

MicroFinance Loan Policy

(Reviewed and Approved at the Board Meeting held on February 13, 2023)

Operations**1. Branch set up**

- a. Branches are functioning with K LM Axiva finvest branch or separate branch for microfinance division.
- b. Separate B H will be available for microfinance division in every branch.
- c. Distance between two branches will be 10-25 KM
- d. Average borrowers will be 3000 -4500 no's in a branch
- e. One branch should have I B H, I A/A, 3- 5 C RE for function the M F activities.
- f. One C R E should handle 400-750 borrowers in our branches.
- g. Branch working time 9.00 am to 5.30 pm in every day (till the completion of all works)
- h. Every staff will report at filed / office at 9.00 am itself
- i. Every Centre meeting will be started from 9.00 am and will finish at 1.00 pm it self
- j. During the lunch time minimum two staffs will be available to attend the customers at branch.
- k. Every staff has to be marked their attendance in morning and evening in their attendance system in Zeta and Muster roll
- l. All movements should be marked in movement register in the office
- m. Leave is not a right of the employee. it is privilege to the employee
Every leave application has to be marked and approved with proper authority
- n. Without proper approval of leave would be treated as absent.
- o. The leaves which are not taken will be carrying forward to coming month of the staff account as leave credit.

2. Organization behavior

- a. Working place



- i. Working place would be clean and neat every day
 - ii. Every the E O D , staffs has to be ensured their working place would be clean and neat without any papers on the table etc....
 - iii. Every electrical electronics item would be switched off before they left the working place.
 - iv. We will not provide any security to personal belongings of our staff
 - v. All staffs have to be kept the assets of the company properly. moreover that company documents should be keep as its value
 - vi. Company valid documents, papers should not be displaced in any location at branch office.
 - vii. Food table , toilet etc... would be clean and neat in every branch without fail
- b. Print outs
- i. Use maximum both side of the paper to take print outs
 - ii. Once used one side , If the same can be used another side after the use of the same
 - iii. Try to use less papers in our branches
- c. Office behavior
- i. We here by prepared for the “office behavior” based on the requirement of growth of the company and discipline which we need to keep in the branch and office
 - ii. Considering the humanity of staffs and customers who are entering in to branch.
 - iii. Keep decency in wordings while taking at branch office
 - iv. Keep fairness in sound while responding the customer’s requirement at branch.
 - v. Keep less talk when the staffs are attending customers , works what they are responsible to discharge the same
 - vi. We will not permit to move around the office and other employees work place when they work or discharging their duties
 - vii. We will not permit to discuss /sit together unless the staff meeting is going on .
 - viii. Keep honesty and sincerity in your work



- ix. Do not misuse the company's name , description , finance office assets of the company
- x. We need to keep respect and keep hierarchy / decorum while taking to staffs and superior officer
- xi. Keep gender equality while talk to customers
- xii. Do not accept or offer any gift or anything from customers or any staff.
- xiii. If action against company by way of misappropriation, misbehavior not been following the rules of the company has to be reported to head office H R dept.
- xiv. H R dept. will make an enquiry and will take steps against them.
- xv. We will not permit to smoke at office time and inside the branch.
- xvi. We will not permit alcohol consumption at office time and office premises. such activity will attract termination from Job
- xvii. We are strictly restricted any misbehavior to employees / customers by any staff. Such activities will attract termination of job without ask any explanations.

d. Dress code

- i. We are expecting decent dress code from our staff
- ii. Formal dress should be used, without any compromise
- iii. Formal shoe also be used by the male staff. Female staff should be used formal chapels
- iv. Jeans will not be permitted by the staff
- v. Hair style should be decent and formal
- vi. We will not permit any informal dress by ladies staff while discharging duties
- vii. We will not permit to use sports wears while attending office

duties.

3. Operations

- i. We are operating the center with J L G
- ii. We will disburse the loan in to bank account of the customers and will take the collections in centers only
- iii. Repayment will be weekly



- iv. Branch name – The name of the locations
- v. Loan application no: - The auto generated no's from the system itself.
- vi. Centre – The meeting place for the meeting / Repayment of loan
- vii. Centre Name: - Every Centre should have one name to identify the customer's loans and their name.
- viii. Centre Borrowers would be maximum 20 nos
- ix. Group :- 1st group should be with 5 nos subsequent groups may be less than 5 nos
- x. C RE would not be formed any Centre in their native village
- xi. Loan would be given to all members in their Centre
- xii. We will not give separate loan amount to members who are in one Centre
- xiii. We will not permit to form new group with the interference of existing center's office bearers
- xiv. We will not instruct to do any work of any other center formed by the branch.
- xv. Even pre-closed the loan of the borrower, they will be liable to keep guarantee for other loans what they had stand.
- xvi. We will not give any loan to relatives of the staff
 - 1. Staffs spouse
 - 2. Staffs father /Mother
 - 3. Staffs brother /brothers wife
 - 4. Staffs daughter /son
 - 5. Staffs father in Law / Mother in Law
 - 6. Staffs sister / husband
 - 7. Staffs relatives

4. Loan process

- i. Branch manager has to be verified/visited the house t of proposed borrowers before the C G T
- ii. C G T . Comprehensive group training. The C G T is the training method which is used to train the proposed borrowers. The same would be given by the C R E . It should be taken place in the meeting place.



