

Fair Practice Code (FPC)

Version 1.0

2020

1. Introduction & Objective

UNNATI is registered as a Non-Banking Financial Company under section 45 I A of the Reserve Bank of India (RBI) Act, 1934. As per the registration granted to UNNATI it is currently classified as a Non-Banking Finance Company that may not accept public deposits. UNNATI is further classified under Non-Banking Financial Company-Microfinance Institution (NBFC-MFI)

UNNATI started its microfinance operations by adopting the “Joint Liability Group (JLG) Model” with adequate use of technology and new adaptations.

The code has been developed with an objective of:

- Building customer confidence in the institution.
- Ensuring fair practices while dealing with customers.
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions.

2. Target Audience

The Fair Practice Code shall be available in public domain at organization’s website and shall also be placed at the notice board of the offices.

3. Regulatory Reference

Pursuant to the RBI updated circular RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 1, 2015, UNNATI has adopted the following guidelines as prescribed by RBI and approved in the Company’s Board meeting.

4. Applications for loans and their processing

1. The Application form/ appropriate documents of UNNATI may also indicate the list of documents required to be submitted by the borrowers along with the application form.
2. UNNATI would inform the borrower about the loan products with complete detail within reasonable periods of time or at the time of loan application/ sanctioning of loan.
3. Each client will be apprised with all necessary information’s of process, loan features and term & condition in language (local language) understood by clients at the time of submitting application for loan. Client shall be provided with contact no. of the field staff or branch manager to enquire about the status of loan applications.
4. There will not be discrimination of its clients based on caste, creed, religion, language and regions.
5. UNNATI shall provide all necessary details of the loan product along with terms and conditions in the loan application. The product details and terms & conditions shall be displayed on UNNATI’s website and branch premises prominently. The loan application shall provide KYC documents required for availing the loan.

6. UNNATI shall furnish the acknowledgement for receipt of loan application. The time frame of 12 days within which loan application will be disposed of shall also be indicated in the acknowledgement.

5. Loan appraisal and terms/ conditions

1. Loan applications shall be subject to the company's credit appraisal process.
2. Upon approval of the loan, a sanction letter indicating the amount of loan sanctioned, rate of interest applicable, method of interest calculation along with other terms and conditions shall be conveyed to the loan applicant in writing in vernacular language. A written acceptance of such terms and conditions will be taken from the borrower.
3. The loan agreement form shall be board approved and in vernacular language.
4. Loan agreement shall disclose following information –

All the terms and conditions of the loan, that the pricing of the loan involves only three components vis; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof), that there will be no penalty charged on delayed payment,

that no Security Deposit / Margin is being collected from the borrower, o that the borrower cannot be a member of more than one SHG / JLG,

that the moratorium period between the grant of the loan and the due date of the repayment of the first instalment (as guided by the NBFC-FIs (Reserve Bank) Directions, 2011)

An assurance that the privacy of borrower data will be respected.

5. A copy of the loan agreement along with the enclosures will be furnished to all the borrowers.
6. Loan Agreement shall include the decision to recall / accelerate the repayment whenever the borrower commits a deviation of any of the terms and conditions of the loan giving a notice of XX days to pay off in advance.

6. Disbursement of loans including changes in terms and conditions

1. We shall give 30 days' notice in local language to the Borrowers of any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc.
2. Changes in the interest rates and other charges shall be effected prospectively other than under circumstances arising from regulatory instructions. Retrospective changes shall as far as possible be avoided and shall be implemented only within the framework define in the Loan Agreements.
3. We shall issue loan card containing following information –
 - Borrower's identity and the relevant information.
 - All the entries in the loan card shall be in the local language.
 - Annualized rate of interest charged & all the fees if any.
 - Salient terms and conditions of the loan.
 - Our acknowledgements for the repayments including instalments received and final discharged.

4. We shall prominently display our Grievance Redressal System including the company helpline +919619443355 and MFIN No. Toll free no. 18002700317 and designation of the nodal officer apart from Branch address and telephone number of the branch.

7. Non-Coercive Methods of Recovery

1. As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, recovery shall 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 two or more successive occasions.
2. UNNATI 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 shall 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 behaviour towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff should have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery.
3. Penalties may also be imposed in cases of non-compliance by field staff with the Code of conduct.
4. Generally, only employees and not outsourced recovery agents be used for recovery in sensitive areas.

