



SMERA Code of Conduct Assessment

Janakalyan Financial Services Private
Limited (JFSPL)



To verify the grading, please scan the QR code

SMERA Code of Conduct Assessment

C2

*(Good performance of the
MFI on Code of Conduct
dimensions)*

Date of Report:

31/Mar/2021

Valid till:

30/Mar/2022

SMERA's Code of Conduct Assessment Grading Scale

Grading Scale	Definitions
C1	Excellent performance of the MFI on Code of Conduct dimensions
C2	Good performance of the MFI on Code of Conduct dimensions
C3	Average performance of the MFI on Code of Conduct dimensions
C4	weak performance of the MFI on Code of Conduct dimensions
C5	Weakest performance of the MFI on Code of Conduct dimensions

*Assessment on Code of Conduct has been done on the indicators pertaining to **Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal** and **Data Sharing**. Some of these indicators have been categorized as Higher Order indicators consisting of indicators on **Integrity and Ethical Behaviour** and **Sensitive Indicators**.*



To verify the grading, please scan the QR code

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Disclaimer

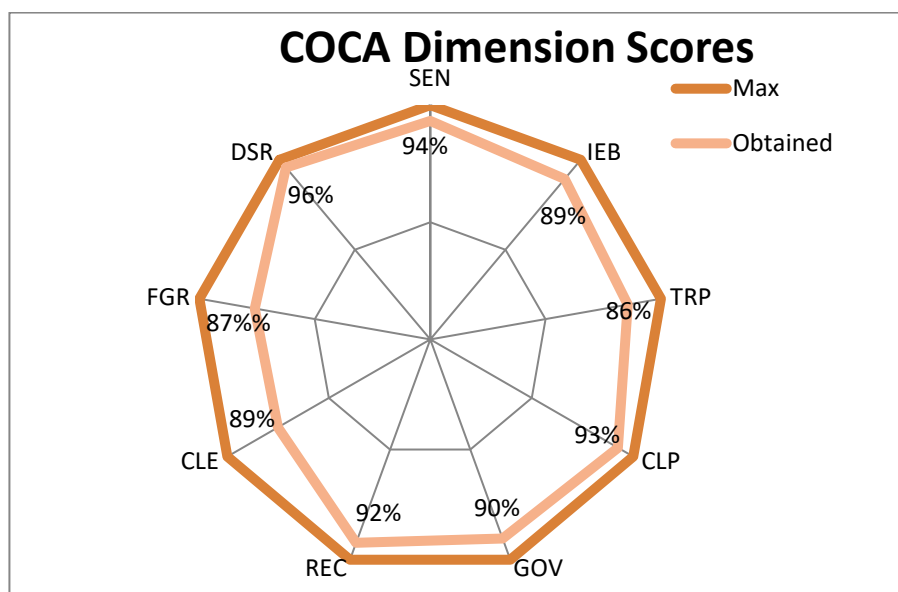
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Historical Rating Grades

Date	Rating Agency	Rating/Grading
March 2020	SMERA	BB+
Nov 2020	SMERA	M3

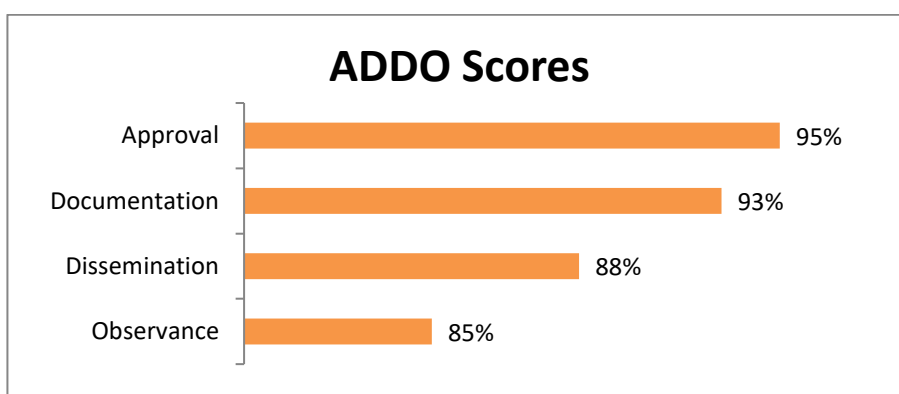
Code of Conduct Assessment Score

COCA Grading – C2 (Good performance of the MFI on Code of Conduct dimensions)



SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	94%
Integrity and Ethical Behavior	IEB	89%
Transparency	TRP	86%
Client Protection	CLP	93%
Governance	GOV	90%
Recruitment	REC	92%
Client Education	CLE	89%
Feedback & Grievance Redressal	FGR	87%
Data Sharing	DSR	96%



JFSPL with an overall grade of “**C2**”, indicate **Good** Performance on Code of Conduct dimensions.

Code of Conduct Assessment Summary

The Code of Conduct report for Janakalyan Financial Services Private Limited evaluates the entity's adherence to various code of conduct parameters. The study examines and comments upon the common minimum indicators such as:

- Sensitive Indicators
- Integrity and Ethical Behaviour
- Transparency
- Client Protection
- Governance
- Recruitment
- Client Education
- Feedback and Grievance Redressal
- Data Sharing

SMERA believes that JFSPL exhibits **C2** performance on COCA dimensions. This document details SMERA's approach and methodology for this study and gives observations of its assessment team while conducting the evaluation. The Approval; Documentation; Dissemination and Observance (ADDO) framework has been used for assessment and measuring JFSPL's adherence towards ethical operational practices.

Company Profile

Name of the MFI	:	Janakalyan Financial Services Private Limited	
Operational Head – Microfinance Business	:	Name	Mr. Sukumar Biswas
	:	Designation	Vice President & Head Operation
	:	Mobile No.	+(91) -(9384322961)
	:	Email ID	sukumar.biswas@janakalyan.net
	:	Date of Joining	01-March-2017
Date of Incorporation/Establishment	:	27-July-2016	
Date of commencement of microfinance business	:	22-March-2017	
Legal Status	:	NBFC-MFI	
Business of the company	:	Microfinance Services Under Joint Liability Group (JLG) Model	
Correspondence Address	:	CD-193, Sector-1, Salt Lake City, Kolkata-700064, West Bengal	
Geographical Reach (As on 28/Feb/2021)	:	No. of States	6
	:	No. of Districts	22
	:	No. of Branches	75
	:	No. of Active Borrowers	1,21,546
	:	No. of Total Employees	453
	:	No. of Field/Credit Officers	271
No. of Lenders	:	21 lenders (including Banks and institutional lenders)	
Statutory Auditors	:	SRB & Associates , Kolkata	

Product Profile

Product	Description	Loan size (Rs.)	Repayment (Frequency)	Interest Rate (In %) Reducing Balance	Processing Fees (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
Kalyan	Income Generating Loan	10,000-40,000	Monthly and Fortnightly	21.89	1.00	22.89
Sushiksha	Education Loan	10,000-20,000		24.50		25.50
Sushakti	Solar Loan	2,400-5,400		23.67		24.67
Utkarsh BC	Income Generating Loan	15,000 – 50,000		24.00		25.00
MAS BC		15,000-50,000		25.75		26.75
IDBI BC		20,000 – 50,000		23.00		24.00

Capital Structure as of 28/Feb/2021

Authorized Capital	Rs. 50.00 crore
Paid Up Capital	Rs. 25.35 crore

Shareholding Pattern – (Shareholders –Equity Shares as on 28/Feb/2021)

EQUITY SHARES	
Shareholders	% Holding
S K Mitra	21.70%
SIDBI TRUSTEE COMPANY LIMITED-A/C SAMRIDHI FUND	18.44%
Alok Biswas	9.00%
Loknath Agarwalla	6.36%
Susim Mukul Datta	5.46%
Mayadhar Mahakud	4.71%
Samir Chimanlal Sanghavi	3.59%
Manick Deb	3.12%
Jatin Chimanlal Sanghavi	2.85%
Samiran Chanda	2.56%
Dilip Kr Saraf (HUF)	1.46%

