

Annual Report

SHAKTI MAHILA SANGH

2017-18



Letter from the CEO

Shakti MahilaSangh has successfully managed the post demonetization effect on microfinance sector during the financial year 2017-18 especially in the eastern Madhya Pradesh area. We have also almost doubled our own portfolio from 8.42 crore to 15 crore during 2017-18. As IDBI bank our only BC partner reduced the exposure from 21.27 crore to 16.57 crore, the disbursement got effected to some extent. We have expanded and remained just above the last



year's loan outstanding of the microfinance business of the cooperative with the support from Poorest State Inclusive Growth (PSIG) Program, SIDBI and IDBI as a BC partner apart from lending support from Central Bank, SBI, NABARD Financial Services, SIDBI, Ananya Finance, Milaap, Reliance Capital, Samunnati and BASIX. We have also implemented the FPO promotion with NABARD support and also implemented NABARD's new initiative "Livelihood Enterprise Development Program (LEDP)". We have been also implementing the Financial Literacy Program with the support from SIDBI. We have added new four districts in our operational area with the support from the Department of Cooperation.

Operationally we have started two new branches during 2017-18 to existing branch seven branches. As on March 31, 2018 SMS was operating in 789 villages through 2765 no of SHGs. 2790 new members have joined us and the total cumulating number of members has reached to 27,680 . The number of staffs also increased from 83 to 93 during the current financial year. The deposits (savings from members) was at Rs. 3.96 crore and borrowing outstanding was at Rs. 11.71crore. We have mobilized loans from Milaap, Reliance Capital, Samunnati, SBI, NAB-FINS & ANANYA. We have maintained almost 100% recovery this year as well which is a strength of SMS since inception. Though post demonetization the on-time repayment got slightly disturbed in some villages but those members paid the instalment before the next instalment date. All these achievements are the result of the hard work of the team of SMS.

In nutshell ,I would like to conclude that FY 2017-18 was a successful year for SMS. We have not only rolled out our operation in new areas but also successfully served our members. It has also given the confidence to expand our operations in more areas so that we could serve more people from underprivileged section and achieve our mission and vision.



Background of Shakti Mahila Sangh (SMS)

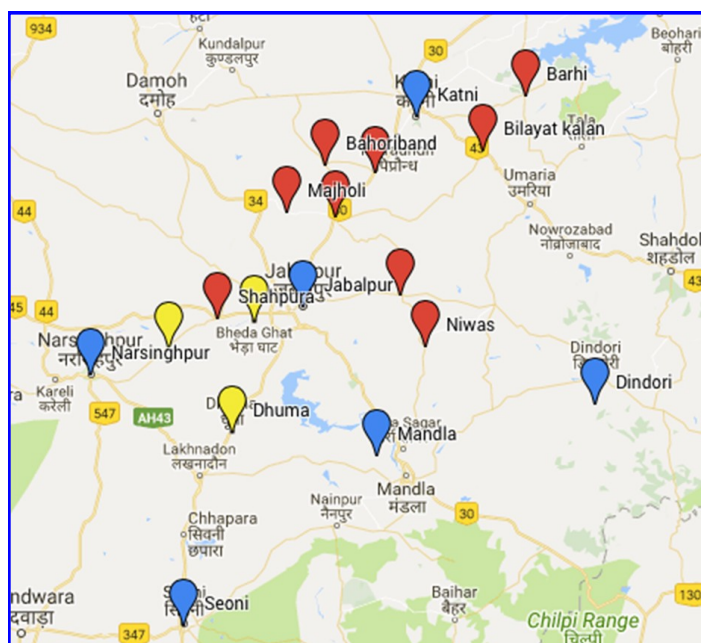
Shakti Mahila Sangh was started as a three year action research project of Ministry of Rural Development (MORD) which organised women SHG members in the form of a federation to collectively carry on retail business. However, despite the novel objectives of the project, it could not be continued primarily due to fund crisis and typical low margins in retail business. The project officially ended in 2007, with the federation having no legal standing and in deep financial crisis.

However, the Social Capital created during the project could not have been left in vain so the federation of women was registered as a “Shakti Mahila Sangh Bahu-Uddeshiya Sahkari Samiti Maryadit” or Shakti Mahila Sangh (SMS) under the Madhya Pradesh Swayatta Sahkarita Adhiniyam, 1999 (Old Act) on April 2nd, 2007 and is currently recognized under the amended act Madhya Pradesh Sahkari Society Adhiniyam, 2012. The main purpose for creating this co-operative was to use the power of the collective for financial inclusion along with livelihood support services to its members. This was done with our belief that along with the financial services, we also need to provide livelihood support service to bring positive change in the lives of its members.

Over the period of time, Shakti Mahila Sangh has grown and now provides a range of financial and livelihood support services to its members. As on March 31, 2017 SMS was operating in 744 villages through 2490 no of SHGs with a membership of 24890 no of members. The total portfolio was Rs. 29.74 crore with BC portfolio from IDBI Bank at Rs. 21.27 crore and own portfolio at Rs.8.46 crore. The deposits (savings from members) was at Rs. 3.67 crore and borrowing outstanding was at Rs. 6.40 crore. We have mobilized term loans from SIDBI, SBI, NABFINS, ANANYA, BASIX etc. Tier II capital as sub-debt of Rs. 1 crore was availed from SIDBI during 2016-17.

