

NABARD FINANCIAL SERVICES LTD. (OPERATIONS DEPARTMENT)



Increasing the effectiveness of Loan Monitoring

Submitted By:

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For any errors or inadequacies that may remain in this work, the responsibility is entirely mine.

EXECUTIVE SUMMARY

To understand the overall operation of NABARD Financial Services(NABFINS) ,different Business models which NABFINS follow and how the meeting is conducted between the SHGs and how NGO/Society/Trust play the role of B&DC business and development correspondent staff and get themselves registered with NABFINS.

The main objective of this project was to understand why this is important to NABFINS. LAR has to be completed within 15 days of E-transfer and it is necessary that PDV has to be done once for every account in each Quarter.

Present cause is that delay or failure in obtaining LAR and PDV is not conducted at times even once in a year the reason behind this is lack of definite plan and absence of efficient route maps.maximum time is consumed in travelling and efficiency is reduced.

To solve this problem planning is done by having the proper tool in Excel which will help the District in charge to plan the PDVs accordingly.Proper monitoring is done by identifying the issues in MUFIN and finding out the solutions which will help in solving the issues.

Route mapping is done by making a work plan according to master sheet and with the help of Google map.

Organizational Profile(NABFINS) -

NABARD Financial Services Limited (NABFINS) is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) with equity participation from NABARD, Government of Karnataka, Canara Bank, and Union Bank of India, Bank of Baroda, Dhanalakshmi Bank and Federal Bank. It is a non-deposit taking NBFC-MFI registered with Reserve Bank of India and shall operate throughout India.

The main objective of NABFINS is to provide financial services to unserved and underserved segments of the population engaged in agriculture and other non-farm based livelihood activities. NABFINS envisages to evolve itself into a Model Micro finance institution to set standards of governance among MFIs, operate with exemplary levels of transparency, operate at reasonable/moderate rate of interest and provide financial services at doorstep/near doorsteps of the clients.

The main focus of NABFINS is to support livelihood activities of members of Self Help Groups (SHGs), support institutions which serve disadvantaged sections of populations like weavers, rural artisans, urban poor, small retail traders, small producers, small and marginal farmers, allied activities to agriculture etc.

Thus, NABFINS endeavors to establish and run a NBFC-MFI model which would promote and sustain:

- i) Good governance leading to transparency in accounting, remuneration and disclosure,
- ii) Reasonable rates of interest and low transaction costs which earn a profit but do not profiteer at the expense of the clients,
- iii) Investment in activities that generate income in the short, medium and long term and increase capital assets with the poor families;
- iv) Customized loans and repayment schedules in order to respond to the diversity of livelihood situations and

Keeping in mind these guiding norms, NABFINS intends to promote a culture, organizational and business models which would -- “Balance business with inclusion in growth”. Inclusion focuses on the poor and marginalized.

BUSINESS MODELS OF NABFINS:

NABFINS provides loans to individuals, groups such as Self Help Groups (SHGs), Joint Liability Groups (JLGs), Institutions of the poor, etc.

At present NABFINS have distinct business models for financing the following customer segments:

- Self Help Groups (SHGs)/Joint Liability Groups (JLGs) under Business & Development Correspondents/Facilitators model
- Joint Liability Groups (JLGs) including special projects like Post Tsunami Sustainable Livelihood Project (PTSLP) in Tamil Nadu.
- Second Level Institutions (SLIs)

1-B & DF /B & DC MODEL :

Under this Model, NABFINS provides need based finance to Self Help Groups/Joint Liability Groups through the intermediaries or 'partners' named as Business and Development Facilitators (B&DFs) or Business & Development Correspondents (B&DCs). These B&DFs or B&DCs are typically, NGOs, local grass root level organizations etc.

The only differentiating function between these two intermediaries is that while B&DC handles cash disbursement/recoveries, B&DF sources loans but does not handle cash.

- **Self Help Group (SHG):** Self-Help Group (SHG) is a small voluntary association of 10-20 poor people, preferably from the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings is used for providing inter-loan among its members for various emergent needs; surpluses are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty.
- **Joint Liability Group (JLG):** It is an informal group comprising of 4-10 individuals having affinity and common interest, preferably engaged in a similar economic activity – farm or non-farm, i.e., small/marginal farmers, shepherds, goat rears, artisans, weavers, petty traders, fruit/vegetable/grain vendors etc. They meet regularly and the groups formed based on the principles of self-help and cohesion for mutual benefit. All members of the JLG are jointly and severally liable for the loan availed by each member.

The broad functions of a B & DC are as follows:

- Promotion and nurturing SHGs/Joint Liability Groups/Activity Groups/Common interest Groups etc.
- Identification of groups for financing and selection of activities
- Collection of application and verification of primary information/data
- Processing and submission of application to NABFINS

- Facilitating disbursement of credit sanctioned by NABFINS at doorstep of SHG
- Post –sanction monitoring and follow-up of recovery
- Collection of installments/interest/charges at doorsteps of SHGs and remitting the same to NABFINS account
- Monitoring and handholding of SHG/JLG/other groups and carrying developmental activities for up-liftment of members of the group.

Benefits of B & DF/B & DC Model:

NABFINS as well as the ultimate clients get following benefits from B & DC model:

- The service (Disbursement of loan & recovery) can be arranged at the place and time, which is convenient to the clients
- Credit and enterprise counseling can be provided taking into consideration the local opportunities and potentials through B & DCs
- The transaction cost at both at client level can be moderated and the benefit of this can result in lower transaction cost, which can be passed to the clients through lower interest rates and charges
- Close and field level monitoring of financial services/support and utilization can be ensured
- Increased outreach to even areas with poor access by engaging local grass root level NGOs as B & DF/B & DCs
- Potential to bring convergence of various developmental activities facilitated by NGOs and meeting of credit needs required for inclusion in growth.
- Potential to nurture collectives of small/marginal farmers; service providers etc., enabling them to participate in markets/growth.
- Rural borrowers with low social capital will not have any inhibitions in dealing with agencies/NGOs working in the local areas.

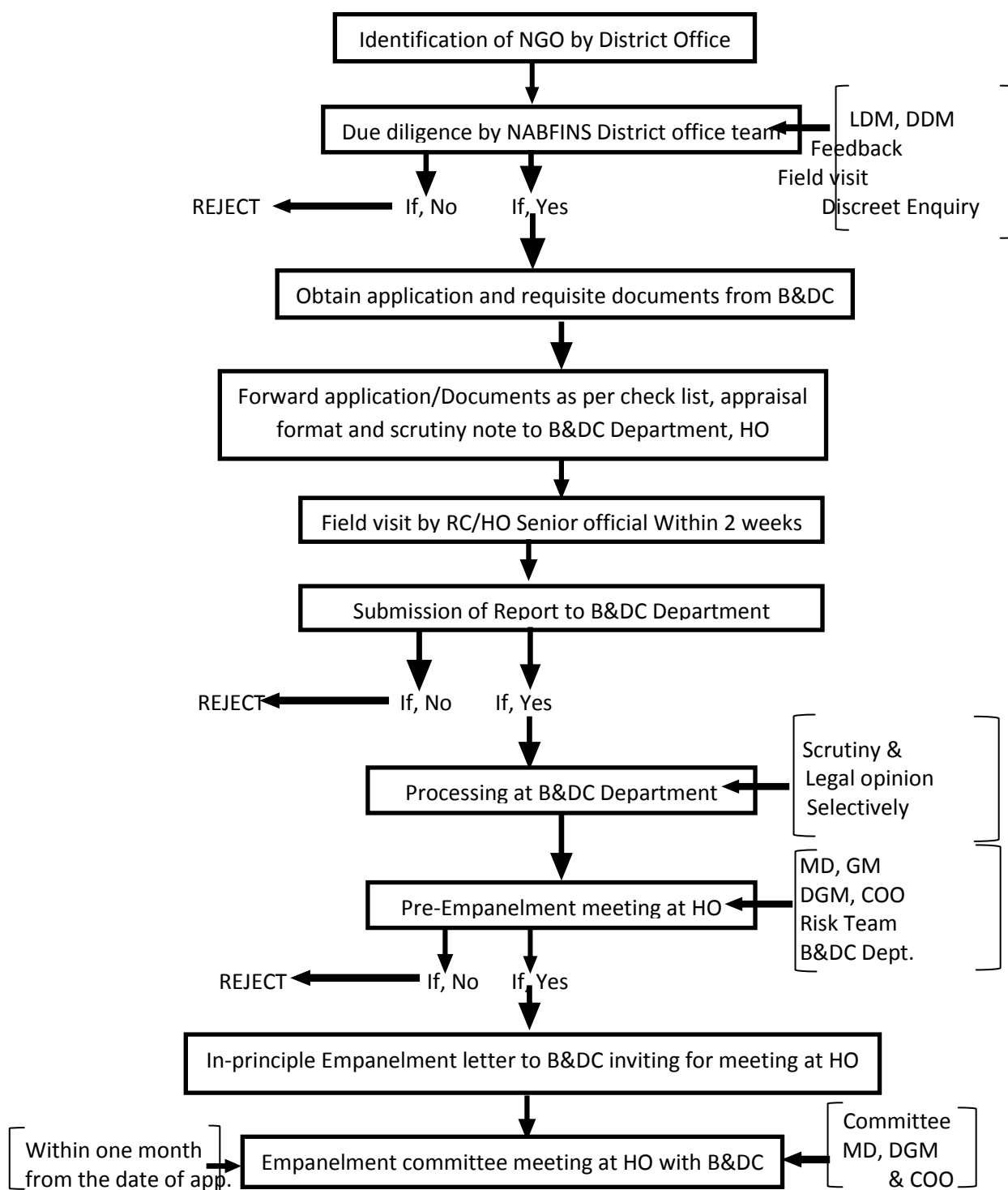
2-POST TSUNAMI SUSTAINABLE LIVELIHOOD PROGRAMME (PTSLP) MODEL:

