

Certified Credit Counsellors for MSMEs : A Handbook



**Hand Book on
Certified Credit Counsellor (CCC)
for MSMEs**

" If I have the belief that I can do it, I shall surely acquire the capacity to do it even if I may not have it at the beginning."

"You have to dream before your dreams can come true"

Strategic Role of Credit Counsellors

Several National Missions like Start Up India, MUDRA, Stand Up India, Make in India, Clean India and Digital India are aimed at evolving entrepreneurial India. Access to financial and non financial services is to be made more effective and digital platforms have potential to resolve these challenges. Digital lending is a gap which needs to be filled up. SIDBI's digital lending solutions comprising sidbistartupmitra (for developing startup eco system), smallB (knowledge hub), standupmitra (launched by Hon'ble PM for Stand-up India loans to new entrepreneurs in SC/ST/Woman segment enabling setting up of 2.5 lakh new enterprises between ₹10 lakh to ₹1 crore) & udyamimitra (access all enterprise loans; MUDRA - upto ₹10 lakh, MSME loans- presently upto ₹2 crore) have potential to change the lending landscape. However, a need has been felt to have a mechanism to link potential entrepreneurs with these initiatives and provide handholding especially in the field of credit and later on in related areas like skill, technology, marketing, etc.

Government of India (GoI) has laid thrust on the financial inclusion of those excluded in development process. Deepak Mohanty Committee, a committee constituted to study on medium term path on financial inclusion, in its report of December 2015, had recommended as under:

"The Committee recommends exploring a system of professional credit intermediaries / advisors for MSMEs, which could help bridge the information gap and thereby help banks to make better credit decisions. The credit intermediaries / advisors could function in a transparent manner for a fee and be regulated by the Reserve Bank." Following the above recommendation, in the first Bi-Monthly Monetary Policy Statement for FY 2016-17 on April 05, 2016 an announcement was made by Dr. Raghuram G. Rajan, the then Governor as follows: *"The Reserve Bank will lay down a framework by September 2016 for accreditation of credit counsellors who can act as facilitators for entrepreneurs to access the formal financial system with greater ease and flexibility. Credit counsellors will also assist MSMEs in preparing project reports in a professional manner which would, in turn, help banks make more informed credit decisions."*

Report of the Committee on Medium-term Path on Financial Inclusion (Excerpts)

Credit intermediaries

Information asymmetry and the perception of high risk are two major constraints on the flow of credit to the MSME sector. This can be addressed by permitting credit intermediaries to act as facilitators and enablers to micro and small entrepreneurs, so that they can access the formal financial system channel with greater ease and flexibility. The credit intermediaries can assign part of this role, with adequate checks and balances, to Small Business Advisors who may advise the entrepreneurs by (a) offering help in preparing business proposals; (b) helping to prepare financial documents and financial statements; (c) sharing information on suitable credit instruments available in the market and (d) supporting with non-financial or semi-financial business decisions such as business expansion plans.

They can also (i) recommend to the banks the business proposals of entrepreneurs; (ii) perform preliminary credit appraisal on behalf of the banks and (iii) collate additional supporting information required by the banks/ credit institutions.

While the extent of responsibility assigned to the credit intermediary could be defined through 'Master Agreements', the responsibility for due diligence and risk assessment will reside entirely with the banks concerned. In other words, legally the relationship will have the character of a 'Principal-Agent' relationship. In order to provide choice for the entrepreneurs and prevent monopoly, there should be multiple players in the market that perform the role of credit intermediary in the MSME sector. Initially, it would be preferable to have corporatised credit intermediaries so as to ensure better regulation and supervision of these entities. Over time, competitive forces would force out the inefficient players, leaving a more competitive set of credit intermediaries with viable and niche-driven business strategies. The commission and other relevant qualifications can be suitably worked out under a scheme governed by the Reserve Bank. Employing the services of such intermediaries, however, should be voluntary for the banks and borrowers. These intermediaries are expected to be proactive and should be left to come up with their business model based on their expertise and value added service.

For details please peruse Report of the Committee on Medium-term Path on Financial Inclusion, RBI December 2015
(<https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/FFIRA27F4530706A41A0BC394D01CB4892CC.PDF>)

Being the principal financial institution for MSMEs with credit plus institutional experience, SIDBI has been advised by RBI to play the lead role in the initiative of Certified Credit Counsellors. Attempt is to leverage SIDBI's field level experience of Micro Enterprise Business Information Counsellors [MEBIC] in North Eastern Region, Credit Advisory & Loan Syndication, Knowledge Partners and the digital mitra (www.udyamimitra.in, www.standupmitra.in) initiatives of credit and handholding connect to MSMEs.

The sustainable solution lies in the form of a nationwide intervention of Certified Credit Counsellor (CCC). CCC would play a pivotal role to evolve a vibrant eco system in the entire enterprise life cycle comprising of scoping/ideation, startup, setting up, stabilization, growth and maturity, review for scale up or consolidation or exit and entering new line of business.

Enterprises typically go through stages of scoping, feasibility, planning, establishment, operations, stabilisation, growth and maturity. At each stage, various types of services coupled with easing of challenges of access to adequate and timely funding are required to establish efficient, competitive and viable enterprises.

I. Incubation & Inclusion

Once an aspirant entrepreneur makes up his mind to go for entrepreneurial venture, he faces problems in shaping his idea into a bankable and viable endeavour. He does not know as how to set up an enterprise, what procedure or formalities to comply with. When he is approaching an investor or a bank or a financial institution, he desires to be loan ready. He may possess rich experience or sound technical background but he needs handholding for putting up or presenting his or her proposal properly. He/ She has to align to the expectations of a investing or funding agency. He looks for incubators in lead technology and management institutions. He looks for mentors both in financial and non financial areas. However, there is mostly a disconnect. The aspirant feels that he/she is unable to make his/her idea/proposal talk and here the support of mentor/handholding agency has potential to make him/her prove themselves.