Operational Area:

SMS has its head office at Majholi (Jabalpur) and currently has 9 microfinance branches in Jabalpur, Katni and Mandla districts. We are planning to open 3 new branches during the current financial year, 2018-19. SMS has the permission to operate across six districts (Jabalpur, Katni, Mandla, Dindori, Narsinghpur, Seoni) of Madhya Pradesh.



Team Shakti



Vision

“To establish an economically & socially empowered and healthy society where women become financially independent with sustainable livelihood activities.”

Mission

"To work with poor women by providing financial & non-financial services that enable them to enhance their income and

Values of the organisation

Values are timeless principles that guide an organization. They set the norms of behaviour for everybody in the organization. These values are summarised as “SHAKTI” and are explained below:

Service: SMS will strive to provide efficient, convenient and timely service to its members

Honesty: SMS will be honest in its workings and in dealing with its members and other stakeholders, as well as in terms of reporting and information management

Attitude: SMS will strive to achieve the highest degree of member service in workings with members Knowledge: SMS will strive to know the needs of members to serve them in most efficient and convenient way

Transparency: SMS will provide complete and accurate information to our members and external stakeholders about financial and livelihood support services

Integrity: SMS will endeavour to empower members by providing financial and livelihood support services in a manner that is ethical, dignified, equitable and cost effective.

Member Protection Principles

APPROPRIATE PRODUCT DESIGN AND DELIVERY: We will take adequate care to design products and delivery channels that do not cause our members any harm. Products and delivery channels will be designed considering our situation and our need.

PREVENTION OF OVER-INDEBTEDNESS: We will take adequate care in all phases of our credit process to determine that our members have the capacity to repay without becoming over-indebted while offering loan products to them.

TRANSPARENCY: We will communicate clear, sufficient, and timely information in a manner and language that our members can understand so that they can make informed decisions.

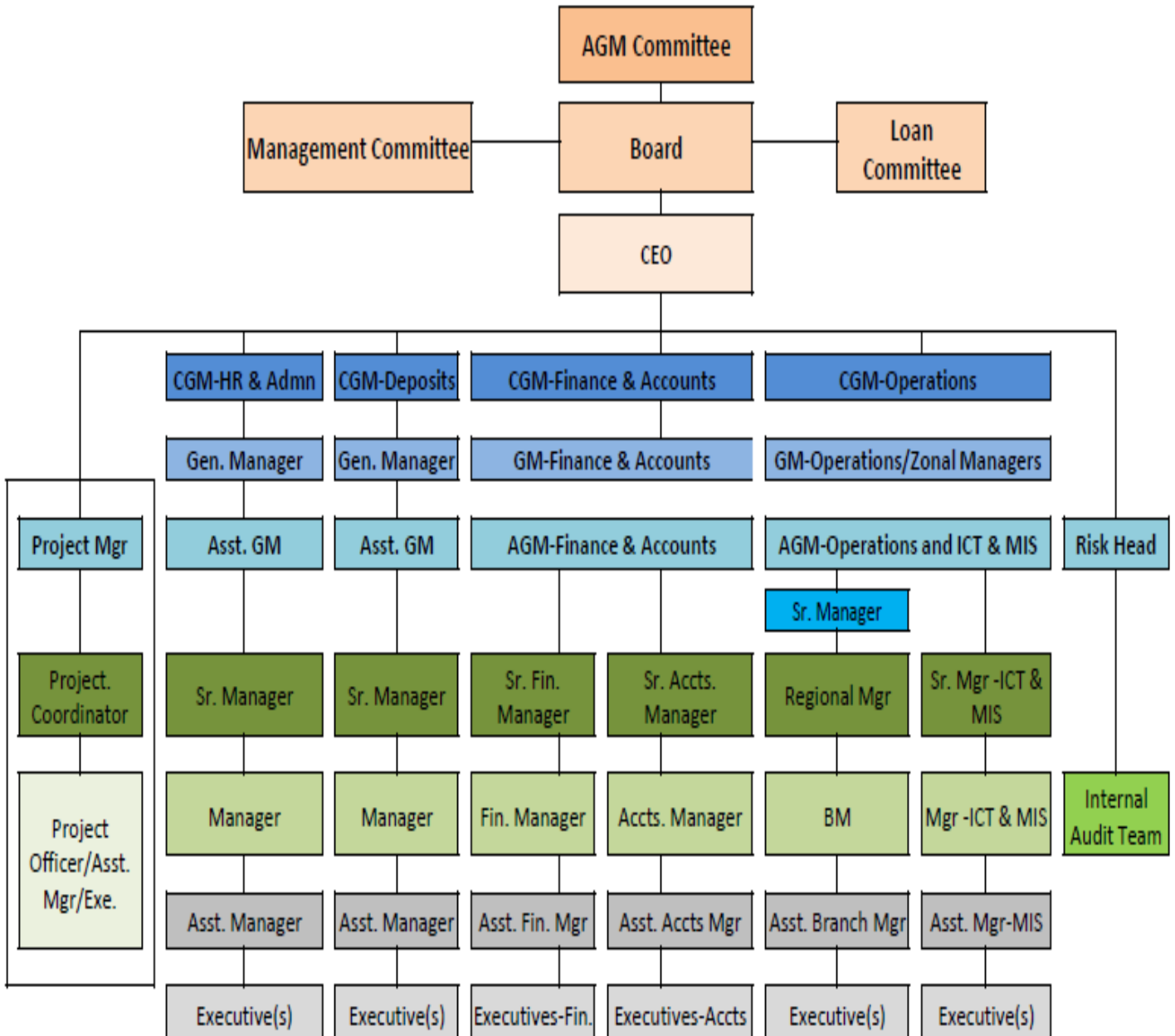
RESPONSIBLE PRICING: Pricing, terms, and conditions will be set in a way that is affordable to our members while allowing for our institutions to be sustainable. We will also follow the guidelines of the regulatory bodies in deciding the price, terms and conditions.

