



**NEDFi's
Fair Practices Code (NFPC)**

Doc. No: NEDFi/Policy/NFPC
Version: NFPC 6.0
Revision No: 5
Revision Date: 15.12.2023

**NEDFi's
Fair Practices Code
(Version 6.0)**

December 2023

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NEDFi's Fair Practices Code (NFPC)

1. Introduction

NEDFi's Fair Practice Code (NFPC) for lending is adopted in conformity with RBI's guideline and directives. The Code aims to provide fair lending practices in a transparent manner while dealing with customer. This Code provides the minimum set of standards to be followed while doing lending business. RBI's Guidelines / Directives, that may be issued from time to time, will override the Code where applicable.

- This Code is called NEDFi's Fair Practice Code for lending.
- This Code is applicable to all the officers/ staff of NEDFi.
- The Board of Directors of NEDFi may modify the Code from time to time.

2. Rationale

The Reserve Bank vide its circular dated September 28, 2006, issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method. The same was revised from time to time in view of the developments with the sector. RBI issued Master Circular on FPC for NBFCs last on July 1, 2015.

RBI has also issued circular on Fair Lending Practice – Penal Charges in Loan Accounts to all SCBs/ NBFCs, and other Regulated Entities (REs) recently on August 18, 2023 issuing various instructions for charging penal charges on loans. RBI has also issued Master Direction recently on October 19, 2023 on NBFC-Scale Based Regulation suppressing earlier Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and amended from time to time.

This Code is made pursuant to the Directives of the Reserve Bank of India, vide Master Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, Master Circular No. RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023 and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023 and amended from time to time.

3. Objectives

The main objectives of this Code, in dealing with Customer/ Borrowers while lending, are:

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- To set the minimum standard of services.
- To promote good and fair practices.
- To provide the services in a transparent manner.

4. Application and Scope

NEDFi's Fair Practices Code (NFPC) applies to the following areas:


- a) Product and Service information
- b) Applications for loans and its processing
- c) Loan appraisal and terms/conditions
- d) Disbursement of loans including changes in terms and conditions
- e) Post disbursement monitoring and supervision
- f) Penal Charges in Loan Accounts
- g) Recovery of loans/ possession of mortgaged properties
- h) Regulation of interest charged by NEDFi
- i) Language and mode of communicating Fair Practice Code
- j) General Practice Code while lending

4.1. Product and Service Information

- 4.1.1. The product information brochure would be made available to all the customers desiring to know about NEDFi products on lending. The brochure will contain information of the loan products like margin requirements, interest rate range, processing fees/charges, securities requirement, document requirement which will give provide basic knowledge to the customers.
- 4.1.2. Customer would be given the necessary information adequately explaining the range of loan products available with NEDFi. The Corporation shall help customers to understand and choose NEDFi's loan products by giving information to customers in English and/ or Hindi and/ or vernacular language.
- 4.1.3. Customer would be explained the processes involved in sanction and disbursement of loan. Information regarding margin requirements, interest rate range, processing fees/charges, pre-payment options, securities requirement, document requirement, etc. shall be explained to the customer. It shall also be ensured that such charges/ fees are non-discriminatory.
- 4.1.4. Customer would be informed of the concerned branch with their names and phone numbers whom they can contact for the purpose of loan.

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4.2. Applications for Loans and its Processing

4.2.1. NEDFi shall provide standard format of loan application for the borrowers with loan amount up to Rs.25 lakhs. In respect of project cost above Rs.25 lakhs, the Corporation shall provide the prescribed standard application format to be submitted along with the necessary checklist of information to be submitted along with the Detailed Project Report (DPR). For microfinance loan, a standard format of loan application shall be provided.

The loan application forms and sanction letters containing the terms and conditions are to be made available in vernacular languages, as and when desired by the borrower.

4.2.2. All particulars required for processing the loan application are expected to be submitted along with the loan application. Duplicate/ Photocopy of the application letter will be provided to the promoter(s) on receipt of loan application. Further, application shall be acknowledged in writing within seven working days along with the list of additional information/ documents required for processing of application.