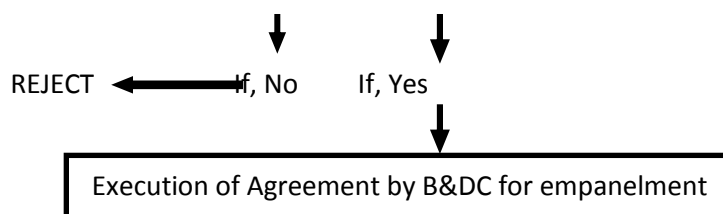
- Loans under the programme are provided to Producer JLGs/individuals covered under the programme in six coastal districts of Tamilnadu, i.e., Nagapattinam, Kanyakumari, Cuddalore, Villupuram, Kancheepuram and Thiruvallur, where extensive damage was caused by Tsunami in the year 2004, for setting up micro enterprises.
- This is a sponsored programme of Government of Tamilnadu and International Fund for Agricultural Development (IFAD). IFAD assisted PTSLP provide credit and enterprise support to build sustainable livelihood systems for communities affected by tsunami.

3-SECOND LEVEL INSTITUTION (SLI) MODEL

- Though the company has been predominantly involved into lending to SHGs, JLGs using the B&DC model however, considering the importance and overall requirement of the sector to promote and develop institutions of the poor, the company also has a separate vertical focussing only on financing SLIs.

PROCESS OF SELECTION AND EMPANELMENT OF B & DCs:





- The District manager (DM) of NABFINS District Office, collects information regarding various Organizations with community entrenchment and working with the community in group models, from the concerned NABARD DDM, LDM, local Panchayat office, District Collectorate and other Government developmental departments etc
- The DM has to conduct a random field visit to assess the quality of groups and the community involvement of the organization from the loyalty list.
- A visit report is to be prepared by the DM and to be sent to HO along with application of B & DC for empanelment. Discreet third party enquiry about the organization should also to be made by The DM has to collect and check all the required documents submitted by the organization as per the checklist provided
- Once the DM is satisfied with the initial observations, he recommends the Organization for empanelment as B & DC, to the B & DC department at Head Office.

The following parameters are looked into during the secondary data analysis for the organization:

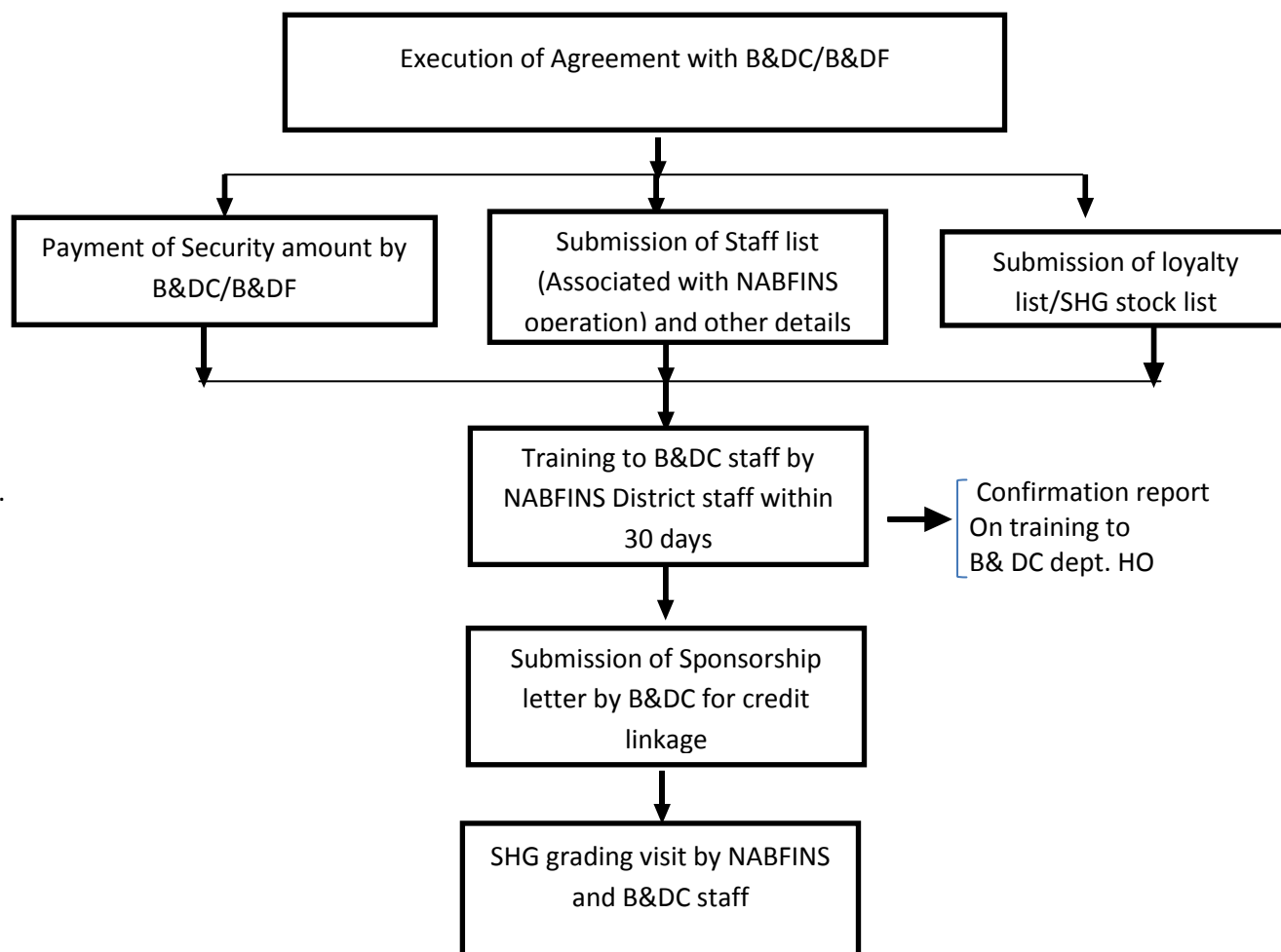
- Staff details like number of staff at various levels in the organization, their profile, experience in the organization, frequency of meeting the group etc.
- Board Members qualification, experience, community involvement, reputation, involvement in the organization's day to day operation etc.
- Available stock of existing groups and the MIS quality.
- Financials and the trend
- NABARD interface
- Geographical Spread
- Community engagement through various projects in past and continuing projects
- Groups Visited and the feedback by District Team

If the NGO is found suitable for empanelment-

- The RC/HO officials visit report/recommendations shall be forwarded to B&DC department.
- A pre-empanelment meeting shall be conducted at HO consisting of MD, GM/DGM, COO/AGM-Operation and representative from B&DC department and Risk Management department.
- In the pre-empanelment meeting, if it is agreed to empanel the organization as B & DC of NABFINS, then proper communication shall be sent to the Organization and the Organization

Head along with the authorized representatives of the Organization, are called for a final discussion at NABFINS HO and a decision on empanelment.

