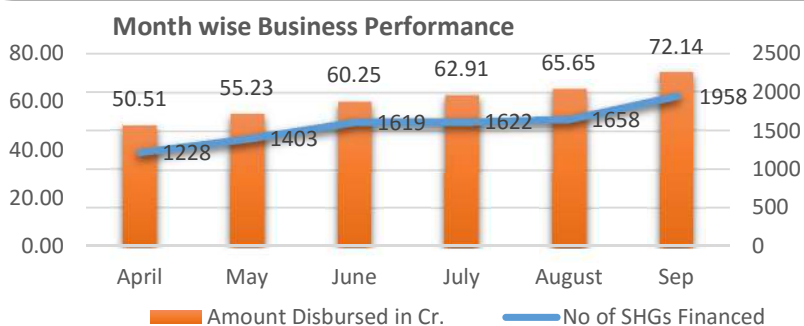


Snapshot of Operations

Particulars	September-2015	Cumulative Position
No of SHGs financed	1950	67546
No of SLIs financed	01	110
No of PTSLP groups financed	25	477
Loan Amount disbursed (Under SHG model)	₹ 72.14 Cr	₹ 2440.95 Cr
Loan Amount disbursed (Under SLI model)	₹ 0.11 Cr	₹ 43.04 Cr
Loan Amount disbursed (Under PTSLP model)	₹ 0.39 Cr	₹ 9.40 Cr
New District offices opened	0	76
No of B&DC/DFs empaneled	0	254
Outstanding as on Sept, 30, 2015	₹ 799.27 Cr	



Outstanding Performer for the Month

NABFINS management congratulates the Viluppuram district team led by Mr. A Johnson Patrick for overall & outstanding performance during the month September 2015. Besides fulfilling loaning obligations ensuring 100% repayment rates and managing the portfolio adeptly. Viluppuram district also reports satisfactory PDV coverage.



Sector Updates

Small Finance Banks (SFBs) license to 10 Applicants

Reserve Bank of India has granted in-principle approval for small finance banks to ten entities. Eight out of ten selected were NBFC-MFIs, besides Au Financiers India Limited and Capital Local Area Bank Limited, the other NBFC-mFIs selected were Disha Microfin, Equitas Holdings, ESAF Microfinance and Investments, Janalakshmi Financial Services, RGVN (North East) Microfinance, Suryoday Micro Finance, Ujjivan Financial Services and Utkarsh Micro Finance. The in-principle approval granted by RBI will be valid for a period of 18 months. The regulator had also said that small banks can convert themselves into universal banks, though the transition would not be automatic and will depend on the regulator's approval. 72 players had applied for small finance bank license. The small finance banks will now face the task of raising substantial domestic capital to the tune of ₹ 2000 Cr in order to meet the minimum domestic capital holding of 51%.

The Long & Short of It

Final guidelines for Payments & Small Banks

	Small Bank	Payments Bank
Eligibility	Professionals with 10-yr fin service experience Promoter group with a 5-year track record	Card issuers; finance cos. business correspondents, telcos, retailers and co-ops
Capital requirement	₹100-crore equity capital	₹100-crore equity capital
Scope of Activity	Provide basic banking facilities for the poor, small businessmen	Accept deposits, issue debit card, remittance services. No credit card
Promoter contribution	Promoter's initial contribution should be 40%, lowered to 26% in 12 yrs	Promoter should retain a 40% stake for the first 5 yrs
Differentiating factor	'Small Finance Bank'	'Payments Bank'

- ❖ KVGB initiative: Exclusive bank branch for SHGs. The Dharwad-headquartered Karnataka Vikas Grameen Bank (KVGB) has opened two branches exclusively for SHGs (self-help groups) at Haveri and Ranebennur in Haveri district of Karnataka. The newly opened SHG branches is expected to take care of formation of new SHGs and opening of their accounts with the branches. These branches will also credit link the SHGs, monitor them, and guide and assist them in marketing their products. SHG branches are manned by staff and officers who are specifically trained to cater to the needs of SHGs and are aware of their requirements.
- ❖ The non-banking financial companies-microfinance institutions (NBFC-mFIs) in the country have disbursed microcredit of nearly ₹ 16,000 crore during the first quarter ended June 30, 2015. As many as 52 NBFC-mFIs granted license by RBI and members of Microfinance Institutions Network (MFIN), provided micro-credit of ₹ 15,986 crore, marking an increase of 70 per cent over the previous quarter figure of ₹ 9,399 crore. At the same time, the average loan disbursed per account also increased to ₹ 17,848 from ₹ 14,847.
- ❖ RBI cut the repo rates by 50 BPS write announcing its tri-monthly policy statement of September. Consequently the repo rate now stands at 6.75% and reverse repo rate at 5.75% (100 BPS). Further rate reduction will depend on whether inflation remain benign and the impact of monsoon on prices.

