

## **MICROFINANCE LOANS TO INDIVIDUALS**

### **1. BENEFITS:**

- Easy & affordable credit to low income households having annual household income up to Rs. 3.00 Lakhs.
- No margin, hypothecation, deposits, primary or collateral security requirement
- Finance is available for any purpose irrespective of end use except for speculative/illegal activities.
- Borrowers are given flexibility on repayment periodicity.

### **2. FEATURES:**

- Security free loans to low income households having annual household income up to Rs. 3.00 Lakhs.
- No margin, hypothecation, deposits, primary or collateral security requirement.
- Repayment of monthly loan obligations of a household as a percentage of the monthly household income, does not exceed 50% of the monthly household income.
- The computation of loan repayment obligations takes into account all outstanding loans (microfinance as well as non-microfinance loans) of the household. The outflows capped at 50% of the monthly household income include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.
- Financial assistance is available for any purpose irrespective of end use except for speculative/illegal activities.
- Borrowers are given flexibility on repayment periodicity.

### **3. ELIGIBILITY CRITERIA:**

- Low income households having annual household income up to Rs. 3.00 Lakhs.
- Repayment of monthly loan obligations of a household as a percentage of the monthly household income, should not exceed 50% of the monthly household income.
- The computation of loan repayment obligations takes into account all outstanding loans (microfinance as well as non-microfinance loans) of the household. The outflows capped at 50% of the monthly household income include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.

### **4. DOCUMENTS REQUIRED:**

- KYC Documents (Valid OVDs like AADHAR, Voter ID, PAN Card, Driving License etc.)
- Passport Size photo
- Saving Bank Account Statement
- Other relevant documents required for assessment of household income and existing loan obligations.

### **5. FEES & CHARGES:**

- Service Charges:
  - Up to Rs. 25000: Nil
  - Above Rs. 25000: Rs. 500 + GST
- Inspection Charges: Nil
- Pre-payment Charges: Nil

## 6. MOST IMPORTANT TERMS & CONDITIONS (MITC):

Target Customers	Low income households having annual household income up to Rs. 3.00 Lakhs.
Eligibility	<ul style="list-style-type: none"> <li>➤ Repayment of monthly loan obligations of a household as a percentage of the monthly household income, should not exceed 50% of the monthly household income.</li> <li>➤ The computation of loan repayment obligations takes into account all outstanding loans (microfinance as well as non-microfinance loans) of the household. The outflows capped at 50% of the monthly household income include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.</li> </ul>
Security	No margin, hypothecation, deposits, primary or collateral security requirement
Rate of Interest	<ul style="list-style-type: none"> <li>➤ <b>For bank sourced applications:</b>  <b>Minimum:</b> MCLR + Strategic Premium  <b>Maximum:</b> MCLR + Strategic Premium + 4.0%</li> <li>➤ <b>For third party sourced applications:</b>  <b>Minimum:</b> MCLR + Strategic Premium  <b>Maximum:</b> MCLR + Strategic Premium + 9.0 %</li> </ul> <p>Average Rate of Interest: MCLR + Strategic Premium + 4.0%</p>
Penal Interest	<ul style="list-style-type: none"> <li>➤ Up to Rs. 25,000: Nil</li> <li>➤ Above Rs. 25,000: Penal Interest to be charged @ 2% p.a. over and above the applicable ROI, on the amount of default for the period of default.</li> </ul>
Fair Practice Code (FPC)	<ul style="list-style-type: none"> <li>➤ Microfinance loan is extended to the borrowers irrespective of end use, based on their loan eligibility except for illegal/speculative activities.</li> <li>➤ No margin, hypothecation, deposits, primary or collateral security is insisted from the borrower at any stage of the loan.</li> <li>➤ Bank does not link the loan with a lien on any deposit account of the borrower.</li> <li>➤ These loans are not backed with hypothecation of any security.</li> <li>➤ Flexibility of repayment periodicity is provided to the borrowers as per their requirement.</li> <li>➤ All pricing related information along with any other fees charged are disclosed to all borrowers in a standard factsheet.</li> <li>➤ The borrowers are not charged any amount which is not explicitly mentioned in the factsheet.</li> <li>➤ Minimum, maximum and average rates of interest charged on microfinance loans are displayed in all the offices/branches of the Bank, in the literature (information booklets/ pamphlets) issued by the Bank.</li> <li>➤ The same information is also published on the Bank's website.</li> <li>➤ Any change in the ROI or any other charge is informed to the borrower well in advance and these changes are made effective only prospectively.</li> <li>➤ Sanction Letter/Loan Card is provided to all the borrowers which includes following: <ul style="list-style-type: none"> <li>1. Information which adequately identifies the borrower</li> </ul> </li> </ul>