FAIR AND RESPECTFUL TREATMENT OF MEMBERS: We will treat their members fairly and respectfully. There will not be any scope for discrimination. We will ensure adequate safeguards to detect and correct corruption and abusive treatment.

PRIVACY OF MEMBER DATA: The privacy of individual member data will be respected in accordance with the laws and regulations and will only be used for purposes specified when the information is collected, unless otherwise agreed with the member.



Organisational Structure



OUR PRODUCTS AND SERVICES

Financial Services :

Our approach is inclusive and membership to SMS is available to all who qualify our minimum basic criteria i.e. We offer our financial services only to women client; family income should not be more than 3000/- per person per month; age bracket of 18-55; serve only rural population

Product:

SMS provides a range of financial services to its members i.e. credit, savings & insurance with different range of products. Considering the repayment capacity and need of client, SMS provides the loan to the clients. The BC portfolio interest rate is as per the partner's product. The current interest rate is 22% on reducing balance with IDBI Bank.

Details of offered products in credit and savings are as follows:

S. N	Name	Loan Amount	Repayment frequency	Tenure	Grace Period	Interest Rate	Processing Fees
1	Vredhee Loan	10000	Optional (Weekly, fortnightly, Monthly)	12 months	2 Weeks	26% (reducing balance)	1%
2	Samreedhee bahuuddeshiya loan	10000-50000	Optional (Weekly, fortnightly, Monthly)	18 months - 24 months	2 Weeks	26% (reducing balance)	1%

S. N	Name	Amount	Payment frequency	Tenure	Interest Rate (Per Year)	Withdrawal Facility
1	Greh Laxmi Bachat	Three products Rs.50, Rs. 30 or Rs 20	Monthly	Life time	4%	As per product code, after 2, 3 or 5 year 100 % withdrawal
2	Greh Laxmi Recurring deposit	Three Products Minimum Rs. 30, Rs. 50 to Rs. 100 & Rs. 200 to Rs. 1000	Monthly	2, 3 & 5 years respectively	6%	As per product code, after 2, 3 & 5 years 100% respectively
3	Greh Laxmi Fixed Deposit	Rs. 1,000 /- to 1,00,000/-	One time	6.6 years	10%	Minimum 3.6 year or on maturity

Non-financial services

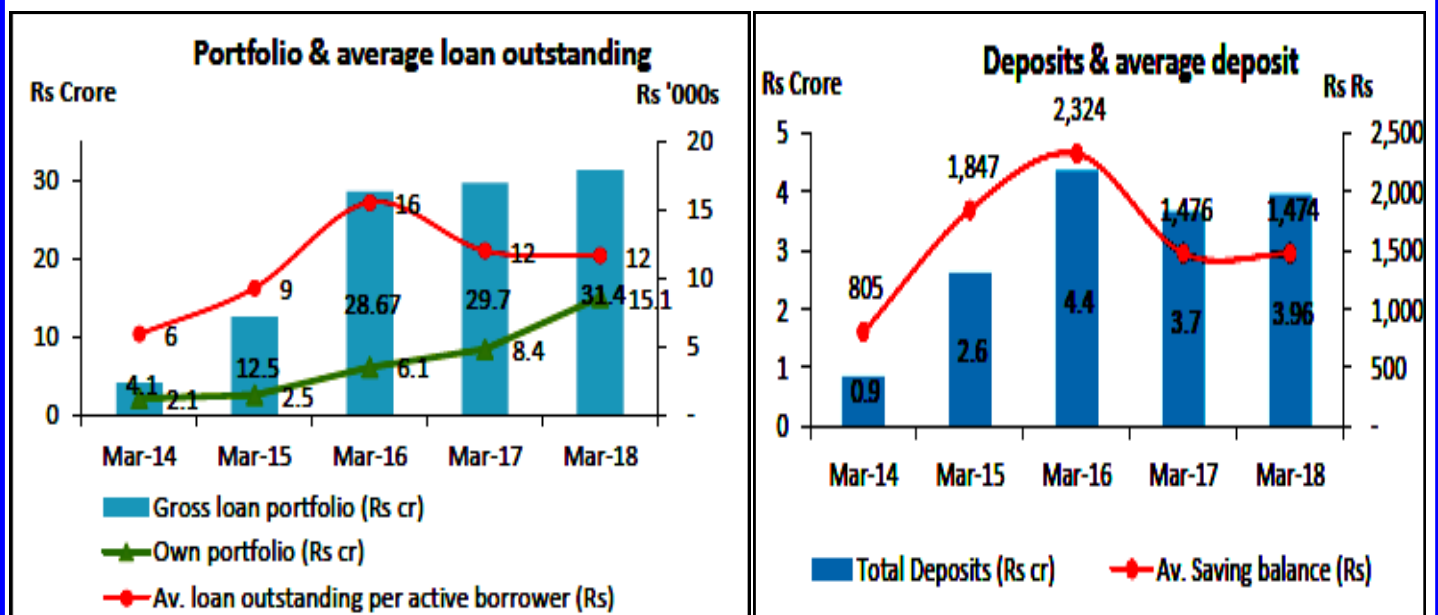
In continuation of our mission statement, we conduct different kind of capacity building as well as livelihood training pro-grams for our members at district, block & village level. Our training included training to school teachers on environment; panchayat members for their capacity building, SHG members on vision building; leadership qualities & livelihood activities. Major training programs under our ambit are Livelihood Training Program, Computer Training, Stitching, Embroidery & Knit-ting training, record Keeping & Maintenance of accounts training for SHGs, Training to Farmers club to improve farm products, Financial Literacy training etc.

