

CREDIT DELIVERY SYSTEM

ELIGIBLE CLIENTENE

- The asset less rural or urban poor
- Rural : should own less than 1 acre of irrigated land
- Income less than US\$ 2 per day
- Household assets less than US\$ 500

GROUP FORMATION

- Five members from same village or urban locality
- Like minded , similar socio economic status
- No relatives in same group

DUTIES & RESPONSIBILITIES OF MEMBERS

- All members have to be present on time for meetings
- Leader and members recommend loan proposal of individual members
- Members must bring their weekly saving and loan repayment installment to meeting
- Members must maintain discipline at meetings
- Leaders will collect saving, passbooks, loan repayment and give to Center Manager for getting pass books signed and updated

LOAN DISBURSEMENT & REPAYMENT PROCEDURE

- Members are eligible to access loan after regular saving, and attending meetings for at least 6 months
- All loans are recommended by the group, and group also takes responsibility for repayment
- Loans have to be repaid in equal weekly installments at the meeting
- All loans are for 1 year
- All loans carry a flat interest rate of 15%

LOAN SIZE

- 1ST loan not more than Re.6,000
- 2nd loan not more than Rs.10,000
- 3rd loan not more than Rs.15,000
- 4th loan and above will depend on need

All loans can be sanctioned only by the management.

The Group recommends the loans after satisfying themselves that the need is genuine.

WEEKLY MEETINGS

- Day and time of meeting fixed mutually
- Center Manager must reach meeting on time
- Groups sit in rows with leaders all one behind the other
- Center leader maintains discipline, and starts meeting with taking attendance
- Each leader comes by turn with the group saving, repayment and passbooks
- Signed and updated passbooks are then taken and returned to members

KEEPING RECORDS AND ACCOUNTS

- At member level : pass books
- Field staff level: daily collection sheets
- Office level : member and group ledgers
- Bank receipts: Daily bank deposit receipts, pass book entries and daily collection sheets have to tally.

MANAGING THE MICRO CREDIT PROGRAMME

- Staff requirement: 1 Branch Manager for overall coordination and monitoring
- Field staff : 1 to every 500 members, so 6 staff if outreach is 3000 members
- Funds requirement : a) Operations b) on lending

BASIC PROCEDURES

- Field Staff: identify potential members, get these approved by Branch Manager, train members for seven days in how to access credit and group procedures, open accounts
- Make 8 -10 groups in same village or locality to form a center of 40 – 50 members
- Meetings of these centers will be taken at one time

BASIC PROCEDURES

- Branch Manager: check if members fit criteria, visit homes to verify, take test to see that they have understood how to access loans and repayment schedules
- Visit center meetings, scheduled and unscheduled, to see these are conducted correctly, spot check if passbooks are completed
- Visit homes randomly to check if loan has been utilized as per approval

Contd.....

CONTD...

- In the office check the collection to see if all dues have come in
- In case of defaulted payments visit member with field staff to ensure repayment
- Deposit all collections same day in Bank
- Tally all accounts with field Staff same day

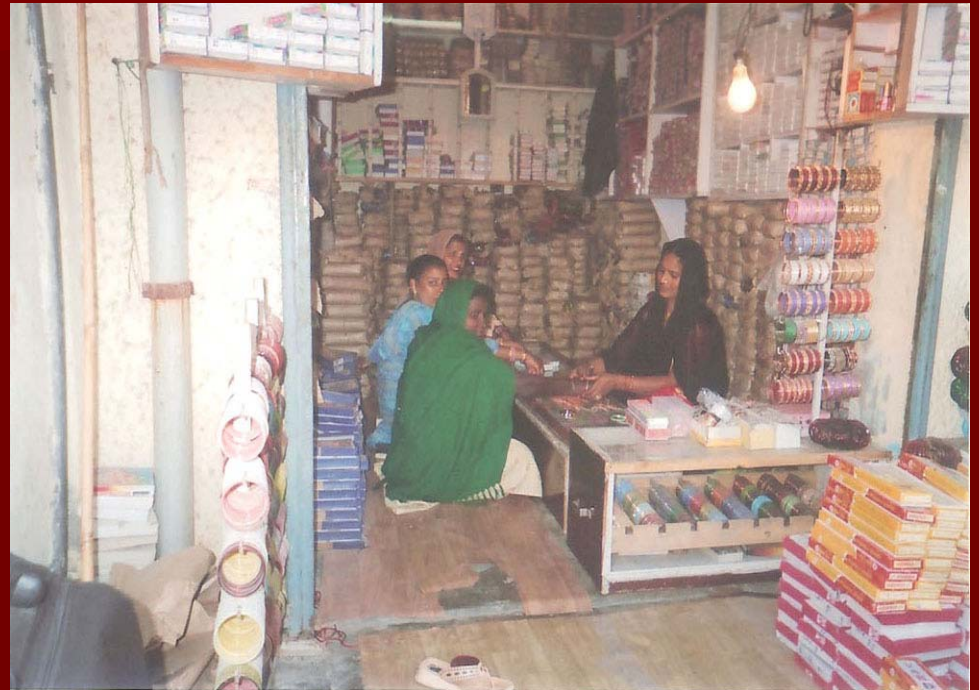
WAFD LEARNING

- POOR ARE CREDIT WORTHY AND THEY ALWAYS REPAY
- DEFAULTS ARE CAUSED BY STAFF
- REGULAR MONITORING MUST
- PERIODICAL TRAINING OS STAFF MUST

FEW CASE STUDIES

BANO

Bano became a member 4 years ago. An ailing husband meant there was no regular income or work. The family did not even have enough for their evening meals at times. She took a loan of 10,000 and started a small bangle shop in one part of her tiny house. Soon work progressed and she was at least earning a regular income. After repaying this loan she again took a loan of 20,000 now and expanded her work. She repaid this as well and now has applied for 30,000 so she can further expand and improve her work.



Today she sits at her shop, her son goes from door to door selling bangles, while her husband is receiving medical treatment. The family is finally stable and has come out of the dark days of the past.

SUMAN YADAV

She too became a member 5 years ago. She took her first loan of 2500 and bought a pure bred cocker spaniel bitch. She mated the bitch with another pure bred spaniel, and the first litter had 7 puppies. She sold all the puppies for 3000 each and made a profit of 21000.



This encouraged her to take more loans and today is very well off, she even lends the money to her husband at an interest for his business. Her earnings she is saving for her children's future, while also living very comfortably.

DARSHANA

Darshana became a member almost 7 years back. Her financial condition too was really as her husband was a daily wage earner. She took a loan of Rs.5000 to start a small food place in her verandha. It worked well and she got a few laborers as regular customers. She took 3-4 more loans to expand her work. Today she is the proud owner of two eating places. One her verandha, the other a handcart on which her husband sells food. Her earning now is Rs.15000 per month.



PADMA

Padma too has been a member for 3 years. Her first loan was of Rs.2500. With this she got herself a hand cart on which she sold fresh vegetables. As she started getting a regular income she took another loan and got another hand cart for vegetable selling. She also took a small loan for buying stock.

Today she too has a very good business and her husband a daily wage laborer now proudly helps her in the sale.



MEETING OF CENTER LEADERS

