

Trident Microfin Private Limited

Operations Policy and Manual

2010-2011

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1 Introduction

1.1 Purpose

TRIDENT Operational Policy and Manual serves to provide guidelines to management and field staff at both the head office and branch offices. This document is intended to strengthen the overall management capacity of TRIDENT and to ensure high quality loan portfolio through the application of standard microfinance practices. It provides operational policies for external reference – such as financial institutions and clients—as well as operational manual for internal reference – TRIDENT employees and the Board. The policies and procedures mentioned in this document are to be applied to every step of operations at TRIDENT.

All TRIDENT employees share responsibility for ensuring that operations are fully in compliance with the policies and procedures in this document. Detection of instances of Non-compliance and a continuation of non-compliance will constitute grounds for a reprimand and could lead to dismissal. The Internal Audit and Risk Management Department should work closely with the management in case of non-compliance.

Although this policy and manual should stand the test of time, it may be modified to reflect the legislative, political and economic changes of India and its microfinance industry. Such modifications should be made only under the approval from the Managing Director with the consent of the TRIDENT Board, after consideration of its full effect on existing and future clients and business.

1.2 Organization

TRIDENT is a private microfinance institution started in June 2007 in Mancherial in Adilabad district, Andhra Pradesh, India. The mission of the Organization is *to reach the unreached low income communities with financial and business solutions in socially, economically and environmentally sustainable manner through the efficient use of capital, technology and human resources*. A combination of servicing methodologies is being explored with an ultimate objective of *'no bankable poor left behind'* in the areas of operation. The company is promoted by seasoned microfinance and development professional. Initially the Organization was registered as an NGO by name Trident Seva Society and within 6-8 months time transformed into Non-Banking Finance Company (NBFC) by raising private commercial capital from like-minded investors.

1.3 Operations Structure

The operations of TRIDENT are divided into two teams – *South* and *North*. North operations team oversees regions north of Hyderabad while South looks after regions around and south of Hyderabad. Although the two portfolios are looked after by separate senior managers, South and North teams coordinate on every operational issue from business planning to field level problems.

2 Process for New Branch opening

Step 1: Criteria for Area Selection:

- Trident can be 6th MFI, in case more MFIs' are existing with the approval of MD we can start operations
- Area selection to be done by UM in consultation with AM
- Survey should be done by any two of AM/UM/BM
- UM conducts survey and survey report will be submitted to Sr. Manager (Ops) **(Annexure-1)**
- Sr. Manager (Ops) submits survey report along with business plan to MD in consultation with AVP (Ops).
- After receiving MD's approval HR requirement to be sent to HR dept. by AVP (Ops) **(Annexure-2)**
- Premises identification **(Annexure-3)** by BM/UM in consultation with UM/AM and execution of lease agreement **(Annexure-4)** .
- Initiate process of Opening of Bank a/c in consultation with Accounts dept by BM/UM
- Indent for Software and Hardware requirement to IT dept.
- Apply for broadband connection, Labour certificate and commercial electrical meter.
- Submission of Furniture and stationery indent (branch opening kit) to admin dept.

Step 2: Village/slum survey:

The survey **(Annexure-5)** should be done by CRO with the assistance of BM. The survey should cover the following check points, and the survey outcome should be discussed with branch staff in Branch Credit Committee (BCC) for approval:

- Name of the area / slum / village
 - *Demographic information*—population details, economic status of households, popular occupation, and social background
 - *Geographical information* – distance and route map from the branch office, communities en route from the branch, and condition of transportation facilities in between
 - *Political information*—whether conflicts are prevalent or not
 - *Industry information*—other financial institutions working in the area, MFI, Banks, MACS and Cooperatives etc. and level of interests in microfinance from the community

Step 3: General Meeting:

Once the area is selected and approved, Client Relationship Officers (CROs) gather few prospective clients for a general meeting. At the initial meeting, CROs should talk about Trident and general terms and conditions to avail loan as below:

- Trident mission, activities, and background
- Loan products and their terms and conditions

- Only one loan product of Trident can be extended to one family.
- Membership is required for all the loan products
- Pay Registration Fee (Rs. 100) on the disbursement date
- Submit membership form with 3 passport size photos and a photo identification with age and address proof
- Insurance coverage is required for all loan clients. (A client will be charged for “administrative charges for insurance services”)
- Loan should be utilized for the specific purpose described by the client at any given time.
- All loan clients are required to provide photo identity proof in order to apply for any new loans. Trident accepts following KYC documents from clients:

3 KYC Documents

KYC documents need to be obtained for every subsequent loan from client and Co-obligant. We need to collect all KYC documents in A4 size.

All KYC original documents should be verified by CRO during GOP and BM during GRT and they should sign on copies.

Name of the client in software and on all forms should be same as the name in KYC document. If the name in KYC document differs from present name, alias name would be mentioned.

- **Id Proof:**
 - Election Identity card
 - Driving license
 - Ration card.
 - Pan Card
 - Passport
- **Age proof:**
 - SSC certificate or School leaving certificate
 - Affidavit certified by Magistrate (only Maharashtra)
 - Driving license
 - Pan card
 - Ration card
 - Election Identity card
- **Address Proof:**
 - Any utility bill such as electricity, phone, Municipal tax receipt (needs to verify and cross check with electricity meter number and house number.)
 - Any certificate by Gram Panchayat Secretary, MRO (Tahesildar), Municipal Commissioner
 - Passport
 - Ration card
 - Election Identity card
 - Driving License
 - Gas Bill/Receipt

- **Own House Proof:**

- Any utility bill such as electricity, Municipal tax receipt, water bill (needs to verify and cross check with electricity meter number and house number)
- Registration document

For Individual loans:

Apart from above, the below mentioned documents need to be attached for individual loans

- Bank account statement is required, if client has bank account obtain 3-6 months bank statement
- Business license copy and copy of lease agreement (optional)

4 Environmental Policy

Trident does not sanction loans for activities that are considered harmful to the environment. The list of such activities is as follows:

- Exclusive sales of Tobacco related products
- Sales of alcoholic beverage (Toddy shop, belt shop etc.)

With a view to improve the sustainable performance of our clients belonging to the target group (below or around the poverty line) in this financial year, Trident is predominantly focusing on the impact of our lending activities on various socio-economic indicators of the target group households such as changes in income levels, better nutrition, improved quality of dwelling units etc. Trident also proposes to look into the impact the business and other income generating activities financed by us have on the health and safety of the clients and their environment.

Keeping in view of our portfolio TRIDENT decided to work on below mentioned activities and planning to educate the clients about the causes that are affecting the health, safety and environment.

4.1 Hotel/Restaurants

- Educating to manage proper sewage disposal as, this causes health problems to customers and hotel staff.
- Educating to convince the customers not to smoke in hotels, which cause diseases related to respiratory tract.
- Educate to avoid using substandard cooking/food material for preparation of food items, which may cause health problems because of poor quality
- Educate to provide safe drinking water to customers
- Maintain hygienic conditions at the eating/cooking place. How to maintain the wastage without throwing of food wastage near the hotel and washing of used plates near the hotel, which may cause environmental pollution.

4.2 Auto Mechanic Shops

- Educating Mechanics about use of oils, lubricants while repairing the autos. While eating the food if they do not wash hands properly, the stains of oil may go into the stomach which may cause health problems.
- Educate side effects of oils to their health and environment while working.

4.3 Carpenter works

- Educate about the dangerous tools and equipment.
- The sawdust generated while cutting the wood may go into mouth, eyes, ears, nose and may cause related infections. Educate them how to prevent this.
- Educate the clients to deal (use of) with oils used for preparing the furniture since if these oils remain for long time on body they may cause skin diseases. This oil may go into their mouth while eating food and may cause stomach diseases.
- Educate clients regarding sound pollution and dust pollution to reduce the health and environmental problems.

5 Service Delivery Methodology

TRIDENT utilizes three different delivery methodologies for lending—Grameen model, Joint Liability Group model and individual model to serve wide variety of needs and backgrounds of our clients.

5.1 Grameen Model (Weekly/Monthly)

Grameen model is one of the established service delivery methods of microfinance, and it generally refers to lending to groups of 5 members who co-guarantee each other for the proper repayment of loans, and attend weekly/monthly meetings (called center meeting) for repayment of pre-calculated installments. In TRIDENT, group loans to women (both weekly and monthly) follow this Grameen model. The underlying conditions of all loans in TRIDENT that apply to Grameen model are:

- Each group consists of 5 members, who co-guarantee each other for repayment (if one member does not repay, other group members need to cover the non-payer's repayment)
- One center consists of 2 to 8 such groups
- Loan clients with outstanding accounts attend weekly/monthly center meetings for repayment
- Loans are also given for general purposes

5.2 Joint Liability Group Loan Model

Joint Liability Group (JLG) loan is another service delivery method of microfinance and in general it refers to lending to a group of clients who co-guarantee each other for the proper repayment of loans, but do not attend formal group meetings for repayment and rather repay at the pre-scheduled date. JLG loans are targeted at matured profile clients for specific income generating purposes. In TRIDENT, some loan products follow this methodology. The underlying terms and conditions of all loan products in TRIDENT that apply to JLG model are:

- Each group consists of 5 members, who co-guarantee each other for repayment (if one member does not repay, other group members need to cover the non-payer's repayment)
- Loan clients with outstanding accounts repay to the assigned client relationship officer who comes to clients on the pre-determined date
- Repayment schedule is flexible; monthly, quarterly or semi-annually according to the income schedule of the clients
- Loans are given for specific income generating activities

5.3 Individual Loan Model:

Individual loan is a spin-off of microfinance services, and it generally is targeted at higher profile clients with specific income generating activities. Individual loans do not use group co-guarantee concept but are backed by guarantor. TRIDENT offers individual loans under the following conditions;

- Individual loans are above Rs.20000/-
- Individual clients have an option of providing collateral in addition to or in lieu of a Co-obligant
- Repayment schedule is flexible; monthly, quarterly or semi-annually according to the income schedule of the client
- Loans are given for specific income generating activities

6 Fees

6.1 RF & LPF

Trident collects two kinds of fees; registration fee and loan processing fee. A uniform registration fee of Rs.100 is charged to all new clients except institutional loans, in order to cover the administrative cost to register a new client into TRIDENT database. Registration fee is not charged for repeat loan clients. Registration fee is collected at the time of disbursement. Registration fee is non-transferrable and non-refundable.

