

## Fair Practice Code

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## **Uttrayan Financial Services Private Limited**

Registered Office: CF-32, Sector-I, Salt Lake City, Kolkata-700 064,  
24 Parganas North, West Bengal, India

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## **POLICY ON FAIR PRACTICES CODE (FPC) OF UFSPL**

Uttrayan Financial Services Pvt. Ltd. (UFSPL), in its board meeting held on March 25, 2022 amended the policy for Fair Practices Code (FPC) in line with instructions contained in Reserve Bank of India notification issued from time to time in this regard, the latest being the Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 contained in circular no. RBI/DOR/2021-22/89 dated 14<sup>th</sup> March 2022.

### **The Fair Practice Code as adopted/amended by the board is as follows:**

1. The company shall communicate with the borrower in the vernacular language or the language as understood by the borrower.
2. Loan applications form shall include, among others the following Information.
  - a) All the terms and conditions of the loan.
  - b) That 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),
  - c) There shall no pre-payment penalty on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.

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.

- d) That no security deposit/Margin is being collected from the borrower,
- e) That the borrower cannot be a member of more than one SHG/JLG,
- f) That the borrower will be given a notice in a vernacular language of any change in any terms and conditions including disbursement schedule interest rate, service charges, repayment charges etc.
- g) The moratorium between the grant of the loan and the due date of the repayment of the first installment (as guided by the NBFC-MFIs (RESERVEBANK Directions, 2011),
- h) An assurance that the privacy of borrower data will be respected.

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i) The company shall have a board-approved policy to provide the flexibility of repayment. Periodicity on microfinance loans as per borrowers' requirement.

3. The Company shall mandatorily submit information regarding household income to the Credit Information Companies (CICs).

3.1 The Company shall provide timely and accurate data to the CICs and use the data available with them to ensure compliance with the level of indebtedness. Besides, the company shall also ascertain the same from other sources such as declaration from the borrowers, their bank account statements and local enquiries.

4. The Company shall disclose pricing related information to a prospective borrower in a standardized simplified factsheet. Any fees to be charged to the microfinance borrower by the company and/ or its partner/ agent shall be explicitly disclosed in the factsheet. The borrower shall not be charged any amount which is not explicitly mentioned in the factsheet.

5. UFSPL shall have a system in place of giving acknowledgement for receipt of loan applications. A suitable time frame is also to be in place for disposal of the loan applications.

6. Recovery practice of UFSPL will be totally Non-Coercive. The recovery shall normally be made only at a central designated place. 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 2 or more successive occasions.

7. UFSPL has a board approved policy with regard to the Code of Conduct by their field staff and systems for their recruitment, training and supervision. There is provision for penalty for the field staff in case of noncompliance with the code of conduct.

8. UFSPL has designated officials for compliance of each of the functions. The Company does have a well-established system of internal control including audit and periodical inspection.

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8.1 Nodal Officer/Principal Nodal Officer as per the Master Directions for NBFC-MFI and the guidelines of RBI's Ombudsman Scheme, 2021 to be prominently displayed in vernacular language in all its offices and also on its website.

9. UFSPL has a grievance redressal mechanism approved by its board to resolve disputes arising out of the Company's Decisions. The Board of Directors reviews the compliance of the fair practice code and functioning of the grievance's redressal mechanism at various levels of management.

10. UFSPL has a strong learning and Development Function, which has the mandate to train field staff and to equip them with skills for making enquires with regard to existing date of the borrowers.

11. UFSPL offers regular training to its borrowers for which it does not charge any fees. The field staff of UFSPL is also trained in a structured manner to undertake such training session.

12. All offices of UFSPL clearly display the rate of interest Charged, the salient features of the Fair Practices Code as well as the process for grievance redressal in a language that can be read and understood by the borrowers.

13. UFSPL strictly follows the KYC (know your customer) norms set forth by the Reserve Bank of India.

14. The **loan /pass book** shall reflect the following details

- a) Simplified factsheet of pricing
- b) All other terms and conditions attached to the loan
- c) Information which adequately identifies the borrower and
- d) Acknowledgements by the NBFC-MFI of all repayments including installments received and the final discharge
- e) The loan card/pass book shall prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer.

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f) Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself. Training, if any, offered to the borrowers shall be free of cost.

g) All entries in the loan card shall be in the vernacular language.

15. A declaration that the company 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.

16. The company or its agent shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh:

(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

17. The company shall have a dedicated mechanism for redressal of recovery related grievances. The details of this mechanism shall be provided to the borrower at the time of loan disbursal.

18. To ensure due notice and appropriate authorization, the company shall provide the details of recovery agents to the borrower while initiating the process of recovery. The agent shall also carry a copy of the notice and the authorization letter from the RE along with the identity card issued to him by the RE or the agency. Further, where the recovery agency is changed by the RE during the recovery process, in addition to the company notifying the borrower of the change, the new agent shall carry the notice and the authorization letter along with his identity card.