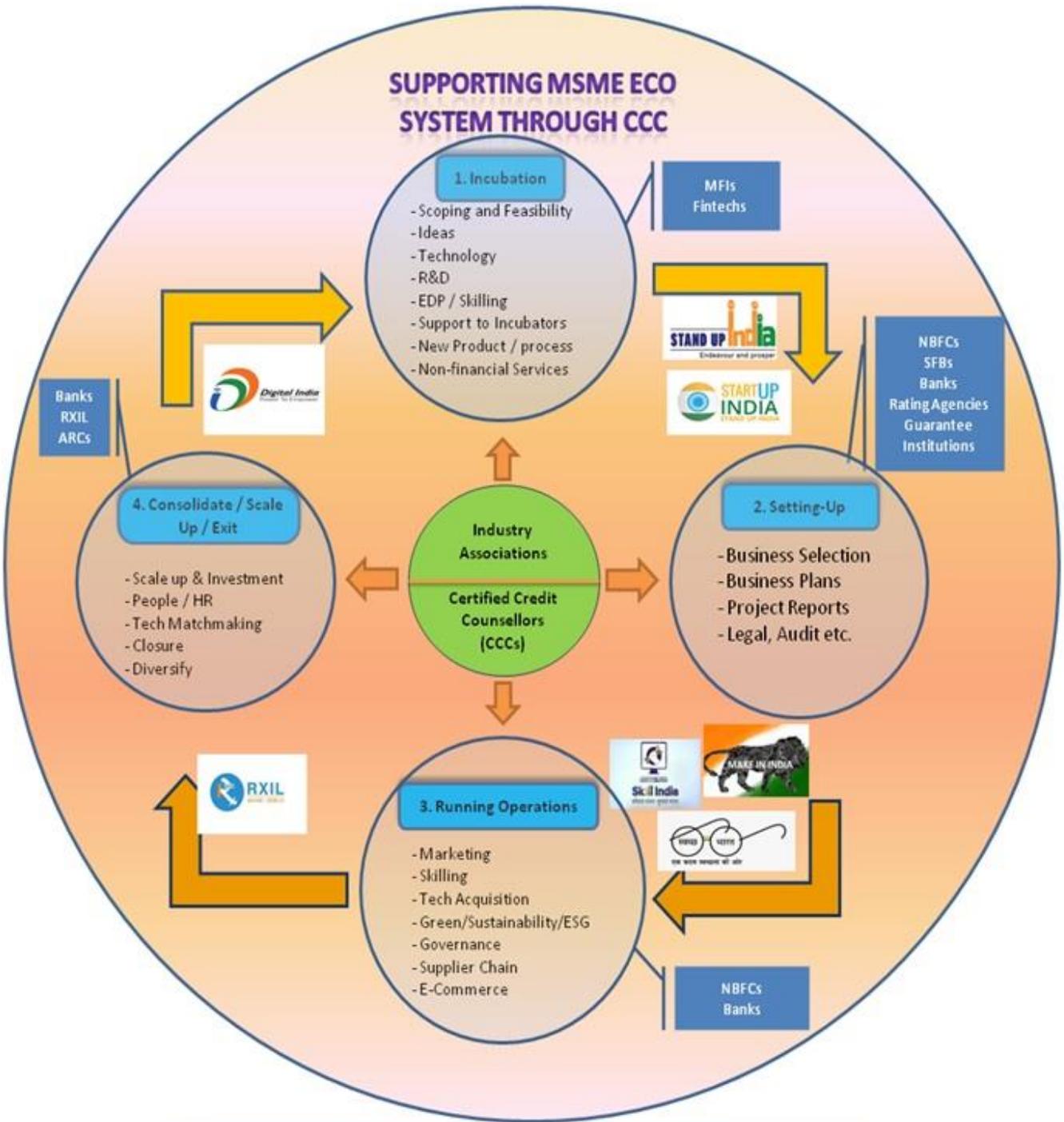
Envisaged Role of Credit Intermediaries

| Area | Value addition | |
|---|--|---|
| | For borrowers | For lenders |
| Economies of scale | Collecting documents, Filing credit applications, Other administrative tasks | Collecting documents, Formalising contracts, Other administrative tasks |
| Lowering search and matching costs | Searching products for borrowers, Providing customers with price quotations | Establishing links with clients, Distributing credit products, Promoting and advertising lenders' products |
| Alleviating asymmetric information problems | Suggesting suitable products, Cautioning about the risk involved in specific products, Explaining contract terms | Direct assessment of credit-worthiness, Confirming whether customers meet credit-worthiness requirements set by the lender |
| Alleviating moral hazard concerns | Monitoring lenders' compliance with contract terms, Assisting borrowers in filing consumer complaints | Monitoring borrowers' post-contractual performance, Collecting borrowers' repayments, Recovering credit from defaulting consumers |

Source: Study on Credit Intermediaries in the Internal Market by Europe Economics, 2009 (and illustrated in Deepak Mohanty Committee Report).

II. Setting up Enterprises

At this stage, an aspirant looks forward to handholding services for shaping business plans, project reports, work shed, subsidy information, build financial & enterprise oriented skills, applying for credit and establishing the enterprise. When he approaches Financial Institutions or Bankers, he is sometimes unable to put across his thoughts. Bankers, in turn, feel that they are unable to get a viable project in line with lending parameters. Aspirants also face problems in obtaining application forms, adequate loan, availability of handholding support for services (like preparation of detailed project report, help in loan application filling, entrepreneurship development program, financial training, mentoring, skill development, etc.). If they lodge loan requests they expect timely response. They have resource scarcity (including time to invest by running around) and look for a seamless experience in setting up an entrepreneurial venture. Here an expert handholding and guidance shall enable it to approach Small Finance Banks (SFBs), Non Banking Financial Companies (NBFCs), Regional Rural Banks (RRBs) and Banks for credit as also credit enhancement institutions such as rating and guarantee companies.



EASE OF DOING BUSINESS, ACCESS TO CREDIT+  UdyamiMitra
Empowering MSMEs

III. Running operations and achieving Competitive Advantage

In this stage enterprise has to make decisive calling on expanding operations, nurturing its employees/promoters skills, acquire state-of-art technologies and expand market (local, regional, national or global). He has to orient the enterprise to sustainable agenda where environment and social risk aspects are attended. All these endeavours lead to investments and thus CCCs role comes into picture.

IV. Consolidate and scale up

The entrepreneur needs to align its endeavours as per market expectations. They have to take call on scale up investments including diversification, modernizations, upgrading its governance standards including HR, acquire/dispose technology and sometime exit a sector and enter an evolving one. Here entrepreneur approaches banks, ARCs, technology matchmaking companies and so on. Here role of industry associations also emerge important. Initiatives like green financing, quality and technology upgradation, handholding for growth & exit plans would continue to require the support of CCCs and other handholding and/or business service providers.

V. Looking beyond

Credit remains an essential connect and MSMEs look forward to a special dispensation and understanding of their needs and aspirations. To attract people to join CCC initiative, there is a need to attract them and match make them with aspirants. Attempting pilots, imbibing learning, adopt and adapt to such pilots which are replicable and sustainable, devising scale up approach (both vertically and horizontally), integrating multiple players through co-ordination and taking along stakeholders through participative approach are integral. Both demand and supply side aspects and inducing access and removing impediments shall be crucial to make CCC for MSMEs sustainable. A slew of measures will be planned including national advertisement/publicity, national awareness programmes (both on demand and supply side), enhancing IT infrastructure, developing market mechanism by co- sharing of cost of initial transactions, payment gateway and innovative /strategic initiatives involving stakeholders of MSME value chain.

**The Operational Guidelines for
Certified Credit Counsellor
for MSMEs**

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I. Background

- (1) Government of India (GoI) has been laying thrust on the Financial Inclusion of those excluded in development process. While expressing its opinion on the role of Development Financial Institutions (DFIs), Mor Committee has redefined it as Market Makers. Initiatives such as digital lending solutions (E Access to financial and hand holding services enabled on digital platform), knowledge platforms (such as smallB and Certified Credit Counsellors (CCCs) / Credit Counselling Institutions (CCIs) framework synergises with the stakeholders' expectations. The task of formulating the Operational Guidelines (OG) and rolling out the Scheme for CCCs has been assigned to SIDBI by the Reserve Bank of India (RBI).
- (2) MSMEs need a separate dispensation and touch towards their credit access needs for setting up or growth or diversification. An eco-system for building a pool of credit counsellors (which are under a governance framework) shall contribute substantially in evolving a credible advisory market that MSMEs can bank upon. It shall also encourage the existing set of intermediaries to understand the MSME domain and shift / adopt the model. Step such as these are expected to have multiplier impact on the MSME sector's ability to access credit from the formal channels.

II. Approach in Brief

- (1) Counselling is an expertise activity. Anyone desirous of rendering counselling services to aspiring entrepreneurs in the micro, small or medium sector needs to understand the domain. It has been felt necessary that credit counsellors shall be brought under a governance framework. The process of identifying a CCC shall involve certification and qualifying the due diligence. The certification is expected from those proposing to serve MSME domain by being a credit matchmaker.
- (2) Different stakeholders in the programme shall have to play different roles. An Inter Institutional Group (IIG) is proposed for coordination and setting the direction. It would preferably be a joint team of IBA, SIDBI, Industry Associations, banks etc. Implementation shall be undertaken by SIDBI under advice / guidance of RBI. Certified Credit Counsellors (CCCs) shall be empanelled on the portal. They shall first go for and complete the prescribed course through designated institution (certification agency), which may be IIBF or similar agency and thereafter apply to IRA for being considered as CCC. The same shall be granted based on eligibility criteria and due diligence criteria being met. After they have qualified due diligence, they shall act as CCCs.

- (3) The approach shall largely be E based involving a certificate course (to be run through IIBF) online, applying online as CCC, adhering to Code of Conduct, Dos and Don'ts, grading of the CCCs (based on their performance), service quality, system of Monitoring & Evaluation as also grievance redressal.
- (4) SIDBI shall leverage its portal www.udyamimitra.in to take forward the CCC framework. Portal shall generate feeder data for monitoring and evaluation. All subsidiary works viz. development of portal features, E Marketplace for CCCs through portal, grading/rating of CCCs, KYC verification, inspection and periodical monitoring, sensitisation among the stakeholders, etc. may be handled by a third party entity/ies, which would be monitored through portal. SIDBI being the Implementing and Registering Authority (IRA) shall lay down Operational Guidelines (OG) and will be in a facilitating role to take forwards the mandate. SIDBI shall institute internally or have an external agency. Preferably an independent agency shall be assigned the role of monitoring and evaluation.
- (5) **Definitions**
 - (i) **Certified Credit Counsellor (CCC):** Refers to a credit counsellor as an individual or a representative of a Credit Counselling Institution acting as a credit counsellor, who is certified by the certification agency, and for a consideration, will act as a facilitator for micro, small, medium enterprises and / or potential entrepreneurs in the micro, small or medium sector to access the formal financial system in India with greater ease and flexibility.
 - (ii) **Credit Counselling Institution (CCI):** Refers to an entity registered or formed under a Central / a State Government legislation and working in the area of credit counselling or financial literacy, manned by trained professionals and certified by the Certification Agency.
 - (iii) **Credit Counsellor :** Refers to CCC or CCI.
 - (iv) **Certification Agency :** Refers to an agency such as Indian Institute of Banking & Finance (IIBF) or any other agency entrusted with the task of certifying the credit counsellors or Credit Counselling Institutions by the implementing / registering authority.
 - (v) **Grievance cell / Grievance officer:** Each CCI shall appoint a officer for handling client grievance (to be termed as Grievance Redressal Officer). In case issue stands un-responded then the matter shall be raised to Implementing and Registering Authority or its appointed

officer or agency or group. In case grievance pertains to banks, the matter may be approached to respective banks.

