter is to be received back by Sanghamithra from the borrower as a token of his/her acceptance of terms and conditions of loan).

**4.0 The Loan document (agreement) shall contain details as under:**

4.01 The interest rate to be charged, method of application thereof, the processing fee charged and the insurance premium applicable for the member.

4.02 The interest rate mentioned in the loan document shall be as per the Pricing Policy approved by the Board of Directors of SRFS.

4.03 The rate of interest and the approach for gradations of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter / repayment schedule / loan card / fact sheet.

4.04 SRFS shall not collect / levy any pre-payment charges for early closure of loan, if any.

4.05 A minimum moratorium of 30-60 days between the date of sanction of loan and due date for payment of the first instalment shall be maintained. The borrower has to pay applicable rate of interest for this intervening period of disbursement date and moratorium period. The EMI / repayment instalment stipulated includes the above interest for moratorium.

4.06 SRFS shall assure the privacy of borrower's data except for sharing the same with all [a] Credit Information Companies (CICs); [b] Industry Associations; [c] Credit Bureau, [c] Lenders to the Sanghamithra; and/or any other Statutory / Regulatory / Credit Rating agencies.

4.07 The details of Grievance redressal channels shall be available on all the loan repayment schedule / loan cards issued to the borrowers, as well as displayed at all branches of the Sanghamithra.

4.08 SRFS shall give options of repayment frequency to all its customers to choose between weekly, biweekly or monthly depending on their cash flow. However, in majority of the cases, it shall be on a monthly basis.

## **5.00 Disbursement of Loans**

5.01 Once the loan is sanctioned to the customer, SRFS shall arrange to disburse the loan amount to each individual applicant to their respective Bank Accounts (as declared by the customers). However, while disbursing the loan amount, SRFS shall be recovering [a] Loan processing charges + GST thereon; [b] Insurance premia towards loan component and health insurance for borrower; [c] Stamp fee towards legal document, etc.

5.02 SRFS shall issue Sanction Letter / Repayment Schedule / Loan Card containing following information in the language understood by the borrower:

- (a) Loan amount to be disbursed to the borrower.
- (b) Total interest charged during the entire tenure of the loan.
- (c) Up-front Processing fees + GST thereon
- (d) Insurance charges
- (e) Net disbursed amount

- (f) Total amount to be paid by the borrower
- (g) Effective annualized interest rate (in percentage) (computed on net disbursed amount using IRR approach and reducing balance method)
- (h) Loan term / tenure of loan in months.
- (i) Repayment frequency by the borrower (weekly, bimonthly, monthly, quarterly, etc.)
- (j) Amount of each instalment of repayment Salient terms and conditions of the loan.
- (k) Grievance Redressal System including the Toll-free number, e-mail id and name of the nodal officer apart from Branch address.

## **6.0 Non-Coercive methods of Recovery**

The following practices shall be avoided:

- 6.01 Any form of harassment for recovery.
- 6.02 Outsourcing recovery to any recovery agent.
- 6.03 Threatening or abusive language.
- 6.04 Persistent / Frequently calling the borrower over telephone / mobile. SRFS's field staff shall not call on the borrowers for overdue recovery before "Sunrise" or after "Sunset". Also, the field staff shall not visit the residence or workplace of clients on few important national days like Independence Day; Republic Day; Gandhi Jayanti, Election polling day days of national /local



festival, marriage or any mourning occasions, for the purpose of recovery.

- 6.05 Personal visits to the borrower's residence or their place of work before 9:00 a.m. and after 6:00 p.m.
- 6.06 Harassing relatives, friends, or co-workers of the borrower.
- 6.07 Publishing the name of borrowers. Naming / Shaming of borrower's names, loan liability, etc.
- 6.08 Use or threat of use of violence or other similar means to harm the borrower or borrower's family / assets/ reputation.
- 6.09 Misleading the borrower about the extent of the debt or the consequences of non-repayment.
- 6.10 All recoveries to be made at the designated centre meetings which is decided mutually by borrowers and Sanghamithra. Only in case the borrower fails to attend centre Meeting on successive occasions, the SRFS's operating staff may visit the place of residence or place of work of the borrower for recovery.