8. General

- The Fair Practice Code in shall be displayed in office and branch premises.
- The effective rate of interest charged and the grievance Redressal system shall be displayed in all the offices and in the literature issued by it (in vernacular language) and on the website
- A declaration that the company will be accountable for preventing inappropriate staff behaviour and timely grievance Redressal shall be made in the loan agreement and also in the FPC
- The KYC Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers
- As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, all sanctions and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function
- Adequate steps may 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.
- UNNATI will refrain from interference in the affairs of its borrowers expect for the purpose provided in the terms & conditions of the loan agreement (Unless new information not earlier disclosed by borrower, which may come to the notice) of UNNATI.
- In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of UNNATI, if any is generally conveyed within 21 days from the date of receipt of request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.

9. Internal Audit Control

As the primary responsibility for compliance with the Directions rest with the NBFC-MFIs, UNNATI has made 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

10. Complaint and Grievance Redressal Mechanism

UNNATI has laid the appropriate grievance redressal mechanism within the organization to resolve the disputes arising in this regard. All grievances will be addressed to designated officials assigned by the Company. The Board of Directors will periodically review the compliances of fair practice code and functioning of grievance redressal mechanism at various levels of management to 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. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

Channel 1: Physical receipt of the complaint by the UNNATI's officials

Channel 2: UNNATI's Helpline number

Channel 3: MFIN toll free number

Channel 4: RBI telephone number

The details of each channel are as follows:

Channel 1: Physical receipt of the complaint by the UNNATI's officials At Branch Level, Customer can approach the UNNATI's officials on either their official mobile number, or they can register their complaint in Feedback cum Complaint Register at the Branch office.

Every Branch should have the following:

- Feedback cum Complaint Register
- Display of the name, address and details of Helpline number
- Display of the name, address and details of MFIN Toll – Free number
- Display of the name, address and details of phone number of RBI

The process of the complaint's Redressal unit will ensure closure of all the complaints within a timeframe of 30 working days. If customer is not satisfied with the action against the complaint or branch level staff fails to close the case within the duration of 30 working days, then customer can escalate the complaint to the toll-free number.

Unnati has put in a robust mechanism to handle these complaints. Unnati reviews all the complaints which are at the branch level on regular basis and understand the reasons for the complaint and it will be ensured by the State Head and Zonal Business Head to put this process in place to avoid the escalation and ensure non-occurrence of such complaints in future.

Channel 2: UNNATI's Helpline Number

At Head Office Level, customer can directly approach to Customer Grievance Cell, where Unnati has a dedicated helpline Number (+919619443355) and a dedicated team that complies, addresses and escalates customer’s calls every day. The necessary steps to assure customer grievance redressal are as follows:

The customer or her / his representative shall report to Executive in case she has any complaint. Executive will seek the information from the customer and visa -vis the customers have to disclose the details to the Executive which are as presented in the table.

Name of The State, Branch Name and Village/Area Name
Applicant Name/ Co-applicant Name
Group ID; Customer ID
Contact Details of the complainant
Details of the complaint
Other details as may be required by the Executive

Upon the receipt of the calls, Executive registers the complaint based on the criticality that is complaint, service request and queries and speaks to the relevant UNNATI's officials to validate the complaint raised by the customer. If Executive finds that the complaint is genuine and needs to be addressed immediately, then EXECUTIVE mobilize immediate support and ensures timely redressal of the complaint with the help of UNNATI's officials. In case of third-party product, the Executive provides the concern party mobile number so that customer can directly register their complaint to the third-party provider and take the follow up with customer regarding the resolution and satisfaction.

The details of this channel are as follows:

Helpline Number: - +919619443355

9 am to 6 pm on weekdays (except second and fourth Saturdays) & National Holidays.

UNNATI has committed to the SRO guideline on CGRM. Therefore, UNNATI has categorized the calls in three levels which is based on the nature of concern raised by the customer which are as follows:

1. Complaints
2. Service Request
3. Queries

Complaints

Definition: A call is to be categorized as a complaint when the caller or the person on whose behalf the caller is calling, is an existing customer or past customer of the organization who has the grievances related to the guideline defined by MFIN regulations from time to time.

Service request

Definition: A call to be categorized as a service request when it is from an existing customer who has availed a loan and wants to avail a service with respect to the loan taken.

Queries

Definition: A call to be categorized as a query when the caller is an existing or potential customer and wants to either avail information regarding products offered in general or wants any specific information regarding the existing loan that she/ he may have availed.

UNNATI has not only done the categorization of calls but also defined the timeframe to resolve each case on time along with proper escalation mechanism. All categories of call will be resolved within the timeframe of 30 working days.