4.2.3. All the loan applications will be disposed of within 30 days from the date of receipt of complete information / supporting documents from the applicant.

4.2.4. In case of rejection of the loan application, NEDFi shall convey in writing within 30 days of taking such decision, the main reason/ reasons which in the opinion of NEDFi after due consideration, have led to rejection of the loan applications.

4.2.5. The Mode of Communication for all loan application process shall be in English/ Hindi or in the vernacular language as understood by the borrower.

4.3. Loan Appraisal and Terms/ Conditions

4.3.1 NEDFi will undertake / exercise appropriate due diligence on all the loan appraisals based on risk appetite of NEDFi and suitable margin/ rate/ securities will be stipulated based on such risk assessment and NEDFi's extant guidelines.

4.3.2 NEDFi shall convey in writing to the borrower by means of letter of sanction (in a language understood by the borrower), the amount of loan sanctioned along with the terms and conditions including annualised interest rate, method of application thereof; prepayment charges and various charges such as penal charges/ penalties

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for late repayment, non-compliances of various sanctions terms, etc. and other charged, if any in BOLD letter, and shall keep the borrower's written acceptance of these terms and conditions given with his full knowledge & information on record.

- 4.3.3 Copy of loan covenants, along with a copy of all relevant enclosures will be made available to the borrower. Standard sanction letter would include instances of approval, disallowance, etc. and NEDFi shall be under no legal obligations to consider increase/ additional limits/ facilities without proper review/ assessment.

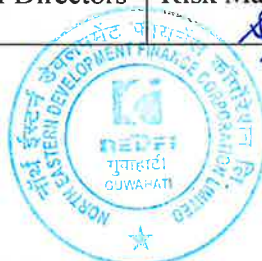
4.4. Disbursement of loans including changes in terms and conditions

- 4.4.1 NEDFi would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions including execution of loan covenants governing such sanction.
- 4.4.2 The disbursal of credit facility shall be solely at the discretion of the NEDFi and NEDFi may disallow drawing of credit facility on its classification as a nonperforming asset or on account of non-compliance with the terms of sanction or loan covenant.
- 4.4.3 Any change in terms and conditions, including interest rate and other charges / levies will be informed individually to the borrowers in case of account specific changes and in case of others by Public Notice/ NEDFi's website from time to time.
- 4.4.4 NEDFi would also ensure that changes in interest rates and charges are levied on disbursements only with prospective effect.
- 4.4.5 Consequent upon such changes any supplemental deeds / documents or writings are required to be executed, the same shall also be advised. Further, availability of facility will be subject to execution of such deeds / documents or writings.

4.5. Post Disbursement Supervision

- 4.5.1 Post disbursement supervision by NEDFi would be constructive with a view to taking care of any genuine difficulties that the borrower may face.
- 4.5.2 Decision to recall/ accelerate payment or performance under the covenant or seeking additional securities, should be in accordance with the loan covenant.

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4.5.3 NEDFi shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim NEDFi 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 NEDFi is entitled to retain the securities till the relevant claim is settled/ paid.

4.6. Recovery of Loans/ Possession of Mortgaged Properties

4.6.1. The loan recovery shall be governed by the provisions of the terms of sanctions / loan covenant as well as standard procedures as followed by all India FIs/ Banks.

4.6.2. In the matter of recovery of loans, NEDFi shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.

4.6.3. Possession of Mortgaged properties shall be governed by the provisions of the terms of sanctions / loan covenant as well as standard procedures as followed by all India FIs/ Banks under various Acts/ procedures, as may be prescribed by it.

4.7. Regulation of Interest charged by NEDFi

4.7.1. The Board of NEDFi has adopted the interest rate model for its various loan products/ services as per the Interest Rate Policy of the Corporation. The interest to be charged would to be decided by the respective sanctioning committees at the time of sanction on the basis of credit worthiness of the borrower, risk assessment of the proposal and other factors as mentioned in the Interest Rate Policy. The penal charges/ penalties to be charged on commitment of default and non-compliance of various sanctions terms & conditions along with other charges, if any, also be mentioned in the letter of sanction.

