



VEDIKA CREDIT CAPITAL LTD
PARTNER IN THE GROWTH OF MICRO ENTREPRENEURS

MICRO FINANCE CREDIT POLICY

1. **Font Name & Size:** Source Sans Pro, 11
2. **Version:** 1.0
3. **Prepared and/or revised by:** Credit Department
4. **Reviewed by:** Board of Directors
5. **Review Date:** 14/05/2022
6. **Approved by:** Board of Directors
7. **Approval Date:** 14/05/2022

This document contains confidential information and remains the property of Vedika Credit Capital Ltd (hereinafter referred to as Company or Vedika). It is not to be used for any other purposes, copied, distributed or transmitted in any form or means or carried outside the Company premises without the prior written consent of the Company

Contents

TARGET CUSTOMERS	2
ELIGIBILITY.....	2
CENTER/GROUP NORMS.....	2
RBI & SRO NORMS.....	2
BUREAU NORMS	2
PURPOSE	3
TENURE OF LOAN.....	3
QUANTUM OF LOAN	3
FEES & CHARGES	3
SECURITY.....	4
DOCUMENTATION.....	4
OWN HOUSE PROOF.....	4
RESIDENCE STABILITY	4
NOMINEE	4
CASH FLOW ANALYSIS	5
SANCTION AUTHORITY.....	5
REPAYMENT	5
FOLLOW UP AND RECOVERY	5
LOAN UTILIZATION CHECK.....	5
DOCUMENTS CUSTODY	6
PROHIBITED PROFILES.....	6
FACT SHEET	6
ANNEXURES	7

TARGET CUSTOMERS

Self-employed women in VCCL's operating areas sourced by branch or digitally

ELIGIBILITY

- Age should be between 18 to 57 years.
- Should be part of a group of customers who are willing to give guarantees to each other for the repayment of loan.
- The group members should belong to the range of one KM from a group and similar socio-economic background.
- No two members from the same family (one kitchen) for JLG loan in the same group.
- Should have a mobile contact number. If a customer does not have own mobile number, then the spouse or son (whoever is the nominee) must have a mobile number.
- Either customer or anyone in the family (spouse, children) must have a WhatsApp number.

CENTER/GROUP NORMS

- Minimum 3 and Maximum 5 members are allowed in a group.
- For repeat of a group Minimum 3 members are mandatory
- Maximum 5 Group and Maximum 25 Member Allowed in a Center.
- At last, 1 member are allowed to add in exiting group

RBI & SRO NORMS

- Loan disbursed to a borrower with an annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. **(Income Assessment related Performa is enclosed as Annexure A)**
- Limit on the outflow on account of repayment of monthly loan obligation of a household as 50% of the monthly household income.
- References for latest norms: [New RBI Regulatory Framework for Microfinance](#)

BUREAU NORMS

- Based on Credit Bureau history, borrowers falling into any of the below categories are not eligible
 - Loan accounts showing as Special Mention Accounts (SMA) /Doubtful /

Substandard /Loss/ Litigation / Fraud /Suit Filled / Willful Defaulter for any period

- 90+ DPD ever in all loan accounts (live)
- Overdue amount was more than Rs.1000
- In case of Husband/Son/Daughter's CB check, their loan EMI obligation will be considered. And if they are defaulter, then client shouldn't be eligible for loan.
- Bureau report should not be of more than 15 Day old.

PURPOSE

- Working capital, expansion/capital expenditure for business/ Income Generation

TENURE OF LOAN

- General Tenure:
 - Minimum: 12 Months,
 - Maximum: 36 Months
- In case of restructuring or moratorium, tenure can increase to a maximum of 24 months on and above the remaining loan tenure
- In case of repeat loan, it is same as new disbursement - 12 to 36 months based on the product and ticket size

QUANTUM OF LOAN

- Small ticket size product will be provided to the customer in her first cycle loan
- Thereafter, in every subsequent cycle, the customers are entitled for enhanced ticket size based on their repayment track record.

Note: Current Quantum of Loan is mention in Annexure B

FEES & CHARGES

- Fees and charges will be as per prevailing product
- Insurance fees will be as per prevailing product
- **Prepayment Charges:** There shall be no pre-payment penalty on microfinance loan
- **Late payment charges:** - Penal charges will be as per prevailing product, if any

Note: Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.

SECURITY

- A Security Mutual Group Guarantee.