- (vi) **Implementing and Registering Authority (IRA):** Refers to the authority which shall implement this framework and register the Credit Counsellors. Small Industries Development Bank of India (SIDBI) shall act as an implementing and registering authority for the purpose.
- (vii) **Inter institutional Group (IIG):** Refers to the authority to approve/revisit/add/delete, any mid-course correction (whenever needed) to OG and such other things which are important for success of endeavour, to act as Appellate Grievance Redressal forum and to guide on enhancement of impact and effectiveness.
- (viii) **Operational Guidelines (OG):** The governance framework for engaging / implementing the CCC for MSMEs.
- (ix) **Portal:** Refers to (www.udyamimitra.in) and or other portal as prescribed by IRA.

III. Roles and Responsibilities

The broad roles and responsibilities of the different stakeholders are as under:-

| S.N. | Stakeholder | Roles and responsibilities |
|------|-------------|---|
| 1 | CCC/ CCI | <ul style="list-style-type: none"> i. CCCs empanelled on portal shall undertake enterprise-level advisory services (bankable proposals, bank linkages, post disbursement support) credit counselling; link the potential entrepreneurs to lending institutions & subsidy disbursing agencies. ii. CCC shall guide the aspirants for maintaining financial discipline, governance standards and emerging tools/ areas of growth. iii. CCCs shall endeavour to connect these entities to strategic service providers such as marketing, HR, technology access and e-commerce, etc. iv. CCCs shall abide by the guidelines, procedures, code of conduct and other relevant documents hosted on the portal from time to time. |

| | | |
|---|--|---|
| | | v. Anyone involved in malpractices/misappropriation, misconduct, misuse of CCC status shall be liable for disqualification. |
| 2 | RBI | Overall policy framework, guidance and support for successful operations. |
| 3 | SIDBI | <ul style="list-style-type: none"> i. Implementing and Registering Authority of CCC. ii. Formulation of Operational Guidelines. iii. Finalise the certification course through IIBF or any other agency. iv. Advertisement/publicity/awareness on concept and usage of CCC & E tools such as portal. v. Inspection, Monitoring and Evaluation, Rating / Grading of CCCs. |
| 4 | Inter Institutional group (IIG) | <ul style="list-style-type: none"> i. To approve/revisit/add/delete, any mid-course correction (whenever needed) to OG and such other things which are important for success of endeavour. ii. To act as Appellate Grievance Redressal forum. iii. to guide on enhancement of impact and effectiveness. |
| 5 | Certification agency or designated institution | <ul style="list-style-type: none"> i. To structure and conduct an online certificate course including collecting requisite fees from the candidates directly. ii. Issue certificates as CCC as prescribed under the programme |
| 6 | Monitoring/ Inspection agency | <ul style="list-style-type: none"> i. to undertake monitoring, evaluation and grievance redressal. ii. to recommend to Portal/IRA to deregister CCCs from portal. iii. to assess the rated/graded CCCs on sample basis or otherwise as may be advised. |
| 7 | IT service provider | <p>To manage the portal and handle technical matters including improvements in portal. The portal should provide online mechanisms for the following broad areas :</p> <ul style="list-style-type: none"> i. Registration of agencies ii. Live performance tracking - maintaining |

| | | | |
|--|--|--|--|
| | | | <p>track record of the CCCs – cases handled, fee charged, client satisfaction rating, gradation of CCC etc</p> <p>iii. Grievance redressal mechanism</p> <p>iv. Inspection details</p> <p>v. FAQs</p> <p>vi. Operational Map – who does what and workflow map</p> <p>vii. Logins - password management for different actors and access control.</p> <p>viii. Online payment facility</p> <p>ix. An emailing/messaging system</p> <p>x. Improvements in response mechanism</p> <p>xi. M&E including impact assessment framework</p> <p>xii. Payment gateway</p> |
|--|--|--|--|

IV. Eligibility for becoming CCC and CCI

1. Certified Credit Counsellor (CCC)

- Only individuals are entitled to be enrolled as CCCs.
- Graduate with finance/economics, engineering cum finance, commerce qualifications; or retired bankers with 5 years or more experience in credit to MSMEs in India,
- Have qualified the prescribed course on credit counsellors.
- IT conversant with good communication and good team building skills
- Age of individuals should generally not be exceeding 65 years at the time of selection. Continuation as CCC, shall be subject to performance review, till the age of 75 years.
- Should not be a defaulter to any Banks / FIs or criminal case pending against him/ her or black listed/debarred by any agency. (self declaration to be furnished)
- Should have necessary infrastructural facilities to extend their services.
- Will have to be enrolled on portal. Merely qualifying the certificate exam shall not allow a person to practice as CCC. He/she has to pass through the filter mechanism prescribed.

2. Credit Counselling Institutions (CCIs)

Institutions/ entities, which are juristic persons in the eyes of law, are eligible to enrol as CCIs. They should have capability, capacity, market standing, satisfactory corporate management/ financials and footprint in financial/banking operations. The eligibility criteria would include:-

- CCI to be in existence for 2 or more years and should have been filing returns (including IT returns) and reports regularly.
- It should have a pool of qualified individuals (more than one), whether on contract or on regular employment, qualified as CCCs.
- CCI should not be a defaulter to any Banks/ FIs or criminal case pending or black listed/debarred by any agency. (self declaration to be furnished)
- Have adequate infrastructure both physical and soft infrastructure (in the form of faculty/professional)

Notes:

- (1) Institutions who are presently active on portal including RSETI, EDII, BYST, FLCs, TCOs or those connected with national programmes would be considered for being eligible to be CCIs provided their members (who intend to be CCC) shall obtain certification from agency identified by IRA within a reasonable period prescribed. They shall have to clear the eligibility criteria as laid down for CCC after that reasonable period as well.
- (2) Financial Literacy Centres being run by retired Bankers, retired government officials (from Government/PSUs with Industrial/finance background), MFIs, NGOs, livelihood promotion agencies and knowledge partners of SIDBI would also be considered for CCC/CCIs, on recommendation of their sponsor agency, if any, provided they/ their members (who intend to be CCC) have obtained certification from agency identified by IRA within a reasonable period prescribed. They shall have to clear the eligibility criteria as laid down for CCC after that reasonable period.
- (3) Promoter/directors of corporate entity or partners in partnership firm or LLP shall preferably have to take certification and empanelment. They can also identify representatives who shall enlist as CCC after certification.

V. Scope of Activities

- (1) CCC is expected to guide new / existing / budding / potential /aspiring Indian entrepreneurs and providing them end to end solutions that may be leading to bank connect.

(2) In Ist phase, it shall include :

- (i) identification of aspirant entrepreneurs;
- (ii) shaping the application with its background documents / information
- (iii) collection and including verification of primary information/data;
- (iv) creating awareness about schemes and facilities available including debt counselling;
- (v) processing and submission of applications to banks or financial institutions using online/offline lodgement tools;
- (vi) assisting in obtaining disbursement including documentation, security/ charge creation, perfection and satisfaction thereof.

(3) In IInd phase, they shall play supportive role in :

- (vii) post-sanction monitoring;
- (viii) assist in obtaining subsidy, if requested.
- (ix) For post disbursement services, if any, CCC shall enjoy weightage in their grading during evaluation exercise.

VI. Area of Operation

- In order to kindle market mechanism no specific operational jurisdiction is envisaged for CCCs.
- Entrepreneurs can pick up their CCCs from the online portal and avail their services.

VII. Due Diligence for engaging CCCs /CCIs

- Due diligence is integral to identification as CCC/CCIs.
- The due diligence exercise may, inter alia, cover aspects such as (i) reputation/market standing, (ii) financial position, (iii) management and governance, (iv) infrastructure (v) engagement strengths towards access to credit to MSMEs
- Institutions boarding the portal shall have to submit / upload requisite documents as per e- application form on portal. IRA or its appointed/identified agencies shall examine the documents including verifying their antecedents.
- Due diligence has to be undertaken before empanelment.