- **POST EMPANELMENT PROCESS:**



On Empanelment of the NGO as B & DC, the B & DC agreement is signed between the Organization and NABFINS for an initial fixed term of 3 years, paying the applicable stamp duty at the concerned State.

A security amount of Rs. 50,000(Rupees Fifty Thousand only) shall be collected from the B & DC by providing the valid receipt by NABFINS, which is refundable.

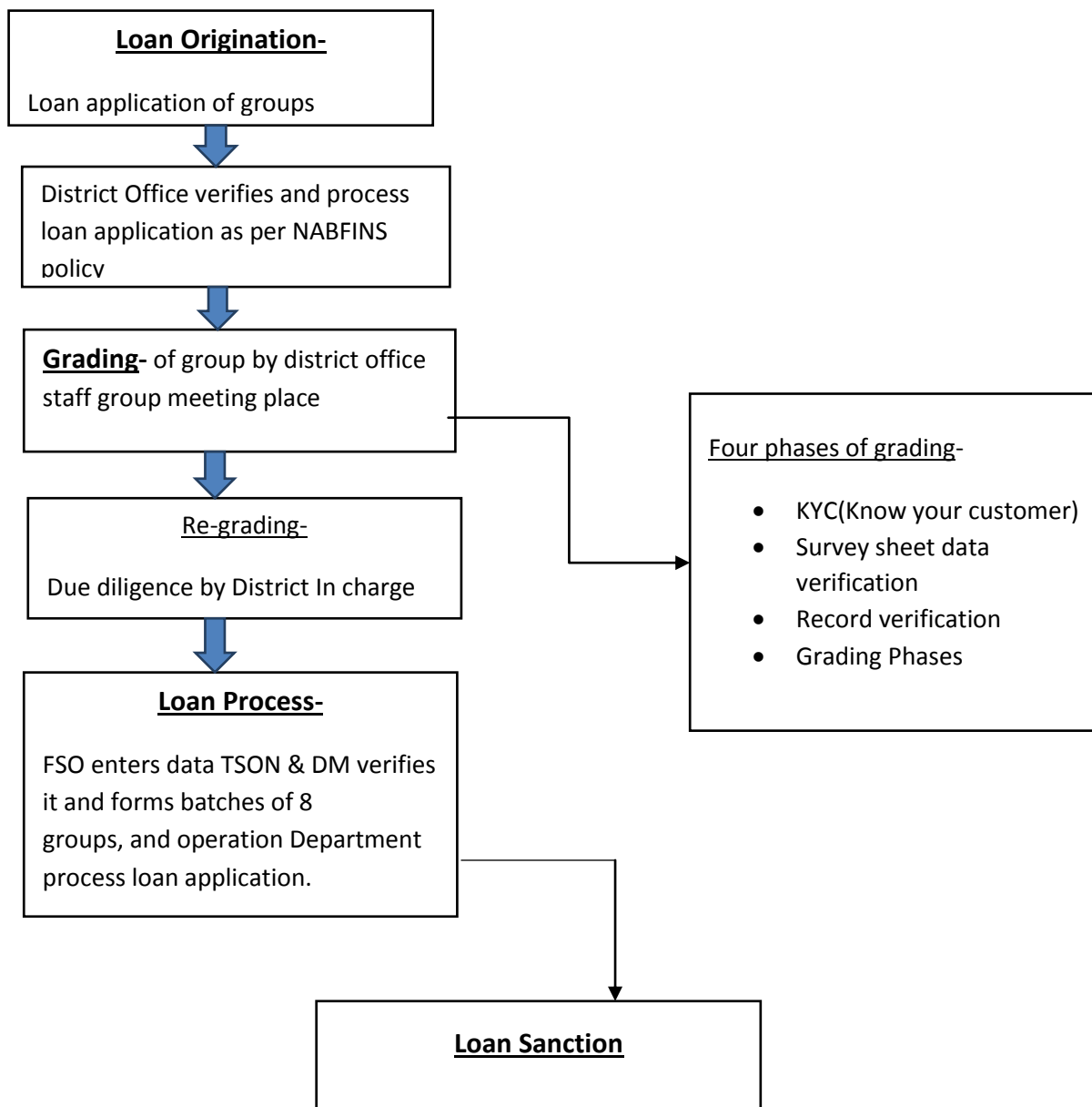
TRAINING TO B&DC STAFF

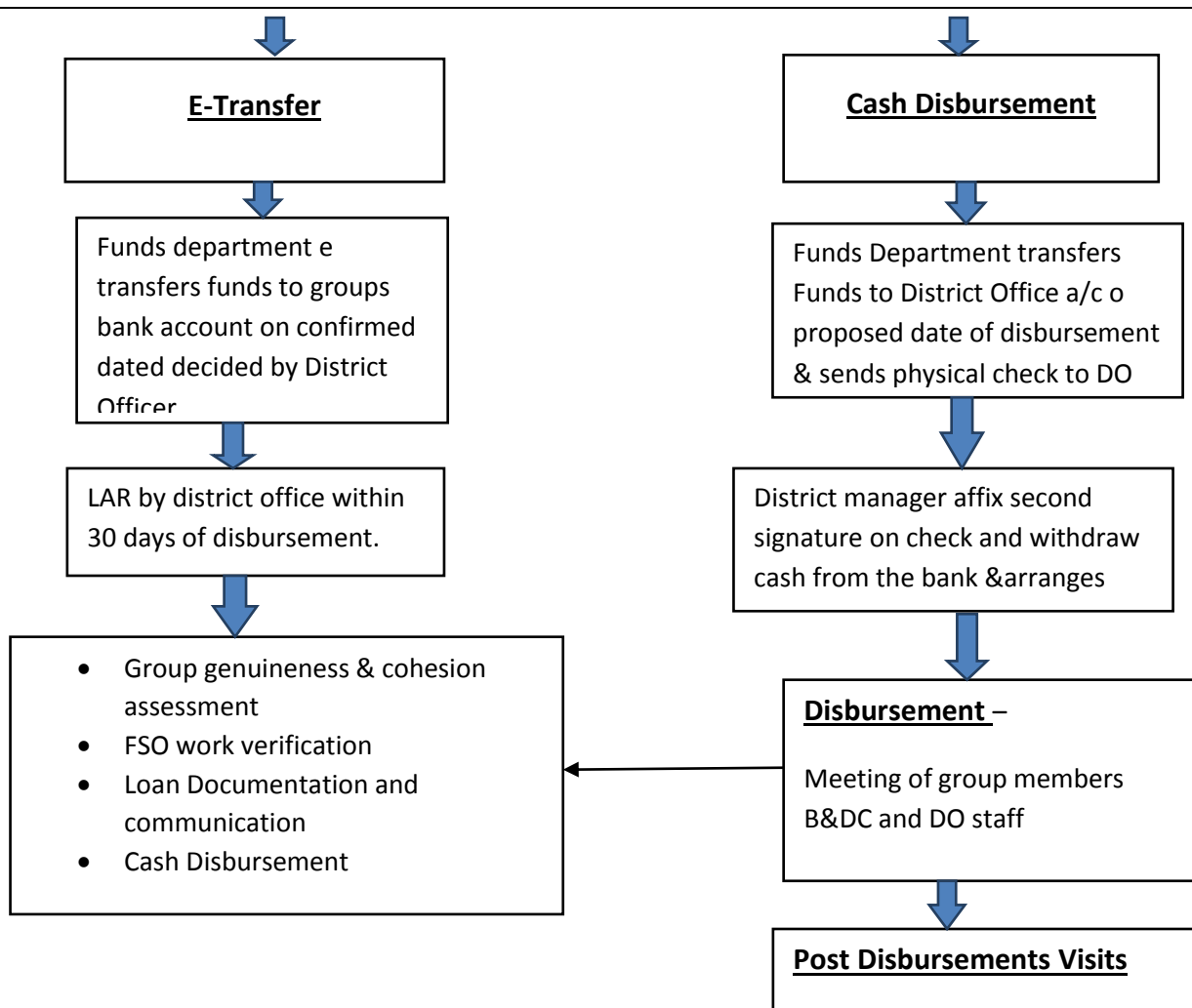
- After Empanelment of B & DC, in order to enable the B & DC staff to know about the policy and process of NABFINS's loan model, a Policy Orientation training for one or two days to all the concerned B & DC staff shall be conducted by the District office staff at B & DC's office.
- Which should also cover aspects like Fair practice code to lenders, loan documentation, route planning, Usage of POS machine, identification of fake notes, process in grading/ disbursement

/collection/ remittance, calculation of interest on loans at reducing balance method, monthly repayment schedule etc

B & DC MODEL: LOAN PROCESS

• SHG Loan Process (B & DC Model) –Flow Chart





LOAN ORIGINATION:

1. Loan application origination process starts as and when the eligible Self Help Group (SHG)/Joint Liability Group (JLG) require loan and approach the B & DC.
2. The concerned staff of B & DC shall discuss with the groups and ask the individual members to fill the survey sheet by themselves or he/she fills the same in their presence. The member's identity and Address Proofs (KYC documents) are to be collected and verified which are mandatory.
3. Any one of the following are acceptable for ID and address proof of the members:
 - Voter's identity card
 - Ration Card with photo
 - Driving licence
 - The letter issued by the Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number.
 - Certification from the Village Sarpanch or B & DC on the photo and address of individual member.

