

ASSOCIATION OF GOLD LOAN COMPANIES (INDIA)

Fair Practice Code

Introduction

Over time, NBFCs engaged in lending against gold have come to play a crucial role in financial inclusion through wide spread geographic distribution of branch network and structuring of need based lending schemes for farmers, traders and entrepreneurs in Small and Medium scale industries. Gold loan NBFCs have taken up pioneering efforts in marketing loans against gold as a convenient, hassle free way to unlock the value of investments in gold even in geographies where the product in a structured form was unknown. Consequent on this and the near secular rise in gold prices for almost a decade now, the loans in the organized sector had grown to over 30,000 Crores and the sector is expected to grow at an average CAGR of 40-60% in the medium term. The sector has attracted many new players with varying lending practices. As the sector co-exists with the unorganized private money lenders lending against gold at usurious rates of interest, the universe of lending against gold carry with it a stigma of questionable lending practices. The time has come to relieve the organized players from this stigma and this is best achieved by formulation of a Fair Practice Code (FPC) to be adhered to by all organized players.

Aim's Of Fair Practice Code

This Fair Practices Code is aimed to provide to all the stake holders, especially customers, effective overview of practices followed by the Gold Loan Companies in respect of financial facilities and services offered by such Companies to its Customers. This Fair Practices Code has been prepared taking in to account the "Guidelines on Fair Practices Code for NBFCs" issued by the Reserve Bank of India and aims to enable customers to take informed decisions in respect of the facilities and services offered by the Company:

1. Objectives of the Code:

This Code has been drawn up to:

- a. Provide to the customers effective overview of practices followed by the Gold Loan Companies in respect of financial facilities and services offered by such Companies to its Customers;

- b. Enable customers to take informed decision about the financial facilities and services offered by the Gold Loan Company;
- c. Promote good, fair, transparent and trustworthy practices by setting minimum standards in dealings with customers;
- d. Enable customers to have better understanding of what they can reasonably expect of the services offered by the Gold Loan Company;
- e. Reckon with market forces, through competition and strive to achieve higher operating standards;
- f. Foster fair and cordial relationship between the customers and the Gold Loan Company.

2. Association of Gold Loan Companies (INDIA)

Members of the Association shall adhere to the Fair Practice Code herein prescribed without any exception and this self- regulation is integral to the continued membership in the Association.

3. Fair Practice Code Enforcement Committee (FPCEC)

The Governing Board of the Association of Gold loan Companies shall constitute a subcommittee for overseeing and reviewing the enforcement of the fair practice code.

4. To whom the FPC should apply

NBFCs carrying Registration with RBI, engaged in lending against gold as a core activity or operating either as a Loan Company or Asset Financing Company but having lending against gold in their portfolio shall be admitted as a member of AGLOC and will come under the ambit of this Fair Practice Code.

5. Compliance with RBI Norms

RBI from time to time stipulates Fair Practice Code, Know Your Customer Norms, applicable to all NBFCs carrying its registration. It is incumbent on every Member of the Association to strictly comply with these norms.

6. **Structuring Loan Products and Applications for loans**

Each gold loan company will have the freedom to design various loan products with gold jewellery as security depending on its loan policy. Each Member shall put in place clearly understandable, transparent terms governing the loan schemes and the documents taken shall explicitly contain those terms in a language as understood by the borrower. Each borrower will affix his or her signature on the loan documents and the onus of ensuring that the borrower has understood the terms and agrees to abide by them shall be with each Member of the Association complying with the directions of the RBI. The document should specify the loan period, rate of interest of the loan specific to the period, the risk interest leviable if the loan period extends beyond the terms as also penal rate of interest that will accrue if the account is not closed within the contract period. Each borrower should be given an opportunity to service his interest burden as frequently as fixed so that he/she fully understands the burden of risk interest and penal interest as provided in terms of the sanction. Each borrower shall have the freedom to foreclose the loan and levy of minimum interest leviable linked to the period if any, shall be explicitly mentioned in the loan documents. The borrowers' right to know shall always be protected.

The Gold Loan Company shall not shift one category of loan to another category without issuing a notice explaining the reasons for the same to the borrower and providing him/her an opportunity to close the loan.

Gold Loan Companies shall ensure that all communications to the borrower shall be in the vernacular language or a language understood by the borrower. Loan application forms issued by the Company shall include necessary information which affects the interests of the borrower and shall indicate the documents required to be executed/submitted by the borrower. If any additional documents/informations are required from the Customer, same shall be communicated to the Customer immediately.