PERFORMANCE

Main Performance Indicators

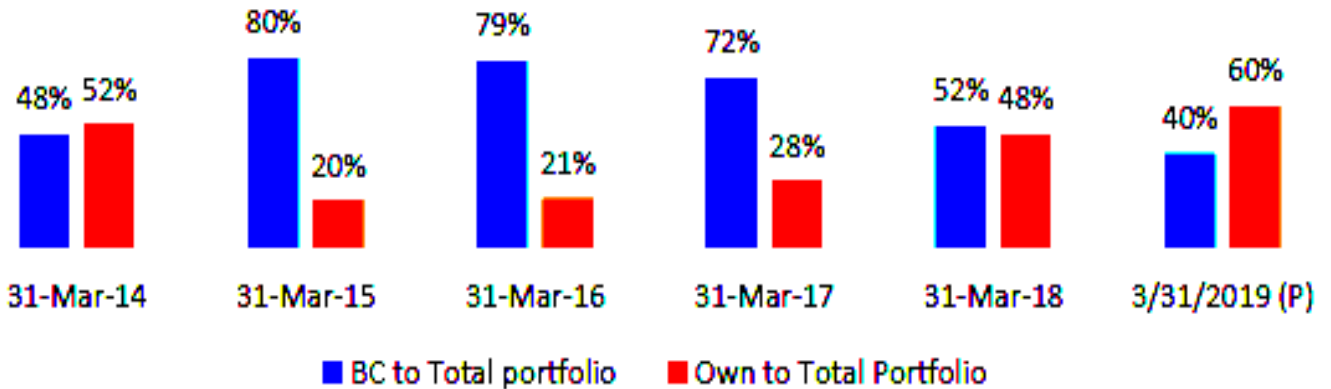
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Number of active borrowers	6,890	13,470	18,450	24,790	26,880
Gross Portfolio (Rs in crore)	4.1	12.6	28.7	29.7	31.3
Average Loan Outstanding (Rs)	5,909	9,294	15,539	11,997	11,664
Own portfolio to Gross portfolio	52.3%	20.2%	21.3%	28.5%	48%
Total Savings (Rs in crore)	0.85	2.6	4.3	3.6	3.9
Average deposits (Rs)	805	1,847	2,324	1,476	1,474
Return on Assets (RoA)	0.50%	0.51%	5.5%	10.9%	8.3%
Operational Self-Sufficiency (OSS)	109.4%	86.8%	118.5%	125.3%	127.6%
Yield on own portfolio	21.6%	30.7%	20.4%	22.5%	22.6%
Portfolio at Risk (>0 days)	0%	0%	0%	0%	0%
Operating Expense Ratio (OER)	13.7%	10.7%	7.7%	14.1%	14.6%
Borrowers per field staff	689	792	659	551	560
Borrowers per staff	383	449	298	314	320
Capital Adequacy Ratio*	16.0%	9.0%	13.4%	25.8%	23.6%

* Since SMS is a cooperative, M-CRIL has given 100% weightage to FLDG in order to compute capital adequacy ratio.