4. The B & DC shall obtain loan application form from SHG/JLG in the stipulated format and forward the same to the concerned District Office of NABFINS along with identity & address proof, survey sheet of group.
5. B & DC shall be informed that as per the Loan Policy of NABFINS.
6. Individual member of a group should not avail loans from more than two sources including the proposed loan from NABFINS and total indebtedness should not exceed Rs.1 lakh.
7. If a Group has outstanding loan from other financial institution, the loan application of such group may be considered for assessment, subject to furnishing a declaration by the group that total indebtedness of any individual member of the group including the proposed loan from NABFINS does not exceed the limit of Rs.1 lakh.

GRADING:

1. First Meeting (Grading of Groups):

It is the first meeting of NABFINS staff/FSO with the group members in order to ascertain the genuineness and quality of the group for consideration of financial linkage with NABFINS.

The following needs to be done by the FSO in the first meeting:

- Ensure all members of the Group are present in the meeting. District Manager can permit grading of group/s where up to 20% of members are absent due to some emergency reasons such as hospitalization, death in family etc.
- However a proper resolution is to be passed for the absence of any member at the time of grading and to be recorded in the SHG books.
- DM Will explain NABFINS methodology of doorstep and quick service, interest rates, processing fees, transparency (No hidden charges)
- Make sure that the group has signed a resolution for the applying for loan with NABFINS. The resolution should contain the break-up of loan amount of each individual members of the group along with the purpose of the loan.
- The group should pass a resolution that no bribe/extra consideration was paid or will be paid for getting loan from NABFINS
- Verify the original KYC document of each member of the group and authenticate the photo copies of the documents
- Keenly observe group discipline, awareness of members about their savings/group's savings/internal lending/recovery/defaults, if any
- Collect survey form of each member of the Group duly filled in/authenticated by the staff of B & DC/B & DF. Verify the correctness of the data furnished in the survey form with each member
- Collect financial and non-financial data of the group as per the rating format and cross check the data by verifying the books of the group, individual members pass book etc.
- Record your attendance in the 'minutes' book of the SHG

- Prepare the grading sheet

Before leaving the SHG meeting, FSO must

- Acknowledge the loan application submitted by the SHG
- Inform the group members, the time frame for disposal of loan application
- Inform the group members, that there will not be any penalty or prepayment charges for pre-closure of the loan
- Explain the mode of calculation of interest on reducing balance, which is different from the private financiers/money lenders
- Explain the need of prompt repayment in order to get further linkage and maintain good records with NABFINS to avail any other financial product.

The first meeting (Grading) consists of four distinct phases as described below:

- i) **KYC (Know Your Community) Phase:** Know your community is the process where, the FSO ensures that the basic required characteristics are present in the group. The FSO interacts with each and every member of the group after a formal self-introduction and brief description about NABFINS and the B & DC. The KYC documents such as Identity and address proof, photographs of all members.
- ii) **Survey Sheet Verification Phase:** Once, the FSO is satisfied on the group cohesion level, he/she reads out the individual survey sheets filled and handed over by the B & DC staff. The purpose is to verify the facts mentioned in the sheet in presence of other group members and the B & DC staff and come to a conclusion on the accuracy level of group surplus calculation.
- iii) **Record Verification Phase :** The FSO shall ask the group about the total savings, total internal loan outstanding, grants or non-refundable fund, fine collected and the bank balance of the group.
Group Corpus = Total of Internal Lending+ Bank Balance (and Cash on hand) – Bank loan outstanding – Any refundable fund/grant

Grading Phase: This is the last stage of the meeting, where the non-financial and financial parameters are discussed with the group members and captured in the grading sheet.

LOAN DOCUMENTATION:

The following loan documents are to be obtained on the day of disbursement of the loan at the venue of the meeting of the Group:

- Acknowledgement of the authorized group representatives on the sanction letter/ Terms & conditions and repayment schedule
- A Disbursement resolution copy signed by all Group members.
- Resolution copy for not paying any bribe/consideration to any one for availing the loan from NABFINS
- Declaration signed by all members of the group.
- A request letter by the Group to disburse the loan amount in cash (in case of cash disbursement)
- Do's and Don'ts/Advisory to the Group duly acknowledged by the group
- SHG – Members ID list containing photo/signature/Loan amount/address/land mark /contact number etc.of all members of the group
- Signed POS generated disbursement Voucher (NABFINS copy) or loan acknowledgement receipt (amount in csh/cheque/DD)
- Disbursement photograph with group members (in case of cash disbursement)
- Signed Loan Acknowledgment Receipt – LAR (in case of an E-Transfer)

CASH DISBURSEMENT PROCESS:

- The District Manager along with the concerned FSO shall carry the cash in a four wheeler vehicle to the meeting places of groups as per the pre scheduled date & time.
- The B & DC staff may also join in the vehicle or else he has to be present at the meeting place of group, while making the cash disbursement.
- The District Manager shall maintain KYC record of agency name/person's name who has provided the vehicle, the vehicle number, drivers name & contact details before carrying cash in the vehicle.
- **The disbursement process consists of four distinct phases as follows** and takes about 45 minutes to complete.

1-Group Genuineness and Cohesion Assessment Phase:

The presence of all members of the group is to be ensured. The DM should independently access the genuineness of the group with random verification of the registers, points in grading sheet, survey sheet and through discussion with the group members.

2-FSO work Verification phase-

In this phase, the process followed in the first meeting by the FSO, is to be verified by the DM with random discussion on the parameters of survey sheet, surplus calculation, internal lending rates etc

3- Documentation and Communication Phase-

Various loan related documents like the Articles of agreement, inter-se agreement, sanction letter, repayment schedule etc. needs to be signed by the group representatives and the members in this phase.

4- Cash Disbursement-

- Finally, the approved loan amount is to be disbursed in cash, to Representatives I & II of the group in the presence of all members.
- Photograph needs to be taken during the cash disbursement to the group and is to be maintained at district office in the concerned loan file of the group.
- POS receipt for disbursement generated through POS machine should be issued.
- Out of the three copies which comes out of POS, the customer copy needs to be handed over to the group and the same may be pasted on their minute's book.

REPAYMENT PROCESS:

The loan amount, tenure of loan, repayment installments, frequency of repayments, date of repayments etc., are decided based on the cash flow of the group and hence they are very critical parameters which are to be discussed in detail with the group members in the presence of B & DC staff by the FSO involved in grading and acceptance of the group is to be obtained and to be recorded in the SHG book for resolutions and to be read out during grading process.

POST DISBURSEMENT VISITS:

The Post Disbursement Visits (PDV) is one of the important tools for credit monitoring to ensure the quality of loan portfolio.

Objectives of Post Disbursement Visits:

- To ensure that the groups are still functioning as envisaged at the time of grading the group and to ensure continuance of original members with the group
- To ensure that the books of accounts and meeting book are maintained and updated.
- To verify that the resolution was passed accepting the loans by NABFINS, the actual disbursement of individual loans to members of the group, the end use of loan amount
- To check whether the group receive the loan repayment receipts from the B & DC staff, duly signed by the staff
- To guide and receive feedback from the group and develop a bond between NABFINS and the group

Features of Post Disbursement visits:

Post disbursement visits are conducted by staff of NABFINS, to the credit linked SHGs, normally, by the District office staff, along with or without B & DC staff, periodically, after disbursal of loans to ensure smooth functioning of the Group as envisaged at the time of grading, continuance of smooth relationship between SHG and B & DC and to assess the quality of loan portfolio of NABFINS.

Salient features of PDV are as follows:

Working of group

- PDV is conducted for verifying the working of the group after disbursement of the loan to the group.
- It would ensure the repayment of loan as per repayment schedule and reduce the default risk.