7. **Compliance with KYC Norms**

All gold loan Companies shall put in place a policy duly approved by the Board covering the following aspects: steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer including field verification for large value loans before extending any loan.

Each Member will put in place standing instructions which are approved by its Board, governing compliance with the KYC norms adhering to the directions of the RBI.

Each Member will consistently ensure that the identity of the borrower is clearly established before the loan is disbursed and the documents to be produced by the borrower for the purpose will be clearly delineated. Each Member will ensure that the borrower produces satisfactory proof of his/ her identity, address proof and it will be ensured by all Members that no leeway is given to the borrower/staff to bypass the system. It shall be ensured by all Members that all borrowers by and large have verifiable local address and only in exceptional cases loans will be granted to persons from outside the locality.

Along with the loan documents, photo copy of the Identity Proof and address proof will be invariably kept and a digital photograph of the borrower shall be captured and stored in the system.

8. PAN Card:

Copy of PAN Card of the borrower should be obtained for all transactions above ₹ 5 Lakhs.

9. RISK MANAGEMENT

All the member companies shall put in place Risk Management measures to ensure that various risks faced by them are mitigated.

10.(a) The process of giving loan against gold

The gold ornaments offered as security shall be tested for purity of the gold without damage to the ornaments in accordance with systems introduced for the purpose by each Member. The Company shall ensure that the gold ornaments offered as security for the loan are properly appraised to assess the purity of gold, its weight, quality, etc without causing any serious damage to the ornament. In case any damage is caused to the ornaments the same shall be got rectified at the cost of the Company. The testing will be done in the presence of the borrower and deductions relating to stone weight etc will be explained to the borrower so that the borrower has clear understanding of how the net weight of the ornaments pledged and the loan amount has been arrived at based on the loan product

chosen by him/her. The description of the ornaments taken as security, its weight in gold, stone weight, presence of hooks etc will be detailed in the loan documents.

(b) Loan Appraisal and terms/conditions

As soon as a loan application is received an acknowledgment should be given.

Subject to receipt of all the requisite documentation and information and creation of charge over the security, loan applications shall be disposed of in the normal course on the same day of receipt of the application form complete in all respects. However, if there is any delay in sanctioning the loan beyond the period of 1 day due to reasons like field verification etc, Customer shall be kept informed of the status of his application. A copy of the sanction letter is to be issued to the borrower against his/her acknowledgment. The sanction letter shall be comprehensive and shall cover details such as:

- a. Description of each item pledged;
- b. Weight of jewellery pledged
- c. Annualised rate of interest applicable to the scheme opted for
- d. Maturity period of loan sanctioned
- e. Due date on which auction would be conducted in case the borrower fails to repay the loan, other charges of the loan.

11. Disbursement of loans/ Changes in terms and conditions

All loans of ₹1 lakh and above shall be disbursed by way of cheque in the name of the borrower or through NEFT to the account of the borrower. The loan shall be disbursed on executing the necessary documents and completion of the formalities regarding creating a charge over the security offered by the borrower. Any change in the terms and conditions including interest rates, service charges, prepayment charges etc. shall be informed to the borrower in the vernacular or a language understood by the borrower. A suitable condition in this regard shall be incorporated in the letter of undertaking obtained from the borrower. Decision to recall/accelerate payment or performance shall be as per the covenants in the letter of undertaking.

12. Rate of Interest

The Company shall frame appropriate internal principles and procedures for determining the interest rates and processing and other charges, if any and also to ensure that they are not excessive. The Company shall, at the time of disbursement, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal principles and procedures.

The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan. The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower. The rates of interest and the approach for gradation of risk shall also be made available on the website/displayed at branches and the same shall be updated whenever there is change in the rates. Changes in the interest rates on various loan accounts shall be prospective only.

13. **Safe Custody and security of pledged gold**

All members shall ensure that branches operate from secure premises with easy accessibility to customers. The security of the building, the assets kept inside and the safety of the employees etc., shall be ensured by employing security guards wherever necessary. Installation of surveillance cameras, alarm systems, provision of unbreakable fire resistant safes, construction of storage rooms and arrangement for safe upkeep of all security document etc., etc should be made as per rules in force. The ornaments pledged shall be kept in tamper proof packing, properly sealed, numbered and tagged for identification. The packet shall carry the loan number, name of the borrower and weight of gold kept inside.