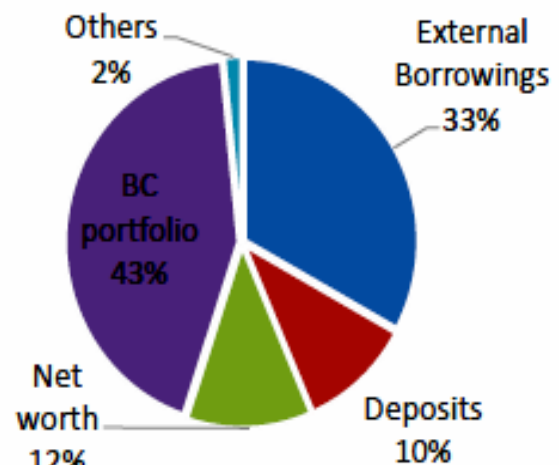
Fund Mobilization & Staff Productivity

Portfolio Mix

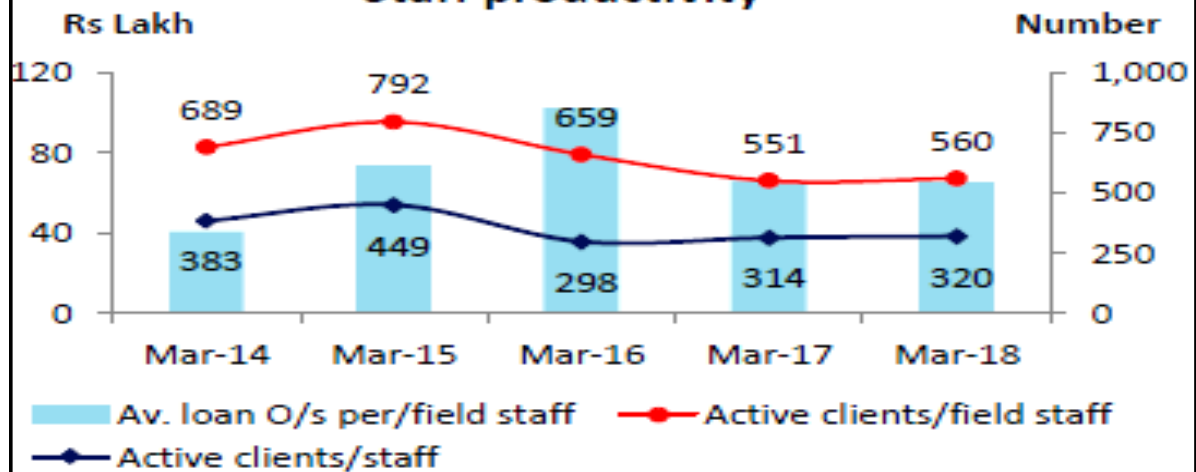


Funder	Outstanding (Rs in cr)
SBI	2.33
Ananya Finance	2.49
Milaap	1.00
IGS Basix	0.18
Reliance	0.41
Sammunati	2.68
CBI	0.81
SIDBI	0.74
NABARD	0.80
Total	11.47

Source of funding on 31 Mar'18



Staff productivity



EXPERIENCE AND STRATEGY USED DURING DEMONITISATION

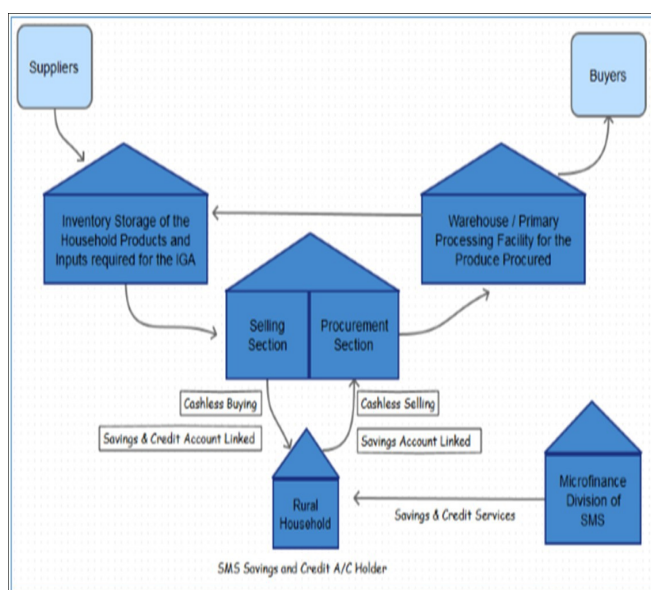
<p>Three Major Challenges experienced</p>	<ul style="list-style-type: none"> • During demonetization phase the daily wage earners and the small vendors had lost business or income opportunities. • As a result there was reduced or limited cash flows at the household level which has affected our recovery of monthly instalments from the SHG members. • Those who had money in the bank's savings account were not able to withdraw due to cash crunch at the branch level. This also had affected our on time recovery. • After repaying all instalments to external borrowers we were left with very limited cash for disbursement. The bank was also not able to supply cash to us for disbursement due to low cash supply at the bank branch. • Low productivity has increased our overhead and cost of operation. • As we had denied to take old currency notes, members faced problems in gathering valid currency notes for repayment of instalment.
<p>Major Strategic changes implemented to tackle the situation</p>	<ul style="list-style-type: none"> • We accepted only valid currency notes If 1 or 2 members are not able to repay the SHG group as a whole repaid the total instalment amount. • We had given extra time to members for repayment ranging from 1 week to 2 weeks • We have conducted group level meetings with all the SHGs to communicate about the demonetization and how the organization is planning to cope up with the situations. • We tried to maintain and build on the good customer relationship with SMS as a local organization. • We had conducted several mass awareness camps and also invited the local administrators, bankers, NABARD etc. for the programs which built confidence amongst members about SMS.

As a result of the above strategy we could maintain almost 100% recovery even during and after demonetization phase.

Combo Store Digitized Cashless Services to Rural Women

India has experimented a lot to ensure financial inclusion for the unbanked communities. For quite a while now, financial inclusion has merely been about 'providing access' to the unbanked population through opening of bank accounts with formal financial institutions only. But in reality rural families are dependent on local moneylenders for their credit needs in absence of good quality formal financial products especially during cash flow crisis. They mostly end up buying inputs and selling produce through mix of unfair weighing and depressed prices. The situation of women is further worsen by limited decision making role of women in handling cash based transactions that has compromised their role in decision making in the families and in society in general. Shakti Mahila Sangh (SMS), a Jabalpur based all women cooperative in collaboration with CONNECT Social Enterprise Development Services, Hyderabad came up with an innovative model to resolve the aforesaid problems. The consortium of SMS and CONNECT have mobilized support from PSIG, SIDBI under Financial Inclusion Women Empowerment Challenge Fund (FIWECECF).

The project is to develop the capacity of the women members of SMS to avail responsible financial products so as to reduce the dependency of the members on informal systems. Along with that SMS as a community organization will also aggregate the household inputs and farm output of SMS members and offer cost efficient and remunerative prices to the members. We will be using technology to reduce cash in the system as SMS members transact most of their major transactions (arising out of both financial and non- financial activities) through SMS.



The project would offer a single window (Combo Stores) for all financial & nonfinancial transactions enabling rural households to have all transactions to buy & sell through one-point facility close to their villages. Under this, the project will also digitize & present market information on real time basis to the consumers/producers. We are targeting to cover villages within 5 km of range from each "Cashless Combo Store". Total 117 villages are being targeted with total 13003 household (HH) through 5 Combo-Stores. Currently around 3500+ HHs are already

member of SMS through SHGs. Till date we have established four combo stores and enrolled around 3000+ members digitally.