The following parameters should continue in the group

- a. Regular Group meeting as per resolved frequency
- b. Regular Saving
- c. Regular Internal loan repayment and lending
- d. Updated SHG accounting & minutes Books

Membership of the group

- It is expected that membership of the Group remains unchanged during the tenure of loan.
- If there is any change in the membership, the reason for the same is to be ascertained.
- The same should be recorded in the SHG books and to be covered in the PDV report.

Disbursement and utilization of Loan Amount

- a) Individual members have taken the major part of the loan amount
- b) Members have given the amount outside their group
- c) Members have utilized/invested their loan amount in any unauthorized /risky venture

Repayment collection and visits by B&DC staff

- During PDV, the Group shall be asked about periodicity of visit by B & DC staff and signature of B&DC staff should be checked in the books of SHG to understand their visit pattern.
- It is essential that the B&DC staff should meet the groups at least once in a month.
- The groups shall be asked to invariably demand and collect receipt from the B & DC staff while making repayments and to maintain all such receipts in an order, for future verification.
- The SHG representatives should inform the concerned FSO over phone or by SMS about the date and amount paid by them to B & DC staff on the date of repayment.

Frequency of visit

- FSOs have to compulsorily visit all the groups assigned to him/her, once in a quarter and same should be entered in system.
- DM to do a sample check of at least 10% of the group where post disbursement visits have been undertaken by the FSO and same should be entered in system.

PDV Information capturing and its utility

The utility of PDV information is as follows:

- If the group comes for next linkage the history and performance of group can be checked
- NABFINS staff from various departments such as audit, risk, operations etc., can assess the group using these details
- In case of any relationship issues with B&DC, NABFINS staff can directly get in touch with the group for further repayments and business.
- **PDV summary** – After every PDV of a group, the data pertaining to each visit is to be entered in the following summary report to arrive at the cumulative marks of all PDVs of that group which will be used for understanding the group behavior during the next linkage of the group.

Parameters	PDV 1 Marks allotted		PDV 2 Marks allotted		PDV 3 Marks allotted		PDV 4 Marks allotted	
Regular Meeting		5		5		5		5
Regular Savings and growth of Corpus		10		5		5		5
Book keeping (highest marks for updated records)		5		5		5		5
Internal lending repayment		5		10		10		10
Any external loan taken during our loan tenure and its outstanding (highest marks for no loan)		10		10		10		10
Trainings attended (highest marks for relevant training attended)		5		5		5		5
Handholding by BC (highest marks for frequent visit and handholding by BC staff)		10		10		10		10
Total		50		50		50		50
Cumulative Min Avg. of all PDVs to be achieved - 40 (80% Of 50)								

ACCOUNTING OF LOAN TRANSACTIONS:

- At present, Loan transactions are accounted in two software packages, i.e. CBS(Core banking solution) &Tally.The transactions pertaining to loan origination, loan sanction, loan disbursement, generation of repayment schedule, creation of PDV report data etc are being done in CBS package.
- The accounting of loan disbursement, interest calculation, appropriation of collection to principal/interest/processing charges, closure of loan accounts etc., is being done in Tally package.

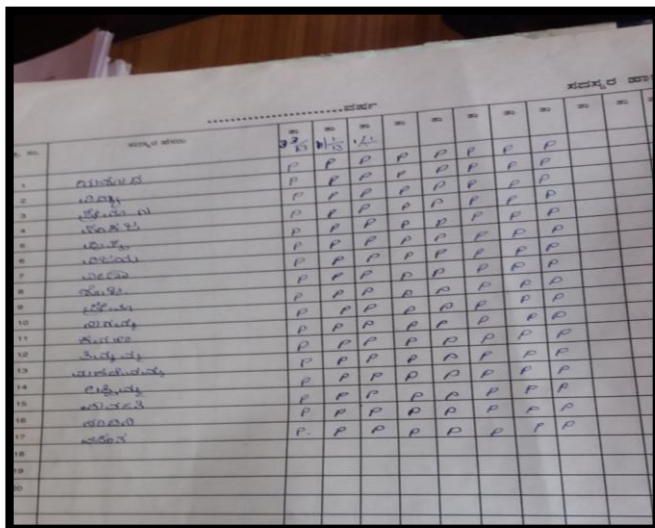
MYSORE VISIT-

- I visited Mysore for the Field Visit Under Mr S M Raju (District Manager) of Mysore. Over there I visited many Taluka and villages to see the process of B&DC Model such as Grading, Pre-disbursement visits, Loan sanctioning, Loan Disbursement, LAR (loan acknowledgement receipt), Post disbursement visits in details and NPA Visits.
- And I have conducted the monitoring of PDV.

Activation of SHG:

It has to follow the 'Panchsutras' principle of SHGs-

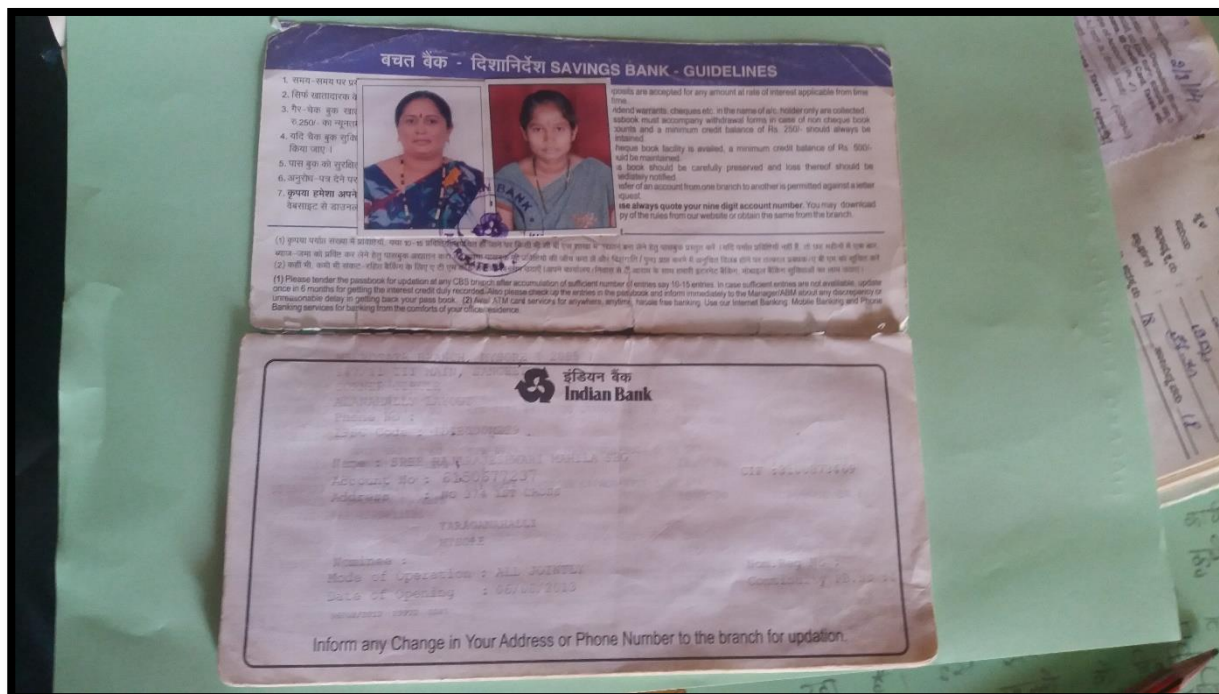
- Regular meeting-** The members of the group have to meet regularly and discuss the monthly goal of the group and individual problems of the members. The group unanimously takes a decision regarding the problems discussed which should be recorded



Regular Savings- The group members should regularly save a certain sum of money without default. It is mutually decided by the members of the group at the time of formation of the group.

Up to date books of accounts

The members should prepare proper books of accounts include individual member passbook, ledger, audited report and updated bank passbook.