VIII. Conduct on the portal

(1) General Guidelines:

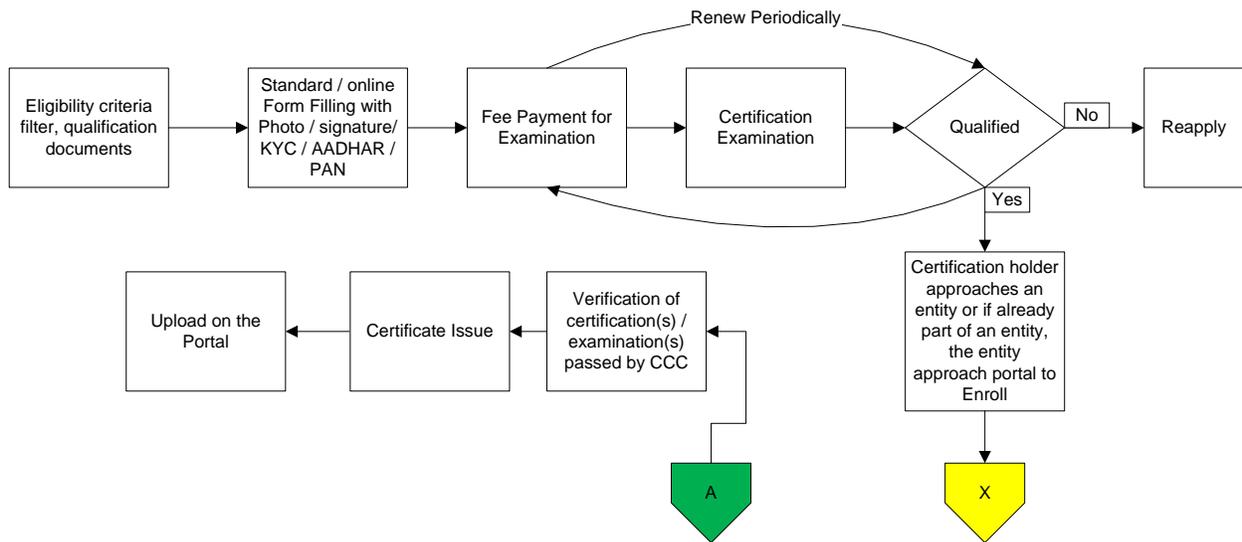
- (i) CCCs shall be inducted, conducted and made to exit through online portal. They shall undertake to adhere to guidelines, code of conduct, etc. prescribed for CCCs.
- (ii) As CCCs are expected to have IT skills/awareness they shall, after obtaining certification, apply for empanelment as CCC. Thereafter, they shall go through the navigation film on the portal for both applicants as also handholding agencies.
- (iii) The fee structure shall be in accordance with OG. In order to incentivise initial boarders IRA can decide on reduction/waiver of fees. However, options/alternatives of levying fees are being worked out. CCCs shall be levied fees on first boarding and subsequently on such periodicity as decided by IRA. At the time of application each CCC/CCI shall pay requisite fee and later on approval of registration as CCC, charges shall be payable. Later, for renewal after specified period, fee shall be levied. The renewal shall be based on evaluation of performance.
- (iv) Any updations/ additions in guidelines shall be conveyed through updated documents on portal or through email to CCCs from portal.
- (v) Any aspirant looking for CCC through portal shall get email as also periodical alerts till it is completed.

(2) Steps for empanelment would include:

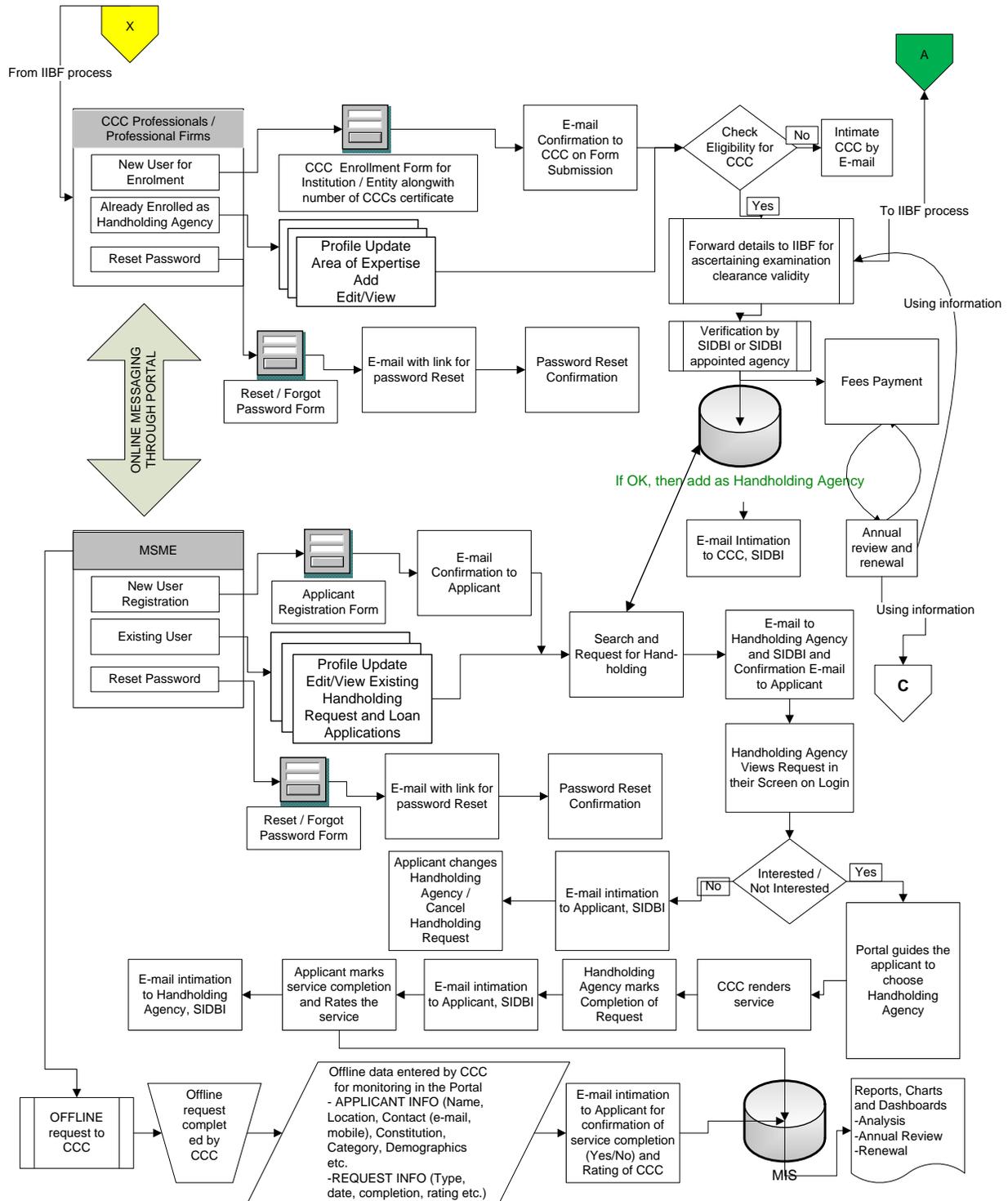
- (i) CCCs/CCIs on being empanelled shall be allotted a unique identification number. After obtaining certificates, a separate registration form shall have to be filled online. Provision shall be made available to upload Certificate issued by IIBF for prescribed examination(s), proof of identity, proof of address, educational qualifications, age proof, experience certificates and other testimonials.
- (ii) For CCCs/ CCIs, quoting PAN/AADHAAR number is mandatory, unless otherwise advised.
- (iii) Upon uploading, credentials would be verified by IRA or designated agency.

- (iv) Upon successful activation of CCC on the portal, IIBF or other agency shall be apprised and certificate for CCC shall be issued
 - (v) An Access Kit shall be shared among CCCs upon successful empanelment along with welcome message, code of conduct and roles and responsibilities, which would be transmitted electronically. It could also be downloaded.
 - (vi) CCC/CCIs shall be provided with a Dashboard facility on portal to view the pending requests, completed requests etc.
 - (vii) Each aspirant who logs in for service from CCC shall, after receipt of service, indicate their satisfaction level on the portal. Portal shall provide for feedback of recipient of services categorized as 'Excellent', 'Very Good', 'Good', 'Satisfactory', 'Not Satisfied' (which can be drop-down indicator). Portal shall also provide for ticking by recipient about the services rendered post disbursement/setting up and satisfaction level.
 - (viii) System will calculate turnaround time (TAT) and number and quality of the service rendered by the CCC and based on these parameters, they shall be graded. While searching for a CCC by an entrepreneur, the CCC shall be displayed as per their level / grade. The highest graded CCC may be highlighted to appear as appealing to the entrepreneur (pop up first) and shall be considered for being granted access to space where they can upload profile, enlist enterprises whom they have serviced, service charges, niche area offering etc.
 - (ix) To enhance acceptance of graded CCCs they would be allowed to host, after vetting, the success story or case studies covering how support led to differentiation or acted as change maker.
 - (x) In future, market place for CCCs on the portal shall enable them to do market aggregation of requests lodged. This shall help CCC to put his/their resources accordingly and enhance outreach.
- (3) The process flow chart(s) for IIBF access/ certifications of CCCs, Boarding by CCCs, and usage of services by MSMEs are appended.