DOCUMENTATION

- KYC (AS per RBI/AML approved documents).
- Primary ID – UID
- Secondary ID - Voter card/Pan card
- Bank Passbook copy.
- Own House Proof as per norms below.
- I-dent and other KYC verification reports.

OWN HOUSE PROOF

- OHP verified by the branch manager in OHP format.
- Electricity Bill (Original Copy/ Xerox) not more than 6-month-old. If the Electricity Bill is not in the customer's name, the customer has to give proof of the relationship.
- Sale deed/Property purchase agreement (owner), property or Municipal tax receipt.
- Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings containing the address of the borrower.
- Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.

RESIDENCE STABILITY

- At least 2 Years - Verified and captured through BMFI process by Branch Manager

NOMINEE

Blood relative (Spouse/ Son/ Daughter)

CASH FLOW ANALYSIS

- Monthly household income and expenditure of the borrower is being captured in software by Branch.
- Max. Repayment outflow should be 50% of monthly household income including EMI of Applied loan amount and existing Loan EMI.

SANCTION AUTHORITY

- AM has authority to approve/hold credit bureau report
- BM is the sole sanction authority of loans.
- Sanction decisions are taken based on information captured from submitted documents, FI and GRT processes done by the branch.
- No new Loan sanction to any customer if its existing loan is running, customer has to close it before new loan sanction.

REPAYMENT

- The time gap between the date of disbursement and a JLG's first date of recovery must be at least 30 days, but not more than 60 days
- Monthly Cash Collection on a scheduled day of the week are scheduled between 8:00 am to 12:00 noon

Note: there is a possibility of change of repayment schedule from monthly to weekly or fortnightly on specific requirement of the customer with due assessment and necessary approval

- Normal recovery schedules may get interrupted in the case of national or regional holidays and in this case advance collection to be done maximum 1 week before the schedules date.

FOLLOW UP AND RECOVERY

- Ensures 5 slots everyday of 60 minutes each for collection recoveries.
- By identified branches & collection team.

LOAN UTILIZATION CHECK

- LUC must be done within 45 days of disbursement.
- If it is found that the money has not been utilized, then pressure must be put on the customer to do so immediately or return the loan.

- Vedika Audit team is primarily responsible for conducting LUC. However, Vedika management can authorize any other team, person or 3rd party agencies to conduct LUC
- Sample selection for LUC is based on the delinquency profile of the branch and center.
- LUC feedback is being captured through software and shared with Risk, Credit, and Sales for taking suitable measures.

DOCUMENTS CUSTODY

- All physical documents including loan agreements, KYC, undertakings, and other relevant documents are kept in the safe custody at the Vedika HQ Ranchi or Branch.
- A dedicated operation team is responsible for indexing, arranging, safe-keeping, and retrieving the physical documents.
- All online/ softcopies of documents are stored in Vedika cloud server under a standard secured firewall under close supervision of the IT department.

PROHIBITED PROFILES

Detailed list of prohibited profiles is enclosed as annexure C

FACT SHEET

As per Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 issue by RBI vide Reference no. RBI/DOR/2021-22/89DoR.FIN.REC.95 /03.10.038 /2021-22. Each RE shall disclose pricing related information to a prospective borrower in a standardized simplified factsheet

Any fees to be charged to the microfinance borrower by the RE and/ or its partner/ agent shall be explicitly disclosed in the factsheet. The borrower shall not be charged any amount which is not explicitly mentioned in the factsheet

The factsheet shall also be provided for other loans (i.e., collateralized loans) extended to borrowers from low-income households.

Suggestive Fact sheet in accordance RBI suggestive Guidelines is enclosed as **Annexure D**

ANNEXURES

ANNEXURE A: INCOME ASSESSMENT RELATED PERFORMA

Name of Customer:		Total Number of Members in family	
Aadhar Ref No. -	Application Id:	No. of Earning Member	
Age -	Client Id:	No. of Non-Earning Member	
Mobile No. -	Monthly Family loan obligation	Migrant member from the family	

Household Profile	Answer	Type of shop (if Applicable)	
Type of Accommodation		Basic Amenities available (Electricity, LPG, Water, Toilet, Sewage etc.,)	
Availability of other assets (Land, Livestock, Vehicle, furniture, smartphone, electronic item etc)		Children Education level	
		Neighbor Reference (Positive/Negative)	
Condition of House			