दिनांक	मदद माँगा	मदद माँगा	मदद माँगा
1-8-13	100	100	✓
1-8-13	100	200	✓
1-8-13	100	300	✓
1-7-13	100	400	✓
1-7-13	100	500	✓
1-7-13	100	600	✓
1-7-13	100	700	✓
1-7-13	100	800	✓
1-7-13	100	900	✓
1-7-13	100	1000	✓
1-7-13	100	1100	✓
1-7-13	100	1200	✓
1-7-13	100	1300	✓
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1-7-13	100	2400	✓
1-7-13	100	2500	✓

दिनांक	मदद माँगा	मदद माँगा	मदद माँगा
1-8-13	1000	1000	✓
1-8-13	1000	2000	✓
1-8-13	1000	3000	✓
1-8-13	1000	4000	✓
1-8-13	1000	5000	✓
1-8-13	1000	6000	✓
1-8-13	1000	7000	✓
1-8-13	1000	8000	✓
1-8-13	1000	9000	✓
1-8-13	1000	10000	✓
1-8-13	1000	11000	✓
1-8-13	1000	12000	✓
1-8-13	1000	13000	✓
1-8-13	1000	14000	✓
1-8-13	1000	15000	✓
1-8-13	1000	16000	✓
1-8-13	1000	17000	✓
1-8-13	1000	18000	✓
1-8-13	1000	19000	✓
1-8-13	1000	20000	✓
1-8-13	1000	21000	✓
1-8-13	1000	22000	✓
1-8-13	1000	23000	✓
1-8-13	1000	24000	✓
1-8-13	1000	25000	✓

Loan processing and sanction: Calculation of amount of loan eligibility

Individual Surplus(S) = Total monthly Income-Total monthly Expenditure

Loan available= (Total Group Surplus/2)*No. of months for which the loan is required.

Borrower Category	Loan Amount	Interest rate (%)	Processing fees	Service Tax	Pen al Charges
* Individuals	Upto Rs.5 lakh	16.50%	1% of sanctioned amount	15.00% of processing fee	Nil
	Above Rs. 5 lakh	17.00%	1% of sanctioned amount	15.00% of processing fee	Nil
SHG/JLG/ Other groups	Upto Rs. 2 lakh	15.50%	1% of sanctioned amount	15.00% of processing fee	Nil
	Loans > Rs. 2 lakh and upto Rs. 5 lakh	16.70%			
	Loans > Rs. 5 lakh	16.90%			
* Institutions	Upto Rs.25 lakh	13.25%	1% of sanctioned amount	15.00% of processing fee	Nil
	Loans > Rs. 25 lakh and upto Rs. 100 lakh	13.75%			
	> Rs. 100 lakh	14.00%			
* Direct Lending-Individual-JLG	Upto Rs.0.60 lakh	16.50%	1% of sanctioned amount	15.00% of processing fee	Nil
* Direct Lending-Trader Individual	Upto Rs. 1 lakh	16.50%	1% of sanctioned amount	15.00% of processing fee	Nil

Disbursement-

LAR or Loan Acknowledgement Receipt is prepared by the SHG in front of the FSO when there is a case of e-transfer, the amount of loan is disbursed to the group's account through online transfer and then one district office staff has to make a visit to the SHG within 15 days and take a LAR from them which includes all the information regarding the distribution of cash among the members. It includes signature of all the members who have taken the loan. One LAR by each group is prepared.

For distributing the cash physically, the District Manager with one FSO meets the B&DC staff and SHG representative and hands over the cash to the B&DC staff, of which a photograph is taken. After this it is the duty of the B&DC staff to distribute the cash among the SHG members. The FSO has to make a post disbursement visit to ensure that the cash is properly distributed.

NABFINS Copy

RECEIPT

Date: 31/04/17

Deno.	Nos.	Amount Rs.
1000 x	11	22,000
500 x	-	-
100 x	-	-
50 x	3	150
20 x	-	-
10 x	2	20
5 x	-	-
2 x	2	4
1 x	-	-
TOTAL		22,174

Signature: _____
B.C. Representative: _____
Name of Rep.: _____
B.C. Code No.: _____

Customer Signature: _____

NABARD Financial Services Limited
(Subsidiary of National Bank for Agriculture and Rural Development)
190, Rashtriya Vidyalaya Road, Jayanagar 2nd Block, Bangalore 560004, INDIA
Office: +91 80 26563443 / 26574222 Fax: +91 80 26563442
Email: ho@nabard.org www.nabard.org Toll Free: 1800 1024 205

18364 **Loan Pass Book**

Loan A/C No. 93920 Group ID 10276656

Name of the Group: SRI RAJARAJESHWARI MAHALA SWA SAMANA SAVANA

Date of formation of Group: 01/03/2012 No. of Members in the Group: 15

Address of the Group: YASAGANAHALI

Date of disbursement: 25/10/2016 Loan Amount: 670000

Mode of disbursement (Cash)/(E-Transfer): _____

ROI: 16.50% Frequency: MONTHLY M/Q/H/Y/others

Tenure: 24 MONTHS Repayment Start Date: 01/12/16

B & DC/BF Name: JSW Representative: YASUNGA STOMIA Sign: _____

Due Date DD/MM/YY	Due Amount	Actual Collection Date	Collected Amount	Receipt No.	Signature of the Receiver
5/12/16	49,892		49,892	KA12-3967	BP
6/1/17	37,133		37,133	KA12-3989	BP
6/2/17	36,732		36,732	KA12-7721	BP
7/3/17	35,517		35,517	KA12-7741	

Why this is important to NABFINS?

The following parameters should continue in the group

- a) Regular Group meeting as per resolved frequency
- b) Regular Saving
- c) Regular Internal loan repayment and lending
- d) Updated SHG accounting & minutes Books

FSOs have to compulsorily visit all the groups assigned to him/her, once in a quarter and same should be entered in system. First PDV after disbursement of loan is to be done within one month from the date of disbursement of loan, preferably at the time of immediate next meeting of the Group or at the time of collection of first installment, along with B & DC staff, to ensure end use of the loan amount and proper distribution of loan amount among members of the group as per the resolution passed by the group.

- LAR has to be completed within 15 days of E-Transfer.
- PDV has to be done once for every account in each quarter.

Present Status-

- Delay in/Failure to obtain LAR.
- PDVs are not conducted at times even once in a year.

Cause-

- Lack of definite plan.
- Absence of an efficient route-map.

PDV (Mysore)

Observations-

- Currently, there is no specific process of route mapping
- They are doing, according to trial and error method.
- In which, they have marked the villages on the map and use to visit those places.
- Maximum time is consumed in travelling.
- Efficiency is reduced

Objective-

- Planning → Tool
- Monitoring → MUFINS → Issues → Solutions
- Route plan → Work-plan

Tool-

Based on disbursements in a month we can plan for PDV

- Excel is used in which we will create a master data which will include Group Id, Group name, B&DC name, District, Village, FSO name, Due Date PDV, PDV done date.
- PDV due date can be calculated with the formula disbursement date+90.
- Second sheet will have filter option on B&DC name, Village name and FSO name.
- If and Else command is used
- If PDV is not done it will show 'No' and if PDV is done it will show 'Yes'.
- With the help of this tool District In charge can make the work plan and according to this route map can be created.

Disbursement Report for the Month				
	District	date of disbursement	No of GROUPS disbursed	PDV due date
	Mysore	06-Apr-2017	7	05-Jul-2017
	Mysore	10-Apr-2017	4	09-Jul-2017
	Mysore	19-Apr-2017	2	18-Jul-2017
	Mysore	21-Apr-2017	5	20-Jul-2017
	Mysore	24-Apr-2017	5	23-Jul-2017
	Mysore	25-Apr-2017	5	24-Jul-2017
	Mysore	26-Apr-2017	6	25-Jul-2017
	Mysore	27-Apr-2017	5	26-Jul-2017
	Mysore	28-Apr-2017	5	27-Jul-2017
	TOTAL		44	
	No. Of working in a month		20	
	No. Of FSO		3	
	Avg pdv to be conducted per day per FSO		1	

Step 2 - PDV plan for month-

toolBookppppp (1).xlsx - Microsoft Excel

Home Insert Page Layout Formulas Data Review View

Cut Copy Paste Format Painter Clipboard

Arial 16 A A Font

Wrap Text Alignment

Number % .00 .00 Number

Conditional Formatting as Table Styles

Insert Delete Form Cells

J2 =IF(I2="", "no", "yes")

	A	B	C	D	E	F	G	H	I	J
	Date of Disb.	Group ID	Group Name	B&DC name	District	Village	FSO	PDV Due Date	PDV Done Da	DONE?
2	06 April 2017	1 abc	CRC	Mysore	devagalli	Guruswamy		05 July 2017	03 July 2017	yes
3	10 April 2017	2 def	CREDIT-I	Mysore	shendehalli	Madhu		09 July 2017		no
4	19 April 2017	3 ghi	JSWC	Mysore	hunsur	Mahadevipras		18 July 2017	15 July 2017	yes
5	21 April 2017	4 jkl	MCMRC	Mysore	nandanhalli	Navin Kumar		20 July 2017		no
6	24 April 2017	5 mno	MSAK	Mysore	devagalli	Guruswamy		23 July 2017		no
7	25 April 2017	6 pqr	NCMRC	Mysore	shendehalli	Guruswamy		24 July 2017	23 July 2017	yes
8	26 April 2017	7 stv	ODP	Mysore	hunsur	Mahadevipras		25 July 2017		no
9	27 April 2017	8 uwz	TARDO	Mysore	nandanhalli	Navin Kumar		26 July 2017	25 July 2017	yes
10	28 April 2017	9 yza	VIKASANA	Mysore	ganjam	Navin Kumar		27 July 2017		no
11										
12										