A uniform loan processing fee of 3% of the sanctioned loan amount is charged to all loan clients, in order to cover the administrative cost to handle the loan account. Loan processing fee is charged to every single new loan account, regardless of whether a client is new or repeating. Loan processing fee is also collected at the time of disbursement. Loan processing fee is also non-transferable and non-refundable.

TRIDENT issues receipts to the clients for these fees at the time of collection and stores the office copies properly for accounting and auditing purposes. Clients are also educated to preserve the receipts of these fees from TRIDENT carefully. Fee structure may not be changed without the approval of the TRIDENT board/management.

6.2 Cash Security

Cash security of 10% of the sanctioned loan amount is collected from clients of monthly group loans to women and crop loans to mitigate risks. Cash security is collected at the time of disbursement and refunded upon the repayment of all the loans of that group.

6.3 Interest Rate

Trident is committed to charge fair interest rates that are determined based upon the industry standard, local competition and financial sustainability of the organization. As a microfinance institution, Trident is fully conscious of its social responsibility of delivering credit to underprivileged / unprivileged segments of society in underdeveloped areas / other areas at a reasonable cost.

TRIDENT's interest rates are set at various levels with flat or declining rate for each product at the suitable level (see the product list on page 13). Staffs are instructed to make the best effort to explain interest rate fully to clients before applying for a loan. Interest rate may not be changed without the approval of the TRIDENT board/management.

6.4 Loan Amount

Each loan product has a stipulated maximum loan amount or a range of the possible loan size. Clients are strongly advised by our field staff to seriously consider their financial status, need for the loan and repayment capacity when applying for a loan. Although Trident strives to extend loans to unreached clients facing difficult financial situation or regional or social problems to the maximum extent possible, the loan amount finally sanctioned may be different from the applied amount. The amount to be sanctioned is arrived at by the Trident staff after an independent and fair evaluation of a client's capacity to repay and assessment of the risk involved.

6.5 Loan Tenure

Each loan product has a range or set loan tenure to repay the loan amount and interest. The repayment schedule is clearly explained and distributed to clients prior to disbursement.

6.6 Moratorium Period

Moratorium period is the time duration between the date of loan disbursement and the first scheduled repayment date. Moratorium period is set as per loan products.

6.7 Problem Loans

Although TRIDENT strives to ensure quality of loans, some repayment problems may not be avoidable. Clients may be tempted to misuse the loan proceeds or to default by circumstances. In such cases, TRIDENT takes steps to collect the loan within our legal ability to do so.

Where the stated purpose to utilize the loan proceeds as originally agreed has been breached by the client, an investigation to confirm the misutilization of loan is conducted,

and is reported to the management and filed in the client's database, if proven true. Appropriate consultations will be conducted with the client to solve the problem.

A loan is considered delinquent and classified as an overdue account if any payment of either principal or interest has not been made on or before the scheduled repayment date. All overdue accounts are subjected to overdue monitoring described in this manual. However, if repayment is still not made past scheduled time if it appears that the collection will not happen, an appropriate collection remedy in the best interests of TRIDENT as well as the client will be discussed by the field and management staff with the clients on a case by case basis. In any case, *TRIDENT will never resort to any undesirable / questionable collection methods* such as threatening, use of abusive language etc for recovery of loans.

7 Loan Products

7.1 List of Loan Products

S. No	Product Name	Registration Fee**	LPF	Interest Rate	Cash Security	Loan amount (in Rs)	Repayment Mode	Tenure		Moratorium Period
								Min	Max	
L1	Group Loan to Women (Weekly)	Rs.100/-	3%	12.5% Flat In AP, 15% Flat in Other States	Nil	Rs.6000-Rs.18000*	Weekly	50 Weeks	50 Weeks	
L2	Group Loan to Women (Monthly)	Rs.100/-	3%	12.5% Flat In AP, 15% Flat in Other States	10%	Rs.6000-Rs.18000*	Monthly	18 Months	18 Months	60 Days
L3	Micro Enterprise Loans	Rs.100/-	3%	15% Flat	Nil	Rs.16000-Rs.100000	Monthly	18 Months	36 Months	60 Days
L4	Agri-Allied Loans	Rs.100/-	3%	15% Flat	Nil	Rs.16000-Rs.100000	Monthly	18 Months	36 Months	60 Days
L5	Crop Loans	Rs.100/-	3%	21% Declining	10%	Rs.6000-Rs.25000	Monthly interest, Half yearly principal	11 Months	11 Months	60 Days for interest, 210 days or January 30th whichever is earlier for principal
L6	Housing (repair and extension) Loans	Rs.100/-	3%	21% Declining	Nil	Rs.16000-Rs.50000	Monthly	12 Months	36 Months	60 days
L7	Loans to Educational Institutions (LEI)	Rs.500/-	3%	21% Declining	Nil	Rs.50000-Rs.500000	Monthly/Quarterly/Half yearly	12 months	48 months	2-6 months
L8	Personal Loans to Salaried Employees	Rs.100/-	3%	15% Flat	Nil	Rs.16000-Rs.100000	Monthly	18 Months	36 Months	60 Days
L9	Personal Loans to Staff	Nil	Nil	12.5% Flat	Nil	Rs.100000 (max)	Monthly	12 Months	36 Months	60 Days
L10	Vehicle Loans to Staff	Nil	Nil	15% Declining	Nil	Rs.40000Max	Monthly	12 months	48 months	60 Days

**The loan amount of Rs.14000-18000 is available only for repeat GLW clients **Registration fee is applicable to First cycle clients only.

7.2 Group Loans to Women

Group loans to women (GLW) are given on Grameen model basis and lent to groups of 5 women members for *general purposes*. TRIDENT offers two types of GLW products—one with weekly repayment schedule and another with monthly repayment. However, monthly GLW product is offered in limited areas taking into account the local competitive microfinance environment with MD's prior approval. The universal criteria of eligibility for both GLW products are

A member should be:

- A woman
- Between 18-56 year old at the time of loan application
- Having limited/ or no access to other formal financial services and/or vulnerable
- Preferably married
- Not having outstanding accounts with more than 3 other MFIs
- Not having aggregate Loan outstanding more than 50000/- with all MFIs including the loan now requested for from Trident.

A group for GLW should:

- Know each other very well
- Have no blood relatives (do not live under the same roof) in a same group
- Live on the same street or neighborhood
- Share similar socio-economic status
- Have at least 4 members out of 5 owned their houses

In case clients have to drop out from a group due to unavoidable situations such as migration, death and pre-closure etc, the remaining clients are to continue repayment as scheduled until the loan account is closed. A member can be replaced while issuing subsequent loan with a proper orientation on group dynamics and repayment obligations.

7.3 Microenterprise Loans

Microenterprise loans are serviced through both JLG and individual loan model for the development of their micro-enterprises. This product is targeted at owners of small business who wish to expand their business establishment. The eligibility criteria of microenterprise loans is that a client should have minimum of 1 year experience in the business s/he is employed. For loans serviced through JLG model, the same group criteria as GLW apply.

7.4 Agri-allied Loans

Agri-allied loans are serviced through JLG model and lent to groups of 5 members specifically for agri-related income generating purposes such as dairy, sheep, goat and piggery/poultry etc. The eligibility criteria of agri-allied loans are that a client should have minimum 1 year of experience in the allied activity of his or her own. Insurance department is planning to introduce the Livestock insurance. The product is expected to be ready by June'10.

7.5 Crop Loans

Crop loans are also serviced through JLG model and lent to 5 member groups specifically for raising crops. The eligibility criteria of crop loans are that a client should have minimum of 2 acres of land either in the client's or family member's name. For subsequent loan, minimum interval of 30 days should be ensured between date of previous loan closure and the disbursement of the new loan. The first installment should be made within 210 days of disbursement or next January 30th whichever is earlier. Intensive training will be provided to field staff and responsibility lies with Area Manager. Only trained staff are eligible to originate the proposals.

7.6 Housing (repairs and extension) Loans

Housing loans are serviced through individual loan model and are extended to individual clients who wish to develop their houses in the rural areas.

Housing loans are provided for renovation, repair, or purchase of privately owned housing. To be eligible for housing loans, the client has to be involved in a revenue generating activity for more than three years.