Divya Saraf	1.46%
Saroj Saraf	1.46%
Dilip KR Saraf	1.46%
Anupriya Saraf	1.46%
Sujata Mitra	1.08%
Arup Dutta	0.59%
Swapan Sinha	0.24%
Jyotirmay Saraswati	0.10%
Monoranjan Roy	0.10%
Utpal Kumar Bose	0.06%
Chandramouli Sarkar	0.06%
Madhura Mapa & Amal Mapa	0.06%
Sun Tech City Pvt Ltd	12.64%
Total	100.00%

Promoters/Directors Profile

Director Details		Profile
Name:	Mr. S.K.Mitra	<p>He was posted as the President and National Head of Rural Banking /Financial Inclusion and Distribution in Axis Bank (1995-2013). Prior to that he was associated with SBI (1974-1995).</p> <p>He was also associated with Bandhan Bank as a Business Head during its transformation phase in 2015 and 2016.</p>
Designation:	Chairman	
Qualification:	B.Sc. (Hons), PGDBM and CAIIB	
Name:	Ms. Alok Biswas	<p>Mr. Alok Biswas is the Promoter & Managing Director of the Company. He was the founder and Managing director of Jagaran Microfin Private Limited and he was associated with Jagaran since December 2010.</p> <p>He is an ex-banker, with more than 21 years of experience in various banks, like Canara Bank, Indian Bank, Axis Bank. He was lastly served as the Vice President & Cluster Head of Axis Bank, In-charge of Odisha, Chhattisgarh & Jharkhand.</p>
Designation:	Managing Director	
Qualification:	B.Com (Hons) , C.A.I.I.B., PGDM (XIMB),Diploma in Microfinance from IIBF, Mumbai	
Name:	Mr Atanu Sen	<p>Mr. Sen served State Bank of India with distinction for a period of 38 years from where he retired in 2014 as MD & CEO of SBI Life Insurance. He had earlier served as the Bank's DMD and Chief Credit and Risk Officer and as Chief General Manager of Mumbai Circle. Shri Sen has wide-ranging experience in commercial banking and finance including Credit and Risk Management, Infrastructure financing,</p>
Designation:	Independent Director	
Qualification:	Post Graduate in Economics	

		International Banking and Banking Operations and Administration. He is currently engaged as a Sr Advisor in Deloitte Touche Tohmatsu LLP and Independent Director in a few companies including Punjab & Sind Bank and as a Trustee of National Pension Scheme. Shri Sen has exposure in executive training in leading Institutes across the world such as Wharton University of Pennsylvania, Asian Institute of Management, Manila and BPP London.
Name:	Mr. Asok Kumar Das	He held the positions of Deputy Managing Director in State Bank of India, Managing Director of State Bank of Patiala, Chief General Manager in State Bank of India, Hyderabad Circle, Executive Director in SBI European Bank, London, Deputy General manager, SBI, Industrial Finance Department, Corporate Centre, Regional Manager, SBI, Kolkata Region, Manager (Operations), SBI, Paris. He also held the positions of Director of Institutional FINANCE, Government of West Bengal and EX Officio Special Secretary (Finance), Government of West Bengal and Managing Director of WBIDFC.
Designation:	Independent Director	
Qualification:	CAIIB, M. A. (Economics)	
Name:	Dhara Jitendra Mehta	Ms. Dhara Jitendra Mehta is the representative of SIDBI Venture Capital Limited and was inducted as the Nominee Director on behalf of SIDBI Venture Capital Ltd as SIDBI Trustee Company Ltd-A/C Samridhi Fund is the investor of JFSPL.
Designation:	Nominee Director	
Qualification:	Chartered Accountant, LLB, M.Com	