(i) IIBF process flow



(ii) CCC and MSME process flow



IX. Duties and Responsibilities of CCC

1. General responsibilities :

- (i) A Credit Counsellor shall act independently or as a representative of a Credit Counselling Institution (CCI). Credit Counsellor shall assist the MSMEs in preparing documentation etc of the project reports in a professional manner which would, in turn, help banks make more informed credit decisions.
- (ii) A Credit Counsellor shall act in a fiduciary capacity towards its clients. He should advise without any consideration for future work; in providing advice should avoid conflicts with other assignments and he shall disclose conflicts of interests as and when they arise and how he intends and plan to avoid it.
- (iii) A Credit Counsellor shall not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised; and except as is provided in the contract or as per agreed terms, in respect of the underlying banking products or services for which advice is being provided.
- (iv) A Credit Counsellor shall maintain an arm's length relationship between its credit counselling activity and other activities. Further, if they are also engaged in activities other than Credit Counselling, it should be ensured that its Credit Counselling services are clearly segregated from all its other activities to avoid any conflict of interest.
- (v) A Credit Counsellor shall not divulge any confidential information about its client, which has come to its knowledge, without taking prior written consent of the client, except where such disclosures are required to be made in compliance with any law for the time being in force.
- (vi) The credit counsellor shall furnish to IRA the information and reports as may be specified by IRA from time to time. It shall be the responsibility of the Credit Counsellor to ensure that they comply with the certification and qualification requirements as specified by the IRA at all times.
- (vii) The credit counsellor shall not assure to provide credit, as credit would be purely a 'commercial' decision of the banks / financial institution concerned.

- (viii) The credit counsellors have to protect the privacy of their clients. Therefore, in case they share / disclose information about their clients to third parties without the written consent of the borrowers then they would be liable for the legal consequences thereof and / or disciplinary action by IRA as per the rules framed by them in this regard.
- (ix) The credit counsellors registered on portal shall provide their services to the borrower irrespective of mode of submission of their loan application [i.e. on-line, web-based, off-line (direct to bank branches in physical forms), etc.]
- (x) If required, a Credit Counsellor shall maintain a record of the copies of project reports and other documents that were assisted while helping the clients obtain credit.
- (xi) The credit counsellors shall also maintain a register or record containing the list of MSME clients advised, the date of advice, nature of the advice, the products / services for which advice was rendered and fee, if any, charged for such advice. All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years from the date of submission.

2. Pre-Disbursement :

- (i) Assist the borrower in completion of documentation (including KYC-related) and filling up of the application form.
- (ii) Suggest the most appropriate loan products from banks and financial institutions and other banking services. Explain the terms and conditions involved in availing these facilities.
- (iii) Assist the MSMEs in preparing project reports and business proposals in a professional manner.
- (iv) Assist in preparing and completing the required documentation and financial statements for availing loans from banks and financial institutions.
- (v) Explain the meaning and importance of a credit score. Emphasize the importance of being a responsible borrower and repaying loans in full and on time to maintain a good credit history and instill confidence in banks and financial institutions.

- (vi) Create awareness about the costs of misusing a credit, help in its proper utilisation.
- (vii) Advise the entrepreneur on the optimum quantum of credit to be availed considering the overall repaying capacity and projected cash flows. Extend professional advice in order to avoid the borrower from seeking under / over credit from the banking system.

3. Post-Disbursement :

- (i) Advice on preparation of financial statements, maintaining proper books of accounts, cash flow management and further borrowing as business scales up.
- (ii) Assist through debt counselling and extend help for preparing a Debt Management Plan (DMP) to address the problems in repayment and to prevent default and foreclosure.
- (iii) Assist in and co-operative with the Grievance Redressal

4. Others:

- (i) The CCCs are to carry out their assigned jobs with utmost care, devotion, prudence, diligence and with the highest degree of integrity.
- (ii) Shall identify aspirant entrepreneurs for loan assistance. The selection by the CCCs shall be based on aspirant's credentials & credit needs for their genuine requirements.
- (iii) Persuade aspirants to register online on the portal. If they are in areas which are having E access issues, offline process can be followed.
- (iv) Make them ready through sensitisation as how to approach banks and render handholding.
- (v) CCCs shall undertake risk profiling of an entrepreneur and enterprise as also techno economic mapping for the proposed venture.
- (vi) Help prepare/collect backup documents to enable the applicant to submit loan application online/ offline. Shall peruse and validate the proposal before it is lodged.

- (vii) The CCCs shall help the customers in furnishing information (including additional information) in such form as required by the Bank considering the loan support.
- (viii) Shall create awareness about the products and services being offered by banks and FIs and educate and advise the customers on debt discipline.
- (ix) All MSME clients served by CCCs has to be updated on the portal for performance evaluation.

X. Benchmarking Fee Structure:

CCC shall abide by a fee structure. The remuneration structure would depend on work handled. Some clients may demand help only for project report, some until sanction stage, whereas others may like to provide services towards documentation and disbursement stages also. The remuneration shall be benchmarked keeping this in view. Project report preparation may demand higher remuneration whereas facilitating application filling and lodgement may require lower payment. The benchmark fee structure to be abode by CCCs/CCIs (maximum cap) is given below:

| Benchmarking Fee Structure for CCCs/CCIs (Maximum cap) (Amount in ₹) Fees would be applicable only for online cases and payment to be routed / reflected on the portal | | | | | | | | |
|---|---|---------------------------------|---------------|----------------|----------------|---------------|---------------|--------------------|
| Sr. No. | Activities | Upto ₹ 0.50 lakh | Upto ₹ 5 lakh | Upto ₹ 10 lakh | Upto ₹ 25 lakh | Upto ₹50 lakh | Upto ₹1 crore | More than ₹1 crore |
| 1 | Application Filling | 250 | 500 | 1000 | 2000 | 3000 | 4000 | 5000 |
| 2 | Project Report | Project report is not mandatory | | | 5000 | 7000 | 10000 | 20000 |
| 3 | Application Filling + Project Report | | | | 7000 | 10000 | 14000 | 25000 |
| 4 | Application Filling + Project Report + Sanction | 500 | 2500 | 5000 | 15000 | 20000 | 30000 | 50000 |
| 5 | Application Filling + Project Report + Sanction + Documentation + Charge creation + Disbursement | 1000 | 5000 | 10000 | 25000 | 35000 | 50000 | 75000 |
| 6 | Application Filling + Project Report + Sanction + Documentation + Disbursement + Access for subsidy | 1500 | 7500 | 15000 | 35000 | 50000 | 75000 | 100000 |

XI. Revenue Model for portal :

The revenue model shall evolve with acceptability of the initiative. In the first year, it is expected to enrol as many as 1000 fresh CCCs on portal and subsequent 2 years this is targeted to be scaled up. The CCCs shall be levied fees on first boarding and every year (fee would be decided later in consultation with other stake-holders or as prescribed).

The revenue model of the portal is envisaged in a way that it is linked to success fee sharing among engaged agencies/ institutions. For this structured arrangement on lines of MoU can be there with banks/ stakeholders, if required.