7.7 Loans to Educational Institutions:

Educational institution loans are provided to meet the expansion requirements of privately managed educational institutions/ trusts/ societies. The expansion activity should be a revenue generating activity and could include opening of new branch, new school/college/institution; construction of additional classrooms, computer labs, library, purchase of Computers, laboratory equipment and transport vehicles etc. To be eligible for educational institution loan, the institution needs to be legally registered and recognized, and maintains less than 30% average drop-out ratio of students over the last three years. Also, at least one director on the Board of the institution should be involved in the day-to-day operations of such institution. The repayment schedule for educational institutions is decided as per the fee payment cycle of the institution (whether monthly, quarterly, semi-annually, or annually), with the maximum period of repayment not exceeding the tenor of the facility stipulated by TRIDENT.

7.8 Personal Loans

Personal loans are serviced through individual loan model and are extended to both salaried employees of the government/public sector and current employees of TRIDENT. Personal loans are provided for general purposes.

7.8.1 For government employees:

- Maximum loan amount is 80% of annual take home salary of the client.
- A co-obligant is required to extend guarantee for the loan. Co-obligant should not be a borrower of TRIDENT
- Post dated cheques should be collected from client

7.8.2 For TRIDENT staff:

Eligibility for Personal Loans:

- TMPL employee is eligible for a personal loan after 6 months of joining.
- TMPL employee is only eligible for either vehicle or personal loan (not both), and is strongly advised to apply for vehicle loans if employee doesn't have a vehicle
- A co-obligant is required to extend guarantee for the loan. Co-obligant should be a Government employee with net monthly take home salary of Rs.5000/- and not be a borrower of TMPL
- Trident employee should pay off the loan before resignation. S/he is required to clear the outstanding loan amount before he/she is relieved from Trident

Loan Eligibility Amount for Personal Loan:

- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.20000/-, whichever is lower for CROs.
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.35000/-, whichever is lower for ABMs
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.40000/-, whichever is lower for BMs
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.50000/-, whichever is lower for UMs & AMs.
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.100000/-, whichever is lower for Sr. Manager and above.

7.9 Vehicle Loans

Vehicle loans are serviced through individual loan model and are available only to current TRIDENT employees. Vehicle loans are provided for purchase and repair of personal vehicles such as motorcycles required for commuting to field work.

Eligibility & Loan Amount for Vehicle Loan:

- All vehicles financed by TRIDENT must be hypothecated to "Trident Microfin Private Ltd.", within 45 days of the loan disbursement.
- An employee can apply for vehicle loans only once in every five years.
- Maximum loan amount is Rs. 40000 or 75% of the vehicle cost, whichever is less
- Employee is eligible only after 3 months of joining
- In case of CRO, he should have a minimum of 25 groups to avail the vehicle loan
- A co-obligant is required to extend guarantee for the loan. Co-obligant should be a Government employee with net take home salary of at least Rs.5000/- P.M. and not be a borrower of TMPL

Process for Personal loan and vehicle loans:

Registration and Application:

- **For CRO's and ABM :** BM will collect all documents and prepares appraisal
- **For BM:** UM will collect all documents and prepares appraisal
- **For UM/AM:** AM/Sr.Manager will collect all documents and prepares appraisal

Appraisal:

- **For CRO's and ABM :** UM will do the appraisal and he will recommend for a loan
- **For BM:** AM will do the appraisal and he will recommend for a loan
- **For UM/AM:** Sr.Manager will do the appraisal and he will recommend for a loan

Sanction:

To sanction a loan, Sr. Manager will send the documents to H.O. after verifying the documents. Application will be discussed in Head Office Credit Committee and communicate the sanctioning/ rejection particulars to employee.

Loan Documentation:

- **For CRO's, ABM and BM:** UM will get the loan documents executed by the employee and Co-obligant and will send the loan documents to H.O. thru courier or by hand
- **For UM and AM:** Sr.Manager will get the loan documents executed by the employee and Co-obligant and will send the loan documents to H.O. thru courier or by hand

Disbursement:

After cross checking the loan documents with application and post dated cheques, accounts department will deposit the loan amount in employee's bank account.

Repayment: Every month installment amount will be deducted from employee's salary. If employee resigns/terminated from organization, he has to settle loan outstanding before getting relieved

Documents required for personal loan:

1. ID proof
2. Co-obligant ID proof
3. Co-obligant pay slip
4. Post dated cheques. 4 cheque leaves for 12 installments with a covering letter for each cheque addressed to Trident and signed by the borrower.

Documents required for Vehicle Loan:

1. ID proof
2. Co-obligant ID proof
3. Co-obligant pay slip
4. Post dated cheques. 4 cheque leaves for 12 installments
5. Co-Obligant post dated cheques, 2 cheque leaves for 12 installments for loan amount more than 25000/-
6. Hypothecation documents

Note: For vehicle loans, hypothecation process should be completed within 45 days from date of disbursement

Note: Staff loan documents are to be maintained at HO.

8 Insurance Policy

8.1 Product Details

Every loan client should be covered by the insurance product that TRIDENT offers through BAJAJ Allianz and Kotak Mahindra, described below. CROs are required to explain the insurance coverage in detail to all new clients, and to assist them fully in case a claim is made.

1. Branches have to collect Administrative charges for Insurance Services (ACIS) at the time of loan disbursement. ACIS is to be collected for all General Loans and Top Up Loans (TUL).
2. Insurance coverage is applicable for client and spouse in branches, which were started before May 2009 and for only clients in branches which were started after May'2009.
4. The age of Client and Spouse should be in between 18-56 years at the time of enrolment.
5. In case the age of the client or spouse is more than 59 years, branches are instructed to close these accounts after repayment of loan.
6. Insurance coverage starts from date of loan disbursement. Coverage period is course of loan tenure.
7. Suicide death is not covered.
8. Claimants must comply with documentation requirements such as Death Certificate, age and address proof etc.
9. TRIDENT will settle the insurance claims after deducting the dues.
10. Admin charges for insurance services (ACIS) are as furnished below.

8.2 For GLW (Weekly) and GLW (Monthly) Loans

Sl. No.	Loan amount (Rs.)	Sum Assured (Rs.)	ACIS For GLW (Weekly) (Rs.)	ACIS For GLW (18 & 24 Months) (Rs.)
1	4000	5000	50	---
2	6000	10000	100	200
3	8000	10000	100	200
4	10000	15000	150	300
5	12000	15000	150	300
6	14000	15000	150	300
7	16000	20000	200	400
8	18000	20000	200	400

8.3 For JLG, Individual & Crop Loans

Sum Assured	ACIS Per Annum
1.5 times of Loan Amount and Rs.500/- is rounded off to next Rs.1000/-	Rs.10/- per Rs.1000/- Sum Assured

8.4 Claim Procedure

Once the death of a client is confirmed,

1. The branch office concerned sends the intimation of death claim to HO and to the insurance company.
2. Branch Manager hands over Funeral Expenses (Ex-Gratia) of Rs.1000/- to the nominee only in Hyderabad and Secunderabad branches
3. Account should be closed/ paid off and recovery should be posted in GL Insuranceclaim receivables Account. Paid off amount includes principal outstanding and 4 weeks interest as on the date of death. Same procedure applicable for spouse death also.
4. In the meantime, the family of a claimant is requested to submit documentation such as
 - Death certificate from MRO, Secretary, and Commissioner,
 - FIR in case of accidental death.
5. Branch managers prepare “Death Claim Statement Form” with intimation letter (with claimant’s signature).
6. Age proof and above documentation is submitted to the insurance company through HO.
7. If the claim is approved by the insurance company, a cheque will be sent to HO, and appropriate entry is made against that branch.
8. Branch manager then fills the insurance settlement form with detailed information of claimant and delivers the balance sum after deducting the amount shown in the GL Insurance claim receivable Account.
9. In case of Hyderabad & Secunderabad branches funeral expenses also need to be deducted.
10. Once the claim is settled, the loan account of the claimant is considered paid off, and required changes will be made in MIS.

8.5 Insurance Claims Follow Up

Death Certificate:

- Insurance executive will generate the “Death certificate pending report” branch wise on every Saturday and sends to AVP and Sr. Manager to review with AM and UM.
- BM needs to send the reasons for pending and expected date of obtaining the certificate to UM and UM will send to AM/Sr. Manager for review by every Wednesday.
- AVP reviews twice in a month on 15th and 30th of the month.

Pending Claims:

- Insurance executive maintains the list of claims settlements sent to both Bajaj and Kotak and age of pending claims.
- He also prepares 15-25, 26-35, and 36-45 days pending claims settlement buckets
- Insurance executive will follow up pending claims settlement by gentle reminders to insurance companies by mail attaching list of various buckets copying mail to AVP and Sr. Manager for 1st and 2nd buckets (15-25 and 26-35).
- For 3rd bucket (36-45) Sr. Manager or AVP will send the reminders to the insurance companies.

9 Operational Manual for Group Loans to Women

Group loans to women, whether it is weekly or monthly, follows the same operational procedure described in this chapter. Group loans to women constitute the largest portfolio in TRIDENT and are extended in all branches across North and South. The chart given below gives the operational procedure of TRIDENT’s group loans to women at a glance.

