



Fair Practice Code

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## FAIR PRACTICES CODE

**S V Creditline Limited** ( formerly known as S V Creditline Private Limited) (SVCL) has the main objective of uplifting households out of poverty by supporting them in income generation activities through financial intermediation and to provide financial assistance to poor households across India, to significantly improve their standard of living. Our endeavour is to build a sustainable microfinance model that not only delivers high standards of service and value to our customers but is also rewarding to all our stakeholders.

### PREAMBLE

The Fair Practices Code of SVCL aims at providing its members/ stakeholders an overview of practices which will be followed by SVCL in regard to the financial services being provided. SVCL's main emphasis is to provide a fair and reliable service to its members while lending and collection of dues. The Company's fair practice code is based on the principle of being aware of the sensitive condition of the member and respecting their dignity while adopting a sensible approach towards recovery of dues.

### **OBJECTIVES OF THE POLICY**

- Develop a comprehensive Fair Practices Code to adopt guidelines provided by regulator, self regulatory organizations and global standards of client protection principles.
- Formulate operating guidelines for implementation of Fair Practices Code in an effective manner.
- Disseminate the policy guidelines in an effective manner to all stake holders in general and to customers & employees of SVCL in particular.
- Review & reinforcement mechanism to ensure high level of adherence to Fair Practices Code.
- Mechanism for constantly receiving feedback/grievances from customers in order to improve the implementation of Fair Practices Code.

### **FAIR PRACTICES CODE**

#### **A. INTEGRITY**

- To provide low-income/unserved customers and their families with access to financial services that are client focused and designed to enhance their well-being and are delivered in a manner that is ethical, dignified, transparent, equitable and cost effective.



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## B. QUALITY OF SERVICE

- To ensure quality services to the customers, appropriate to their needs and delivered efficiently in a convenient and timely manner.
- To maintain high standards of professionalism based on honesty, non-discrimination and customer centricity.

## C. TRANSPARENCY

- To provide complete and accurate information to customers regarding all products and services offered.
- To create awareness and enable clients and all other stakeholders to understand the information provided with respect to financial services offered and availed.

### Operating Guidelines:

#### I. Applications for loans and their processing

- a. All communications to the borrower will be in the vernacular language or a language as understood by the borrower.
- b. Loan application forms would include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by other lenders can be made and informed decision can be taken by the borrower. The loan application form would indicate the documents required to be submitted with the application form.
- c. Will provide acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of would also be indicated in the acknowledgement.

#### II. Loan appraisal and terms/conditions

- a. Field staff will explain all the features, benefits, terms/conditions and pricing of our services including all fees, charges and interest rate on an annual declining basis and loan appraisal process in all types of loans offered by the Company.
- b. The Company Would convey in writing to the borrower in the vernacular language as understood by the borrower by means of Loan Card, Passbook and Loan Agreement ( including all other documents), the amount of loan



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sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

- c. The Company will provide a copy of the loan agreement preferably in vernacular language along with a copy of each enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
- d. Company will mention the penal interest charged (if applicable) for late repayment and loan prepayment charges in bold in the loan agreement for Individual Loans wherever applicable. However, late repayment and prepayment charges are not applicable for loans extended under JLG.

### **III. Disbursement of loans including changes in terms and conditions**

- a. The Company would give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Pre-closure charges will not be applicable in case of MFI Loans.
- b. Would also ensure that changes in interest rates and charges are effected only prospectively.
- c. The decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement except in the case of loans extended under JLG.
- d. Loans under JLG-No security is charged on these loans.

Other Loans-The Company will release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company 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 the Company is entitled to retain the securities till the relevant claim is settled / paid.

- e. All sanctioning and disbursement of loans would be done only at a central location which is branch premises / central office/ regional office as per



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operational requirement and more than one individual would be involved in this function. In addition, there would be close supervision of the disbursement function.

- f. 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.
- g. The effective rate of interest charged on each loan products, fees and other charges would be prominently displayed in all branches, regional & head office and in the literature issued (in vernacular language) and on website.
- h. A statement will be made in vernacular language and displayed at SVCL premises as well as in loan cards/ passbook articulating commitment to transparency and fair lending practices.