All branches shall have proper storage facility of either Strong Rooms or Safes conforming to ISI Standards of approved make to store the jewellery in safe custody. The keys to the strong room/safe shall be held separately by two officials and the operations thereof shall be done jointly. The staff shall be imparted training on a continuous basis to ensure that the guidelines covering security issues are strictly adhered to. The gold items shall be periodically inspected by the internal auditors to ensure quality, quantity and proper storage. The jewellery accepted as collateral should be appropriately insured.

14. **Release of Pledged Gold**

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 the Company may have against the borrower, all securities shall be released to the 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 the Company is entitled to retain the securities till the relevant claim is settled / paid.

On closure of the loan account, on the request of the borrower, the borrower shall be provided with full statement of the loan account.

Pledged ornaments shall be released to the pledgers;

- a. On full payment of the loan amount and interest and surrender of the customer copy of the pledge form.

- b. The ornaments shall be delivered after getting the acknowledgement in the company copy of the pledge form for having received back the ornaments in good condition.
- c. The packet containing the ornaments shall be opened in the presence of the customer and verified for the correctness as per the details in the pledge form to the satisfaction of the pledger before delivery. Subsequent disputes/claims shall not be entertained once the pledger leaves the desk after taking delivery of the pledged ornaments.
- d. In the eventuality of the customer being unable to produce the customer copy of the pledge form due to reasons beyond control, such as loss, misplacements etc, the ornaments shall be released on full settlement of the loan amount and accrued interest and on execution of a stamped indemnity cum undertaking in a standard format prescribed by the company, duly witnessed by two persons acceptable to the company.
- e. In exceptional circumstances, where the customer is unable to present personally, third party release to an authorized representative (preferably a close relative of the pledger) may be permitted at the sole discretion of the company, in which case the representative should produce his/her identification document acceptable to the company together with the letter of authorization executed by the pledger, attesting the signature of the representative /authorized agent and Customer Copy of the pledge document.
- f. In the event of death of a pledger, the pledged ornaments shall be released to the nominee or the legal heirs. In the absence of any nominee being appointed at the time of pledge, the legal heirs shall be allowed to close the loan if they produce the pledge token, pay the dues, execute an indemnity bond in favour of the company, and submit a legal heir certificate from the Tahsildar or a succession certificate from the court depending upon the settlement formula/terms decided by each Company on case to case basis. In the event of death of a customer, no penal interest shall be charged from the date, the customer's death is reported to the company. The legal heirs shall be permitted to authorize one among them to accept the gold ornaments on their behalf after payment of dues.

15. **Recovery of interest dues**

- a. Rate of interest and risk interest for the loan, the intended loan period and periodicity of interest payment, and the rate of penal interest charged on default of interest payment shall be specified in the pledge document executed.
- b. Due date for payment of interest shall be noted in the customer copy of the pledge form.
- c. The gold loan company with multiple branches shall have facility to accept interest at any of its branches.

- d. Notice for interest payment shall be sent every 3/6/9 months or as required as per the loan scheme. A registered notice shall be sent on completion of 12 months from date of pledge advising the loanee to close the loan within 15 days, indicating the action company proposed to take to recover the loan amount if not paid within the notice period stipulated.
- e. Non - receipt of intimations shall not be treated as valid reason to absolve the pledger from payment of interest on the due date.
- f. The Gold Loan Company shall permit any loanee to make a part payment of the loan.

16. Procedure for auction of pledged assets on non –repayment of loan dues

The AGLOC member companies shall have a transparent policy approved by its board for auction of pledged assets. On completion of prescribed loan period, or whenever probability of a short fall in the realizable value of the asset pledged at the prevailing market rate from the total dues payable by the pledger arises, the account will be treated as NPA and assets pledged shall be sold by public auction after issuing notice to the loanee/pledger.

The criteria for selection of accounts for auction shall be based on probable loss taking in to account the prevailing market price of the pledged asset. All auctions shall be conducted through independent professional auctioneers appointed by the gold loan company and approved by the Board for the same. As a matter of policy the gold loan company themselves shall not participate in the auctions held. The auction procedure in case of non– repayment shall be transparent. Prior notice to the borrower shall be given by the Gold Loan Company before the auction and there shall not be any conflict of interest. The auction process shall ensure that an arm's length relationship in all transactions during the auction is maintained including with group companies and related entities. The following procedure shall be followed for conducting the auction.