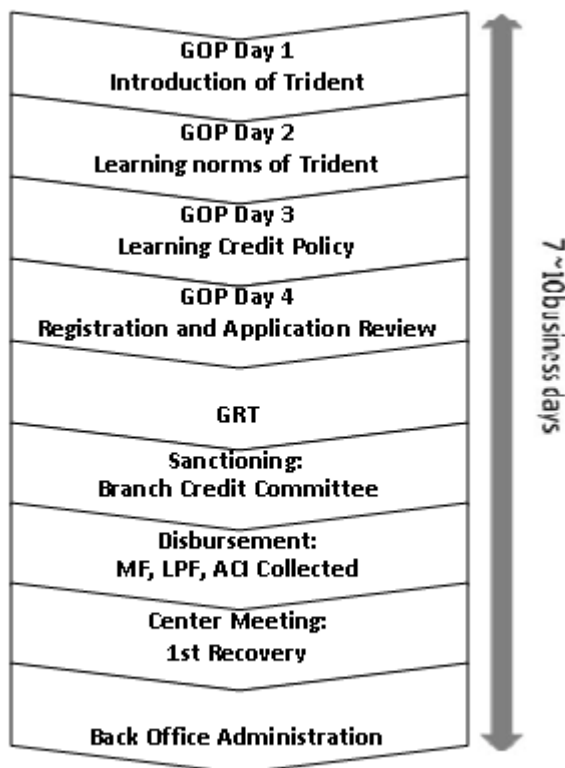


Figure 1

9.1 Group Orientation Program (GOP)

CRO should organize 4 days Group Orientation Program (GOP) to all prospective members immediately after group formation. GOP occurs at a scheduled time at a scheduled place, often at a prospective member's residence. GOP can be held for a maximum of 2 groups and should last 30 minutes each day.

While organizing a GOP, a CRO should:

- Arrive on time and *strictly follow the agenda of the meeting and time schedule* to demonstrate the discipline expected of clients in all matters
- Ensure that *all prospective members attend each day* of GOP
- Behave in a business like, respectful but friendly manner and ensure all *compulsory information reaches clients properly and correctly*. Encourage active participation and questions.
- Enter topics covered and attendance on *GOP status form*

GROUP ORIENTATION PROGRAM –Syllabus for CRO

DAY-1: Organization Profile

- Share *information about TRIDENT*: Mission, history, branch locations
- Discuss why small businesses are effective income sources for the low income households, and how microfinance loans can enhance livelihood
- Educate customers regarding availing and utilizing the appropriate loan amount
- Gather information on clients background and their livelihoods
- Collect photo identity proofs along with age and address proof
- Address clients' concerns, doubts, and questions if any
- Have clients fill *Registration Form*
- *Register clients* in the computer system
- Conduct house visits

DAY-2: Group Concept

CRO explains norms of TRIDENT, such as:

- *Client Characteristics*: Policy on who can and cannot be a group member
- *Group Liability*: All group members are responsible for the nonpayment by any single client, and center attendance of all group members
- *Insurance requirement*: Life Insurance is required for all loan clients
- *Behavioral requirement*: Punctuality, sitting discipline in centre meetings, and compliance to TRIDENT's rules and regulations
- Educate clients not to pay any unauthorized payment to Group leader/member/agents or Mediators or Trident staff for availing a loan.
- *Attendance requirement*: Only 6 approved absences are allowed per 50 week cycle (further absences are accepted on a case-by-case basis for legitimate reasons only), and high attendance is required for qualifying for the next loan

DAY-3: Credit and Insurance Services

CRO explains TRIDENT's terms and conditions of loans and insurance services.

- Fees, interest rate, repayment schedule, terms and conditions of loans etc.
- Insurance structure, claim procedure and coverage

DAY-4: Review

- Review all the covered topics in GOP and prepare for GRT
- *Collect Loan Application Form* (and other client details, if applied)
- Enter application in the computer system
- Hand over the filled forms to ABM or BM for appraisal

9.2 Group Recognition Test (GRT)

Immediately after successful completion of GOP, GRT will be scheduled with BM at a clients' specified location. GRT should happen only after generating the Customer ID. On the GRT date, Branch Manager visits each client to verify the address and activity. At GRT, in addition to CRO, BM cross-verifies clients' understanding of TRIDENT's policies and procedures by observing:

- *Punctuality & Discipline* during GOP and GRT
- Awareness of TRIDENT's *services*
- Knowledge of TRIDENT *membership norms*
- Knowledge of *credit terms*

Sample questions asked at GRT are:

- What is the interest rate?
- What is the name of the company?
- What time is the centre meeting?
- How much should be repaid each week?
- *Has anyone asked bribe to avail the loan?*

In case a group failed GRT, the result is communicated to the group immediately after GRT. If a group passed GRT, the branch proceeds to sanctioning at the earliest Branch Credit Committee (see the next section).

All five members of a group must pass the GRT to get loans. If one member fails GRT, her entire group must re-take GOP and GRT, or the group may decide to select a new member for replacement. This new group must take GOP and GRT again.

In GRT, BM verifies

- *Social appraisal/ counterparty check* to verify applicant's credibility with neighbors and other group members
- *Home visit* to verify her family's financial situation, assets and property she registered, and commitment to the loan terms
- *Business visit* to check profitability of business establishment
- To verify cash flows of the client and household
- To verify loans with other MFI 's and repayment history, Outstanding amount and installments

9.3 Sanctioning

Branch Credit Committee (BCC) is held at all branch offices to review loan application and sanction at least every other working day with the attendance of branch staff concerned. At BCC, each CRO briefs on loan application with client details, discuss sanction amount, and BM makes a final decision on the amount and approves them. BM heads BCC and ABM takes full minutes of BCC in a BCC register, recording all loans sanctioned. All staff attended BCC should sign in BCC register after entering the sanctioned amount.

All loans up to Rs 18,000/- can be sanctioned by the BCC headed by Branch Manager.

9.4 Disbursement

Disbursement of sanctioned loan amount is scheduled on the earliest center meeting day on the following week after BCC

For monthly loans-after BCC, sanctioned loan amount can be disbursed any date of the month.

The recovery of the loans disbursed between 1st to 20th falls in the immediate following month and loans disbursed from 21st to 31st falls in the second month (Ex: loans disbursed from April 1st to 20th , first recovery shall be in May and loans disbursed from April 21st to 30th, first recovery shall be in June)

For monthly loans new center should start with only two groups i.e., branch should disburse to only two groups at one time and then can add up to maximum of 4 groups until first recovery comes.

Full attendance of a group is required for disbursement. If there are absences, disbursement is rescheduled at the next center meeting date.

In Hyderabad and Secunderabad branches, loans are disbursed at the center meeting location with assistance of CRO, ABM and BM on the center meeting day. In remaining branches, loans are disbursed at the branch office with assistance of CRO, ABM and BM, at a specific scheduled time. Specific procedures in each type of disbursements are described below;

9.4.1 Branch office disbursement process:

1. Specific time slot is allocated to each group for branch disbursement; CRO first communicate this schedule to the group leader.
2. Groups gather at the branch office, wait for their turns in the waiting space
3. A group is called in, CRO again confirms the group members terms and conditions of the loans, and collects signatures on loan documents.
4. CRO/ABM collects Registration Fee (RF), Loan Processing Fee (LPF) and Administrative Charges for Insurance Services (ACIS) and other fees, if any from clients, and obtains signature on disbursement register, generated from software and on loan cards.

5. BM double-checks disbursement register and loan cards with clients, signs the loan cards and the group register, and hands out cash to each client. Clients verify the amount and leave the office.
6. ABM and CRO records disbursement details in register and in the system on the same day.

Both BM and ABM's attendance is required for disbursement of any amount for office disbursements. When BM and ABM are not available, UM and/or AM should be arranged in advance to oversee the disbursement process, with AVP's approval. The maximum number of groups one branch can disburse is 15 groups per day to ensure quality of the services.

9.4.2 Center Disbursement process:

1. BM, ABM and CRO together visit the group's first center meeting.
2. CRO concerned conducts the regular center meeting for other groups.
3. BM and ABM again confirm the group member's terms and conditions of the loans, and collects signatures on loan documents.
4. CRO/ABM collects Registration Fee (RF), Loan Processing Fee (LPF) and Administrative Charges for Insurance Services (ACIS) from clients and other fees, if any, and obtains signature on disbursement register, generated from software and on loan cards.
5. ABM hands out cash to each client. Clients verify the amount and leave the center.
6. ABM and CRO records disbursement details in register and in the system on the same day.

BM and ABM's attendance is required for disbursement of any amount for center disbursements. If ABM is absent senior CRO can assist the disbursements, if BM is absent, Senior Manager can approve the ABM to disburse the loan with the help of the senior CRO. If ABM is relatively new, the UM needs to associate himself with the disbursement process.

9.5 Loan Documents

GLW Loan Documents at a Glance

- **Group Registration form**

Registration form records: client details such as name, address, date of birth, nominee name, client's photo and family structure. The registration form is filled and collected on the first day of GOP with assistance of CRO, stored and entered into MIS at the branch office.

- **Loan Application and Appraisal form**

Loan application form records: client's applied loan amount, purpose of loan, income generating activity and CRO's evaluation of the client's activity and house visits. Loan application form is filled on the 4th day of GOP with CRO's assistance, and reviewed at the BCC and stored in the branch office afterwards. Both signature and fingerprints of clients are accepted as verification.

Loan appraisal form (on the back side of Application form) records detailed information

of applicants pertaining to repayment capacity, such as monthly income, family structure and type of house – RCC or Tiled etc. Loan appraisal form is furnished with details by Appraiser (ABM/BM) and used in the branch office at the time of BCC for detailed discussion.

- Promissory note (Pro-note)

All GLW clients sign the promissory note at the time of disbursement to formally promise repayment of loans to TRIDENT in writing. All clients are required to supply Re.1- revenue stamp to be pasted on the promissory note.