- ❖ Reserve Bank in its credit policy fixed the applicable rate of interest charged by NBFC-mFIs at 9.82 per cent for December quarter. The apex bank had also said that average of the base rates of the five largest commercial banks shall be advised by it on the last working day of every quarter, for the purpose of arriving at the interest rates to be charged by an NBFC-mFI to its borrowers in the ensuing quarter.
- ❖ The Reserve Bank of India on October 1, 2015 made modification to the NBFC-mFI directions. As per which the maximum variance between the minimum and maximum interest rates on loans cannot exceed 4%.

NABFINS Updates



❖ Induction Workshop for New recruits

An Orientation programme for 10 new recruits (5 Assistant Managers, 5 SSOs) in NABFINS was conducted at Head Office on 15th Sep 2015. The programme was inaugurated by the MD, who share the mission and objectives of NABFINS and expectations from them. This was followed by sessions by departmental heads on various aspects of operations of the company. A one day exposure visit was also arranged for the new recruits to familiarize them with the field level operations of the Company.



❖ Board Meeting and 18th Annual General Meeting of NABFINS

The Board meeting and the 18th AGM of NABFINS was held on 25th September 2015. Mobile app based audit software was launched by Shri S S Bhat, CGM, Canara Bank and a Board of Director of NABFINS. On this occasion Audio/Video training modules (CD) and the 1st newsletter of NABFINS "NABINSIGHTS" were also released by the Chairman.

❖ Webinar on SHGs rating

As a part of capacity building of the staff of NABFINS, in a first of its kind, a webinar on 'Rating of SHGs' hosted by Bankers Institute for Rural Development, Lucknow was held on 29th Sep 2015. Officials from 25 district offices and HO participated in the webinar which included a presentation from BIRD, Lucknow followed by interactive sessions.



❖ Introduction of Operational Manual

A comprehensive manual of operations incorporating all the existing instructions and revised processes was compiled by Shri Mallaya, Consultant (Risk) and the risk team. The Board of Directors approved the manual in their meeting held on 25 September 2015.

Success Story: Partner engagement – Sajjala Shree NGO, Raichur

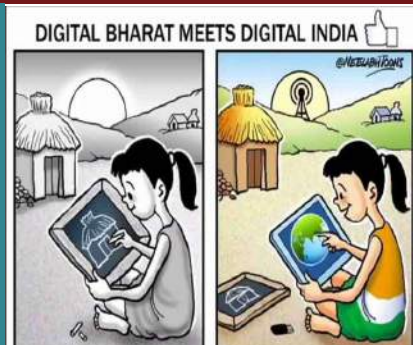
In 2010, NABFINS entered into an agreement with Sajjala Shree to appoint it as a business and development correspondent (B&DC) for its services in Raichur district. Prior to the agreement, the NGO didn't have sufficient projects that may give a boost to its growth and sustainable community engagement in the areas it worked in. The only project, the NGO implemented, then was NABARD SHPI (Self Help Promoting Institution) project of forming 200 SHGs and JLGs and linking them with banks. The empanelment agreement with NABFINS proved to be a watershed moment for district operations of NABFINS and activities of Sajjala Shree. But the impact on Sajjala Shree's nature and stature as an NGO was especially profound. The organization proved its credentials by working diligently with NABFINS and could grab new community projects like agriculture department's watershed programme, NABARD supported UPNRM (in collaboration with Karnataka Milk Federation), TDF project, project on system of rice intensification for paddy, and various handicrafts promotion and skill development assignments. With the help of NABFINS activities of credit linkage and associated processes, the community capital of the NGO grew manifold and Sajjala Shree became a household name in most of the villages of Lingsugur block of Raichur district. In association with Sajjala Shree, NABFINS has linked till March 2015 in total 618 groups with the disbursement amount of around ₹ 210.5 million. The then small team of 3 members has proliferated into a team of around 30 today and managed a healthy portfolio throughout with extreme care and commitment. Initially cash disbursement remained a norm but with concerted efforts of NABFINS district team, the NGO focused on E-transfer of loan amount and as a result all the groups linked in last 2 years were e-transferred the loan amount. The team enjoys a remarkable rapport with the SHG households and finds even more satisfaction in their employment. The dedication of the NGO team and unwavering support and guidance of the NABFINS district team has turned the professional agreement into a mutually prospering engagement.

Auditors Corner

Deficiencies or deviations in loan documentation is observed during Process audit of district offices. The purpose of loan documentation is to ensure proper repayment of loan by the borrower and in case of default, entitles NABFINS to recover the loan through legal recourse in a court of law. Hence any defect in loan documents or incomplete documents adversely impact recovery of loan in case of default, as courts may not admit such documents as an evidence. Deficiencies in documentation shall be the sole liability of the concerned employee and he/she shall be responsible for all resultant consequences.

Loan documents are simplified and list of documents as well as process of effective documentation are explained in the "Manual of Loan Documentation". District Offices have to ensure safe & orderly keeping of loan documents and proper recording of inward/outward movement of loan documents of all active loan accounts in the Loan Documents Register.

Cartoon Scope



"The common question that gets asked in business is, 'why?' That's a good question, but an equally valid question is, 'why not?'" - Jeff Bezos

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Suggestions & Contributions from staff are welcome