Management's Profile

Management Details		Profile
Name:	Mr. Alok Biswas	Joined Canara Bank on 1989 and Indian Bank on 1993. He has 21 years of banking experience including Vice President and Cluster Head of Axis Bank in charge of Odisha, Chhattisgarh and Jharkhand. He was the founding Managing Director of Jagaran Microfin Private Limited (2010- 2016).
Designation:	Managing Director & CEO	
Qualification:	B.Com. (Hons.) , C.A.I.I.B., PGDM (XIMB),Diploma in Microfinance from IIBF, Mumbai	
Name:	Mr. Arup Kumar Dutta	He has 28 years of experience in the financial sector. His last assignment was with Utkarsh Small Finance Bank as Head-Liabilities where he played a key role in its transformation from NBFC-MFI into a SFB. Previously, he has worked with Axis Bank in senior profiles in retail and corporate banking and UTIAMC.
Designation:	Chief Financial Officer	
Qualification:	PGDBM (IISWBM, Kolkata), PGCHRM (XLRI, Jamshedpur, Gold Medallist) and JAIB (IIB&F, Mumbai).	
Name:	Mr. Sukumar Biswas	He has more than 32 years of on the ground microfinance experience with BRAC, Bandhan MFI and Head of Operations at Jagaran Microfin Private Limited.
Designation:	VP – Operation	
Qualification:	M.Com (Accounting)	
Name:	Mr. Chandramouli Sarkar	He has more than 3 decades of Banking experience and more than 5 years in microfinance including Jagaran. His last employers were Canara Bank; Global Trust Bank Ltd; Axis Bank Ltd; ESAF Small Finance Bank.
Designation:	Vice President (Finance)	
Qualification:	M.Sc., (Physics) PGDBM from IIM, KOLKATA	
Name:	Mr. Utpal Bose	He has more than 3 decade of banking experience. His last employer was Jagaran Microfin as DGM-process Compliance, HR & Admin.
Designation:	Vice President (HR , Admin & IT)	
Qualification:	Graduate (Science)	
Name:	Dr. Swapan Kumar Sinha	He has more than 3 decade of experience in RBI, NABARD, Bandhan and Jagaran Microfin. Having wide experience in MFI sector.
Designation:	Head- Training & Development	
Qualification:	Ph.D (Sociology)	
Name	Mr. Monoranjan Roy	He has more than 36 years of experience with Reserve Bank of India.
Designation	Vice President & Head (Accounts)	
Qualification:	M.Com, ICWA, CAIIB	
Name	Mr. Amal Kumar Mapa	He has more than 3 decades of experience in Banking Industry followed by 17 years of microfinance experience with Sreema
Designation	Head – Internal Inspection	
Qualification:	M.Sc. (Agriculture)	

		Mahila Samity.
Name:	Mr. Abhijit Sarkar	Has more than a decade of relevant experience acquired during stints with Uttrayan Financial Services Pvt Ltd, Jagaran Microfin Pvt Ltd. He has earlier worked as senior inspection officer in Jagaran.
Designation:	Zonal Head – North Bengal, Bihar, Assam & Tripura	
Qualification:	B.A.	
Name:	Mr. Palash Saha	He has more than a decade's experience in microfinance business, acquired during his stints with Sreema Mahila Samity. He has earlier worked as Area Manager in Sreema Mahila Samity. He is an Post graduate from Burdwan University, West Bengal
Designation:	Zonal Head- Duttapulia Zone	
Qualification:	Post Graduate	
Name:	Mr. Ashok Kr Bhuyan	Over 10 years of experience in microfinance acquired during stints with Satin, SKS & Fusion.
Designation:	Zonal Head-Midnapore, Jharkhand & Odisha	
Qualification:	B.A.	
Name	Mr. Sudhir Ghosh	He has more than 15 years of experience in microfinance acquired during stints with Bandhan and Jagaran Microfinance.
Designation	AVP & Head- COH	
Qualification:	B.A.	
Name	Mr. Rajarshi Banerjee	He is a qualified Chartered Accountant (2017) and has graduated with B.Com (Hons.) – Accounts & Finance from University of Calcutta. He previously worked with as Associate Trainee with Magma Group for nearly two years.
Designation	AVP – Finance & Accounts	
Qualification:	B. Com, ACA	
Name	Ms. Shivani Agarwal	She is an Associate Member of the Institute of Company Secretaries of India and has graduated with B.Com (Hons.) – Accountancy from University of Calcutta. Post qualification, she has worked for two years with Venkateshwara Industrial Promotion Co. Ltd as Compliance Officer & Company Secretary.
Designation	Company Secretary	
Qualification:	B.Com, ACS	