#### **IV. Disclosures in Loan Agreement / Loan Card**

- a. All the terms and conditions of the loan,
- b. The effective rate of interest charged,
- c. The 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),
- d. there will be no penalty charged on delayed payment except in cases of Individual Business Loans, E- Rickshaw Loans and Housing Loans.
- e. no Security Deposit / Margin is being collected from the borrower except in cases of Individual Business Loans, E- Rickshaw Loans and Housing Loans.
- f. an assurance that the privacy of borrower data will be respected,
- g. information which adequately identifies the borrower ,
- h. acknowledgements by the Company of all repayments including instalments received and the final discharge, and
- i. The grievance redressal system and the national toll-free customer care helpline number printed on the loan card and displayed at branches.
- j. Any non-credit products (insurance) issued will be with full consent of the borrowers and fee structure will be communicated in the loan card itself.
- k. All entries in the Loan Card would be in the vernacular language.
- l. All loans extended under JLG would be extended without any collateral.



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m. Loans under JLG-the moratorium between the grant of the loan and the due date of the repayment of the first instalment is equal or more than the frequency of repayment.

Other Loans- The Moratorium period will be mutually decided by the customers and the Company and will be mentioned in the Loan Documents.

**Note:** SVCL has a Board approved, standard form of loan agreement and the same is given to customers in vernacular language.

• **FAIR PRACTICES AND ETHICAL BEHAVIOUR**

- To ensure that clients are protected against fraud and misrepresentation, deception or unethical practices.
- To ensure that all practices related to lending and recovery of loans are fair and maintain respect for client's dignity and with an understanding of client's vulnerable situation.
- To ensure that staff and persons acting on their behalf are oriented and trained to put this Code into practice.

**Operating Guidelines:**

I. **Fair Practices**

- a. All dealings of the Company with customers would be open, fair and ethical.
- b. All Employees of SVCL will treat customers with respect and dignity.
- c. SVCL will ensure that the provision of micro finance services to eligible clients is as per RBI guidelines.
- d. SVCL will ensure that the rates of interest & charges are in accordance with Reserve Bank of India guidelines.
- e. The rate of interest would be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.
- f. Loans under JLG-The rate of interest is decided as per the pricing guidelines issued by RBI for MFI's.

Other Loans- The rate of interest and the rationale for charging different rate of interest to different categories of borrowers will be disclosed to the



borrower or customer in the application form and communicated explicitly in the loan agreement.

- g. The rates of interest will also be made available on the web-site of the Company. The information published in the website would be updated whenever there is a change in the rates of interest.
- h. SVCL would 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 the notice of the Company).
- i. The Company will obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought will be reasonable and necessary for completing the transaction.
- j. In case of receipt of request from the borrower for transfer of borrowable account, the consent or objection of the Company, if any, would be conveyed within 21 days from the date of receipt of request. Such transfer will be as per transparent contractual terms in consonance with law.
- k. Products would not be bundled. The only exceptions to bundling may be made with respect to credit life, life insurance & live-stock insurance products (if applicable), which are typically offered bundled with loans. The terms of insurance would be transparently conveyed to the client and must comply with RBI & Insurance Regulatory and Development Authority (IRDA) norms. Consent of the client must be taken in all cases.
- l. Training if any, offered to the borrowers will be free of cost. Field staff will be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loan / other products.

## II. Avoiding Over-indebtedness

- a. Field staff will be trained to make necessary enquiries with regard to existing debt of the borrowers.
- b. Due diligence will be carried out to ensure the repayment capacity of the borrowers.
- c. Make best efforts will be made to ensure that the loans provided are within the customer's capacity to repay and avoid over-indebtedness.
- d. Will ensure mandatory credit bureau checks for all loans.





- e. If a client has loans from 2 different MFIs then SVCL will not be the third lender to that client for loans extended under JLG.
- f. SVCL will not exceed the total debt limit for any client, as prescribed by RBI.
- g. Will educate clients on ill effects of over-borrowing.