- a) Auctioneer shall serve an auction notice to the pledger by registered post A/D intimating the date of auction before 21 days of the proposed date of auction.
- b) Advertisement showing the details of accounts listed for auction with date, time and venue shall be issued in at least two prominent Local News Paper, one in a vernacular language and the other in a national daily by the auctioneers.
- c) The pledger shall be given an opportunity to redeem the gold after paying the loan dues till the close of business hours of the preceding working day of the date of proposed auction.
- d) Unredeemed ornaments shall be sold in public auction by the auctioneer in the presence of Company officials.

- e) Such public auctions shall be held only when reasonable number of bidders participates in the auction and the same may be conducted either in the branch locality or in the Taluka or District Head Quarters
- f) Depending on the quality of gold placed for auction, the pledged ornaments should be auctioned off at a price close to the prevailing market price on the day of auction. For implementing the same, the company should provide for a reserve price for auction.
- g) The bid shall be confirmed then and there in favour of the bidder quoting highest rate.
- h) Bids for substantially lower amounts than the market rates shall not be confirmed unless a declining trend in the Gold Market is envisaged.
- i) The pledger also can participate in the bid as a bidder after remitting the earnest money deposit fixed by the auctioneer for each auction.
- j) Full records of the auction with particulars such as date, venue, and bidders participated, details of Sales made with rate, bid amount and highest bidder in whose name the bid has been confirmed etc. shall be maintained and preserved for auditors/inspectors to verify.
- k) After completion of the auction process, following details shall be intimated to the customer whose ornaments have been auctioned off by means of a registered letter:
 - ◆ Value fetched in the auction
 - ◆ Outstanding Dues fetched and
 - ◆ Balance, if any payable to the Customer
- l) Pledge account shall be settled from the auction proceeds after paying the mandatory taxes and auctioneers commission. In doing so the necessary compliance with Sales Tax laws of the state in which the auction is conducted shall be ensured;
- m) Following details regarding the auctions conducted during the year shall be disclosed in the Annual Report of the Company:
 - i) No. of Auction Conducted
 - ii) No. of Loan Accounts involved
 - iii) Outstanding value in loan accounts involved
 - iv) Value fetched in auction
 - v) Balance amount refunded
 - vi) Balance amount recovered from the borrower

- vii) Whether the Company participated in the auction, if yes, details of bids, value of jewellery etc..
- n) The Gold Loan Company may initiate legal recourse for recovery of the shortfall in loan dues after serving a demand notice, at the discretion of the company based on the feasibility of recovery.
 - i.i. Surplus fund, if any, available in the auction of pledged ornaments after setting off all dues of the company, taxes and the auctioneer's commission shall be passed on to the pledger under receipt .
 - i.ii. Ornaments pledged under Special Schemes with shorter pledge durations shall be listed for auction on completion of the agreed loan period, if the loan is not closed within the said period.

17. **Missing of pledged items**

In case any pledged item is found missing due to theft, robbery, fraud or embezzlement, information shall be given to the pledger within a reasonable time and on payment of loan dues, gold ornaments of equivalent net weight and quality shall be provided to him, in case the market value of the gold ornaments is not acceptable to the pledger/loanee.

18. **Stolen ornaments being pledged**

The gold loan company shall make diligent efforts to prevent thieves or their agents pledging stolen gold ornaments with them .The following preventive steps shall be taken in this matter. No loan shall be granted to persons below the age of 21. Gold chains shall not be accepted as security from unknown individuals below 30 years of age. The identity of the customer, his/her credit worthiness ,family circumstance, reasonableness of the gold ornaments in his/her possession etc. shall be logically assessed before grant of a loan to any person. However, in spite of these precautions, if the police ask for any gold ornaments which are wanted in any criminal case registered, the same shall be handed over to the investigating officer under due receipt, on production of a copy of the FIR and a demand letter, provided the description of the ornament is correctly given by the complainant and he identifies the same.

19. **Exchange of Information**

Instances of unscrupulous elements through an organized gang manufacturing low quality and spurious ornaments and pledging them to take advantage of the rising gold price are on the increase. Every Member coming across such instances of gang operation or pledging of new ornaments with same design in suspicious circumstances will exchange the details of such incidents with other Members so that a general alert goes amidst the Members about locality specific group, specific organized gang operations. In addition to the formatted data supplied to the Credit Bureaus all members of AGLOCs shall participate in a forum to share qualitative credit information. Whenever any member comes across Incidents of High Default (IHD), the member should inform the Association of the same so that other members are made aware of it.