Compliance with RBI's Directives for MFIs

RBI's Direction	JFSPL's Status	Compliance
85% of total assets to be in the nature of qualifying assets	85% of total assets to be in the nature of qualifying assets	Complied
Net worth to be in excess of Rs 5 Crore	Net worth to be in excess of Rs 5 Crore	Complied
Income of borrower not to exceed Rs 100,000 in the rural areas and Rs 160,000 in the urban and semi-urban areas*	Income of borrower not to exceed Rs 100,000 in the rural areas and Rs 160,000 in the urban and semi-urban areas*	Complied
Loans size not to exceed Rs 60,000 in first cycle and Rs 100,000 in subsequent cycles*	Loans size not to exceed Rs 60,000 in first cycle and Rs 100,000 in subsequent cycles*	Complied
Total indebtedness of the borrower not to exceed Rs 100,000 (excl medical and education loans)*	Total indebtedness of the borrower not to exceed Rs 100,000 (excl medical and education loans)*	Complied
Tenure of loans not to be less than 24 months for loan amount in excess of Rs 30,000, with prepayment without penalty*	Tenure of loans not to be less than 24 months for loan amount in excess of Rs 30,000, with prepayment without penalty*	Complied
Pricing guidelines are to be followed	Pricing guidelines are to be followed	Complied
Transparency in interest rates to be maintained	Transparency in interest rates to be maintained	Complied
Not more than two MFIs lend to the same client	Not more than two MFIs lend to the same client	Complied

RBI's Direction	JFSPL's Status	Compliance
Loan pricing to include processing fee (not exceeding 1% of the loan amount)	Loan pricing to include processing fee (not exceeding 1% of the loan amount)	Complied
Collateral free loans	Collateral free loans	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	MFIs shall not collect any Security Deposit / Margin from the borrower.	Complied
No late payment or prepayment penalties	No late payment or prepayment penalties	Complied
Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, as per the frequency of data submission prescribed by the CIC.	Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, as per the frequency of data submission prescribed by the CIC.	Complied
Aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs	Aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs	Complied
NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets.	NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets.	Complied
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more'.	The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more'.	Complied

Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> • Board approved policies, compliant with the RBI guidelines. • Code of Conduct framed as per the JFSPL mission, vision, values and displayed in all branch offices & HO. • Board with rich experience from banking and finance background. • Experienced and qualified management with more than a decade of experience in MFI industry. • Credit policies are well established documented and communicated. • Adequate loan appraisal & monitoring systems. • High standard of governance and integrity by inducting persons with good and sound reputation in the industry and understanding of microfinance industry. • Compulsory training on products terms and conditions to client prior to every loan. • Compulsory check on over indebtedness of every borrower. • Awareness among client on SRO Grievance Redressal mechanism was found to be moderate to high in the visited branches. • Efficient systems, software and strong internal audit team to check misappropriations and regular monitoring of compliance. • Toll Free helpline number for client feedback/grievance. • Data sharing with credit bureau (Equifax, CIBIL, Experian and High Mark). • Awareness among the staff on RBI compliance was found to be moderately high in the visited branches. 	<ul style="list-style-type: none"> • Awareness among the staff on RBI compliance found moderate.

Significant Observations

HIGHER ORDER INDICATORS	
Integrity and Ethical Behavior	<ul style="list-style-type: none"> • The MFI have the policy to place reports on COC compliance before the board at the end of every financial year. • The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit. • Board has approved a policy of recovering delinquent loans. • MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review and same is presented to audit committee set up at board level. • The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year and the same is not mentioned in the operational manual. • In all the branches visited, the contact number and address of MFIN nodal official was properly displayed. • Awareness among client and staff on MFIN grievance Redressal mechanism was found to be moderate to high. • The MFI have the policy to place reports on COC compliance before the board. • Fixed Component compensation of staff is not impacted in event of overdues. JFSPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.
Sensitive Indicators	<ul style="list-style-type: none"> • Clients interviewed were aware of the charges and price for all services availed. • Awareness among the staff on RBI guidelines was found to be moderately high. • There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • JFSPL shares accurate data with all credit bureaus on a frequency prescribed by MFIN. • JFSPL does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. The organization also has a well-documented policy on pre-payments. • The MFI gets an external CA agency to certify its compliance with RBI's directions for NBFC-MFIs.