- Mutual Guarantee Agreement

All GLW clients sign Mutual Guarantee Agreement at the time of disbursement to formally agree to co-guarantee the repayment of all members of a group a client is associated with.

- Loan card

Loan card for group loans records: center details (name and number), group name and number, client details such as ID number, nominee name, cycle, loan amount and purpose and loan details such as interest rate (Effective & Flat), Registration fee, Loan processing fee, Cash Security and administrative charges for insurance services and other charges will be clearly displayed on loan card. BM has to ensure that the disbursement amount in disbursement register and on loan card is same. Loan cards are distributed at disbursement, and collected and updated at each center meeting.

- Fee receipt

A receipt is issued to a client upon the payment of membership fee, loan processing fee, and Administrative charges for Insurance Services. One copy of a receipt is maintained by the branch office while another copy is handed to the client at the time of payment.

9.6 Center Meeting

Center meetings are held by CRO for the purpose of recovery of repayment from clients, at a fixed place at a fixed time (usually between 7am to noon) and fixed day each week between Mondays to Friday for weekly loans and 5th to 10th of every month for monthly loans. Total time for a center meeting ranges from 15minutes to 30 minutes. Center meeting locations, time schedules and expected recovery amounts are available in Day book register in the system. Any change in center meeting time and place should be approved by BM, and should be updated immediately.

BM needs to swap the centers among CROs once in a year in consultation with Unit Manager

Concerned CRO and BM needs to look in to following instructions while starting center

- Should not organize more than one center meeting in one place
- Center Meeting place should not be common for more than 2 MFI's., if it is any member house.

- Preferably not to adopt same group of other MFIs
- Need to ask the members to elect the leader and leader preferably should not be a leader in other MFIs

The procedure of a center meeting is as follows:

1. *Clients arrive 5 minutes before the meeting and sit in order (one group per row)*
 2. *Clients give money (repayment) and Loan Cards to their respective group leader*
 3. *CRO arrives at the meeting location exactly on time and introduces visitors (if any)*
 4. *CRO takes attendance by pronouncing their names, take notes in collection sheet.*
 5. *Respective group leaders hand over money and loan cards to CRO in their sitting order (from front to back, or right to left)*
 6. *CRO verifies cash amount, signs the loan cards, and record “check” if present, A if absent, L if late, H if hospital, E if emergency and P if permitted absence for the center meeting, and returns them to group leaders*
 7. *Clients to be educated to ensure that CRO has correctly entered info on the loan cards*
 8. *CRO makes necessary announcements, asks for questions and comments from clients*
- Management of center meeting is the essential part of CRO’s work. CRO should behave with discipline and punctuality. Maximum number of centers that one CRO can take care of is 8 per day.

9.7 Back office Administration

Immediately after the return to the branch office from all the center meetings of the day, back office administration takes place in branch offices in the following flow:

1. *CRO recounts the day’s recovery and confirms the total amount and denomination with the collection sheets, and hand over all of them together to ABM.*
2. *ABM verifies cash and collection sheets, and compares them with the day’s demand.*
3. *ABM and another branch staff –either BM or CRO—go to a bank to remit cash or keep them for upcoming disbursement.*
4. *If there are any disbursements in the afternoon, ABM verifies disbursed amount and cash count.*
5. *After all of cash transaction in branch, ABM enters transaction in MIS and prints out Staff daily cash position report and branch daily cash position report, and hands them to BM for verification*
6. *BM verifies above reports, MIS entries and all cash transactions file in respective folder.*
7. *ABM enters day’s cash transaction (receipts and payments) in cash book register.*

Where Safe Chest is provided, Maximum of Rs.50000 cash can be stored overnight in office in case there are scheduled disbursement and/or recovery, Overnight physical cash storage more than 50,000 but less than 1,50,000 requires approval from Senior Manager and any amount more than 1,50,000 requires AVP’s approval.

Branches should operate the bank accounts wisely so that optimum utilization of funds with minimum transaction cost is ensured. ABM and one more staff should accompany whenever cash is transferred.

9.8 Loan Utilization Check

CROs concerned are responsible to conduct a loan utilization check to ensure that the client's purpose of loan matches with the actual activity within 20 days of the disbursement. In the afternoon, CRO conducts a visit to the client's business location and confirms the utilization of loan in the prescribed format. If loan is not utilized for the specified purpose on the application form, the same should be recorded in the LUC form.

9.9 Pre-Closures

If clients wish to close the loan account earlier than the scheduled time, a group can do so by communicating to CRO in advance. This process is called pre-closure. Pre-closures by groups should preferably be after 45 weeks from the disbursement. In case of pre-closure, amount should be collected by ABM, BM or UM. In case of pre-closure; all 5 members of a group should altogether repay the outstanding amount and close the account at the same time. Remaining principal and interest payments for 6 weeks should be collected at a center meeting at the time of pre-closure. CRO should make appropriate changes for every single pre-closure. Maximum of two members in a group can pre-close their respective loan at any time during the tenure of the repayment. However they will carry the responsibility of guaranteeing outstanding accounts of that group. All pre-closures should happen in the presence of ABM and above level.

9.10 Repeat Loans (Subsequent Cycle Loans)

If clients wish to avail another cycle of loan, they can do so by communicating to CRO in advance. Clients can close the loan fully in the normal course or pre-close the loan preferably after 45 weeks if they wish to avail the subsequent loans. CRO should make appropriate changes in the MIS. At that time, clients should discuss whether they would like to continue in the same group or form a new group. If they wish to continue with the same group, GOP for the subsequent loan will be one hour for 1 day with GRT on the second day. Loan cards for the previous loan accounts should be attached to the new application forms at the time of submission.

If clients do not wish to continue with the same group but wish to avail another cycle of loan, they can form a new group by recruiting new members into a group. In such cases, if the new members are 2 only, then all group members should go through 2 day long GOP and GRT on the third day. If new members are more than 2, all group members should go through proper 4 day long GOP and GRT. If a group consists of all active clients, then such groups are required to attend only 1 day GOP and GRT on the second day. If clients had previous loan accounts, their loan cards should be attached to the new application form at the time of submission as well.

When considering the sanction of repeat loans to clients, staff should take attendance rate of the previous loan into consideration. *Minimum of 75% attendance out of 50 weeks is required for clients to avail subsequent cycle loan.* Exceptional cases can be permitted only with UM approval. In case of repeating clients, registration fee should NOT be collected as they are already members.

9.11 Top-up Loans (TUL)

Clients can apply for additional amount of loans, called “Top-up Loans” (TUPL) after successfully finishing 20 weeks of repayment with attendance rate of above 80%. A client can apply Top up loan amount for only Rs.4000/-, irrespective of first loan amount. Terms and conditions of TUP loans are same as the regular GLW products.

Option to apply for top-up loans is offered to clients during 20 to 25 weeks of the current loan cycle. When groups reach closer to 20th week, CRO should inquire groups whether they wish to apply for top-up loans. TUPL Application form should be filled by CRO and sanctioned by BM in BCC.

9.12 Absence and overdue follow-up

Although ABM and BM should monitor center meetings frequently and conduct loan utilization check to minimize overdues, branch staff should act promptly and responsibly if continued absence of the clients or overdue accounts is noticed.

When absent clients are identified, CRO concerned first visits her house, inquire with family and group members about the reasons for her absence and verifies. If managers notice high absence of any member during the course of field visit, they should also visit house and tell members about the advantages for good attendance.

When overdue clients are identified, ABM and BM should review the client’s activity with the CRO concerned and visit their houses within 24 hours. UM should visit overdue loan clients within a week. If any loan becomes more than 15 days overdue, AM has to visit the client immediately and inform to senior manager concerned.

If a non-repaying client is identified, the following procedure should take place immediately:

1. CRO first visits the client's home for investigation, and ensure that the other group members are paying on behalf of the defaulter
2. If the client continues not to repay, ABM and BM will visit the client's home
3. If even this step failed, the ABM or BM accompanied by other senior Trident officials (AM, UM or management staff) visit the defaulting client (and the other group members, if they also refuse to pay on behalf of the defaulter) and try to ascertain the reasons for default.
4. If all above steps failed, TRIDENT may consider legal action as a very last resort.

10 Monitoring

GOP: 10% of GOP’s random check up in a month is compulsory by ABM and BM and 5% by UM

GRT: Minimum 6 GRTs random check up in a month is compulsory by UM and 2 by AM

LUC: 5% of LUCs random check up is compulsory by ABM and BM.

Centers:

All branch staff is responsible to monitor the quality and discipline of the center meetings constantly.

Weekly Repayment Groups:

ABM/BM is required to visit all new centers within 6 weeks of disbursement, and ABM and BM should visit at least 3 centers per day from Monday to Friday. ABM and BM should complete visits to all the centers in a period of three months. Unit Manager should visit at least 15 centers in a week and Area Manager should visit at least 8 centers in a fortnight. Senior managers and Head of Operations should also visit centers at least twice in a month.

Monthly Repayment Cases:

ABM/BM is required to visit all new centers within 3 months of disbursement. ABM and BM should visit at least 5 centers per day. ABM and BM should complete visits to all the centers in a period of five months. Unit Manager should visit at least 20 centers in a month and Area Manager should visit at least 10 centers in a month. Senior managers and Head of Operations should also visit centers at least once in a month.