- iii. G R T :- Group Recognition test .It will be taken place in meeting place . Test will be conducted by the B H
- iv. Election of office bearers president , secretary and treasurer will be elected by the members in the G R T itself
- v. Loan Repayment – Loan repayment means weekly installment along with interest
- vi. Loan recovery means – loan repayment in every week
- vii. Demand :- weekly principal+ Interest due from the members
- viii. Loan cycle - No of I G L taken
- ix. Loan processing fee – 1% of loan amount
- x. Insurance – Secured to members and spouse
- xi. Pre-close- Loan pre-close which will be finally approved by H O
- xii. Overdue – demand pending to collect from members /Borrowers
- xiii. Loan application process
 - 1. Village selection
 - 2. Promotional meeting
 - 3. Customer data collection
 - 4. C B check
 - 5. House verification
 - 6. C G T
 - 7. G R T
 - 8. Loan approval
 - 9. Loan documents signature at office member and guarantor
 - 10.Loan disbursement at bank account
 - 11.L U C
- xiv. Village selection
 - 1. Maximum distance from Branch premises to Centre will be 20 KM
 - 2. the Centre should be reached with bike
 - 3. Maximum borrowers from the said village would be 60 nos



4. Rented house , other people Who are living illegally, issues area etc... would be avoided
5. Overdue members to other M F I
6. Agent and ring leaders are to be avoided
7. Group of people who are involved in same work.
8. Locality ,people who are in same caste or region
9. Negative Area
10. Politically influenced area

xv. Operation process

1. First meeting for the membership
2. In this meeting C R E will explain entire things about company and eligibility of customers
 - a. Name of the company
 - b. Eligible for poor and marginalized women
 - c. Giving loan without collateral security
 - d. Joint liability will be exists
 - e. Members who knows others in the centers
3. Customer membership eligibility
 - a. 18-58 yrs. old women
 - b. Their income level would be in same back ground
 - c. Every member/spouse should have their own house
 - d. They should be married women and their spouse should be agreed to stand as guarantor of loan.
That process would be taken place at office
 - e. Members house should not beyond 750 Mtrs
 - f. Women they are eligible for loan as single
 - i. Single means their age beyond 40 yrs old
 - ii. They may be widow, divorcee
 - iii. Should have a guarantor with blood relation
 - g. The said members would not take loan from more than two M F I
 - h. Their Total loan amount not more than 1 lakh and they should not have any O D
 - i. They should have ID card



- j. One member will be eligible from one house
- xvi. Customer Data collection
 - 1. Customer membership application has to be submitted along with following documents
 - a. Adhar card of applicant and guarantor
 - b. Bank pass book copy
- xvii. House verification
 - 1. B H has to verify members house along with customer profile which is collected by C R E
 - 2. B H has to ask / Verify the following matters while conduct the House verification
 - a. Residents stability – Minimum 3 yrs
 - b. Family members details has to noted
 - c. Verification of income source and assessment of repayment capacity
 - d. Whether the family members are suffering from incurable decease like cancer, Paralysis etc....
 - e. Verification of electricity bill along with customer name or nominee or blood relatives
 - f. Verification of original documents like AAadhar, Voter Id Etc....
 - g. Whether the members are knows each other's?
 - h. Whether they are willing to support in their financial problems?
 - i. Whether they are ready to participate in the center meeting or not?
 - j. Whether they are staying with in the limit of 750 Mtrs
 - k. Whether they had formed a group themselves or created by agent?
 - 3. House
 - a. It should have minimum standard
 - 4. Work
 - a. The members should not be following category
 - i. Money lenders



- ii. Chit fund entrepreneurs
- iii. Advocate
- iv. Police
- v. Gold loan providers

5. Area To be covered in House verification

- a. No of years stayed in the said premises?
- b. They should have health to do some work
- c. Age would be 18-58 subsequent loans eligibility maximum 62 yrs
- d. Guarantor age limit 18-63 yrs
- e. Their total debt should not be beyond R B I regulations

xviii. C G T

1. Day one

- a. Importance of Centre meeting
- b. Loan amount, interest, repayment schedule, Tenure and fees etc....
- c. Insurance, process, loan documents Etc...