STORIES OF THE MEMBERS



Mamta Bai Khangar of Laxmi Mahila Group was married off at the age of 14 and never had the opportunity to go to school. Her two daughters and two sons also couldn't pursue further education as they all dropped out after 8th standard owing to the poor economic status of the family. She never thought she would indulge in setting up her own enterprise, until she became a member of the SHG. She took her first loan of Rs. 5000/- , from which she opened a grocery (*kirana*) store in her home which helped her increase her household income and she was able to earn from home . Prior to this, Mamta Bai worked as an agricultural labourer which did not help her in running her household. Similarly she took three

consecutive loans of amount Rs. 15,000 , 25000 and Rs. 50,000 respectively. These three loans were also invested in her grocery store. This has helped her in sustaining her income to meet daily household expenses and she no longer has to work as a laborer on the other people's fields in the evening. Now she only wants that her business to grow steadily. Her entrepreneurial demonstration has not only improved her economic status but has also given her a sense of empowerment and self esteem.

Shrimati Sapna Kushwaha got married to her husband Anil at the age of 18 and is currently 24 years old. She has studied till 8th standard after which she dropped out to assist her mother and father in farming activities. Her first loan from Shakti Mahila Sangh was of 5000 rupees which she invested in growing vegetables like Brinjal, potato and onion. Before taking loan from Sapna and her husband used to do farming twice yearly and work as daily wage labourers. But after taking loan they have started growing vegetables and selling throughout the year which has resulted in increase in household income. The lowest moment of her life was when her husband got sick and she has to mortgage all her jewellery. But her association with Shakti Mahila Sangh has given her the faith to fight adversities of life. Over the years, she has taken loans worth 5000, 15000, and 25000. She has one girl child and her birth has been the highest moment in her life. She also aspires to build her own house very soon.



Audit Report

MSG & ASSOCIATES
Chartered Accountants



Head Office: MIG-1/5, Amber Complex,
Zone-II, M.P. Nagar, Bhopal (M.P.)-462011
Ph: 0755-2571157, 09425393351

Branch Office: 421-422 Ok Space,
Malviya Industrial Area, Malviya Nagar, Jaipur (Raj.)-302017
Ph: 0141-4024184, 09414048697
E-mail: nrajanica@gmail.com
mahendrabalani@hotmail.com

AUDITORS' REPORT

To
The Members of,
SHAKTI MAHILA SANGH BAHUUDDESHIYA SAHKARI SAMITI MARYADIT,
MAJHOLI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **SHAKTI MAHILA SANGH BAHUUDDESHIYA SAHKARI SAMITI MARYADIT, MAJHOLI**, which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Income & Expenditure Account for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Society in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records for safeguarding of the assets of the Co-operative Society and for preventing and detecting the frauds and other irregularities and design, implementation and maintenance of adequate internal financial control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Audit Report

SHAKTI MAHILA SANGH
BAHUUDESHIYA SAHKARI SAMITI MARYADIT, MAJHOLI

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

SCHEDULE - 'V'

ACCOUNTING POLICIES

1. The Financial Statements are prepared under mercantile systems of accounting in accordance with the Accounting Principles generally accepted in India.
2. Fixed Assets are stated at cost less depreciation.
3. Depreciation on Fixed Assets is provided on written down value method at the rates and in manner prescribed under Income Tax Act, 1961.
4. Expenses are accounted on accrual Basis and provisions of expenses/liabilities are made relevant to the accounting year.
5. Interest on F.D are accounted on accrual basis.
6. Society has received grant for revenue purpose.
7. There is no foreign currency transaction in the Co-operative society.
8. The Society has not provided for any retirement benefits for employees.

NOTES ON ACCOUNTS

1. In opinion of the management, the Current Assets are expected to realize approximately the value at which they are stated in the accounts in the ordinary course of business.
2. Loan Loss Provision has been provided @ 1% of outstanding balance of loan portfolio of SHG members as on 31/03/2018.
3. Loan from Financial Institutions are subject to reconciliation.
4. The Society is proposed for conversion to Shakti Mahila Sangh Multi Purpose, Multi State Co-operative Society Ltd. under the Multi State Co-operative Societies Act, 2002.
5. Provision for Interest on RD and Interest on FD have been made by the management during the year.
6. As Society is engaged in Micro Financing Activities and responsibility/liability to recover loans disbursed to SHG's is on Shakti Mahila Sangh Samiti, in the case of IDBI BC Portfolio, as explained to us by the management, it is not the portfolio of society, therefore BC Portfolio of IDBI Bank has not been shown in Balance Sheet which were Rs.16,39,15,831/- as on 31.03.2018, only fund received and disbursed has been shown in the Receipt & Payment account of the year.