All those who visit the centers are required to fill in the *Center Monitoring Form* to give rating on the center functioning and recommended to give constructive feedback to the center and CRO based on the performance result. Center monitoring tools should be approved by the immediate reporting officer and filed accordingly in the branch offices as management staff, AM, UM, and BM should review them periodically. UM, AM and Management staff needs to be sent center monitoring tools once in a 15 days to reporting officer.

Branch visits: UM should visit each branch at least three times in a month. AM should visit minimum 10 branches in a month. Sr. Manager should visit minimum 4 branches in a month. Branch visit observations reports need to be reviewed by reporting officer once in 15 days.

11 Manual Data Recording and Filing

11.1 Registers

Infrastructure problems Such as power cut and internet connection are frequent and unavoidable in some of the regions that TRIDENT serves, manual data recording is to be maintained to ensure smooth operation and avoid business disturbance as much as possible. Below is the list of registers that should be maintained at branch office:

Visitor's	Key movement	Petty cash
Stationery	Cash/cheque movement	Safe cash denomination
MIS problem	Employee movement	Loan taken
Employee	Cash book	Cheque disbursement register (Individual loans)
Insurance (HO)	BCC	Member cheque register format (Individual loans)
Receipt issue (Branch and	Fixed Asset	Cheque deposit register (Individual loans)

HO)		
Branch staff meeting minutes	Center meeting problem	LEDTD register (Individual loans)

11.2 Filing

In addition to registers important documents such as loan documents, insurance claims and periodical reports should be properly filed in branch offices. Below is the list of files that should be maintained at branch office.

S.No	Category	Name of file	Content
1	Administration	Circulars	Numbered circulars from HO
2	Administration	Communication with H.O	Communication from HO other than circulars and HR
3	Administration	Utility bills	Electricity, Telephone and other bills of the branch office
4	Administration	Staff vehicle documents	Insurance policy
			RC book
			Driving license
			Pollution certificate (optional for rural)
5	Finance	Bank transaction	Bank counterfoils
			Bank Reconciliation Statement
			Bank statement (weekly/monthly)
6	Finance	Petty cash payment vouchers	Petty cash payment receipts and vouchers
7	HR	HR file	Any HR related communication from HO
8	Insurance	Death claims	Death intimation by branch
			Death certificate
			Claim form
			ID proof
			Claim settlement form
9	Operations	Member details	LUC
			Loan Application/appraisal form
			GOP status form
			Registration form
			KYC documents
10	Operations	Loan Documents	Pronote and Mutual Agreement (Separate filing)
11	Operations	Collection sheets	All collection sheets of the past
12	Operations	Daily cash position report	Staff daily cash position report
			Branch Daily Cash Position report
13	Operations	Branch MIS	Monthly Branch summary report (CRO wise)
			Weekly / monthly Progress report
			Weekly expected loan repayment
14	Operations	BM Field monitoring file	Center monitoring form
15	Operations	ABM Field monitoring file	Center monitoring form
16	Internal audit	Audit report compliance file	Audit report
			Reply by branch

11.3 Communication between Branch and HO

To ensure full and smooth communication between the field staff and management, periodical reports should be submitted from branch offices to HO. Branch managers should prepare and submit the following reports with mentioned frequency.

Daily

- a. Receipts and Payments report
- b. Business updates to reporting officer thru SMS

Weekly

1. Tuesday

- a. Fund receive and fund transfer report

2. Friday

- a. Fund requirement for next week
- b. Business Updates to reporting officer thru mail

3. Saturday

- a. Weekly Bank statement
- b. Weekly Bank Reconciliation Statement
- c. MIS back Up
- d. Trainee staff feedback to HR department

Monthly (on 1st of every month)

- a. Branch summary report
- b. Progress report
- c. Business updates to reporting officer thru mail
- d. Incentive data to reporting officer
- e. Monthly bank statement
- f. Monthly Bank Reconciliation Statement
- g. MIS Backup

Monthly (On every 24th)

- a. HR update (Attendance)
- b. Petty cash requirement for next month
- c. Stationery indent for next month

12 Operational Reporting

All Managers need to send below mentioned operational reports in regular intervals to their reporting officer without fail.

Branch Manager to Unit Manager:

- Daily Report: Information of disbursements (Current week/Current month/Cumulative), outstanding, active clients, demand, collections, Cash and bank balances.
- Cash balances more than 50K to SM and AVP keeping copy to UM and AM.
- ABM and BM submit Center Monitoring Tools every week to Unit Manager.
- Overdue status and aging analysis
- Insurance Claim status

Unit Manager to AM and Sr. Manager:

- Weekly Visit Report: Information like No. of centers, GOPs and GRTs attended to AM/SM
- Center Monitoring Tools every week.
- Branch observation reports every week.
- Overdue status and aging analysis
- Insurance Claim status

Area Manager to Sr. Manager:

- Weekly Center Monitoring Tools
- Weekly Branch Observation Report
- Overdue status and aging analysis
- Insurance Claim status

Sr. Manager to AVP:

- Weekly Business Updates
- Weekly Branch Observation Report
- Overdue status and aging analysis
- Insurance Claim status

AVP to MD:

- Weekly Business Updates
- Weekly Branch Observation Report
- Overdue status and aging analysis
- Insurance Claim status

13 Team Meeting

In addition to periodical reporting, team meeting should be held to ensure full communication across the organization.

	Branch meeting	Unit meeting	Area meeting	Operations manager meeting
How often?	Weekly on Saturday	Every 15 days	Monthly	Monthly
Where?	Branch	In Branch on rotation basis	HO or RO	HO
Chairperson?	BM	Unit Manager	Sr. Manager	AVP
Mandatory attendance?	All branch staff	Unit Manager, concerned 5 BMs	All BM,UM, AM, Sr. Manager	UM, AM, SM, AVP

Topics covered?	Targets vs achievements, portfolio health, audit related issues, field level problems, HR issues etc.	New potential areas, targets vs achievements, portfolio health, audit related issues, field level problems, HR issues, competitors in the area etc.	New potential areas, targets vs achievements, portfolio health, audit related issues, field level problems, HR issues, competitors in the area, policy issues etc.	New potential areas, targets vs achievements, portfolio health, audit related issues, field level problems, HR issues, competitors in the area, review of operations policy issues etc.
Reporting officer visit?	UM on rotation basis	AM/SM on rotation basis separately	AVP on rotation basis	CEO at least once in a quarter

14 Operational Manual for JLG & Individual Loans

JLG and individual loans are offered at limited branch locations for control purposes. Since these special loans require close supervision and more sophisticated appraisal of client's financial status. Branches can do JLG and Individual loans with MD approval.

Note: The procedure described below is a general one that applies to all loan products serviced through JLG and individual model. Therefore, the detailed requirement and procedure for a particular loan may be different from the below mentioned procedure.

14.1 Area Approval

Similarly to the Group Loans to Women, lending to any new area has to be approved by the Branch Credit Committee. Information regarding the new area has to be collected by CRO and ABM, and reported to and discussed in BCC. Once the area is approved in BCC, a meeting with the neighborhood needs to be organized to explain the loan products and the organization.

14.2 Client Eligibility check

Client Eligibility Check for all JLG and Individual loans			
S.No	Criteria	Yes/No	Remarks
1	Is Loan outstanding is Zero with Trident?		
3	80% Attendance (For GLW clients)		
4	Own House		
5	Age of client and Spouse(both) between 21-56 years at the time of Registration		
6	Good repayment history		
Agri - Allied			
1	Does client have one year experience?		
2	Does client have one buffalo or minimum of		

	5 sheeps/goats/pigs etc.,?		
Crop			
1	Does client have one year experience?		
2	Does client have 2 acres owned agriculture land?		
MEL			
1	Does client have minimum two Years Experience in running present business activity?		
2	Shop establishment (RCC/Sheets/Tiles)		
Housing repairs and extension Loans			
1	Does client have minimum three years revenue generating activity?		
2	Does client have permission for extension from authority concerned?		
3	Whether client owns the property?		
Personal loans to Salaried employees			
1	Is client a Public/ Govt/ Corporation employee?		
2	Does client have minimum of 2 years experience?		
3	Does client have Rs.10000/- P.M. take home salary?		

14.3 Credibility check of Applicant

CRO at origination time and BM at the time of appraisal verify the credibility of member with member spouse with neighbors/ colleagues/ nearby shopkeepers in below mentioned aspects:

- Whether he is hard worker? Or Not?
- Whether he has any bad habits like drinking, gambling?
- Does he have any debts? If so? What is the repayment history?
- What is the behavior with outsiders?
- How are the relations among the family members? Whether he strives for family prestige?
- Do you think we can give loan to this person?

14.4 Application

Acceptable forms of identity proof with a photo, age and address proof (see the complete list in Credit Policy) will be collected at the time of application. In addition to the standard identity proof, the following will be collected for all JLG and individual loans. A proper record should be maintained at branch office to record the details of documents collected and returned.

Copy of Pattadar Pass Book or Title Deed or Pahani (for crop loans)

Photo identity proof must be taken from Co-obligant (for all Individual loans)

14.5 Verification

- Staff has to verify customer name and address mentioned in Electricity bill, House tax with address mentioned in appraisal form.
- Physical verification of address and person can be done with Election card, Ration card, PAN card, driving license and with Passport.
- The age mentioned in ID proof to be taken as member's age.
- Physical verification of asset mentioned in documents should be done.
- On copy of title deed member's signature should be obtained.
- Encumbrance certificate (E.C).