4.7.2. The rates of interest and the approach for gradation of risks shall also be made available on the website of the Corporation or published in the relevant newspapers. The information published on the website or otherwise published should be updated whenever there is a change in the rates of interest.

4.7.3. The applicable interest rate structure (PLR/ EBR) shall be made available on the website of the corporation or published in the relevant newspapers. The

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information published on the website or otherwise published should be updated whenever there is a change in the PLR/ EBR/ rates of interest.

4.8. Penal Charges in Loan Account

- 4.8.1. Penalty, if charged, for non-compliance of material terms & conditions of loan contract by borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.
- 4.8.2. There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedure for compounding of interest in the loan account.
- 4.8.3. NEDFi shall not introduce any additional component to the rate of interest.
- 4.8.4. NEDFi shall formulate a Board approved policy on penal charges or similar charges on loans.
- 4.8.5. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms & conditions of loan contract without being discriminatory within a particular loan/ product category.
- 4.8.6. The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and terms & conditions of sanction, as applicable, in addition to being displayed on NEDFi website under Interest rates and Service Charges.
- 4.8.7. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.
- 4.8.8. These instructions shall come into effect from April 1, 2024. In this connection, appropriate revisions in the policy framework may be carried out to ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date falling on or after April 1, 2024, but not later than June 30, 2024.

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4.9. Language and mode of communicating Fair Practice Code

Fair Practices Code based on RBI guidelines shall be put in place by the Corporation with the approval of the Board and shall be made available in English/ Hindi or in a vernacular language as may be required. The same should be put up on the website, if any, for the information of various stakeholders.

4.10. General Practice Code while Lending

- 4.9.1 Act fairly and reasonably in all dealings with the customers by meeting the commitments and standards in this Code for the loan products and services of NEDFi and will rest on ethical principles of integrity and transparency.
- 4.9.2 NEDFi would restrain from interference in the affairs of the borrower except for what is provided in the terms and conditions of sanction / Loan covenant (unless new information, not earlier disclosed by the borrower, has come to the notice of NEDFi as lender). However, this does not imply that NEDFi's right to elicit necessary information from the borrower and initiate action to safeguard NEDFi's interest, recovery and enforcement of security under Law as well as appointment of nominee directors, where required, is affected by this commitment.
- 4.9.3 NEDFi will not discriminate on the grounds of gender, caste or religion in its lending policy and activity. However, this does not preclude NEDFi from participating in credit scheme framed for weaker sections of the society.
- 4.9.4 In case of request for transfer of borrowal accounts, either from the borrower or from a Bank/ Financial Institution, NEDFi's consent or otherwise shall be conveyed within 21 days from the date of receipt of request and such transfer shall be as per transparent contractual terms in consonance with law.

5. Reporting System

The Board of Directors of NEDFi should lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of the Corporation's functionaries are heard and disposed of at least at the next higher level.

The Board of Directors of NEDFi shall be informed for taking periodical review of the compliance of the Fair Practice Code and the functioning of the Customer Grievances Redressal Mechanism. A consolidated report shall be placed to the Board of Directors annually or as may be prescribed by it.

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6. Customer Grievance Redressal Mechanism

To provide fair and transparent solution to the grievances of the customers/ borrowers, NEDFi has adopted the following means to collect the grievances of the customers/ borrowers in all the offices of NEDFi.