### **III. Appropriate Interactions and Collection Practices**

- a. SVCL will ensure that the staffs are adequately trained on collection policy and to deal with the customers in an appropriate manner.
- b. Staff will use courteous language, maintain decorum and are respectful of cultural sensitivities during all interaction with clients.
- c. In the matter of recovery of loans, the Company and its employees would not follow coercive collection practices such as collecting at odd/late hours or during bereavement / sickness of customers, behaving rudely / aggressively, or use of muscle power during collection etc.
- d. Only employees and not out sourced recovery agents will be used for recovery.
- e. SVCL will have a detailed board approved policy for dealing with clients at each stage of default
- f. Customers who are facing serious debt repayment problems for reasons beyond their control can approach the branch for rescheduling their loans; this would be part of Debt Rescheduling policy
- g. Staff will provide a valid acknowledgement / receipt for each and every payment received from the borrower.
- h. A declaration that the Company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal will be made in the loan agreement and also in the FPC displayed at branch premises.

### **IV. REPOSSESSION**

- a. MFI Loans- Not Applicable, since no security is being taken
- b. E-rickshaw Loans & Housing Loans:

The Company shall have a built in re-possession clause in the contract/ loan agreement with the borrower which shall be legally enforceable. To ensure



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transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:

- i. Notice period before taking possession;
- j. Circumstances under which the notice period can be waived;
- k. The procedure for taking possession of the security;
- l. A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property/vehicle;
- m. The procedure for giving repossession to the borrower; and
- n. The procedure for sale/ auction of the property/vehicle.

• **PRIVACY OF CLIENT INFORMATION**

- To safeguard personal information of clients, allowing disclosures and exchange of relevant information with authorized personnel only and with the knowledge and consent of clients.

**Operating Guidelines:**

- a. The Company will respect customer's privacy and will treat customer information as private and confidential.
- b. An adequate disclosure will be made in loan agreement on sharing client data with credit bureaus, statutory organizations, sister concerns and third parties and the acceptance of the borrower will be obtained for internal records.
- c. Field staff will be trained on fidelity and secrecy of client and SVCL data during their basic level training. All staff will sign a declaration on fidelity and secrecy as part of their joining formalities.

**D. FEEDBACK AND GRIEVANCE REDRESSAL MECHANISM**

- To provide clients formal and informal channels for feedback and suggestions.
- To consistently assess the impact of services in order to enhance competencies and serve clients better.
- To provide a formal grievance redressal mechanism for clients.

SVCL has laid the appropriate grievance redressal mechanism within the organization to resolve the disputes arising in this regard. All grievances will be addressed to Grievance Redressal Officer assigned by the Company. **The Board of Directors will annually review the**



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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 SVCL functionaries are heard and disposed off at least at the next higher level. A consolidated report of such reviews may be submitted to the Board at the end of every quarter.

### **Grievance Redressal Mechanism**

The Company will display the following information prominently for the benefit of our customers at their branches / places where business is transacted as well as on the website of the Company:

#### **Level 1:**

- (a) the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

Grievance Redressal Officer : Jitender Kaur Gurnani

Designation- Manager

Toll Free Number - 1800-120-9040

email address- [grievance@svcl.in](mailto:grievance@svcl.in)

#### **Level 2:**

- (b) If the complaint is not resolved within 15 days, the customer may complain to the CEO of the Company.

Mr. Rakesh Kumar Dubey, Chief Executive Officer (CEO),

S V Creditline Limited,

Registered Office- 815, 8th Floor, Hemkunt Chamber, 89, Nehru Place, New Delhi-110019, India, or

Corporate Office- 5<sup>th</sup> Floor, Tower B, SAS Towers, Medicity, Sector-38, Gurugram, Haryana-122001

by letter or by email to [grievance@svcl.in](mailto:grievance@svcl.in).

#### **Level 3:**

- (c) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI under whose jurisdiction the registered office of the SVCL falls and the complete details of the said Officer-in-charge will be available at all the branches.



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**Department of Non-Banking Supervision Reserve Bank of India.**

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