

FAIR PRACTICE CODE POLICY  
OF  
CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES  
PRIVATE LIMITED



Version No.	FPC /1.1/2017-18
Originally adopted Date of Policy	14 <sup>th</sup> March 2016
Amended/Modified Date of Policy	26 <sup>th</sup> August 2017
Policy owner	Operations
Approved by	Board of Directors
Signature	

**REF:** RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015.  
RBI/DNBR/2016-17/44 CC.No.DNBR.PD.007/03.10.119/2016-17 dated March 09, 2017

The Fair Practice Code is as per the Guidelines issued by the RBI on February 18, 2013. The FPC of the company has been approved by the board on 14th March 2016. Based on further Guidelines issued by the RBI on March 09, 2017, the FPC of Chaitanya has been revised. The revised FPC of the company has been approved by the Board on August 26, 2017.

## **A. NBFC**

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

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

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

- Chaitanya will convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keeps the acceptance of these terms and conditions by the borrower on its record.
- Chaitanya does not charge penal interest for late repayment and it has been specified in bold in the loan agreement.

Chaitanya will furnish a copy of the loan agreement -as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of disbursement of loan. The details/ clauses in the loan agreement is explained orally in vernacular language to the Customers by the Branch Manager

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

- Chaitanya will 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
- Chaitanya will ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard is incorporated in the loan agreement
- Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement
- Chaitanya 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 Chaitanya may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which Chaitanya is entitled to retain the securities till the relevant claim is settled / paid.

#### IV. General

- Chaitanya will 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 Chaitanya)
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of Chaitanya, if any, will be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, Chaitanya will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. Chaitanya will ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- Chaitanya will not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

#### V. Responsibility of Board of Directors

The Board of Directors of Chaitanya have laid down the appropriate Grievance Redressal Mechanism within the organization to resolve disputes arising in this regard. The Grievance Redressal Mechanism has been set up to ensure that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.

The Board of Directors will also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management. A consolidated report of such reviews will be submitted to the Board at regular intervals, as may be prescribed by it.

#### VI. Grievance Redressal Officer

At the operational level, Chaitanya will display the following information prominently, for the benefit of the customers, at our branches/places where business is transacted:

- 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.
- 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 Chaitanya falls, which is as under:

**Officer-In-charge  
DNBS Department  
Reserve Bank of India  
10/3/8, Nrupathunga Road,  
Post Bag No.5467,  
Bangalore-560 001  
Phone: 2275020.Fax: 2210185**

VII. **Language and mode of communicating Fair Practice Code**

Fair Practices Code will be in the vernacular language or a language as understood by the borrower and will be put in place with the approval of the Board within one month from the date of issue of this circular, which is 28th September 2017

VIII. **Interest Charged by Chaitanya**

The Board of Chaitanya has laid out appropriate internal principals and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans have also been kept in view.

IX. **Regulation of excessive interest charged by NBFCs**

- The Board of Chaitanya will adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers will be disclosed to the borrower or customer in the application form.
- The rates of interest and the approach for gradation of risks will be made available on the web-site of Chaitanya The information published in the website will be updated whenever there is a change in the rates of interest.
- The rate of interest is annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

(x) **Clarification regarding repossession of vehicles financed by NBFCs**

- Chaitanya will have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will also contain provisions regarding: (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the borrower and (f) the procedure for sale / auction of the property. A copy of such terms and conditions will be made available to the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.
- Chaitanya shall furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which forms a key component of such contracts/loan agreements.

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