- 6.1. A complaint / suggestion box is placed in the front lobby where the customers/ borrowers can submit their feedback/ grievances at H.O. and all branch offices.
- 6.2. A complaint book is maintained at the reception desk where the customers/ borrowers can submit their feedback/ grievances at H.O. and all branch offices.
- 6.3. Online grievances section is maintained in NEDFi's web site where the customers/ borrowers can submit their feedback/ grievances.
- 6.4. Credit applicants / borrowers are also welcome to give in writing, their grievance, together with supporting documents to the nodal officer of NEDFi for Grievance Redressal.
- 6.5. The Nodal Officer shall collect all the feedback, grievances and the matters to be brought before the Grievance Redressal Committee within 14 days from the date of receipt.
- 6.6. The Grievance Redressal Committee shall meet quarterly or as and when deemed necessary to resolve any grievance. A reply to the grievance will be addressed within a period of 30 days from the date of receipt of the grievance letter. Complaints received which will require some time for examination of issues involved will be duly acknowledged.
- 6.7. The Grievance Redressal Committee shall submit a report to the CMD as and when required and to the Board quarterly.
- 6.8. The committee will consider unresolved complaints/ grievances referred to it by the Branch Offices for speedy redressal.
- 6.9. Where the Committee cannot resolve on its own, the committee shall ensure that all the grievances are heard and disposed of at least at the next higher level of authority.

In order to enhance the value and relevance to the borrowers, this code would be made available in the web-site and shall be reviewed from time to time.

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7. Grievance Redressal Officer

The Nodal Officer of the Grievance Redressal Committee can be contacted at under:

Ms. Jumita Saikia, AGM, PRO
NEDFi,
NEDFi House,
G.S. Road, Dispur, Guwahati-781006
Tel. No. 0361-2222200 Fax: 0361-2237733
Email: grievances@nedfi.com

At the operational level, NEDFi shall display the following information prominently, for the benefit of its customers, at its H.O./ Branches / places where business is transacted:

- 7.1. 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 Corporation.
- 7.2. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the DNBS of Regional Office RBI Guwahati (complete contact details).

In short, the public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the Corporation, together with details of the grievance redressal officer and of the Regional Office of the RBI.

8. Nodal Officer (NO)/ Principal Nodal Officer (PNO)

NBFCs covered under the Ombudsman Scheme for Non-Banking Financial Companies, 2018 shall appoint Nodal Officer/ Principal Nodal Officer in accordance with directions as provided as mentioned in the Master Direction mentioned earlier.

NBFCs, as defined in Section 45-I(F) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 which (a) are authorized to accept deposits; or (b) have customer interface, with assets size of one billion rupees or above, as on the date of the audited balance sheet of the previous financial year, will come within the ambit, and should comply with the provisions of the Ombudsman Scheme for Non-Banking Financial Companies, 2018. NEDFi, being the NBFC having customer interface and asset size of one billion rupees or above will be covered under the Scheme. As per the Scheme, covered NBFCs are at liberty to appoint the Grievance Redressal Officer (GRO) identified by the respective NBFCs in terms of extant guidelines on Grievance Redressal

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Mechanism, applicable to them, as the PNO or NO, provided that the officer concerned is sufficiently senior in the organization.

9. Review of the Policy

The Fair Practices Code shall be reviewed by the Risk Management Committee of the Board (RMCB) at least once in a year or as and when deemed necessary and shall recommend all necessary changes/ modifications to the Board for consideration and adoption.

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Annexure – A

Policy Revision History

SN	Date of Revision	Ver. No.	Remarks/Amendments
1	29.04.2014	2	Mentioned below

Clause	Description	Amendment/Modification if any
3.2	<u>Applications for loans and its processing</u>	
3.2.1	NEDFi has loan application forms for the borrowers seeking assistance up to Rs. 10 lakh and microfinance. In respect of assistance/loans above Rs.10 lakh, borrowers shall be advised to submit the detailed project report and necessary documents along with their formal loan application letter.	NEDFi shall provide standard format of loan application for the borrowers with project cost up to Rs. 15 lakh. In respect of project cost above Rs. 15 lakh, borrowers shall be advised to submit the detailed project report and necessary documents along with their formal loan application letter. For microfinance loan, a standard format of loan application shall be provided.
3.2.2	All particulars required for processing the loan application are expected to be submitted along with the loan application. Receipt of completed loan application will be duly acknowledged.	All particulars required for processing the loan application are expected to be submitted along with the loan application. Duplicate/Photocopy of the application letter will be provided to the promoter(s) on receipt of loan application. Further, application shall be acknowledged in writing within seven working days along with the list of additional information/documents required for processing of application.
3.2.3	NEDFi would verify the details on receipt of the loan application and additional details/ documents required from borrower would be duly intimated.	This clause may be deleted since it is already covered under clause 3.2.2.
3.7	<u>Regulation of Interest charged by NEDFi</u>	
3.7.1	The Board of NEDFi has adopted the interest rate model where the interest rate to be charged would be determined by the PLR of the Corporation plus the specified spread limit.	The Board of NEDFi has adopted the interest rate model for its various loan products/services as per the Interest Rate Policy.