20. Recruitment of Staff

Given the nature of business, the gold loan universe offers to the employees, opportunities to take the system for a ride for self-aggrandizement in the form of pilferage, accommodation for customers, unholy alliance with gang operators, etc. Each Member shall therefore ensure that when they recruit staff, persons who have been found guilty of malpractices and whose services have been terminated by the previous employer or a police case has been filed against him, will not be offered employment by any Member of the Association.

- a) As a matter of free and fair recruitment practice, there will be no restriction on hiring of staff from another member of the AGLOCs by legitimate means in the public domain like general recruitment advertisements in local newspapers, web advertisements on site, walk-in interviews, etc.
- b) Whenever a member of AGLOCs recruits from any other member of AGLOCs, it will be mandatory to seek a reference check from the previous employer.
- c) All members of AGLOCs shall provide within two weeks a reply to the reference check correspondence from another member of AGLOCs.
- d) All members of AGLOCs shall not recruit anybody from the member without receiving the relieving letter / no due certificate from the previous employer.
- e) Any staff member who is discovered to have lied about his background of working with any other AGLOCs member will be asked to resign immediately by the recruiting AGLOCs member.

21. **OMBUDSPERSON**

- a) The Association Of Gold Loan Companies (AGLOC) governing Board shall appoint one or two individuals of high professional reputation and integrity, as Ombudspersons, to provide an independent mechanism to individual consumers or staff members to raise their grievances against a Gold Loan Company and seek redressal. They will be given adequate secretarial support by AGLOC.
- b) Any person desiring to raise any grievance against a member of the Association Of Gold Loan Companies may write a letter to the Ombudsperson, after exhausting all remedies available at Branch/Regional Office/HO level of the gold loan company to dispose the grievance.
- c) The Ombudsperson, on receipt of the complaint shall cause an initial enquiry to be conducted to determine prima facie if there exists a case for investigation.
- d) If the Ombudsperson does not feel that there exists a case for further investigation, he may accordingly write back to the complaining person with copies marked to the Chairman of Association Of Gold Loan Company and the Chairman of the CCEC.

- e) If the Ombudsperson feels that there exists a *prima facie* case for detailed enquiry, then he shall cause an enquiry to be made using the services of the Secretariat of the Association Of Gold Loan Companies.
- f) The Ombudsperson may also require the presence of parties to the dispute in which case, such meetings shall normally be held at the office of the Ombudsperson unless the disputing parties mutually agree to any other place for such meetings.
- g) If after reasonable notice, any party to the dispute fails to be present for such meetings or fails to provide written responses to the queries of the Ombudsperson, then the Ombudsperson shall proceed to give his decision with the materials available with him.
- h) The Ombudsperson shall have the power to ask the errant AGLOC member to make good any damages incurred to the consumer, and in addition impose a fine on the AGLOC member , commensurate with the seriousness of the findings in the enquiry. After investigation and such inter-party meetings as the Ombudsperson determines, the Ombudsperson shall deliver his decision on the dispute in front of him and such decision shall be communicated in writing to all the parties to the dispute as well as to the Chairman of the Fair Practice Code Enforcement Committee (FPCEC) and the Chairman of the AGLOCs. Such decisions of the Ombudsperson shall be final and binding on all the parties involved. However if any of the parties to the dispute desire to contest the decision of the Ombudsperson, then they may give the same in writing to the Chairman of AGLOCs who shall place it before the next General Body of the members and two-thirds of the Members may take the final decision on the dispute either by voting in person or through other written forms including e-mails and fax.

22. **Integrity and ethical behavior**

- a) AGLOCs members shall design appropriate policies and operating guidelines to treat clients and employees with dignity.
- b) AGLOCS members shall incorporate transparent and professional governance system to ensure that staff and persons acting on their behalf are aware of, oriented and trained to put this Code into practice.
- c) AGLOCs members shall see to it that their staff dealing at the branches would be trained in a manner which will ensure that they are in a position to explain the terms and conditions of various schemes of the loan availed by the borrower customer.
- d) The AGLOC members shall use standardized loan documents giving all required details and legal requirements. The loan agreement shall also disclose details regarding the auction procedure.

- e) AGLOCs members shall give to the borrower at the time of the sanction of the loan, a proper loan document which would indicate all the applicable terms and conditions, levies and other charges.
- f) AGLOCs members shall refrain from issuing misleading advertisements.