XII. Credentials of CCCs

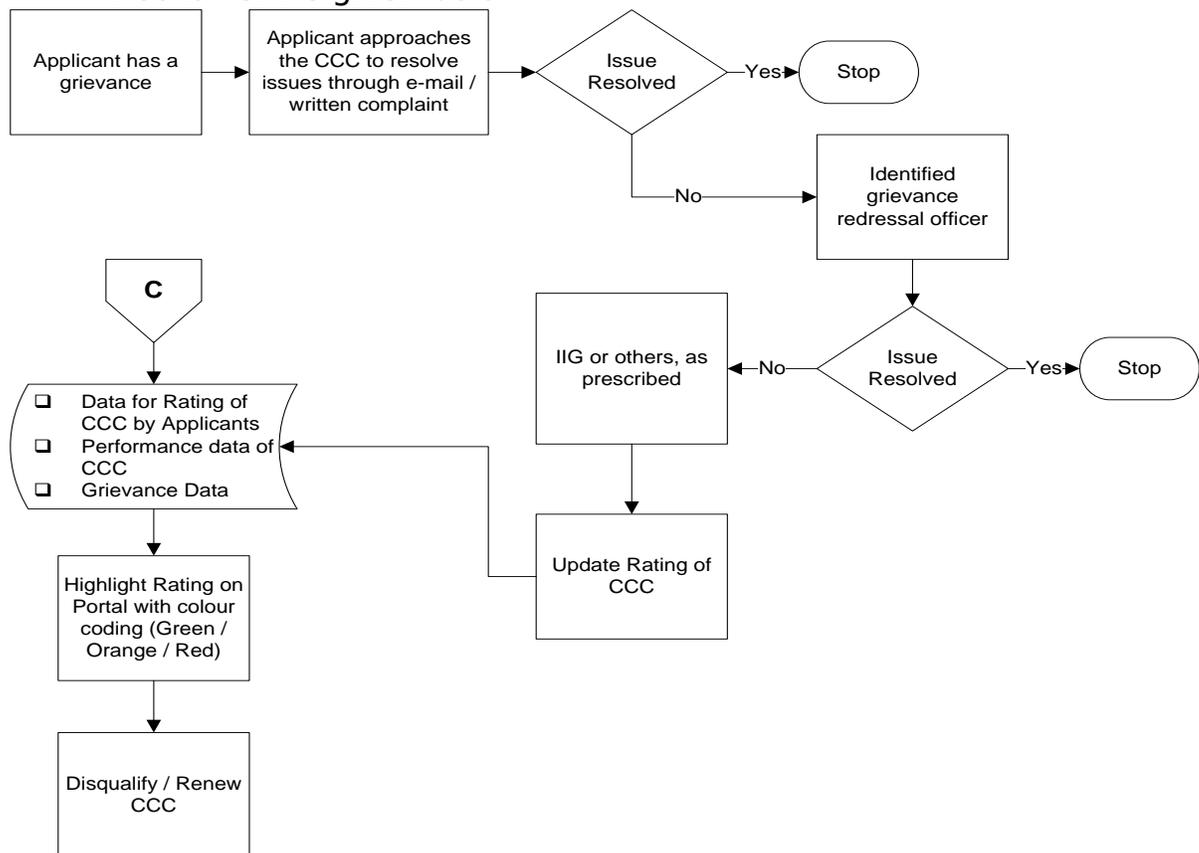
The details of successful CCCs would be captured on portal (www.udyamimitra.in) along with the identification number and photo for ready reference by the applicants.

XIII. Grievance Redressal

- (1) Endeavour would be made to make the grievance redressal machinery automated through portal.
 - (i) Any grievances pertaining to services rendered need to be resolved first between the CCC and loan aspirant.
 - (ii) If the same is not resolved then complaints can be scaled up to identified Grievance Redressal Officer (GRO).
 - (iii) If the same is not resolved at GRO level, it is to be referred to the inter institutional group or committee or any other identified authority/agency prescribed.

- (2) The name and contact number of designated Grievance Redressal Officer would be made known and widely publicized. The designated officer should ensure that genuine grievances are redressed promptly. The grievance redressal procedure and the time frame fixed for responding to the complaints would be placed on the portal.

- (3) A tentative escalation matrix of grievance redressing mechanism is given below:



XIV. Period of CCC status and review

- (1) The certification shall be initially valid for maximum of three years and has to be renewed thereafter. It shall be responsibility of the CCC/CCIs to ensure that its certification is in active status.
- (2) The status of CCC shall be accorded after boarding the portal. Performance will be reviewed. Renewal of empanelment shall have to be taken by CCCs as prescribed by IRA.
- (3) The ineffective CCCs (those not adhering to benchmarks or unable to abide by the guidelines/ code of conduct) would be removed from the Portal after review or any emergent circumstance. The decision of IRA for the removal of CCC shall be final and binding on CCC. The lead indicators of performance would be based on the rating done by the applicants/ or others (as prescribed) and success rate in terms of financial linkages.

XV. KYC Norms

- (1) CCCs would have to submit necessary KYC documents at the time of applying for empanelment.
- (2) In respect of CCIs, they have to submit necessary KYC documents pertaining to the entity.
- (3) In respect of entrepreneurs, they have to submit necessary KYC documents to the bank branches [and verification of KYC is the responsibility of Bank and it cannot be delegated]

XVI. Monitoring and Evaluation

- (1) CCC services shall be monitored online through the portal. Even if a service is rendered for offline proposal, the particulars shall have to be fed by CCC on the portal and a system of competition/ confirmation/ grading of services shall be introduced.
- (2) In order to incentivise those who are efficient/responsive, portal shall have colouring system (Green for excellent CCCs, Orange for Moderate and Red for not satisfactory). These colours shall be awarded based on already existing rating system on the portal which grades on five counts (excellent, very good, good, satisfactory and unsatisfactory).
- (3) There can be three levels
 - ✓ Green – Serving more than 50 customers (for loans above Rs 5 lakh) and getting more than 70% rating for good and above in a panel year.
 - ✓ Orange - Serving more than 25 customers (for loans above Rs 5 lakh) and getting more than 50% rating for satisfactory and above.
 - ✓ Red- More than 60% awarding rating as unsatisfactory for the services rendered.

- **Performance evaluation**
 - ✓ The evaluation exercise shall be conducted periodically, generally once in a year.
 - ✓ Those CCC rendering less than 25 customers or as decided/advised by IRA and or getting 60% or more unsatisfactory status shall be considered for delisting as CCC.
 - ✓ The performance shall be tapped through the portal in terms of:
 - Performance and tagging of satisfaction by recipient of service.
 - Complaints received in a year.

XVII. Inspection :

1. Right to inspect

IRA may *suo moto* or on such periodicity as deemed fit or upon receipt of information or complaint appoint one or more persons as inspecting agency to undertake inspection of the books of accounts, records and documents relating to CCCs / CCI for any of the following reasons, namely :

- (i) To ensure that the books of account, records and documents are being maintained by the CCC/CCI in the manner specified in CCC framework/Operational Guidelines (OG);
- (ii) To inspect into complaints received from clients or any other person, source, agency or authority or any matter having a bearing on the activities of the CCC/CCI;
- (iii) To ascertain whether the Operational Guidelines (OG) are being complied with by the CCC/CCI.

2. Notice before inspection

- (i) Before ordering an inspection under clause 1. above, IRA shall give not less than ten days notice to the CCC/CCI.
- (ii) Where IRA is satisfied that in the interest of the loan aspirant no such notice should be given, it may by an advice in writing direct that the inspection of affairs of the CCC/CCI be taken up without such notice.
- (iii) During the course of an inspection, the CCC/CCI against whom the inspection is being carried out shall be bound to discharge its obligations as provided in clause 3. below.

3. Obligation of CCC/CCI on inspection :

- (i) It shall be the duty of every CCC/CCI in respect of whom an inspection has been instituted under the clause 1 above, and any other associate person who is in possession of relevant

information pertaining to conduct and affairs of such CCC/CCI, including representative of CCC/CCI, if any, to produce to the inspecting agency such books, accounts and other documents in his custody or control and furnish him with such statements and information as the inspecting agency may require for the purposes of inspection.

- (ii) It shall be the duty of every CCC/CCI and any other associate person who is in possession of relevant information pertaining to conduct and affairs of the CCC/CCI to give to the inspecting agency all such assistance and shall extend all such co-operation as may be required in connection with the inspection and shall furnish such information as sought by the inspecting agency in connection with the inspection.
- (iii) The inspecting agency shall, for the purposes of inspection, have power to record the statement of any employees, directors, partners or person responsible for or connected with the activities of CCC/CCI or any other associate person having relevant information pertaining to such CCC/CCI.
- (iv) The inspecting agency shall, for the purposes of inspection, have power to obtain authenticated copies of documents, books, accounts of CCC/CCI, from any person having control or custody of such documents, books or accounts.

4. Submission of report to IRA

The inspecting agency shall, on completion of the inspection expeditiously submit its report to IRA. Provided that if advised to do so by IRA, the inspecting agency may submit an interim report.

5. Action on the inspection report

IRA may after consideration of the inspection report and after giving reasonable opportunity of hearing to the concerned CCCs/ CCIs or its authorized representatives, issue such advise as it deems fit in the interest of loan aspirants including,

- (i) CCC/CCI not to provide services for a particular period or delist it from empanelment;
- (ii) CCC/CCI to refund any money collected as fees, charges or commissions or otherwise to the concerned clients along with the requisite interest.