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4	<u>Responsibility of the Board of Directors</u> The Board of Directors of NEDFi shall be informed for taking periodical review of the compliance of the Fair Practice Code and the functioning of the Grievances Redressal Mechanism. A consolidated report shall be placed to the Board of Directors at half yearly intervals or as may be prescribed by it.	<u>Reporting System</u> The Board of Directors of NEDFi shall be informed for taking periodical review of the compliance of the Fair Practice Code and the functioning of the Grievances Redressal Mechanism. A consolidated report shall be placed to the Board of Directors annually or as may be prescribed by it.
5	<u>Grievance Redressal Mechanism</u>	
5.6	The Grievance Redressal Committee shall meet every fortnight to resolve the grievance.	The Grievance Redressal Committee shall meet quarterly or as and when deemed necessary to resolve any grievance.
5.7	The Grievance Redressal Committee shall submit compliance report to the CMD once every month for review. A consolidated report shall be placed to the Board of NEDFi on the compliances at half yearly intervals.	The Grievance Redressal Committee shall submit a report to the CMD as and when required and to the Board quarterly.
		<u>Addition in the Policy:</u>
6		<u>Review of the Policy</u> The Fair Practices Code shall be reviewed by the Risk Management Committee at least once in a year or as and when deemed necessary and shall recommend all necessary changes/modifications to the Board for consideration and adoption.

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SN	Date of Revision	Ver. No.	Remarks/Amendments
2	15.07.2016	3	Mentioned below

Clause	Description	Amendment/Modification if any
3.7	Regulation of Interest charged by NEDFi	
3.7.1	The Board of NEDFi has adopted the interest rate model for its various loan products/services as per the Interest Rate Policy. The interest to be charged would to be decided by the Sanctioning Committee at the time of sanction on the basis of credit worthiness and risk assessment. The rate of interest charged is shown in the annualized rates and shall be communicated explicitly in the detailed letter of sanction. The penal and additional interest to be charged on commitment of default and other charges shall also be mentioned in the letter of sanction.	The Board of NEDFi has adopted the interest rate model for its various loan products/services as per the Interest Rate Policy. The interest to be charged would to be decided by the Sanctioning Committee at the time of sanction on the basis of credit worthiness and risk assessment. The penal and additional interest to be charged on commitment of default and other charges shall also be mentioned in the letter of sanction. Clause deleted "The rate of interest charged is shown in the annualized rates and shall be communicated explicitly in the detailed letter of sanction."
3.7.2	The rates of interest shall be made available on the web-site of the corporation or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.	The Prime Lending Rate (PLR) shall be made available on the web-site of the corporation or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the PLR/rates of interest.

SN	Date of Revision	Ver. No.	Remarks/Amendments
3	22.06.2018	4	Mentioned below

Clause	Description	Amendment/Modification if any
3.2	Applications for Loans and its Processing	
3.2.4	In case of rejection of the loan application, NEDFi shall convey in writing, the main reason/ reasons which in the opinion of NEDFi after due consideration, have led to rejection of the loan applications.	In case of rejection of the loan application, NEDFi shall convey in writing <i>within 30 days of taking such decision</i> , the main reason/ reasons which in the opinion of NEDFi after due consideration, have led to rejection of the loan applications.

