



FAIR PRACTICES CODE

Fair practices code adopted with respect to Microfinance Business as per Circular No. DNBS. CC. PD. No. 320/03.10.01/2012-13 dated February 18, 2013.

i) General

The FPC will be displayed in vernacular language in all branch premises. Field staff will be trained to make the borrower fully aware of the procedures and systems related to loan /other products. The rate of interest charged and grievance redressal mechanism will be displayed in all branch premises in vernacular language and in the company website. The KYC guidelines of RBI shall be complied with. All sanctioning and disbursement of loans should be conducted at a central location involving more than one person during normal working hours at a predetermined date. The procedure for application of Loan and disbursement procedure will be adequately simple and the pre- determined time structure will be adhered to.

ii) Disclosures in Loan agreement /Loan card

1. The board approved standard form of loan agreement /loan card in vernacular language shall be followed. The loan agreement shall disclose the following:
 - a. All the terms and conditions of the loan,
 - b. that 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),
 - c. that there will be no penalty charged on delayed payment,
 - d. that no Security Deposit / Margin is being collected from the borrower,
 - e. that the borrower cannot be a member of more than one group (SHG / JLG) and can borrow from maximum two MFIs,
 - f. the moratorium between the grant of the loan and the due date of the repayment of the first instalment is as guided by the NBFC-MFIs(Reserve Bank) Directions, 2011,
 - g. An assurance that the privacy of borrower data will be respected.
2. The loan card shall reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011:

- a. the effective rate of interest charged,
- b. all other terms and conditions attached to the loan,
- c. information which adequately identifies the borrower,
- d. Acknowledgements by the NBFC-MFI of all repayments including instalments received and the final discharge,
- e. The loan card should prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer,
- f. Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself,
- g. All entries in the Loan Card should be in the vernacular language.

iii) Non- Coercive Methods of Recovery

1. 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. The procedure as provided in the manuals read together with Fair Practice Code covers the Code of Conduct by field staff and systems for their recruitment, training and supervision.
3. Training to field staff includes programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices.
4. Penalties shall be imposed on cases of non-compliance of field staff with the Code of conduct.

iv) Internal control system

The compliances officer is assigned responsibility for ensuring compliances to Fair Practices Code. The internal auditor will periodically audit and include compliances as a part of reporting.

v) Redressal Mechanism

A separate redressal mechanism has been put in place for the Micro Finance Loans granted by the Company. Any complaints from the borrowers on any functionalities or of the decisions of the Company will be heard at higher levels. The complaints can be made at the following levels to :

First Level Grievance Redressal Forum:

Customers are encouraged to record their initial suggestions and complaints in the customer complaints/suggestions register maintained with the Branch Manager of their respective branch. Most of the queries which involve product functioning, loan

disbursements in time, general complaints and queries could be raised with the Branch Manager and the nature of the query with details will be recorded in the register. A turnaround time of 7 days to get the queries/complaints answered is given at this level.

Second Level Grievance Redressal : Toll-Free number

Muthoot Microfin customers can reach us on our toll-free number **1800 1027 631** in case their query/complaint has not been mitigated within 7 days from the branch or the customer is having any other complaints. Customers are advised to provide the details of their centre number, branch and nature of complaint along with the first level escalation with the respective branch (if any) to the executive who attends the call and a specific turnaround time has been defined to close the customer queries based on the nature of the call. A turnaround time of 7 days has been defined in this model to close the customer query/Complaint.

Third Level Grievance Redressal Forum: Appellate authority

In case the grievance of the customer is not resolved or is not satisfied with the response, they can approach the Appellate Authority at Muthoot Microfin Head Office and raise their complaint again as per guidelines in the following address:

Grievance Redressal Officer

Muthoot Microfin Ltd. Muthoot Towers, 5th Floor, Opposite Centre Square Mall, M.G Road, Cochin- 682 035, **Or email to mmlcomplaints@muthoot.com**. Any customer complaint/suggestion which reaches Muthoot Microfin needs to be addressed and closed within the 3 layers of grievance in a span of 1 month - failing to which the customer could raise the issue with the regulatory authorities.

MFIN Grievance Redressal:

If the customer is not satisfied with the grievance cell and Appellate Authority's response to the query/complaint, customer is free to raise the complaint with the monitoring board of Microfinance Industry - Microfinance Institutions Network (MFIN) toll-free number 1800 2700 317 (9:30 AM to 05:30 PM from Monday to Friday),

OR can raise the complaint with RBI at

If the complaint is not resolved within one month the Customer can approach The General Manager, Reserve Bank of India, Department of Non-Banking Supervision, Mumbai Regional Office, 3rd Floor, Opp. Mumbai Central Railway Station, Byculla, Mumbai 400 008. Tel no: 022-23084121, Email: dnbs@rbi.org.in