BUILDING BLOCKS	
Transparency	<ul style="list-style-type: none"> • Awareness among the staff on RBI guidelines was found to be moderate to high. • JFSPL has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages. • Circulars with the most recent directions were available in the visited branches. • JFSPL in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • The loan interest rate and processing fees is mentioned on the loan passbook and sanction letter provided to the client. • Clients interviewed were moderately aware of the charges and price for all services availed. • Audit committee verifies through the audit reports whether all clients have received the necessary loan documents. • JFSPL displays the details of the loan products including their interest rates and client grievance redressal system on its website. • JFSPL issues loan agreement to the clients with all terms and conditions of the loan including annualized interest rates.
Client Protection	<ul style="list-style-type: none"> • JFSPL has a board-approved policy regarding client data security. • Employees are trained on aspects of appropriate behavior with the clients. • JFSPL has documented policy on client data security which forms part of its fair practice code. • JFSPL has framed a Fair Practice Code and has also adopted the RBI fair practices code. • Employees are trained on aspects of appropriate behavior with the clients. • Staffs were found to be aware of the need to have professional conduct with the clients.
Governance	<ul style="list-style-type: none"> • JFSPL maintains high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body. • JFSPL has 1/3rd of independent persons in its Governing Board, and the Board is actively involved in all policy formulations and other important decisions. • The MFI does not have documented guidelines regarding debt-restructuring for clients facing repayment stress • JFSPL discloses its MD's compensation in its audited reports

	<p>(Ref. Audit Report 2020).</p> <ul style="list-style-type: none"> • An audit committee of the Board with an independent director as chairperson. • The MFI has got its accounts audited in a timely manner after the end of the most recent financial year. • No adverse observations in the Auditor's report regarding accounting standards followed by the MFI.
Recruitment	<ul style="list-style-type: none"> • JFSPL board has reviewed its recruitment policies at least once annually. • The MFI has a defined and documented process for responding to reference check requests. • There is documentary evidence to suggest that MFI has honored the notice period for all employees who have left it. • MFI obtain NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs. • The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year and the same is documented in HR Manual.
Client Education	<ul style="list-style-type: none"> • JFSPL in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services • JFSPL does not charge clients for the trainings provided to clients by itself or through a related party. • Awareness among client on annualized Interest rate & Insurance claim settlement process was found to be moderate.
Feedback and Grievance Redressal	<ul style="list-style-type: none"> • The Board has approved a policy for redressal of its clients' grievances, which requires board to be updated on the functioning of grievance redressal mechanism. • Clients were found to be aware of the helpline number. • Feedback mechanisms are regularly tracked and monitored. • In all the branches visited, the contact number and address of MFIN nodal official was properly displayed. • Complaints lodged through helpline at H.O and branches were found documented.
Data Sharing	<ul style="list-style-type: none"> • Financial data for FY 2020 is available on the website of JFSPL. • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called for by MFIN and RBI as and when required as per compliance. • JFSPL shares accurate data with all credit bureaus on a frequency prescribed by MFIN. • JFSPL performs compulsory credit bureau checks for all its clients.

COCA Methodology

The Code of Conduct Assessment (COCA) tool was developed as a response to the need expressed in a meeting of stakeholders in Indian microfinance by the Small Industries Development Bank of India (SIDBI) and the World Bank in December 2009. The code of conduct dimensions were identified by reviewing the various norms for ethical finance. These included RBI's fair practices guidelines for Non-Banking Financial Companies, industry code of conduct (Sadhan-MFIN) and Smart Campaign's Client Protection Principles (CPP).

In 2016, need was felt to harmonize COCA to the most recent industry code of conduct and to standardize COCA tools of different rating/assessment agencies. This grading is based on the harmonized COCA tool. In the harmonized COCA tool, the dimensions were classified in three categories – highest order, higher order and building blocks. This grading is based on the harmonized COCA tool.