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4	Reporting System The Board of Directors of NEDFi shall be informed for taking periodical review of the compliance of the Fair Practice Code and the functioning of the Grievances Redressal Mechanism.	Reporting System The Board of Directors of NEDFi shall be informed for taking periodical review of the compliance of the Fair Practice Code and the functioning of the <i>Customer Grievances Redressal Mechanism.</i>
5	Grievance Redressal Mechanism	<i>Customer Grievance Redressal Mechanism</i>
5.1	A complaint / suggestion box is placed in the front lobby where the customer/borrowers can submit their feedback/grievances.	A complaint / suggestion box is placed in the front lobby where the customer/borrowers can submit their feedback/grievances <i>at H.O. and all branch offices.</i>
5.2	A complaint book is maintained at the reception desk where the customer/borrowers can submit their feedback/grievances.	A complaint book is maintained at the reception desk where the customer/borrowers can submit their feedback/grievances <i>at H.O. and all branch offices.</i>

SN	Date of Revision	Ver. No.	Remarks/Amendments
4	29.04.2022	5	Mentioned below

Clause	Description	Amendment/Modification if any
1	Introduction This Code is made pursuant to the Directives of the Reserve Bank of India, vide Circular No. DBNS (PD) CC No. 286/ 03.10.042/2012-13 dated July 2, 2012.	Became part of Rationale
2	Rationale	2. Rationale <i>The Reserve Bank vide its circular dated September 28, 2006, issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method. The same was revised from time to time in view of the developments with sector. The RBI has issued Master Circular on FPC for NBFCs last on July 1, 2015.</i>

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		<i>This Code is made pursuant to the Directives of the Reserve Bank of India, vide Master Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015 and the Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("Master Direction") dated September 1, 2016 and amended from time to time.</i>
3.1	Product and Service Information	4.1 4.1.2 & 4.1.3
3.1.2	Customer would be given the necessary information adequately explaining the range of loan products available with NEDFi. Help customers to understand NEDFi's loan products by giving information to customers in English and/or Hindi and/or local language and helping customer choose the one that meets customer needs.	Customer would be given the necessary information adequately explaining the range of loan products available with NEDFi. <i>The Corporation shall help customers to understand and choose NEDFi's loan products by giving information to customers in English and/or Hindi and/ or vernacular language.</i>
3.1.3	Customer would be explained the processes involved in sanction and disbursement of loan. Information regarding margin requirements, interest rate range, processing fees/charges, pre-payment options, securities requirement, document requirement, etc. shall be explained to the customer. In other words, we will disclose 'all the cost' inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It shall also be ensured that such charges/fees are non-discriminatory.	Customer would be explained the processes involved in sanction and disbursement of loan. Information regarding margin requirements, interest rate range, processing fees/charges, pre-payment options, securities requirement, document requirement, etc. shall be explained to the customer. It shall also be ensured that such charges/ fees are non-discriminatory.
3.2	Applications for Loans and its Processing	4.2 4.2.1 & 4.2.5
3.2.1	NEDFi shall provide standard format of loan application for the borrowers with project cost up to Rs. 15 lakh. In respect of project cost above Rs. 15 lakh, borrowers shall be advised to submit the detailed project report and necessary	<i>NEDFi shall provide standard format of loan application for the borrowers with loan amount up to Rs.25 lakhs. In respect of project cost above Rs.25 lakhs, the Corporation shall provide the prescribed standard application format</i>