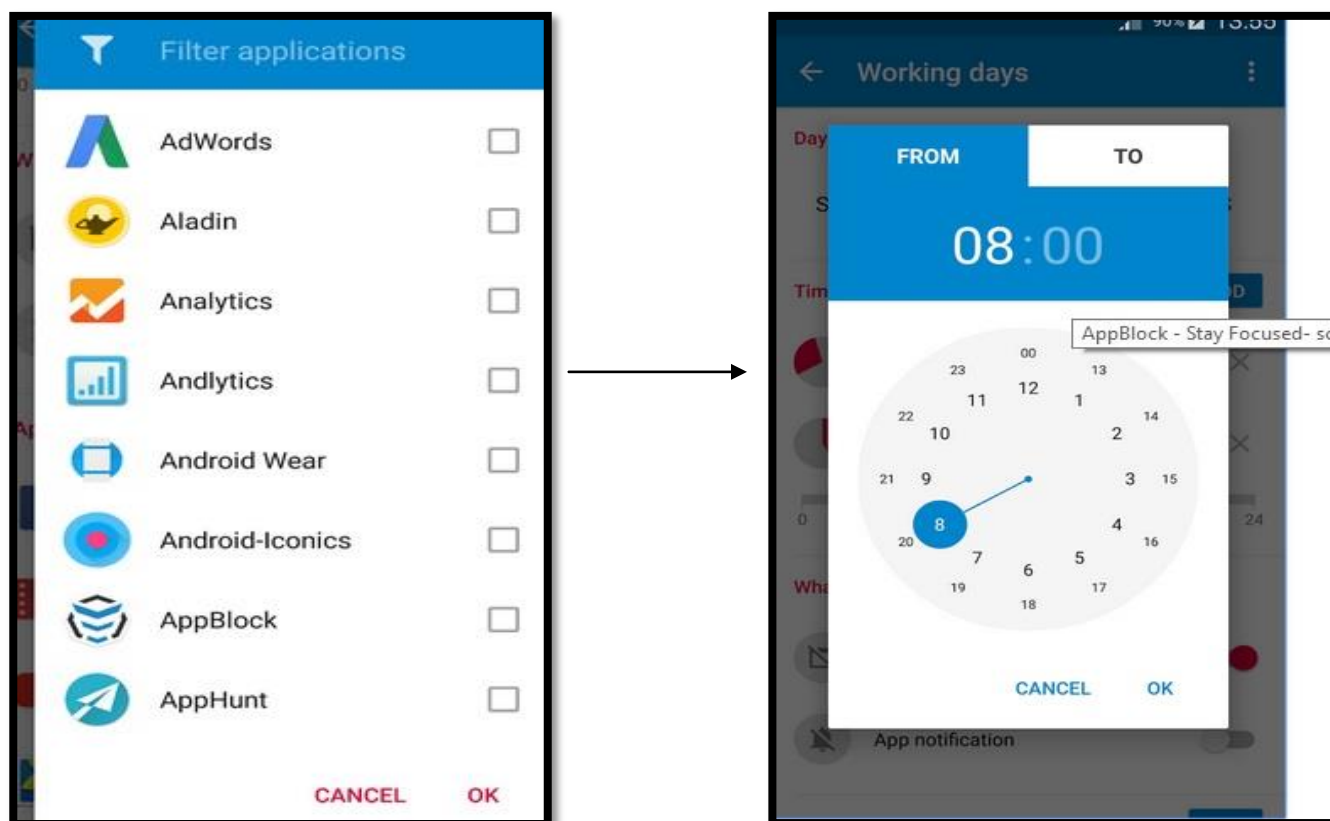
Issues-

- 1- Response time
- 2- Data of all District map is not coming.
- 3- Device specific issues for particular FSOs (Android vs. Other)
- 4- Mapping issues wrt to Employee Id and device
- 5- Accuracy in GPS Vs non-GPS mode
- 6- In GPS mode –Battery running issues

Recommendations-

1. Battery Optimization-

App Block- is an android application that helps users to block apps temporarily distracting applications on mobiles and can stay focused to single app and will save the battery.



Purify app-

- Detects your battery life and adjusts the battery-consuming settings accordingly such as your screen brightness.
- In addition, you can manually switch over from Save Mode to Super Save when your phone's battery is draining fast.
- Increases battery life up to 1 hour 30 minutes

2- Dedicated and customized devices send from NABFINS itself having certain utilities.

SAMSUNG has this type of facilities in which they provide their own phones (bulk model) in which particular app will work and other app will be blocked and if there is any issue it will be notified to their system and problem will be resolved.

3- GPS coordinates of the District Office and major villages may be coded in the software itself so that location is identified.

4- District Manager should have a separate sheet for pending PDVs so that he can do the work plan accordingly.

5- He should assign particular FSO to go through the same route and do the pending PDVs and other process.

7- The PDV due report should be incorporated in CBS like demand collection report.

Details

<u>Name of the Staffs (FSO)</u>	<u>Groups</u>	<u>B&DC</u>	<u>Areas</u>	<u>No. of Groups</u>
B. Guru swamy	418	JSWC+MSAK+TARDO	Mysorecity+Nanjunkudu+Hunsur	400
S. Navin Kumar	317	ODP+VILD+VIKASANA	Mysore city+KR Nagar+Mandya District	316
M.P.Mahadavrasad	208	JC CMRC+CREDIT I	Mysuru city+H D kote+Hunsur	317
Madhu	156	CRC+NCMRC	T.N Narsipura +H D kote + Mysuru	200

After separating the pending PDVs in the tool we can plan the route map through Google map.

Process of Route Mapping (Step by Step) -

Step 1-

I took the data of the Senior FSO and the number of villages he is covering including the number of groups (**Annexure 1**) he is handling within the village.(**Suppose-MSAK**)

- Name of B&DC-CRC
- Taluka- T. Narismpura
- FSO - Madhu

Step 2-

Then find out the distance each village will take from the District Office and filter the data according to the minimum distance. Mark it on the Map i.e., villages within the gram Panchayat. (**Annexure 2**)

Step 3-

Then, according to the Minimum distance from the District office, plan the village distance according to the Gram Panchayat. Mapping is done on the Cluster basis covering the nearby areas in minimum time.

Plan the distance between the villages according to the Gram Panchayat wise, so that once the FSO goes in one gram Panchayat he should cover all the villages on that day itself. He needs not to come through the same route again.

Step 4-

This will increase the efficiency and through this proper route map they will be able to cover all villages within the gram Panchayat.

They don't have to go through the same route which will save the travelling time and money.