14.6 Appraisal

Micro Enterprise Loan (MEL):

At the time of appraisal, appraiser has to verify the following details:

- Applicant and Co-obligant KYC documents
- Applicants, spouse, children and other income sources
- Applicants Assets
- Other alternative income sources
- Bank account details
- Existing savings and Loans with other financial institutions
- Credits at input supplier
- Business income and household income
- Business and household expenditure
- Business and household surplus
- Repayment capacity and frequency of repayment.
- Co-obligant's confidence on client and repayment capacity on behalf of client in case of default (appraiser needs to verify Co-obligant's income should be equal or more than client income)

Crop:

- Applicant and Co-obligant KYC documents
- Applicant's spouse, children and other income sources
- Applicant's Assets and Agri-implements
- Other alternative income sources
- No. of acres owned
- No. of family members involved
- Cropping pattern in last three years and types of crops
- Irrigation facilities (Borewell/Canal/Tank/Rainfed)
- Cost of cultivation (input cost and labour cost)
- Market source, place and price
- Other bank/MFI/Money lender loans
- Credits at Input supplier
- Margins
- Produce selling time and fixing repayment schedule

Agri-Allied:

- Applicant and Co-obligant KYC documents
- Applicant's spouse, children and other income sources
- Applicant's Assets and Agri-implements
- Applicant's primary activity and its economics
- Other alternative income sources
- No. of family members involved
- No. of acres owned
- No. of Livestock and production cycle
- Fodder source
- Market source, place and price
- Other bank/MFI/Money lender loans
- Credits at Input supplier
- Margins
- Produce selling time and fixing repayment schedule

14.7 Sanctioning

Similar GLW, all JLG and individual loan applications are appraised and sanctioned in Branch Credit Committee. BCC is chaired by BM and its minutes are taken by ABM. Committee members should sign the BCC register after all sanctions were made.

Sanctioning authority differ according to the size of the loan. All loans up to Rs 25,000 can be sanctioned by BM at BCC. All loans between 25,000 to 50,000 should be sanctioned at UCC. For loans up to Rs. 25,000 the quorum for the BCC shall be the BM and ABM. For loans above Rs. 25,000 and up to Rs. 50,000 the quorum shall be the BM, ABM and UM.

All loans above Rs.50000 have to be sanctioned by the Head Office. The Head Office Loan Committee will be established, consisting CEO, AVP, Sr.Manager or AM and UM or BM. Minutes of the meeting is recorded, and a copy of it should be kept at the branch office for records.

Repeat clients who were sanctioned more than Rs. 20,000 previously can be upgraded to a maximum sanction amount of 50% of the previous loan size. Any further upgrade has to be approved by the senior management concerned. As in the Credit Policy, only one loan can be extended to a family at any point of time. This clause is not applicable for the clients promoting from GLW to Individual.

14.8 Disbursement

All disbursement happens in branch office. BM and ABM's presence is compulsory during all disbursements of JLG and individual loans. All members in a group have to be present at the time of disbursement. In case there is an absence, disbursement is rescheduled at the earliest convenience.

Branch staff should first collect Registration Fee (in case a client is new), Loan Processing Fee, Cash Security, and Administrative Charges for Insurance Services before disbursement. The co-obligant / guarantor have to be present (if any) along with the client during disbursement. Branch staff once again clearly explain the client and co-obligant, if any, the terms and conditions of the loan and their rights and obligations.

14.9 Loan Documents required for JLG and Individual Loans

Loans below Rs.20000

- Promissory note
- Mutual Guarantee Agreement (for JLG)

Loans Rs.20000 ~ Rs.50000

- Promissory note
- Mutual Guarantee Agreement (for JLG)
- Post Dated Checks

For all JLG and individual loans above Rs. 20000, clients are required to submit post dated cheques to branch office. Branch staff should collect one post dated cheque for 3 installments. (For 12 months tenure, we need to collect 4 post dated cheques, for instance) Cheques should be kept in an envelope which records loan account number and client's name, and stored properly in the branch safe. Branch should maintain a record for post-dated cheques and all the important details.

- Title deeds and letter of title deeds (Optional) Below Rs.50000/-

Loans above Rs.50000

- Promissory note
- Mutual Guarantee Agreement (for JLG)
- Post Dated Cheques
- Title deeds
- Letter of title deeds Letter Evidencing deposition of title deeds
- Equitable mortgage is done by depositing Original Sale Deed documents. Date of deposit should be prior to the execution of title deed at least by 24 hours. Address of the owner of the property, details of loan amount and the client, the name of the branch manager, and the details of repayment schedule should be filled together. Signature of the mortgager should be taken on both sides of LEDTD
- Letter of Undertaking

Next, all clients are given Repayment Schedule, loan repayment receipts and any papers related to ASFL. Every loan client should be given a file to file all documents related to ASFL.

14.10 PDC (Post Dated Cheques)

- Scheduled bank cheques can be accepted for surety(like SBH, SBI, AB, Syndicate Bank, HDFC, ICICI, etc)
- If member account and branch account are in same bank then that bank cheques can be accepted.

- All cheques are to be drawn on “Trident Microfin Pvt. Ltd”, marked as account payable and without mentioning date to be collected.
- If member does not have bank account, Joint account of member and member’s husband cheques can be collected as surety. Loan amount cheque should be drawn on member’s bank account. Cheque cannot be issued to other bank account.
- Monthly loan installments can be collected in form of cash only.
- We have to collect 4 cheques for 12 installments from the member.

14.11 Recovery

Recovery route and date should be scheduled accordingly to the responsible CRO’s route and date of GLW recovery, so that no extra trip would be necessary specifically for JLG and individual loan repayment. All individual and JLG recoveries should preferably be scheduled between the 5th and the 10th of every month and there should be NO COLLECTION DAY for every two days recovery. So that branches can recoup the less than 30-day overdue loans by the month end, if necessary.

Loan Card should be filled in case of JLG & Individual loans for any transactions between customer & TRIDENT.

Loan card for JLG and Individual Loans: center details (name and number), group name and number, client details such as ID number, nominee name, cycle, loan amount and purpose and loan details such as interest rate (Effective & Flat), Registration fee, Loan processing fee, Cash Security and administrative charges for insurance services and other charges will be clearly displayed on loan card. BM has to ensure the disbursement amount in disbursement register and on loan card is the same. Loan cards are distributed at disbursement, and collected and updated at each center meeting.

14.12 Overdue monitoring

The Branches must strictly follow the procedure to minimize overdues. Each and every loan must be allocated to a CRO or a BM. Each CRO must be attached to BM/ABM. Thus the BM/ABM is responsible for follow-up of his/her direct loans as well all loans of the CROs reporting to her/him.

Each CRO must follow-up on all JLG and individual loan clients at least once a month. A separate list of all accounts which become overdue will be generated on the day CRO comes to Branch office with the repayment receipts. Overdue of 1-30 day report will be used for this. CRO shall not leave for field after depositing receipts and DD/deposit counterfoil unless BM/ABM has reviewed the non-payments and prepare visit plan for follow up. BM or ABM should visit all clients who became overdue for the first time within 48 hours and record its outcome. BM is required to send updated overdue report to UM by 12th of the month.

By 13th day of a month, UM reviews reports and visits all loan accounts where BM or ABM’s visit was not successful in recovery and UM is required to send updated overdue report to AM by 18th of the month.

Overdue accounts moving from 1-30 days to 31-60 days should be reported to HO. BM and/or ABM will visit all overdue loans which are of monthly repayment every month. Area and Unit Manager will also review the overdue status of unit with BMs before 22nd of every month, with particular focus on new overdue loans.

14.13 Loan utilization Check

Loan utilization check done after loan disbursement within one month of disbursement.

14.14 Lending Process for Loans to Educational Institution (LEI)

Under this Product Term loans are provided for an expansion requirement of privately managed Rural Educational Institution/ trust/ societies. The expansion activity should be revenue generating activity and could include opening up of new branch, new school/college/institution; construction of new classrooms, computer labs, library, purchase of Computers, laboratory equipments and transport vehicles etc.

Lending Process:

Client identification:

- Branch Manager has to identify the schools located in branch operational area.
- Branch Manager verifies the eligibility criteria.
- Subsequently unit manager visits the school for origination of loan application.
- Basing on the recommendation of UM loan application will be processed at H.O.

Eligibility Criteria:

The educational institutions are classified into different categories based on the education level. Under the program it is proposed to cater to the financial needs of privately managed institutions based in rural and urban areas. The market size based on annual fee cash flow from privately managed LEI is estimated below

- a) Institution should be legally registered trust/Society/institution.
- b) No. of years of operation - atleast three years. However this can be waived with the approval of MD
- c) Minimum strength of the school is 300 and this can be waived with the approval of MD

Credibility check of Applicant:

Unit manager has to verify the credibility check of applicant with neighbors/ other schools/other colleges/ colleagues/ nearby shop keepers in below mentioned aspects:

- Whether he is hard worker? Or Not?
- Whether he has any bad habits like drinking, gambling?
- Does he have any debts? What is the repayment history?
- What is the behavior with outsiders?
- What is the credit history good? Bad?

Verification:

Unit manager has to do verification of applicant at office and residence.

- Verification of name and address with electricity bill etc
- Physical verification of address, office and other loan documents.
- Physical verification of asset as mentioned in loan application.
- Collection and verification of asset with latest E.C.