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	documents along with their formal loan application letter. For microfinance loan, a standard format of loan application shall be provided.	<i>to be submitted along with the necessary checklist of information to be submitted along with the Detailed Project Report (DPR). For microfinance loan, a standard format of loan application shall be provided.</i> <i>The loan application forms and sanction letters containing the terms and conditions are to be made available in vernacular languages, as and when desired by the borrower.</i>
		4.2.5 <i>The Mode of Communication for all loan application process shall be in English/Hindi or in the vernacular language as understood by the borrower.</i>
3.3	Loan Appraisal and Terms/ Conditions	4.3 4.3.2
3.3.2	NEDFi shall convey in writing to the borrower by means of letter of sanction (in a language understood by the promoter) along with the terms and conditions including annualised interest rate and other charges, method of application, prepayment charges, and shall keep the borrower's written acceptance of these terms and conditions given with his full knowledge on record.	NEDFi shall convey in writing to the borrower by means of letter of sanction (in a language understood by the promoter) along with the terms and conditions including annualised interest rate and other charges, method of application, prepayment charges, <i>penal interest charges, if any</i> and shall keep the borrower's written acceptance of these terms and conditions given with his full knowledge on record.
3.7	Regulation of Interest Charged by NEDFi	4.7 4.7.1, 4.7.2 & 4.7.3
3.7.1	The Board of NEDFi has adopted the interest rate model for its various loan products/ services as per the Interest Rate Policy. The interest to be charged would be decided by the Sanctioning Committee at the time of sanction on the basis of credit worthiness and risk assessment. The penal and additional interest to be charged on commitment of default and other charges shall also be mentioned in the letter of sanction.	The Board of NEDFi has adopted the interest rate model for its various loan products/ services as per the Interest Rate Policy <i>of the Corporation</i> . The interest to be charged would be decided by the Sanctioning Committee at the time of sanction on the basis of credit worthiness <i>of the borrower</i> , risk assessment <i>of the proposal and other factors as mentioned in the Interest Rate Policy</i> . The penal and additional interest to be charged on commitment of default and other charges shall also be mentioned in the letter of sanction.

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		4.7.2 <i>The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Corporation or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.</i>
3.7.2	The Prime Lending Rate (PLR) shall be made available on the web-site of the corporation or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the PLR/ rates of interest.	4.7.3 <i>The applicable interest rate structure (PLR/ EBR) shall be made available on the web-site of the corporation or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the PLR/ EBR/ rates of interest.</i>
3.8	Language and mode of communicating Fair Practice Code	4.9
	Fair Practices Code based on RBI guidelines is made available in English or in a vernacular language as may be required.	<i>Fair Practices Code based on RBI guidelines shall be put in place by the Corporation with the approval of the Board and shall be made available in English/ Hindi or in a vernacular language as may be required. The same should be put up on the website, if any, for the information of various stakeholders.</i>
4	Reporting System	5. Reporting System <i>The Board of Directors of NEDFi should lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of the Corporation's functionaries are heard and disposed of at least at the next higher level.</i>
5	Customer Grievance Redressal Mechanism	6
	The Nodal Officer of the Grievance Redressal Committee can be contacted at under:	Moved to New Para 'Grievance Redressal Officer'

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		<p>7. Grievance Redressal Officer</p> <p>The Nodal Officer of the Grievance Redressal Committee can be contacted at under:</p> <p><i>At the operational level, NEDFi shall display the following information prominently, for the benefit of its customers, at its H.O./ Branches / places where business is transacted:</i></p> <p><i>7.1 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 Corporation.</i></p> <p><i>7.2 If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the DNBS of Regional Office RBI Guwahati (complete contact details).</i></p> <p><i>In short, the public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the Corporation, together with details of the grievance redressal officer and of the Regional Office of the RBI.</i></p>
		<p>8. Nodal Officer (NO)/ Principal Nodal Officer (PNO)</p> <p><i>NBFCs covered under the Ombudsman Scheme for Non-Banking Financial Companies, 2018 shall appoint Nodal Officer/ Principal Nodal Officer in accordance with directions as provided as mentioned in the Master Direction mentioned earlier.</i></p> <p><i>NBFCs, as defined in Section 45-I(f) of</i></p>

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		<p><i>the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 which (a) are authorized to accept deposits; or (b) have customer interface, with assets size of one billion rupees or above, as on the date of the audited balance sheet of the previous financial year, will come within the ambit, and should comply with the provisions of the Ombudsman Scheme for Non-Banking Financial Companies, 2018. NEDFi, being the NBFC having customer interface and asset size of one billion rupees or above will be covered under the Scheme. As per the Scheme, covered NBFCs are at liberty to appoint the Grievance Redressal Officer (GRO) identified by the respective NBFCs in terms of extant guidelines on Grievance Redressal Mechanism, applicable to them, as the PNO or NO, provided that the officer concerned is sufficiently senior in the organization.</i></p>
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SN	Date of Revision	Ver. No.	Remarks/Amendments
5	15.12.2023	6	Mentioned below

