

## Regulatory Framework of RBI

Iraivi Finclub Microcare Foundation strictly adheres to the RBI's standards:

All our products are framed keeping in mind RBI norms. (i) Loan which is disbursed to a borrower with household annual income not exceeding ₹1,25,000 and ₹2,00,000 for rural and urban/semi-urban households, respectively; (ii) Loan amount does not exceed ₹75,000 in the first cycle and ₹1,25,000 in subsequent cycles; (iii) Total indebtedness of the borrower does not exceed ₹1,25,000 (excluding loan for education and medical expenses); (iv) Minimum tenure of 24 months for loan amount exceeding ₹30,000; (v) Collateral free loans without any prepayment penalty; (vi) Minimum 50 percent of aggregate amount of loans for income generation activities; and (vii) Flexibility of repayment periodicity (weekly, fortnightly or monthly) at borrower's choice.

### 1. Annual Income of Household:

- All collateral-free loans to low-income households with annual income up to ₹3,00,000

### 2. Limit on Repayment Obligations:

- Outflows for loan repayments are capped at a maximum 50% of monthly household income
- Includes repayments towards all existing loans of the household

### 3. Pricing of Loans:

- Board-approved policy on pricing with interest rate model
- Disclose pricing details to the borrower in a standardized factsheet
- No prepayment Charges, and delayed payment penalties only on the overdue amount

### 4. Fair Practices Code and Borrower Conduct:

- Board-approved fair practices code in language understood by the borrower
- A standard loan agreement, a loan card with all details for the borrower
- Training of staff, responsibility for outsourced activities
- Guidelines on recovery processes and engagement of recovery agents.