Customer Grievance Redressal team maintains a call log / control sheet of all the calls received on the helpline number in MS excel, where all the details of the query / complaint are fed along with the subsequent escalation and action taken to resolve the grievance. Status of the case is also updated in the log as

Closed: Closed cases are all those cases which are resolved by the Grievance Redressal team either by sharing relevant information with the customer or by immediate intervention of regional operations team at the branch level, to the satisfaction of customer.

Open: All those cases are open which could not be resolved or flagged by the line department and further action needs to be taken to resolve the open cases.

Monthly CGRM report will be prepared by the CGRM team and will be shared by the Senior Management. A summary of all such complaints are prepared and presented periodically in the board meetings so that the board can appraise and guide the management on best practices on grievance Redressal to enable UNNATI to be a customer centric organization. Similarly, Management regularly reviews KPIs such as percentage of cases resolved, average time to resolve cases and take corrective action to resolve MIS – handled cases and improve systematic shortcomings.

Apart from the helpline number, customer may use the below mentioned platforms:

Write (to us at the below mentioned address):

M/s. Shilpa Kale

Grievance Redressal Officer

Mobile No: +91- 9619443355

2302, G Square Business Park, Sec-30, Vashi, Navi Mumbai 400705

Email: shilpa.k@unnatimfi.com

Channel 3: MFIN toll free number

We ensure a response to letters/emails received through this channel within 30 working days. If the complaints/dispute is not redressed within a period of given time frame, the customer may appeal to the below mentioned contact details:

Micro-Finance Institutions Network (MFIN),
PSP 4-003, 4-004, 4th Floor, Emaar Palm Spring Plaza,
Golf Course Road, Sector – 54,

Gurugram -122003, Haryana
Toll Free Number 1800- 2700- 317
Tel. No.: +91 124 – 4576800
Email: contact@mfinindia.org

Channel 4: RBI telephone number

If the case is not resolved by Micro Finance Institutions Network, then the customer may contact the Reserve Bank of India. The case will be taken by the Officer-in-charge of the Regional Office of Non-Banking Supervision of RBI under whose jurisdiction the registered office of UNNATI falls. The details of DNBS is as given below:

Officer-in-Charge, Regional Office,
Reserve Bank of India, Post Box No.4528,
Bombay Central Post Office, Opp: Bombay Central Rly.Stn.,
Byculla, Mumbai-400 008.
Contact No. : 022- 23084121, Fax No. : 022 – 23099122.
Email : bomumbai@rbi.org.in.

Complaints that are received at our end will be seen in the right perspective and would be analyzed from all possible angles. The communication regarding UNNATI's stand on any issue will be communicated to the customers. Complaints that require some time for examination of issues involved will be acknowledged promptly and responded as per defined response time.

During quarterly Internal Audit process, the internal audit team also checks the Customer Complaint Register available at branches and its resolution is carried out by the branch team for the closure of the complaint.

I. Mandatory Display Requirements

UNNATI has the following in all our branches:

- Appropriate arrangement for receiving complaints and suggestions.
- Display of the name, address and contact number of the Complaint Redressal Officer

The process of the complaints redressal unit will ensure closure of all the complaints to the customers' satisfaction.

They will ensure that the complaint is escalated to the appropriate levels in case it is not possible to resolve at his/her level. Whilst the ultimate endeavour is to ensure we reach a situation where our customers don't have to complain to senior management to get an effective redressal, we have put in a robust mechanism to handle these complaints, review them from a point of view and understand the reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

ii. Time Frame

To register complaints, the customers may use any of the channels mentioned above (refer point (a) on Internal Machinery to handle the customer complaints). If the complaint has been received in writing, UNNATI will endeavor to send an acknowledgement/response within a week. Once the matter is examined, UNNATI

endeavor to either send a final response to the customer or an intimation seeking more time within one month upon receipt of complaint.

Complaints that are received at our end will be seen in the right perspective and would be analyzed from all possible angles.

The communication of UNNATI stand on any issue will be provided to the customers. Complaints that require some time for examination of issues involved will be acknowledged promptly

The aforesaid policy will be reviewed periodically/ revised as and when there are many new changes incorporated by UNNATI in handling complaints/ grievances of the customer which includes introduction of new grievance channels, if any

iii. Regulation of Excessive Interest Charged

The company has laid down appropriate internal principles and procedures in determining interest rates and processing fees and other charges.

The company has adopted an interest rate model taken into accounts - cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.

The rate of interest will be annualized so that the borrower is aware of the exact rates that would be charged to the account.

11. Confidentiality of Client Information's

UNNATI will maintain the privacy and confidentiality of client's personal and financial information's.