Parameters for assessing and appraising for LEI

Sn	Parameters	Details to be observed
1	Institutional factors	a) Institution should be legally registered trust/Society/institution. b) Educational institution means school/college c) No. of years of operation at least three years. However this can be waived with the approval of MD
2	Board & Staff details	a) Promoters' background/ Governing body details: At least one Director should be actively involved with day to day operations of the school b) Please list out the members of the senior staff, their qualifications and past experience.
3	Past Performances	a) Past achievements details(in terms of pass percentage, Ranks at different levels) b) Please give details of the financial linkages established with mainstream institutions for supporting the activities of the institutions.
4	Structure and Operations	a) Please describe how the structure promoted by the institutions ensures continuous monitoring of the operations, how often Board meetings are organized. b) How often does a staff member or a representative of your organisation meet the parents? Who is this staff member or representative? c) Average number of students per class(this should not be more than 60) d) Do you have a computerized MIS implemented in the organisation? If please explain briefly how the MIS is maintained with specific reference to the Fee collections. Are you planning to implement a computerized MIS? e) What is the average drop out ratio of students over the last 3 years of operation? (This should not be more than 30%)

Appraisal and Sanctioning:

Loan application with Unit manager's recommendations sent to head office for processing and sanctioning of loan. All Educational institutional loans are processed and sanctioned at Head office.

Stage I	Activity	Person responsible
Loan	Identification of Client	Branch Manager

Processing		
	Origination of loan application and filing loan application form	Branch Manager and Unit manager
	Collection of documents as per checklist	Unit Manager
	Third party check/ Legal opinion of Docs/ Audit dept verification	Head Office
	If report is positive -doing of Loan Appraisal	Unit Manager
	Present in loan committee	Head office
Stage 2		
Sanction & Pre-disbursement	Audit department scrutinizes documents as per the pre sanction documents list and exposure parameters for loans > 3 Lac	Head office
	Communicate decision of sanctioning to client	Unit Manager
	Follow up for execution of disbursement docs, Taking PDC from the client.	Unit Manager
	Scrutiny of disbursement documents (including property documents by Audit departments)	Head office
	Generate repayment schedule, communicate terms and conditions of loan	Unit Manager
	Up on acceptance of terms hand over disbursement cheque	Unit Manager
	Unit manager to deposit documents along with PDC in Head office.	Unit Manager

Check List of Documents

The following are the list of documents required along with application form for processing:

1	Copy of Firm Registration Certificate and Partnership Deed in case of Partnership
2	Memorandum & Articles of Association
3	Copy of Bye-laws in case of Society. By law should have a clause "School Borrow money", if not need to amend the by-laws
4	Board resolution permitting to borrow from Trident
5	Copy Bank Account pass book
6	Proof of identity - Voter's ID Card/Passport/driving license/PAN Card.
7	Proof of residence - Recent telephone bills, electricity bill, property tax receipt/passport/voter's ID Card of proprietor, partner.
8	Proof of business address

9	Assets and liabilities statement of promoters and guarantors along with latest income tax returns. If available
10	Rent Agreement (if business premises on rent) and clearance from pollution control board if applicable.
11	Quotations and Estimations
12	In case of takeover of advances, sanction letters of facilities being availed from existing bankers/Financial Institutions along with detailed terms and conditions.
13	Profile of the unit (includes names of promoters, other directors in the company, the activity being under taken, addresses of all branches offices,
14	Last three years balance sheets of the units along with income tax/sales tax returns etc. (Applicable for all cases from Rs.2 lac and above).
15	Projected balance sheets for the next two years in case of working capital limits and for the period of the loan in case of term loan. (For all cases of Rs.2 lac and above)
16	Rating of school if available

Required Loan Documents:

- Loan of Rs.50000 to Rs.100000 (Rs. fifty thousand to Rs. one lac only)
 1. Promissory note
 2. Guarantee agreement
 3. Letter of undertaking
 4. Post dated cheques

- Loans Rs.100000 to Rs.500000 (Rs. one lac to Rs. five lac only)
 1. Promissory note
 2. Guarantee agreement
 3. Post dated cheques
 4. Letter of undertaking
 5. LEDTD

Loan Disbursement:

All disbursement happens in branch office. Unit manager and branch manager's presence is compulsory during all disbursements of educational institution loans.

The co-obligant should attend during loan disbursement. Unit Manager once again clearly explain the client, Co-obligant the terms and conditions of the loan and their rights and responsibilities. Loans should be disbursed in the form of cheque only. Cheque should be issued on client's account payee.

Cheque to be prepared for total loan amount, upfront charges like registration fee, loan processing fee, collected separately before the loan disbursement. The fees can't be deducted from the loan amount payable to the client.

Next, all clients are given repayment schedule, fee receipts.

Project based loan disbursement:

Like construction of class rooms, purchasing of office equipments, Laboratory equipments as per the Project plan/ purchase plan phase wise loan disbursement will be done.

Loan utilization Check:

Unit manager is responsible to conduct a loan utilization check to ensure the client's purpose of loan matches with the actual activity. In case project based loan disbursement after submitting positive LUC report, subsequent loan installment will be released.

Recovery:

All loans will be scheduled on 15th of every month. BM Concerned has to collect the recovery and issue the receipt for the same.

Overdue Monitoring:

On 18th of every month Unit manager has to review the status of overdues. UM with the help of BM concerned does the follow up for collection of monthly installment.

15 Client Protection Policy

15.1 Confidentiality

All information pertaining to any applicant, existing or exited clients is kept strictly confidential. No information may be disclosed or passed on to third parties without express permission of the client except for explicit bonafide purposes such as to inform insurance company for death claims, banks for portfolio buyout and hypothecated accounts. If and when a Credit Bureau is established the information may be provided to them in the stipulated proforma.

Aggregated information of client demography, loan purpose, activities and outstanding etc. may be used as necessary in TRIDENT publications and reports for management purpose, provided that no information is included or released that reveals individual records. Such aggregated information may also be released to other financial institutions including investors and donor organizations as required.

In case of misbehavior by a client such as falsifying the identity, providing false financial information or loan documents is noticed the documents will be kept in proper custody by the BM/ABM for any further action and the matter will be reported to the UM/AM. Depending upon the seriousness, the matter may be reported to further higher authorities also promptly.

15.2 Grievance Redressal Mechanism

TRIDENT strives to provide timely and responsive mechanisms for redressal of complaints and problem resolution for clients. Clients of GLW loans are encouraged to make any requests or report problems at each center meeting, and other clients at each opportunity of interaction with respective CRO. All clients also have access to the closest branch offices in case of sensitive or emergency problems.

The grievances of any nature should be reported to Branch Manager, who in turn should report it immediately to higher level.

15.3 Transparency

TRIDENT field staffs are responsible to communicate effectively to clients and explain the

pricing, terms and conditions of loan products in an understandable form. Clients are encouraged to ask questions at any time if there are any doubts. Clients have all the rights to ask for information on the services that they are receiving from TRIDENT both during the time of membership as well as after availing the loan at the nearest branch office or the head office.

Clients are also encouraged to report any dubious conducts of TRIDENT staff or fellow clients to the nearest branch office. No corruption or sexual harassment is tolerated in TRIDENT, and the staff concerned is severely reprimanded if such cases are found after a fair investigation.

15.4 Debt Collection Procedure

As explained already in previous pages, Trident will not resort to any questionable / unethical collection methods such as threatening, use of abusive language etc. while dealing with cases of clients having over dues or clients with defaults.

The Trident staff will patiently explain the procedures and the need for timely repayment of the loans availed in a polite manner. If Trident is convinced that there is a genuine reason for non-payment / delayed payment, appropriate measures for repayment will be discussed with clients concerned and implemented with their consent.

16 Operational Code of Conduct

Trident is a member of M-FIN. We are required to follow all prudential norms as well as consumer protection practices laid down by M-FIN. This Code of Conduct is designed to ensure that the RBI Guidelines are followed in both letter and spirit, and in some matters, lays down additional requirements.

16.1 Fair Practices with Borrowers

i. Communication of charges/fees

All members should clearly convey to the borrowers the following terms of the loan

- a. All the important terms and conditions of the loan agreement
- b. Rate of interest on declining balance method (effective rate)
- c. Processing fee
- d. Any other charges
- e. Security or any other deposit
- f. Systematic advance collections
- g. Administrative charges recovered for insurance services provided and full details of the risks covered
- h. Any other services rendered and charges for the same

The communication should be in writing through any of the following ways:

- Individual sanction letter
- Loan card
- Loan schedule

- Passbook
 - Through Group/Centre meetings (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance)
- The communication should be in a medium/ language understood by the borrower
- ii. Nature and amount of charges
The code of conduct will not specify the nature and quantum of charges to be collected by individual MFIs. However, the transparency of the same should be ensured as covered in clause (I.i.)
 - iii. Recovery mechanism
 - a. Though each MFI tries to ensure on-time recovery of dues, it is imperative that they shall not use any abusive, violent, or unethical methods of collection and recovery efforts should be strictly in line with guidelines issued by RBI from time to time.
 - b. A valid receipt (in whatever form as decided by each member) should be provided for each collection from the borrower.

16.2 Multiple lending and lending limits

- a. The maximum number of MFIs who can lend to one client is three, and the maximum loan outstanding that all the three MFIs together can have to a single client is restricted to Rs. 50,000/- at any point in time.
- b. This cap of Rs.50,000/- refers to only the unsecured loans given within the joint liability group mechanism or mutual guarantee of all types.
- c. Any secured loans or individual business loans will not be covered under this ceiling.
- d. The code will not cover the credit norms to be fixed by individual member MFIs.