XVIII. Termination of CCC status

Flouting any of the terms & conditions, non achievement of minimum outreach/ performance criteria prescribed, violating guidelines/code of conduct or recurrent complaints shall lead to cancellation of CCC status. The same shall be done by IRA or its authorised/ appointed agency.

Procedure for action in case of default.

CCC/CCI shall be liable for action in case of default if it

1. violates any of the guidelines or instructions or circulars issued thereunder.
2. fails to furnish any information relating to its activity as required by IRA or its constituents or authorized representatives
3. furnishes to IRA or its constituents or authorized representatives any information which is false or misleading in any material particular
4. does not submit returns or report as prescribed or desired by IRA.
5. does not cooperate in any enquiry, inspection or investigation conducted by IRA or any agency appointed by IRA.
6. fails to resolve the complaints of aspirant/clients or fails to give satisfactory reply to IRA in this regard.

The above violations shall be dealt by IRA in a manner which is found fit including debar/removal from empanelment status.

XIX. Procedure to be followed for engagement of Certified Credit Counsellors (CCC) / Credit Counselling Institution (CCI) – request for empanelment needs to be in the following format / with following particulars/documents

I/We offer my/our candidature for registration as CCC/CCI and my/our particulars are appended:-

| Organization Details | |
|--|--------------------------------|
| Name of person/Agency* | |
| Address* | |
| Website, if any | |
| Type of Organization* | LLP / Partnership / Companies. |
| About Us* | |
| Major Projects Handled* (aligned to Credit Connect/ handholding) | |
| References for Due Diligence*(name, nature of association in | |

| | | | | | | |
|--|--|---|------------------------|-----------------------------------|------------------|-----------------------------|
| past, contact no. and email) | | | | | | |
| PAN (of entity) / AADHAAR | | | | | | |
| Industries of Your Expertise | | <i>Multiple selection from Industry List</i> | | | | |
| Functional Expertise for MSMEs | | <i>Multiple selection from List (area of expertise)</i> | | | | |
| Details of Nodal Person (if CCI) | | | | | | |
| Name* | | | | | | |
| Designation | | | | | | |
| E-mail ID* | | | | | | |
| Mobile* | | | | | | |
| AADHAAR / PAN | | | | | | |
| Details of Certified Credit Counsellors (CCC) in the Organization | | | | | +Add CCC | |
| Name* | | | | <i>Passport size colour Photo</i> | <i>Signature</i> | |
| Designation | | | | | | |
| E-mail ID* | | | | | | |
| Mobile* | | <i>Mobile no. to be verified via OTP</i> | | | | |
| AADHAAR/PAN | | | | | | |
| Other Documents* | | PAN / Passport / Driving License / Voter ID | | | | |
| Date of birth* | | | | | | |
| Gender* | | Male / Female | | | | |
| IIBF/Institutional Certification No./dated | | <i>To be verified</i> | | | | |
| Educational Qualifications* | | +Add Qualifications | | | | |
| | | Qualification | Institute / University | Year | Subjects / Major | Level |
| | | | | | | PG/Degree/Dip/ Professional |
| Experience / Projects* | | +Add Experience | | | | |
| | | Organization | Project / Role | From | To | |
| | | | | | | |
| Total work experience (in credit connect or aligned area) | | | | | | |
| Computer Knowledge | | Advanced / Medium / Low | | | | |
| Languages Known | | | | | | |
| Are you a Retired Person | | Yes / No | | | | |
| References | | | | | | |

I/We hereby certify that all information furnished above is true, correct and complete. I/We have carefully read and after understanding the same agree to abide by the Code of Conduct, Roles and Responsibilities, Do's and Don'ts and confidentiality clause stipulated under the scheme framework and would abide by the modifications carried out from time to time. I/We understand that once we clear the due diligence and other requirements, the status of CCC shall be considered and decision of IRA shall be final.

**Terms and
Conditions**

Disclaimer : <disclaimer text> (to be provided)

*compulsory /mandatory.

Check List for engaging CCCs

Attach the following documents duly scanned for boarding on portal

- The application form from the [individual]/entity duly filled in and signed
- Proof of business Address and KYC of the entity
- Proof of age, qualification, work experience of members.
- Memorandum and articles of association of the Company / Partnership Deed of partners etc., wherever applicable.
- Signature attestation of members.

XX. Disclaimer Clause:

The Certified Credit Counsellors (CCCs) listed on the website, do not and can not assure/ guarantee to provide credit in whatsoever manner, as credit would be purely a commercial decision of the banks / financial institution concerned. With listing, portal does not guarantee availability of clients to CCC. The listing of CCCs in any part of this website in no way implies any form of endorsement by the IRA of the products or services provided by that person or organization. IRA accepts no responsibility or liability for any damages/loss to any party, including but not limited to, Banks/ Financial Institutions/ CCCs/ Borrowers etc. based on credit decisions or non-decisions arising out of suggestion/ recommendation/ interaction with CCCs. IRA is no way connected to these transaction between CCCs and the aspiring entrepreneur including the fees or charges payable. Any wrongdoing/ misbehaviour of CCCs to any of their client(s) have to be immediately brought to the notice of designated authority as indicated in the website. IRA is only facilitating match making possibilities between the applicant and CCCs and any wrongdoings/ misbehaviour of these CCCs towards facilitating credit transaction shall not be binding on IRA. IRA reserves the right to delist any agency from the list of CCCs boarded on portal with immediate effect without assigning any reason thereof and the decision of IRA in this regard would be final and binding upon the CCCs. Any breach of Code of Conduct may, in the discretion of IRA, be a valid ground for delisting from the portal.

XXI. Disclosure to aspirants/clients

- CCC shall disclose to an aspirant/client, all material information about itself including its business, disciplinary history, the terms and conditions on which it offers services, affiliations with other intermediaries and such other information as is necessary to take informed decision on whether or not to avail his/its services.
- CCC shall make adequate disclosure to the client of all material facts relating to the key features of the products or services or scheme it is advising.
- CCC shall disclose to aspirant, any consideration by way of remuneration or compensation or in any other form whatsoever, received or receivable by it or any of its constituents or associates or subsidiaries for any services in respect of which the advice is being provided to the aspirant.
- CCC shall, before recommending the products or services of any agency or other intermediary to an aspirant/client, disclose any consideration by way of remuneration or compensation or in any other form whatsoever, if any received or receivable by CCC, if the client desires to avail the services of that intermediary.
- CCC shall disclose to aspirant its holding or position, if any, in the products or services or institution or entity, which are being advised by it to aspirant/client for being adopted/opted.
- CCC shall disclose to the aspirant any actual or potential conflicts of interest arising from any connection to or association with any other agency/product/service provider including any material information on facts that might compromise its objectivity or independence in carrying of counselling services.
- CCC shall draw its attention to the aspirants/clients to the warnings or risks associated with the guidance or reference or advice for inclusion/exclusion in the project or business it is going to do.

XXII. CONFIDENTIALITY Clauses:

1. CONFIDENTIALITY

- (i) CCCs shall not be entitled to use SIDBI's or partners trade-mark/logo without prior consent in writing.
- (ii) The CCCs registered with IRA will not fall under the general service condition of IRA nor are they, directly or indirectly, employees of IRA.
- (iii) CCCs agree that they shall not at any time or under any circumstances, without the written consent of the facilitated aspirant , directly or indirectly, communicate or disclose to any person (other

than their employees, agents advisors, auditors and representatives) about any information / data relating to the clients to any third person, except during cases highlighted below.

- (a) Information already in the possession of the third party.
- (b) Information which is or otherwise becomes generally available to the public.
- (c) information which is reasonably required to be disclosed by a party to protect its interest in connection with any violation, legal proceeding provided that the party so required to disclose such information, shall immediately intimate the other party of the same.
- (d) Information that is required to be disclosed by law or by the applicable regulations or policies of any regulatory agency of competent jurisdiction.
- (e) CCCs will take due care and exercise prudence prior to releasing any press statements or other publicity regarding the initiative.
- (f) CCCs shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise. A Credit Counsellor shall not, unless expressly provided as 'Market Kindling Support', receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying banking products or services for which advice is being provided.