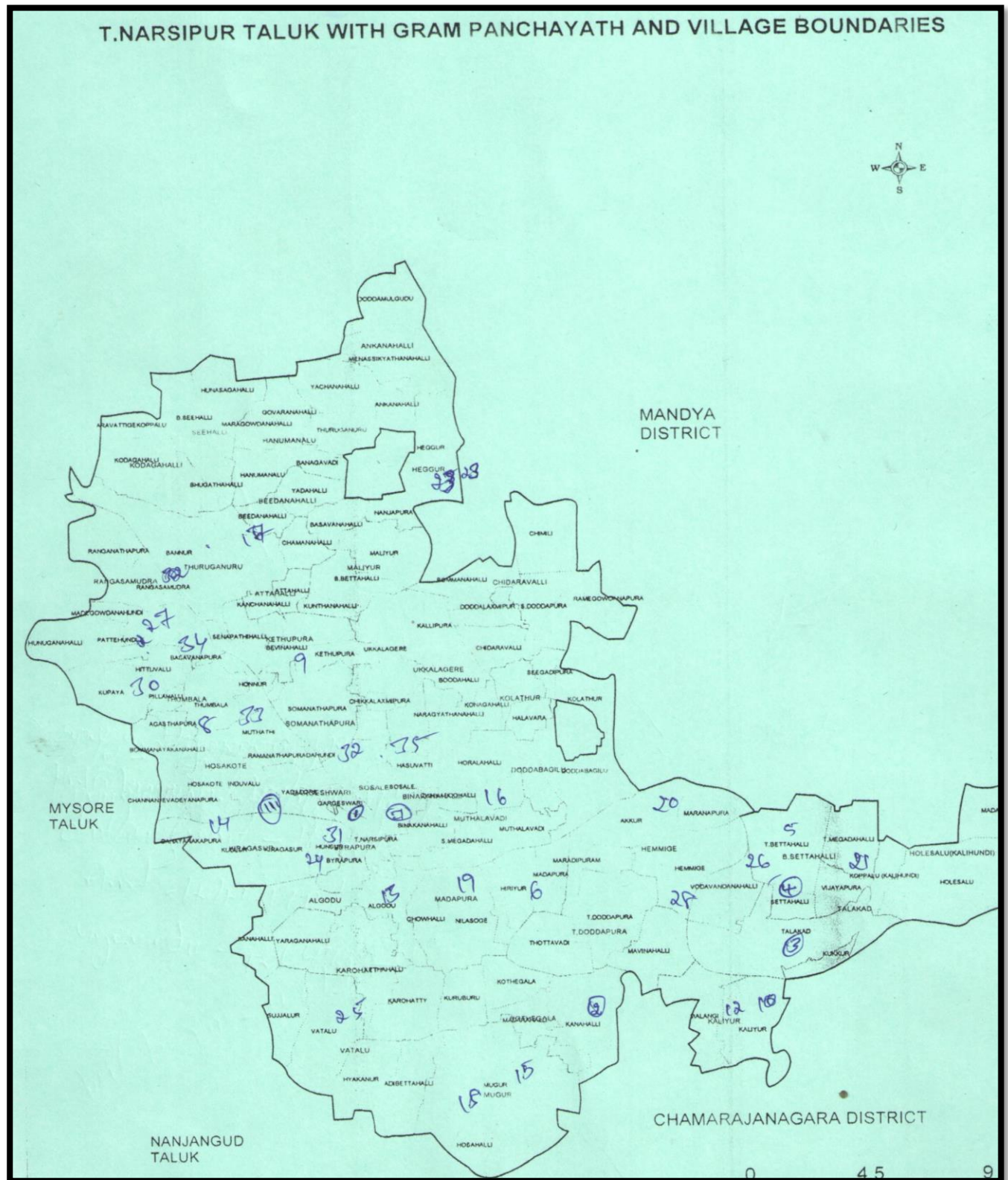
Here, the route map is created using Google map in which FSO will leave the district office at 7.30 and will cover all the villages within the same Gram Panchayat. Similarly, the route maps of CRC B&DC is shown in **annexure 3, annexure 4, annexure 5**

The Post Disbursement Visits of groups after loan disbursement is a critical function which provides continuous linkage between SHG and NABFINS, and ensures the quality of the loan so it is necessary to have the proper route map for the FSOs so that he can monitor the groups and overall efficiency can be increased.

Annexure 1-

SL NO	BC NAME	FSO NAME	FROM	TO	KILOMETRES
	CRC	MADHU	MYSORE OFFICE	VILLAGE NAME	
1				THRIVENINAGAR	50
2				KANNAHALLI MOLE	65
3				TALAKADU	70
4				T BETTAHALLI	75
5				MUDUKUTHORE	79
6				HIRIYURU.	67
7				THIRUMAKUDAL NARASIPURA	47
8				AGASTHAPURA	68
9				KETAHALLI	55
10				THADIMALANGI	75
11				HELAVARAHUNDI	55
12				KALIYURU	74
13				ALAGUDU...	52
14				YADADORE	45
15				MUGURU	60
16				BINAKANAHALLI	62
17				CHIKKABOOVAHALLI	60
18				MUGURU MOLE	65
19				MADAPURA..	60
20				MARADIPURA	64
21				KURUBALANAHUNDI	78
22				KETAHALLI	64
23				KODAGAHALLI	85
24				SUJJALURU	58
25				VATALAPURA	62
26				B SHEETAHALLI	72
27				MUDDABERANAHUNDI	70
28				VADAYANDALLI	68
29				KALIYURU	68
30				ML HUNDI	55
31				VIVEKANANDA NAGAR	48
32				RAMANATHAPURADA HUNDI	60
33				MUTHATHI	70
34				UKKALAGERE	60
35				DARMAINAHUNDI	60

Annexure 2



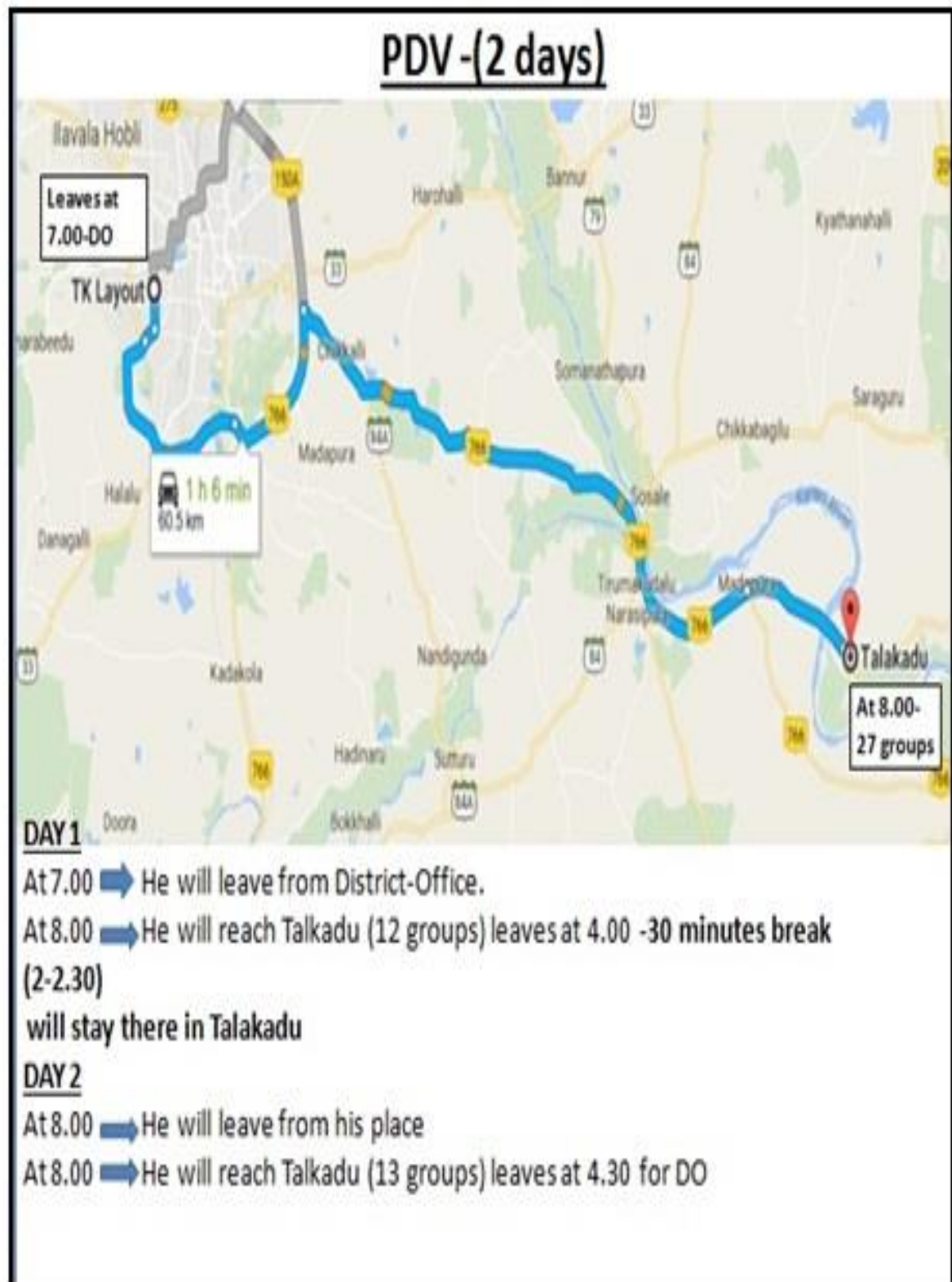
Annexure 3-



Annexure 4



Annexure 5-



References-

- Operational Manual (NABFINS) ,2015-16
- <https://www.google.co.in/maps>
- <http://nabfins.mu-fin.in/>
- <https://play.google.com/>