Audit Report

7. During the Financial year 2016-17 Society has received an amount of Rs. 1 Crore from SIDBI against Subordinate Debt which is in the nature of quasi capital, therefore shown under the head "Subordinate Debt from SIDBI (Tier-II Capital)" under the Liability side of Balance Sheet and considered part of the Capital Fund.
8. In some cases proper supporting were not attached with the vouchers or the vouchers were hand made, it is explained/ informed by the management that all such payments have been made against the liability of expenses for the year and have been correctly accounted for.
9. The Society received grant during the year for various purpose, which has been utilized as under:

S.No	Nature of Grant	Grant received during the year	Grant utilized in previous year	Grant utilized during the year	Unutilized amount of grant carry forward to next year	Grant receivable in next year
1.	NABARD FPO Grant	0.00	0.00	5,69,883.00	0.00	0.00
2.	SHPI NABARD Grant	0.00	0.00	4,00,000.00	0.00	0.00
3.	LEDP NABARD Grant	0.00	0.00	1,24,943.00	0.00	1,24,943.00
4.	PSIG Grant (Financial Literacy)	3,43,600.00	0.00	3,09,530.00	34,070.00	0.00
5.	PSIG SIDBI Challenge Fund Grant	34,78,540.00	4,87,466.00	58,35,768.00	15,18,240.58	43,42,202.58
6.	PSIG Grant (Financial Literacy) Project No.2	3,76,896.00	0.00	5,92,626.00	0.00	2,15,530.00



AUDIT REPORT

SHAKTI MAHILA SANGH BAHUUDDESHIYA SAHAKARI SAMITI MARYADIT, MAJHOLI

BALANCE SHEET AS AT 31/03/2018

Liabilities	SCH.	Amount (Rs.)		Assets	SCH.	Amount (Rs.)	
		As at 31/03/2018	As at 31/03/2017			As at 31/03/2018	As at 31/03/2017
EQUITY AND LIABILITIES				Non-Current Assets			
Shareholder's Fund				Fixed Assets			
Share Capital	"A"	5,800,000.00	5,800,000.00	(1) Tangible Assets	"H"	3,399,726.50	1,568,282.37
Reserves & Surplus	"B"	38,358,663.41	25,661,002.83	Investment			
Subordinate Debt from SIDBI (Tier-II Capital)	"C"	10,000,000.00	10,000,000.00	Shares	"I"	968,000.00	32,000.00
Non-Current Liabilities				Loans and advances			
Long-term Borrowings	"D"	117,142,939.57	64,041,508.28	Loan Portfolio	"J"	150,577,337.42	84,667,988.98
Current Liabilities				Current Assets			
Deposits/Savings from Members	"E"	39,640,364.34	36,748,555.82	Cash and Bank Balances	"K"	2,913,891.63	7,600,175.92
Short-term Provisions	"F"	2,634,921.67	3,391,856.00	Balance in Fixed Deposits	"L"	39,950,772.40	45,321,772.00
Other Current Liabilities	"G"	2,744,227.33	1,253,167.54	Other Current Assets	"M"	18,511,388.37	7,705,871.20
Notes on Accounts	"V"						
Total (Rs.)		216,321,116.32	146,896,090.47	Total (Rs.)		216,321,116.32	146,896,090.47

For MSG & ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM NO. 0102540

CA. GEETA RAJANI

(Partner)

M. NO. 076889

Place: Bhopal

Date: 04.07.2018



FOR SHAKTI MAHILA SANGH BAHUUDDESHIYA SAHAKARI SAMITI MARYADIT

Shri Narendra Singh Parihar

ICAO

Shakti Mahila Sangh Bahu-Uddeshiy
Sahkari Samiti Maryadit, Majholi

Audit Report (Conti...)

Income & Expenditure Account For the Year ended 31st March, 2018

Expenditure	Sch.	Amount (Rs.)		Income	Sch.	Amount (Rs.)	
		2017-18	2016-17			2017-18	2016-17
<u>Operating Expenses</u>	"Q"	39,515,226.47	33,298,300.38	<u>Income from Operations</u>	"N"	60,769,265.94	44,262,785.41
<u>Employee Benefit Expenses</u>	"R"	16,529,510.22	10,897,008.67	<u>Other Income</u>	"O"	14,791,745.15	22,314,093.11
<u>Depreciation</u>	"H"	574,776.57	484,026.44	<u>Grant Received</u>	"P"	8,354,402.00	2,856,662.00
<u>Administrative and Other Expenses</u>	"S"	6,012,307.75	7,609,061.47				
<u>Grant Expenses</u>	"T"	8,585,931.50	2,892,452.00				
<u>Provision/Reserves</u>	"U"	1,501,219.42	1,342,125.94				
<u>Excess of Income Over Expenditure Transferred to Balance Sheet</u>		11,196,441.16	12,910,565.62				
Total(Rs.)		83,915,413.09	69,433,540.52	Total(Rs.)		83,915,413.09	69,433,540.52

For MSG & ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM NO. 010254C

CA. GEETA RAJANI

(Partner)

M. NO. 076889

Place: Bhopal

Date: 04.07.2018



FOR SHAKTI MAHILA SANGH BAHUDESHEHYA SAHKARI SAMITI MARYADIT

Shri Narendra Singh Parihar

(CEO)

Shakti Mahila Sangh Bahu-Uddeshiya
Sahkari Samiti Maryadit, Majholi

Code of Conduct

I INTEGRITY AND ETHICAL BEHAVIOUR

We are committed to

1. Design appropriate policies and operating guidelines to treat members and employees with dignity.
2. Incorporate transparent and professional governance system to ensure that staff and persons acting on their behalf are oriented and trained to put this Code into practice.
3. Educate members on the Code of Conduct and its implementation