Clause	Description	Amendment/Modification if any
2	<p>Rationale This Code is made pursuant to the Directives of the Reserve Bank of India, vide Master Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015 and the Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("Master Direction") dated September 1, 2016 and amended from time to time.</p>	<p>Rationale RBI has also issued circular on Fair Lending Practice – Penal Charges in Loan Accounts to all SCBs/ NBFCs, and other Regulated Entities (REs) recently on August 18, 2023 issuing various instructions for charging penal charges on loans. RBI has also issued Master Direction recently on October 19, 2023 on NBFC-Scale Based Regulation suppressing earlier Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,</p>

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		<p>2016 dated September 1, 2016 and amended from time to time.</p> <p>This Code is made pursuant to the Directives of the Reserve Bank of India, vide Master Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, Master Circular No. RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/ 2023-24 dated August 18, 2023 and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023 and amended from time to time.</p>
4	Application and Scope	Added another area: h) Penal Charges in Loan Accounts
4.1.4	Customer would be informed of the concerned branch with their names and phone numbers whom <i>he</i> can contact for the purpose of loan.	Customer would be informed of the concerned branch with their names and phone numbers whom <i>they</i> can contact for the purpose of loan.
4.3.	Loan Appraisal and Terms & Condition	
4.3.2	NEDFi shall convey in writing to the borrower by means of letter of sanction (in a language understood by the promoter) along with the terms and conditions including annualised interest rate and other charges, method of application, prepayment charges, penal interest charges, if any and shall keep the borrower's written acceptance of these terms and conditions given with his full knowledge on record.	NEDFi shall convey in writing to the borrower by means of letter of sanction (in a language understood by the borrower), the amount of loan sanctioned along with the terms and conditions including annualised interest rate, method of application thereof; prepayment charges and various charges such as penal charges/ penalties for late repayment, non-compliances of various sanctions terms, etc. and other charged, if any in BOLD letter, and shall keep the borrower's written acceptance of these terms and conditions given with his full knowledge & information on record.
4.7	Regulation of Interest charged by NEDFi	
4.7.1	The Board of NEDFi has adopted the interest rate model for its various loan products/ services as per the Interest	The Board of NEDFi has adopted the interest rate model for its various loan products/ services as per the Interest

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	<p>Rate Policy of the Corporation. The interest to be charged would to be decided by the <i>Sanctioning Committee</i> at the time of sanction on the basis of credit worthiness of the borrower, risk assessment of the proposal and other factors as mentioned in the Interest Rate Policy. <i>The penal and additional interest to be charged on commitment of default and other charges shall also be mentioned in the letter of sanction.</i></p>	<p>Rate Policy of the Corporation. The interest to be charged would to be decided by the <i>respective sanctioning committees</i> at the time of sanction on the basis of credit worthiness of the borrower, risk assessment of the proposal and other factors as mentioned in the Interest Rate Policy. <i>The penal charges/ penalties to be charged on commitment of default and non-compliance of various sanctions terms & conditions along with other charges, if any, also be mentioned in the letter of sanction.</i></p>
4.8		<p><u>Penal Charges in Loan Accounts</u> <i>Penalty, if charged, for non-compliance of material terms & conditions of loan contract by borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.</i></p> <p><i>There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedure for compounding of interest in the loan account.</i></p> <p><i>NEDFi shall not introduce any additional component to the rate of interest.</i></p> <p><i>NEDFi shall formulate a Board approved policy on penal charges or similar charges on loans.</i></p> <p><i>The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms & conditions of loan contract without being discriminatory within a particular loan/product category.</i></p>

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		<p><i>The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and terms & conditions of sanction, as applicable, in addition to being displayed on NEDFi website under Interest rates and Service Charges.</i></p> <p><i>Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.</i></p> <p><i>These instructions shall come into effect from April 1, 2024. In this connection, appropriate revisions in the policy framework may be carried out to ensure implementation of the instructions in respect of all the fresh loans availed/renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date falling on or after April 1, 2024, but not later than June 30, 2024.</i></p>
		<p><i>Subsequent changes in the Numbering due to addition of 4.8.</i></p>

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