THE SARANGPUR CO-OPERATIVE BANK LTD.

RESOLUTION NO: 9(2) **DATE: 14.03.2022**

FAIR PRACTICE CODE FOR MICRO FINANCE

1. This Fair Practices Code ("**FPC**") is prepared by our Bank in accordance with guidelines issued by The Reserve Bank vide its Master Direction RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated 14-03-2022 as "Regulatory Framework for Micro Finance Loans". This is issued to all the Banks & it is to be adopted by Banks while Lending Micro Finance to Customers.

2. This FPC covers the general principles on adequate disclosures on the terms and conditions of Micro Finance and adopting a non-coercive recovery method. We have put in place the FPC with an endeavor to achieve synchronization of best practices when the Bank is dealing with our customers. This FPC shall apply across all aspects of our operations including marketing, loan origination, processing, and servicing and collection activities of Micro Finance. Our commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

3. The Bank's Board of Directors and the Management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

4. Below mentioned aspects of the FPC will be followed by our Bank:
   - To provide professional, efficient, courteous, diligent and speedy services.
   - Not to discriminate on the basis of religion, caste, sex, descent in any manner.
   - To be fair and honest in any advertisement and marketing of Micro Finance.
   - To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards Micro Finance transactions.
   - If sought, to provide such assistance or advise to customers seeking Micro Finance.
   - To attempt in good faith to resolve any disputes or differences with customers by setting up Complaint Redressal System within the Bank.
   - To comply with all the Regulatory Requirements of RBI in good faith.

5. <u>Guidelines on Fair Practice Code of our Bank:</u>

i. **Applications for Micro Finance and its processing**:

- All communications to the customer by our Bank shall be in **English/Gujarati** as understood by the customers.
- As part of the loan process, to ensure utmost transparency, Bank will provide all necessary information to the customer along with the application, fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of application, pre-payment options, check list in respect of information / papers required for considering Micro Finance.

ii. The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily. Time-period for disposal of application:
For all customers and for any amount of Micro Finance: Time-period up to 15 working days or such time as mutually agreed upon with customer.

iii. Appraisal - Terms and Conditions:

- Bank shall scrutinize the information submitted by the customer and additional data, if any, required should be called promptly to facilitate expeditious disposal of the sanctioned amount.
- Bank shall convey in writing in English/Gujarati as understood by the customers of Bank by means of Sanction Letter along with the terms and conditions including annualized rate of interest,
- Details of the default interest / penal interest rates (expressed in percentage per month / annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement)
- Acceptance of terms and conditions for loan given by Bank arrived at after negotiation.
- All other information which is relevant from the point of view of the loan to be provided and all the parties involved.
- Wherever possible, reasons for rejection of loan would be conveyed to the customers.
- Bank shall furnish a copy of the loan agreement in English/Gujarati as understood by the borrower along with copy of all relevant enclosures quoted in the loan agreement to the borrower at the time of sanction/disbursement of the loan and shall be duly approved by the borrower and countersigned by the authorized officials of Bank.

iv. Disbursement of loan including changes in terms and conditions:

- Bank shall give notice in English/Gujarati as understood by the customer regarding any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Changes in the interest rates and charges shall be affected prospectively.
- A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, Bank shall give notice to customers in consonance with the loan agreement in English/ Gujarati as understood by the customer.
- If right of set off is to be exercised, the borrower shall be given notice about the same with full details.
- All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years.

v. General

- If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, Bank may refer the case to the recovery agent and will inform the customer of the recovery proceedings being initiated. Bank shall ensure that its process of recoveries will not involve harassment to the Customer. Appropriate instructions will be provided by Bank to its staff for handling customer queries and grievances cordially.
- All the fees / charges / interest would be payable as per interest rate policy or as per mutually agreed terms.
- Post disbursement supervision is constructive and the genuine difficulties which the customer may face is given consideration.

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- Bank will consider cases of financial difficulty appropriately. The customer should identify problems and immediately should let Bank know as soon as possible.
- All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, RBI, other banks and financial institutions and any other state, central or other regulatory body.
- Customer information would be revealed only under the following circumstances, namely;
- If Bank is compelled by law & if it is in the Public Interest to reveal the information
- If the interest of Bank to require disclosure.

vi. Responsibility of Board of Directors

- The Board of Directors has laid down Grievance Redressal Mechanism within the Bank as per details mentioned in the next paragraph. Such a mechanism ensures that all disputes arising out of the decisions of Bank's functionaries are heard and disposed of at least at the next higher level.

vii. Grievance Redressal Mechanism (GRM)

- The Board of Directors of Bank has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the Bank are heard and disposed off at least at the next higher level. The customer shall be entitled to approach the Principal Officer, who shall ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within a period of 7 working days or is not capable of being resolved then the customer shall be informed appropriately at the earliest opportunity. All communication in relation to complaint shall be in writing.
- In this regard, Bank has also set up a dedicated e-mail address......... where customers can submit their grievances, complaints and suggestions. All complaints received by Bank shall be tabled at the meeting of the Board of Directors every quarter.
  - BANK shall display the following information prominently, for the benefit of our customers at our Branches/Head Office.
- The name and contact details (telephone and email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Bank. Our Bank has appointed the following officials as Grievance Redressal Officer:

Name of Officer of Bank:	JAYANTILAL KESHAVLAL SHAH – CEO
Mobile/Contact No:	9327069273
Email id:	info@sarangpurbank.co.in
Address:	Pritamnagar First Dhal, Ellisbridge, Ahmedabad - 380006

6. **Review of Compliance of FPC:** The Board of Directors of Bank shall review the compliance of the FPC every year.

7. **Display of FPC:** This FPC will be displayed on Notice Board of all the Branches and on our website.

For, The Sarangpur Co-operative Bank Ltd

General Manager / CEO **Chairman**

THE SARANGPUR CO. OP. BANK LTD. AHMEDABAD ELLISBRIDGE