II TRANSPARENCY

1. We are committed to disclose all terms and conditions to the member for all services offered. Disclosures are made prior to disbursement in accordance with the Reserve Bank of India's (RBI) fair practices code, in any of the following ways: Individual sanction letter, Loan card, Loan schedule, Passbook, Through Group/ Centre meetings (Details can be printed on a paper and all borrowers can sign on the same as acknowledgment of their acceptance)
2. We communicate all the terms and conditions for all products/services offered to members in the official regional language or a language understood by them.
3. We communicate all the terms and conditions for all products/services offered to members in the official regional language or a language understood by them.
4. We also disclose the following terms: Rate of interest on a reducing balance method; Processing fee; Any other charges or fees howsoever described; Total charges recovered for insurance coverage and risks covered.
5. We communicate in writing, charges levied for all financial services rendered. Fee on non-credit products/ services will be collected only with prior declaration to the member.
6. We also declare all interest and fees payable as an all-inclusive Annual Percentage Rate (APR) and equivalent monthly rate.
7. We follow RBI's guidelines with respect to interest charges and security deposit.
8. We maintain formal records of all transactions in accordance with all regulatory and statutory norms, and borrowers' acknowledgment/ acceptance of terms & conditions form a part of these records.

III MEMBER PROTECTION

Fair Practices

1. We ensure that the provision of micro finance services to eligible members is as per RBI guidelines
2. We obtain copies of relevant documents from members, as per standard KYC norms.
3. The terms of insurance are transparently conveyed to the member and are in compliance with RBI & insurance Regulatory and Development Authority (IRDA) norms.
4. Consent of the members are taken in all cases.

Avoiding Over-indebtedness

1. We conduct proper due diligence as per our internal credit policy to assess the need and repayment capacity of member before making a loan.
2. If a member has loans from 2 separate lenders, then irrespective of the source of the loans, we do not provide loan to that member.
3. We do not breach the total debt limit for any member, as prescribed by RBI or Central/State Government

Appropriate interaction and collection practices

1. We have clearly defined guidelines for employee interactions with members.
2. We provide a valid receipt for each and every payment received from the borrower.
3. We have a detailed Board approved process for dealing with members, at each stage of default.
4. We do not collect shortfalls in collections from employees and our HR policies denounce this practice. In proven cases of frauds by employees the cases are dealt differently.
5. We ensure that all Staff and persons acting on behalf of the institution
 - (a) Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with members.
 - (b) DO NOT indulge in any behaviour that in any manner would suggest any kind of threat or violence.
 - (c) DO NOT contact members at odd hours, as per the RBI guidelines for loan recovery agents.
 - (d) DO NOT visit members at inappropriate occasions such as bereavement, sickness, etc., to collect dues.

Privacy of member information

We keep personal member information strictly confidential. Member information are disclosed to a third party subject to the following conditions:

- (a) Member has been informed about such disclosure and permission has been obtained in writing.
- (b) This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau).

IV GOVERNANCE

Our governance system adopts the following best practices of governance:

1. We induct persons with good and sound reputation as members of Board of Directors/Governing body and they are elected by us.
2. The Board is actively involved in all policy formulations and other important decisions.
3. We have a Board approved debt restructuring program for providing relief to borrowers facing repayment stress.
4. We ensure transparency in the maintenance of books of accounts and disclosure of financial statements by qualified auditor/s.
5. We are committed to follow the Audit and Assurance Standards issued by the Institute of Chartered Accountants of India (ICAI).
6. We place before the Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct, specifically indicating any deviations and reasons therefore, at the end of every financial year.

V. RECRUITMENT

1. As a matter of free and fair recruitment practice, there is no restriction on hiring of staff from other MFIs by legitimate means in the public domain like general recruitment advertisements in local newspapers, web advertisements, walk-in interviews etc.
2. Whenever we recruit from another MFI, we seek a reference check from the previous employer. The reference check is sought only after an offer is made and an offer letter is issued to the prospective employee.
3. We respond to the reference check request from another MFI within two weeks.
4. We honor a one month notice period from an outgoing employee.
5. We do not recruit an employee of another MFI without the relieving letter from the previous MFI employer.
6. We provide such relieving letter to the outgoing employee in case he/she has given proper notice, handed over the charge and settled all the dues towards the institution, except in proven cases of fraud or gross misconduct by the employee.
7. Whenever we recruit from another MFI, at a level up to the Branch Manager position, the said employee shall not be assigned to the same area he/she was serving at the previous employer, for a period of 1 year.

VI MEMBER EDUCATION

1. We have a process to raise members' awareness of the options, choices and responsibilities vis-à-vis financial products and services available.
2. We inform the new members about the organization's policies and procedures to help them understand their rights as members.
3. We conduct regular checks on member awareness and understanding of the key terms and conditions of the products/ services offered / available.

VII DATA SHARING

We share complete member data with High mark, RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the Credit Bureaus.

VIII FEEDBACK/ GRIEVANCE REDRESSAL MECHANISM

1. We have established dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently.
2. We make our member aware about the existence and purpose of these mechanisms and how to access them.
3. We have one dedicated grievance redressal official to handle complaints and/or note any suggestions from the members and we also ensure that his/ her contact numbers are easily accessible to members.
4. We have developed appropriate mechanism for ensuring compliance with the Code of Conduct.
5. Where complainants are not satisfied with the outcome of the investigation conducted by us, they can refer the matter to the grievance redressal mechanism established by the Industry Associations. Members are also educated about that.

PARTNERS



BASIX
Equity for Equity



NABFINS



Ananya



राष्ट्रीय महिला कोष



Connect
Let Us Grow Together



भारतीय स्टेट बैंक
State Bank of India



Rang De



**NATIONAL BANK FOR AGRICULTURE
AND RURAL DEVELOPMENT**



मप्रवेरेंड



Samunnati
VALUE CHAIN FINANCE

RELIANCE
Capital

milaap