23. **Transparency**

- a) AGLOCs members shall disclose all terms and conditions to the client for all services offered. Disclosure must be made prior to disbursement in accordance with the RBI's fair practices code.
- b) AGLOCs members shall communicate all the terms and conditions for all products/services offered to clients in the language understood by them.
- c) At the minimum, the AGLOC members shall disclose the following terms:
 - ◆ Rate of interest with period of rest.
 - ◆ Processing fee
 - ◆ Any other charges or fee howsoever described
 - ◆ Total charges recovered for insurance coverage and risks covered
 - ◆ Periodicity of servicing interest and penalty for not servicing the interest within the due date.
- d) The AGLOC members shall ensure the prominent display of the following in branches:
 - a.i. Interest rates including penal interests, if any, of various loan products.
 - a.ii. Policy on fixation of loan to value and practice of determination of net weight of the ornament and gold rate applicable for determination of loan to value
 - a.iii. Procedure for auction of ornaments in case of default in repayment of interest or principal thereof;
 - a.iv. AGLOCs members shall communicate in writing charges levied for all services rendered.
 - a.v. AGLOCs members shall provide a valid receipt for each and every payment received from the borrower.

24. **Governance:**

AGLOCs members shall incorporate a formal governance system that is transparent, professional, and adopts the best practices of Corporate governance:

The AGLOC member companies shall put in place a Board approved policy for lending against gold which should inter alia cover the following namely:

- a) Proper assaying procedure for the jewellery received.
- b) Internal system to satisfy the ownership of the gold jewellery received as security.
- c) The policy shall also cover systems and procedures for dealing with fraud including separation of duties of mobilization, execution and approval.
- d) AGLOCs members shall observe high standards of governance by inducting persons with good and sound reputation as members of Board of Directors /Governing body.
- e) AGLOCs members shall endeavor to induct independent persons to constitute at 1/3rd of the Governing Board and the Board must be actively involved in all policy formulations and other important decisions.
- f) AGLOCs members shall appoint an audit committee of the board with an independent director as Chairman.
- g) AGLOCs members shall ensure transparency in the maintenance of books of accounts and reporting/presentation and disclosure of financial statements by qualified auditor/s.
- h) AGLOCs members shall put in the best efforts to follow the audit and Assurance Standards issued by the institute of Chartered Accountants Of India (ICAI).
- i) Every AGLOCs member shall place before their respective Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct, specifically indicating any deviations and reasons thereof, at the end of every financial year.

25. **General**

- a. The Gold Loan Companies shall refrain from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the letter of undertaking, unless new information, not earlier disclosed by the borrower, has come to the notice of the lender.
- b. The Gold Loan Companies will not entertain any request for transfer of borrowal accounts as this is not practicable in the case of loans granted against collateral of gold jewellery.
- c. In the matter of recovery of loans, a gold loan Companies shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The staff of the Company shall be adequately trained to deal with the customers in an appropriate manner so as to ensure proper behaviour.
- d. The Gold Loan Companies will call delinquent customers between 0700 hrs to 2100 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

- e. Any fraud in the functioning of the gold loan Company shall be enquired into by the appropriate authority and suitable punitive measures shall be taken by the appropriate disciplinary authority. Any review of the decision of the disciplinary authority shall be carried out by the Managing Director /Board.
- f. To ensure Redressal of grievances of the customers every Gold Loan Company shall have an internal grievance Redressal mechanism. The redressal system should start from the branch level and should go up to Head Office level. Name, contact details (Telephone/Mobile nos email address) of the Grievance Redressal Officer whom the public can approach for resolution of their complaints against the company should be displayed in all branches/Offices of the Company. A report shall be placed before the Board of Directors every half year on customer complaints.
- g. The complete contact details of the Officer-in-Charge of the Regional Office of the DNBS of the RBI, under whose jurisdiction the Registered office of the AGLOC member company falls also should be displayed at all the branches/places where business is transacted, in order to enable the customer to go on appeal, if the complaint /dispute is not redressed within a period of one month.
- h. A periodical review of the Fair Practices Code and functioning of the grievances redressal mechanism at various levels would be undertaken by the Association at regular intervals and a consolidated report of such reviews shall be submitted to the Annual General Body of the Association. Whenever changes and updation of FPC takes place it should be put on the website of the AGLOC for the benefit of the member companies and for information of the public.
