

MFIN & Sa-Dhan, industry SROs announce steps to address microfinance concerns in Assam

Guwahati, Assam, December 10, 2019: Microfinance Institutions Network (MFIN) and Sa-Dhan, the RBI recognized self-regulatory organisations and industry associations for the microfinance industry, today announced a four-pronged Action Plan to address Microfinance related concerns in Assam on behalf of all their Member Microfinance Institutions.

Assam, which has always enjoyed a good portfolio quality, has recently seen some concerns owing to an increasing number of customer grievances cases.

Speaking on this, P Satish, Executive Director, Sa-Dhan said, *“The microfinance industry takes pride in being a regulated industry where responsible lending and customer protection take precedence over business. Our intent is to improve the quality of life of our customer by providing access to easy, small collateral free loans while protecting their interests. We expect all its Members and signatories of CRL to follow RBI’s Fair Practices Code and the CRL.”*

MFIN and Sa-Dhan have launched four initiatives with immediate effect:

- 1. District Level Grievance Redressal Cell :** **For the first time** a dedicated District Level Grievance Redressal Mechanism (GRM) has been established in addition to the already available helplines from the lenders, the industry SROs MFIN and Sa-Dhan and also the RBI helpline. As this will be in 11 districts, it will be more accessible to the clients for raising their issues regarding loans, processes, repayments, over indebtedness or any other matter. Details are available on the MFIN/Sa-Dhan website and on special leaflets being distributed to all borrowers.

“We will have Member institutions taking a lead in being coordinators of 11 District GRM cells including Dibrugarh, Sivasagar, Charaideo, Jorhat among others. This process will give the local GRM process a three-dimensional approach where the customer can either physically visit the GRM office to lodge a complaint or escalate them telephonically or by email. Complaints made on the MFIN Toll free number or through the District GRM will be registered immediately and resolved in fifteen working days. We will update the State Finance department and Deputy Commissioners of the respective Districts on the number of grievances received by the District Grievance Redressal Cells and their resolution,” **MFIN-CEO, Harsh Shrivastava said.**

“However, timely repayment of loans is important to ensure that the borrower’s credit history is good in the Credit Bureau, making it easier to get a loan in the future. No loan waiver or any moratorium on payment has been announced for anyone and hence it is very important that microfinance clients pay on time and ensure a good credit record,” he further added.

- 2. Adherence to the Fair Practices Code:** As MFIN and Sa-Dhan members are guided by the RBI Fair Practices Code & MFIN/Sa-Dhan Code of Conduct on the guidelines on collections from microfinance clients, a strict compliance would be ensured by MFIN. Any entity not adhering to this code and deploying any coercive recovery methods need to be reported to the SROs,

regulator Reserve Bank of India and/or to the local police station with a FIR for the law to take its own course.

- 3. Adherence to the Code for Responsible Lending (CRL):** This is an important initiative by MFIN and Sa-Dhan along with FIDC to address issues concerning multiple lending. This brings all the 4 different types of lending institutions under RBI - NBFCs, NBFC- MFIs, Small Finance Banks (SFB's) and Universal Banks (UB's) compliant with 3 lender cap on the lending institutions and the indebtedness amount of INR 1 lac Signing and adhering to the above would assign **"Responsible Lender"** position to the signing institution and would vouch its client friendly and responsible behaviour.
- 4. SLBC/DLCC:** Industry representative will seek to participate in the State Level Bankers Committee (SLBC) and District Level Coordination Committee (DLCC) so that the State, district forums and administration are updated on the MFIs' activities.

About Microfinance Institutions Network (MFIN):

MFIN is a premier industry association comprising 56 NBFC-MFIs and 35 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI. By virtue of bringing the NBFC-MFIs under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusions goals.