## **7.0 General**

- 7.01 SRFS shall refrain from interference in the affairs of the borrower/ member except for the purposes provided in the terms and conditions of the loan agreement, unless the borrower/member declared/ disclosed earlier false information which comes to the notice of Sanghamithra on a later date.
- 7.02 SRFS shall NOT oblige any request for transfer of borrower account.
- 7.03 SRFS shall lay down effective Grievance Redressal Mechanism by arranging for the Toll- Free Number / Email / address of GRO and

designate a senior level officer as Grievance Redressal Officer.

7.04 SRFS shall provide the telephone number of the Grievance Redressal offices being set up by SRO.

7.05 The borrower is free to take up her/his grievance through the Toll-Free No./eMail ID / Letter to Grievance Redressal Cell at SRFS's Head Office, which shall resolve the grievance within a reasonable period, not exceeding 45 days working days.

7.06 SRFS shall display Fair Practices Code in local languages in all its offices / branch premises and upload the same on its website.

7.07 Also, the following information shall be displayed at all its branches and its website:

- Loan products with salient features including minimum, maximum and average interest rates applicable.
- Name and contact number of Credit Officer, Area Manager.

7.08 Grievance Redressal Mechanism including Toll Free No; eMail ID; and Nodal Officer with designation & address.

7.09 Adequate training and refresher courses shall be extended annually, to all its members. Also, a few select borrowers will be invited to join financial awareness programs, free of cost.

## **8.0 Internal Control System – Compliance Audit**

8.01 Procedures and indicators for a Compliance audit will be put in place.

8.02 Periodical compliance audit will be conducted of all the practices

and procedures.

8.03 Details of Nodal Officer / Principal Nodal Officer of the Sanghamithra for redressal of grievances of customers should be disclosed on the Website.

## **9.0 Grievance Redressal Process**

There are three formal ways in which any grievance can be redressed. At the Company, we want to make sure that customers get only the very best of service from us – service which our valued member deserves.

### **Step 1:**

#### Direct

a. In person – Each customer is informed about the location of their Branch and the Credit officer, so that in case they wish to register a complaint in person, they can do so easily. The contact numbers of nodal officers are also mentioned on the loan card cum loan agreement.

Customer can walk-in at the branches and raise their complaint to the Credit officer. Credit officers will be bound to record the complaint in the Complaint Register. Each client is given unique complaint number and turnaround time of 7 days to get the queries/complaints answered is given at this level.

b. Over Phone Call – SRFS has implemented a Customer Care help Line to ensure that the queries, request and grievances of customers with the organization's operations or behavior of staff can be systematically routed and addressed. Customers who have concerns call our Customer Care line at: 1800 425 0508 (from 10am to 6pm every day except 2nd and 4th Saturday, Sunday and other Holidays). The staff will log the call and update in the excel. The toll-free number is printed on the loan cards,

displayed at the branches of the Company.

**Step 2:**

If you are not satisfied with the response that you receive from the Branch level or over the call, or if you do not hear from us in 7 days, you may contact the Office of the Grievance Redressal Officer for a speedy investigation and fair resolution of your problem. Please quote the reference number provided to you in your earlier interaction with the Company, along with your account/loan number to help us understand and address your concern.

You may write to:

Name: RAVICHANDRAN L

E-mail ID.: info@sanghamithra.org

Telephone no.: 080-25354708

Address: No.612, 1 'C' Main Road, Domlur Layout, Bangalore-560071

**Step 3:**

If you are not satisfied with the response received from Grievance Redressal Officer or do not receive any response within a period of 15 days, please contact: Sa-Dhan toll free help line: 1800-425-0205

If you are not satisfied with the response received from any of the above or do not receive a response from Sa-Dhan in 4 weeks, please contact:

General Manager Consumer Education and Protection Cell, Reserve Bank of India, 10/3/8, Nrupathunga Road, Bengaluru – 560001 and call at 080-22211437

*Administration and Review of Policy:*

The CEO of the Company shall be responsible for the administration,

interpretation, application and review of this policy.

The CEO of the Company also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the due approval of the Board of the Directors of Sanghamithra.

Disclosure in the website:

The details of Fair Practices Code shall be disclosed by the Sanghamithra in its website.

-----X-----