18.1 The notice and the authorization letter shall, among other details, also include the contact details of the recovery agency and the company.

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18.2 The up-to-date details of the recovery agencies engaged by the RE shall also be hosted on the company's website.

**GRIEVANCE REDRESSAL MECHANISM (GRM)**

In order to resolve the disputes between the company and its customers, the board of Directors in their meeting held on 25<sup>th</sup> March 2022, approved the following mechanism for redressal of Grievances of the Customer. The mechanism aims to ensure that all the disputes arising out of the decision of the company functionaries are heard and disposed of at the next higher level.

The Regional Manager will be grievance Redressal officer for the borrowers of all the branches under his jurisdiction.

**The approved mechanism for redressal of Grievances is as under:**

The Branches/offices to display the following information prominently for the benefit of their customers:

The name and contact details (telephone/mobile no. as well as email address) of the Regional Manager under whose jurisdiction the branch falls. He/she can be approached by the public for resolution of compliance against the company.

If the complaint is not redressed within 15 days he/she can approach the Nodal Officer as the corporate level who is responsible for overall management of grievance redressal process. The details of the Nodal officer are as follows.

Mr. Susen Dutta,  
Contact No: 7044048876  
E-mail id: ralationmg.uttrayan@gmail.com

Nodal Officer/ Principal Nodal Officer as per the Master Directions for NBFC-MFI and the guidelines of RBI's Ombudsman Scheme, 2021 to be prominently displayed in vernacular language in all its offices and also on its website.

If the Complain /dispute is not redressed within a period of 1 Month, the customer may appeal to the officer in charge of the regional office of DNBS of RBI Kolkata.

Complain box to be maintained with all the branches for facilitating lodgment of complain.

## **CODE OF CONDUCT**

The board of Directors, in their meeting held on 25th March 2022 amended the code of conduct which is presently enforced. The amended code of Conduct is as under:

1. The Company to disclose all the terms and conditions to the client for all services offered. Disclosure must be made prior to disbursement in Individual sanction letter/ Loan card/ Loan schedule/passbook/through group centre meetings.
2. The company to communicate all the terms and conditions of loan/ services offered to clients to vernacular language and 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
3. The company to communicate in writing charges levied for all financial services rendered.
4. The company to follow RBI guidelines with respect to interest charges and security deposit and to declare all interest and fees payable as an all-inclusive annual percentage rate and equivalent monthly rate.
5. The company to maintain formal records of all transactions in according's with all regulatory and statutory norms, and borrower's acknowledgement/acceptance of terms and conditions must form a part of this record.
6. The provision of Micro finance to be made only to the eligible clients as per RBI guidelines after obtaining copies of the relevant documents from clients as per KYC norms.
7. In case of Insurance product to be offered to the clients the same will be transparently conveyed to the clients and must comply with RBI and IRDA Norms.
8. Proper due diligence as per internal credit policy to be made to assess the need and repayment capacity of clients before making the loan.
9. The company under no circumstances to breach the total debt limit for any client as prescribed by RBI. Other lending guidelines of RBI to be followed strictly.



10. The Company to ensure that all staff and persons acting on behalf of the company:
  - a) Use courteous language, maintain decorum and are respectful of cultural sensitivities during all interactions with clients.
  - b) Not to indulge in any behaviour that in any manner would suggest any kind of threat or violence
  - c) Not to contact clients at odd hours, as per RBI Guidelines for loan recovery agents.
  - d) Not to visit clients at inappropriate occasion such as bereavement, sickness etc to collect their dues.
  - e) The company to scrupulously follow the code of conduct for credit officers as communicated by circular no HO/HR/Field dated 16.05.2011.
11. The company to provide a valid receipt/ acknowledgement for each and every payment received from the borrower.
12. The company to keep personal client information strictly confidential. Client information may be disclosed to the third party if it is legally required to do so or the client has informed about such disclosure and permission has been obtained in writing.
13. The company to have a formal governance system that is transparent and professional and adapt the best practices of corporate governance by broad basing the board of Directors by inducting persons with good and sound reputation as members of board .
14. The company to ensure transparency in the maintenance of books of accounts and reporting/ presentation and disclosure of financial statements by qualified auditors.
15. The company to put in best effort to follow the audit and assurance standard issued by the Institute of Chartered Accountants of India.
16. The company to help a free and fair recruitment practice as prevalent in the industry.
17. The company to have a dedicated process to raise client's awareness of the options choices and responsibilities via-a-vis financial products and services available. The company to also ensure regular checks on client awareness and understanding of the key terms and condition of the product/services offered.
18. The company to agree to share complete client data with all RBI approved Credit bureaus, as per the frequency of data submission prescribed by the credit bureaus.

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19. The company to establish a dedicated feedback and grievance redressal mechanism and to inform clients about the existence and purpose of this mechanism and how to access them.
20. The company to designate grievance redressal official with his/ her address / contact details.

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