2. INDEMNITY TO IRA FROM ACTS OF CCI/CCCs

- (i) SIDBI shall not be dragged into any disputes, (i) amongst the constituent members of CCI/CCC (ii) between CCI/CCC or the beneficiary aspirant/client/customer/borrower/banker/ potential entrepreneur/applicant/associates of CCC/CCI. IRA shall also be insulated from any act of fraud by CCI/CCCs. CCI/CCCs shall ensure to inform about the same to its constituent members/ disclose in the agreements with its members/ clients/ beneficiaries, if any.
- (ii) IRA shall be indemnified from any act of negligence, misbehaviour, misinformation in respect of the dealing of CCI/CCC with its constituent member/s. CCI/CCCs shall agree and undertake, and be deemed to have agreed and undertaken, from time to time and at all times hereafter to effectively save, defend keep harmless and indemnified IRA and its officers, employees and agents or other identified partners, if any, from and against all loss, actions, liabilities, claims, damages, demands, costs, charges, expenses and all other monies which may be made, taken, incurred, sustained or suffered by IRA/its officials, employees or agents whether directly or by the reason of any action taken by any member of CCI/CCC in respect of any dealing by CCI/CCC with its constituent members or beneficiaries or clients.

3. STATUTORY COMPLIANCE

CCC shall ensure that all services rendered and conducted under CCC initiative shall be in compliance with all legislation, statutes, ordinances, regulations, administrative rulings or requirements of law. CCIs shall have a compliance officer who shall confirm the same along-with certification that guidelines/instructions under CCC framework have been followed.

4. ASSIGNMENT

CCC shall not be entitled to assign any rights, benefits and/or obligations in favour of any person, partly or fully.

5. JURISDICTION OF THE COURTS

IRA is only providing a facilitating platform for matchmaking between service seeker and service provider. Any litigation between the service provider and recipient is between and is to be settled between themselves without recourse to IRA. In any other matter the court jurisdiction would be Mumbai.

XXIII. Dos and Don'ts for CCCs/CCIs:

Dos:

- Assist the MSMEs in preparing documentation etc of the project reports in a professional manner which would, in turn, help banks make more informed credit decisions.
- Advise the entrepreneur on the optimum quantum of credit to be availed considering the overall repaying capacity and projected cash flows. Extend professional advice in order to avoid the borrower from seeking under / over credit from the banking system.
- Advise client on preparation of financial statements, maintaining proper books of accounts, cash flow management and further borrowing as business scales up.
- Maintain an arm's length relationship between credit counselling activity and other activities. Further, if engaged in activities other than Credit Counselling, it should be ensured that credit counselling services are clearly segregated from all other activities to avoid any conflict of interest. Disclose all conflicts of interests to the clients as and when they arise.
- Guide clients to request for services through portal and as and when the request is serviced, mark the same as 'Completed'. This would help maintain a proper record of every MSME client who has been serviced.
- In case an entrepreneur is serviced out of the purview of the portal, ensure timely feeding of necessary information about those cases regularly. This would enable monitoring and evaluation.

- Ensure that at least 25 or as prescribed cases are serviced in a year to be eligible to render services in next year as a CCC. (A year will be counted from the date of successful boarding / empanelment as CCC on portal).
- CCCs can charge reasonable fees from the applicants as per the indicative rates / cap given. A portion of fees may be collected after the services rendered and remainder fees may be collected after the loan is sanctioned/ disbursed. The fee should be collected preferably by way of digital mode and a receipt may be furnished to the applicant.
- CCC to ensure that renewal of certificate from Certification Agency or IIBF is done on due date, failing which its services as CCC is liable to be cancelled.
- CCC to co-operate with IRA officials or IRA appointed authorized persons / agency to undertake inspection of the books of accounts, records and documents to ascertain whether the provisions of the operating guidelines framed are being complied with.
- Maintain transparent and honest dealings and avoid any malpractice or corruption.
- CCC would maintain record of MSME client who has been serviced by it.
- CCC on board shall provide services to the borrower irrespective of mode of submission of their loan application (i.e. online, offline, web-based, direct to bank in physical form etc).
- Create awareness about the costs of misusing credit.
- Assist through debt counselling and help prepare a Debt Management Plan (DMP) to address the problems in repayment and to prevent default and foreclosure.
- Advice on preparation of financial statements, maintaining proper books of accounts, cash flow management and further borrowing as business scales up.
- Explain the meaning and importance of a credit score. Emphasise the importance of being a responsible borrower and repaying loans in full and on time to maintain a good credit history and instill confidence in Banks and financial institutions.

Don'ts :

- Do not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying banking products or services for which advice is being provided.
- Do not seek or charge any fees, commission, incentive or any other consideration whether in cash or kind from the bank(s) or financial institution(s) which would be lending to their clients.
- Do not divulge any confidential information about client, which has come to knowledge, without taking prior written consent of the client, except where such disclosures are required to be made in compliance with any law for the time being in force.

- Do not assure / guarantee for getting bank credit as Credit is purely a 'commercial' decision of the banks/ financial institutions concerned.

XXIV. Dos and Don'ts for Aspirants/applicants:

Dos:

- Please apply for services for CCCs through portal.
- Please insist CCCs to display their Registration Number / Unique identification number and its validity (valid till date) while availing of their service. Please ensure that the unique identification no. & validity is being displayed in all official communications, name boards, visiting cards, correspondence documents, letter-heads, etc.
- After receiving the services of CCCs, please ensure payment of requisite fee to the CCC.
- Upon availing of the complete services of the CCC, please ensure the service request is marked as 'Complete' at the portal. Please note that only after marking the request as 'Complete', you can apply for loan online.
- Please ensure to rate the services of CCCs as 'Excellent', 'Very Good', 'Good', 'Satisfactory', 'Not Satisfied'. Based on your feedback, the CCCs shall be graded in the portal.
- Opt for legitimate business and undertake to carry the same with highest standards of integrity and financial discipline.

Don'ts:

- Do not remit any service fee/ commission/ charges to IRA, in respect of services of CCCs, unless specifically prescribed.
- Don't indulge in malpractice and (**do not**) act with malafide intention.

XXV. Code of Conducts for CCCs:

The purpose of this code of conduct is to define behaviour and actions which CCCs must commit to maintain as long as they are using/having the status of CCCs.

Use of the code

Nationwide CCCs (and their employing agency/CCIs) are required to uphold this code . CCCs should encourage themselves or their organisation to adopt an ethical business policy based on the principles of this code. CCCs conduct will be judged against the code and any breach may lead to action under the disciplinary rules set out /specified by the registering authority.

The Code

1. Honesty and Fairness

CCC shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

CCC shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and due diligence.

3. Capabilities

CCC shall have and employ effectively appropriate resources and procedures which are needed for the efficient performance of its business activities.

4. Information about clients

CCC shall seek from its clients, information about their financial situation, experience and maintain confidentiality of such information.

5. Information to its clients

CCC shall make adequate disclosures of relevant material information while dealing with the aspirants/clients.

6. Fair and reasonable charges

CCC shall charge fees, subject to any ceiling as specified by registering authority, if any. CCC shall ensure that the fees charged to the clients are fair and reasonable.

7. Conflicts of interest

CCC shall try to avoid conflicts of interest as far as possible and when these cannot be avoided, it shall ensure that appropriate disclosures are made to its clients and that clients are fairly treated.

8. Compliance

CCC, including its representatives, shall comply with all requirements applicable to the conduct of its business activities so as to promote best interests of client and integrity of the market.

9. Responsibility of Management

The management of the body corporate which is empanelled as CCC/CCI shall bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the body corporate.

10. Arms Length relation

CCC shall maintain an arm's length relationship between credit counselling activity and other activities. If also engaged in activities other than Credit Counselling, it should be ensured that Credit counselling services are clearly segregated from all other activities to avoid any conflict of interest.

11. Remuneration only from clients

Unless otherwise provided, CCC shall not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying banking products or services for which advice is being provided. Also it shall not collect any fees, commission, incentive or any other consideration whether in cash or kind from the bank(s) or financial institution(s) which would be lending to their clients.

Note:-

- *CCC and CCI means same to the extent of responsibilities as credit counsellor.*
- *The changes /amendments to the OG shall be done by the registering authority.*
- *For inferences/ clarifications, decision of IRA shall be followed by CCC.*
- *In order to remove any difficulties in the application or interpretation of the OG or CCC guidelines or instructions, registering authority shall issue clarification and guidelines.*
- *Registering authority shall have right to alter/modify or overrule any guidelines or action taken towards implementing the CCC framework.*

"Be the change you want to
see in the World."

"Promise only what you can
deliver then deliver more than
you promise"

Visit www.udyamimitra.in
Contact us at support@udyamimitra.in

Small Industries Development Bank of India
MSME Development Centre
C-11, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051