Highest Order	
Sensitive Indicators	
Higher Order	
Integrity & Ethical Behaviour	
Building Blocks	
Governance	Client Protection, Recruitment
Transparency	Feedback/Grievance Redressal
Client Education	Data Sharing

Chart: COCA Indicators Framework

Number of indicators in each category is presented below

Higher Order Indicators	Number of Indicators
Integrity and Ethical Behaviour	32
Sensitive indicators	26
Building Blocks	Number of Indicators
Transparency	40
Client Protection	122
Governance	30
Recruitment	13
Client Education	14
Feedback & Grievance Redressal	25
Data Sharing	6
Total	250

Methodology

The Code of Conduct exercise is spread over four to eight days. The first day is spent at the head office. The assessment team visits the branches over the next three to eight days. Depending upon the size and the operational area of the MFI, eight to fifteen branches and between 120 and 300 clients are sampled for primary survey (except in cases where number of branches in an MFI is less than eight).

Sampling guidelines

The following is taken as the guideline to determine the sample size for a COCA exercise.

MFI Size	No. of branches to be visited	No. of borrowers to be visited
Small MFI (Less than 8 branches)	All branches	15 clients per branch covering minimum two centers.
Small / Mid-size MFI (up to 2,50,000 borrowers)	8 – 10 branches (geographically distributed)	120-150 clients (15 clients per branch covering minimum two centers).
Large MFI (>2,50,000 borrowers)	12 – 15 branches (geographically distributed)	240-300 clients (20 clients per branch covering minimum two centers).
Large MFI (>2,50,000 borrowers) and having gross loan portfolio (GLP) > Rs 500 crore	18 – 20 branches (geographically distributed)	360-400 clients (20 clients per branch covering minimum two centers).

Code of Conduct Assessment exercise requires:

1. Discussions with key staff members and the senior management at the head office. particularly the senior operational management team as well as the human resources team. These discussions focus on key issues of the code of conduct identified above.
2. Review of policy documents and manuals at the head office. These are reviewed in order to assess the policy as well as documentation regarding important aspects of the code of conduct. The last audited financial statements will also be required.
3. Sampling of branches at the head office. The assessment team samples branches for review. The branches are chosen in across different states in case the MFI operates in more than one state. Care is exercised to include older branches as well as branches that are distant from the head office or the regional office. The sampling of the branches is performed at the head office of the MFI.
4. Discussions with the branch staff at the branch office. Discussions with branch managers and the field staff is carried out to assess their understanding of the key code of conduct principles.
5. Sampling of respondents in the selected branches. A judgmental sampling is performed on the MFI's clients by the assessment team to draw respondents from the interest group, in order to maximize the likelihood that instances of non-adherence can be detected.
6. Interview with the clients. Information from the clients is collected ideally during the group meetings. If this is not possible, visits are made to the clients' locations for collecting information.
7. Review of loan files at the branch office. This review focuses on loan appraisal performed before disbursing loans as well as the documents collected from the clients.

As part of this assessment, we observed all branches and interacted with Branch Staff and Borrowers of the MFI through call/video conferencing during the Covid situation. The details of the branches are provided below.

S. No.	Branch	State	No of clients interviewed
1	Lauhati	West Bengal	25
2	Karnajora		27
3	Karimganj	Assam	21
4	Badarpur		26
5	Kureshela	Bihar	24
6	Gedabari		19
7	Narayanpur	Jharkhand	27
8	Kakatapur	Odisha	22
Total			191

About SMERA Gradings & Ratings

SMERA, widely known as 'The SME Rating Agency', was conceptualised by Ministry of Finance, Govt. of India and the Reserve Bank of India to help Indian MSMEs grow and get access to credit through independent and unbiased credit opinion that banks can rely on. Thus, SMERA became world's first MSME focused rating agency and introduced the concept of SME Ratings in India. SMERA offers SME Ratings, New Enterprise Credibility Scores, SME Credit Due Diligence and SME Trust Seal to Indian MSMEs to help lenders take informed decisions.

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