	<ol style="list-style-type: none"> <li>2. Simplified factsheet on pricing</li> <li>3. All other terms and conditions attached to the loan</li> <li>4. Acknowledgements of all repayments including instalments received and the final discharge</li> <li>5. Details of the grievance redressal system, including the name and contact number of the nodal officer of the Bank.</li> <li>6. All entries in the Sanction Letter/loan card are made be in a language understood by the borrower.</li> </ol> <ul style="list-style-type: none"> <li>➤ Issuance of non-credit products is done only with full consent of the borrowers and fee structure for such products are explicitly communicated to the borrower in the Sanction Letter/Loan Card itself.</li> <li>➤ Bank is accountable for inappropriate behavior by the Bank's employees or employees of the outsourced agency.</li> <li>➤ Borrowers are provided with timely grievance redressal.</li> <li>➤ Borrowers facing repayment related difficulties are identified and engaged to provide them necessary guidance about the recourses available.</li> <li>➤ Recovery is made at a designated/ central designated place decided mutually by the borrower and the Bank. However, field staff is allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated/ central designated place on two or more successive occasions.</li> <li>➤ Bank or its representatives do not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices are deemed as harsh: <ol style="list-style-type: none"> <li>1. Use of threatening or abusive language</li> <li>2. Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.</li> <li>3. Harassing relatives, friends, or co-workers of the borrower</li> <li>4. Publishing the name of borrowers without consent.</li> <li>5. Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation</li> <li>6. Misleading the borrower about the extent of the debt or the consequences of non- repayment</li> </ol> </li> <li>➤ The details of the Bank's mechanism for redressal of recovery related grievances are provided to the borrower at the time of loan disbursal.</li> <li>➤ The up-to-date details of the recovery agencies engaged by the Bank are published on the Bank's website.</li> <li>➤ Bank provides the details of recovery agents to the borrower at the time of initiating the process of recovery.</li> <li>➤ The agent also carry a copy of the notice and the authorization letter from the Bank along with the identity card issued to him by the Bank or the agency.</li> <li>➤ Further, where the recovery agency is changed by the Bank during the recovery process, in addition to the Bank notifying the borrower of the change, the new agent also carries the notice and the authorization letter along with his identity card.</li> </ul>
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	<p>➤ The notice and the authorization letter, among other details, also include the contact details of the recovery agency and the Bank.</p> <p>For additional information,</p> <p><b>Click here 1</b></p> <p><i>Link to be embedded as below:</i>  <a href="https://www.bankofbaroda.in/customer-support/banker-fair-practices-code">https://www.bankofbaroda.in/customer-support/banker-fair-practices-code</a></p> <p><b>Click here 2</b></p> <p><i>Link to be embedded as below:</i>  <a href="https://www.bankofbaroda.in/customer-support/fair-practices-code">https://www.bankofbaroda.in/customer-support/fair-practices-code</a></p>
Customer Grievances Redressal	<p><b>Click here 1</b></p> <p><i>Link to be embedded as below:</i>  <a href="https://www.bankofbaroda.in/-/media/Project/BOB/CountryWebsites/India/pdfs/grp-22-24-eng-06-19.pdf">https://www.bankofbaroda.in/-/media/Project/BOB/CountryWebsites/India/pdfs/grp-22-24-eng-06-19.pdf</a></p> <p><b>Click here 2</b></p> <p><i>Link to be embedded as below:</i>  <a href="https://www.bankofbaroda.in/customer-support/grievance-redressal">https://www.bankofbaroda.in/customer-support/grievance-redressal</a></p>
Collection & Recovery of Loans	<p>Bank or its representatives do not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices are deemed as harsh:</p> <ol style="list-style-type: none"> <li>I. Use of threatening or abusive language</li> <li>II. Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.</li> <li>III. Harassing relatives, friends, or co-workers of the borrower</li> <li>IV. Publishing the name of borrowers without consent.</li> <li>V. Use or threat of use of violence or other similar means to harm the borrower or borrower’s family/ assets/ reputation</li> <li>VI. Misleading the borrower about the extent of the debt or the consequences of non- repayment</li> </ol> <p>Bank shall be accountable for inappropriate behavior by its employees or employees of the outsourced agency</p> <p>Code for Collection of Dues and Repossession of Security:  <b>Click here:</b></p> <p><i>Link to be embedded as below:</i>  <a href="https://www.bankofbaroda.in/customer-support/code-for-collection-of-dues-and-repossession-of-security">https://www.bankofbaroda.in/customer-support/code-for-collection-of-dues-and-repossession-of-security</a></p>

	<p>List of Recovery agents: <b>Click here</b></p> <p><i>Link to be embedded as below:</i> <a href="https://www.bankofbaroda.in/customer-support/code-for-collection-of-dues-and-repossession-of-security">https://www.bankofbaroda.in/customer-support/code-for-collection-of-dues-and-repossession-of-security</a></p>
Important Customer Informations	<p><b>Click here</b></p> <p><i>Link to be embedded as below:</i> <a href="https://www.bankofbaroda.in/customer-support/find-important-customer-information">https://www.bankofbaroda.in/customer-support/find-important-customer-information</a></p>