Household Income Assessment	Member 1	Member 2	Member 3	Member 4
Name				
Relationship with Applicant				
Sector of Work (Agriculture & Allied activities, Trading, Manufacturing, Services etc.)				
Working since (in years)				
Days of employment over the last one year				
Frequency of Income (Daily/Weekly/Monthly)				
Nature of work (Self Employed/Salaried/Unemployed)				
Educational Qualification				
Self-Declared yearly Household Income/Income from proofs (bank statement/ITR)				
Other Income				
1. Rent (Rent Agreement)				
2. Remittance				
3. Pension				
4. Gov. Transfer				
5. Scholarship				

6. Others				
Average Monthly Household income				
Yearly household Income				
Yearly Household Expense Assessment				
Yearly Household Expense	Amount in Rs.	Irregular Expenses	Amount in Rs.	
Regular Expenses		Medical		
Food and Utility		Asset Purchase		
Clothing		House Renovation expenses		
Rent (House)		Other Expenses		
Rent (Shop)		Average Monthly Household Expense		
Fees School		Yearly Household Expense		
Medical Fees				
Other Expenses				

Customer Name:

Place:

Acknowledgement

Aacknowledge receipt of application for loan of _____on____(Dated) from.....Customer Name under xxxxxxx Limited JLG Program subject to verification of contents and enclosure (if any). xxxxxxx will endeavor to inform you about the status of your application normally within xx working days from the date of receipt of documents / information as required from time to time and furnished by you to xxxxxx

Name of Official / Authorised Person

Print Date:

Signature of Official / Authorised Person

ANNEXURE B- PRODUCT DETAILS

Loan Amount	Tenure	Customer ROI	Customer EMI	Processing Fee	GST	Insurance Premium	Total Charges	Amount to be deducted From Loan Amount	Loan Amount Payable to the Customer
31100	18	25.65%	2100	311	56	767	1134	1134	29966
35500	20	25.65%	2200	355	64	900	1319	1319	34181
41000	24	25.60%	2200	410	74	1253	1737	1737	39263
48400	24	25.70%	2600	484	87	1480	2051	2051	4634

ANNEXURE C: PROHIBITED PROFILES

- Chit fund operators/Nidhi companies/Private money lenders/Loan Companies
- Collection/Recovery agents
- Contractual employees
- Trust and credit society personnel
- Journalists
- Owners of Plantations companies
- Astrologers/Purohit
- Persons engaged in Hatcheries
- Antique dealers
- Persons involved in the Gambling business
- Pornography goods/stores personnel
- Defense equipment – Manufacture/Trader/Dealer
- Recreation facilities such as video games, computer zones/parlours personnel
- Persons involved in Equipment hire for the film industry
- Construction civil contractors/Building contractors
- Diamond industry/merchants
- Quacks
- Security services companies' owners and employees
- Wine, alcohol, tobacco, and other related business personnel
- Cable operators
- Arms dealer
- Persons trading in endangered species
- Persons involved in Poultry, egg, fishery, Meat shop and all other business-related non-vegetarian products

ANNEXURE D: FACT SHEET

To be provided in a language understood by the borrower

Date: XXX

Lender's Name: Vedika Credit Capital Limited

Applicant Name: XXX

Parameter

Details	Name
(i) Loan amount (amount disbursed to the borrower) (in Rupees)	As per product
(ii) Total interest charge during the entire tenure of the loan (in Rupees)	As per product
(iii) Other up-front charges (break-up of each component to be given below) (in Rupees)	As per product
(a) Processing fees (in Rupees)	As per product
(b) Insurance charges (in Rupees)	As per product
(c) Others (if any) (in Rupees)	As per product
(iv) Net disbursed amount ((i)-(iii)) (in Rupees)	As per product
(v) Total amount to be paid by the borrower (sum of (i), (ii) and (iii)) (in Rupees)	As per product
(vi) Effective annualized interest rate (in percentage) (computed on net disbursed amount using IRR approach and reducing balance method)	As per product
(vii) Loan term (in months)	As per product
(viii) Repayment frequency by the borrower	As per product
(ix) Number of instalments of repayment	As per product
(x) Amount of each instalment of repayment (in Rupees)	As per product
Other Contingent Charges	As per product
(xi) Penalty on prepayment of loan at any time (NIL).	As per product
(xii) Penal charges in case of delayed payments (if any)	As per product
(xiii) Other charges (if any) Bouncing Fee	As per product