2. Centre meeting

- a. As per the repayment structure meeting will be one of every week. One compulsory meeting with full attendance in every month by the members.
- b. Meeting days will be Monday to Friday
- c. Meeting time will be started at 9.00 am to 1.00 pm
- d. Maximum meeting time will be 15 minutes

3. Centre meeting discipline

- a. Attend the Centre meeting in scheduled time
- b. Mark the attendance in attendance book
- c. Sitting would be in order
- d. Repayment would be in Centre only
- e. Repayment would be ready to handed over in centre meeting
- f. All directions from company should be followed by the members

4. Responsibility of group leader



- a. Ensure everybody's repayment in the meeting
- b. Ensure every member has signed in the attendance register
- c. Collected repayment has to be handed over to C R E
- d. If have any issue in centre it has to be settled amicably
- e. Ensure the receipt has issued by the C R E
- f. Ensure Loan card and Register has marked their repayment and attendance by C R E

5. Centre meeting procedure

- a. Every member should be presented in centre before 5.00 minutes of the meeting
- b. Group leader will collect the repayment from all centre members and get ready to hand over the C R E
- c. Sit as per the order with C R E also
- d. Do the procedure as per the direction
- e. Hand over the repayment to C R E
- f. Ensure the said amount area equal to demand
- g. Mark attendance in our demand sheet by C R E
- h. Mark repayment in loan card
- i. Share the information's given by the company
- j. Vote of thanks
- k. Full attendance is compulsory on 1st week attendance in every month.
- l. Rest of the meeting, attendance would be minimum 50%

6. Area to be covered in C G T /G R T

- a. Consider the time availability of customer before fix the meeting of C G T
- b. To introduce about the company
- c. every C G T should have the attendance
- d. The C R E who is going to attend the meeting should be given the C G T



- e. After the C G T , G R T have to be conducted by B H or Above staff
 - f. G R T should be in specified time and in C G T meeting place
 - g. Suppose Customer is not attended IN G R T , the said loan to be cancelled
 - h. Suppose G R T is passed the said loans can be proceed further
 - i. If G R T failed such cases can be attended by C G T once again
7. G R T will be used to identify following area
- a. Members liability
 - b. Loan repayment, fees interest tenure etc....
 - c. Company's workings, terms and conditions of loan etc....
 - i. Questions to be followed in G R T
 - 1. Name of company
 - 2. Branch Name
 - 3. Name of staff and B H
 - 4. Loan amount
 - 5. Interest
 - 6. Loan processing fees
 - 7. Insurance premium
 - 8. Loan repayment mode
 - 9. Who is the applicant of the loan
 - 10. Purpose of the loan
 - 11. Procedure of Centre meeting
 - 12. Holidays repayment structure
 - d. Attend the meeting on time
 - e. Keep respect while talk with customers
 - f. Avoid linguistic way I approach
 - g. Don't be impatient while talk to customers
 - h. Keep smile while talk to customers
 - i. Don't misuse any un parliamentary words when the customers make delinquency in repayment



- j. Don't use coercive methods to take the repayment
- k. Without the permission don't get in to customers house
- l. Don't share the loan repayment issues with other family members like kid and old age family members

xix. Loan Disbursement

- 1. All loan application has to be processed with in 5days of the loan application collected
- 2. Customer, Guarantors should be signed in loan document in the office
- 3. We have to issue the loan repayment schedule to customers and group agreement also
- 4. Branch head also be share the importance of Joint liability of the group to Guarantor /spouse
- 5. Husband should be the guarantor of the married women except , divorcee and widow
- 6. BH is the authorized person to process the loan application in every branch
- 7. All loan cards should have the members signature and B H signature with seal
- 8. Every members should be presented in the loan disbursement at branch
- 9. If the members are not able to attend the L D in a day , that loan would not be processed further

5. Centre meeting rotation

- a. C R E should not be formed centers in their own village
- b. Every 6 months all centers would be rotated and handed over to another C R E
- c. Such changes would be in corporates in System also.

6. Receipt book

- a. All receipt book should have 50 leafs
- b. One C R E should have one receipt book at a time .But He /She have to keep equal to particular days Centre meeting.
- c. One Centre should be used one receipt



- d. If one customer has given the repayment (O D members) also be issued receipts
- e. Carbon copy should be keep with us , Original will be given to members
- f. If we want to cancel the receipt it should have both original and carbon copy
- g. C R E has to handed over the money with receipt book
- h. Reverse side of Last used receipt of every day, Should be noted the denomination of currency handed over to A/A
- i. A/A has to ensure the total currency and total amount collected as per the receipts
- j. A/A has to sign under the total Currency collected as received
- k. If have any difference it should have B H initial on the same.
- l. After the collection , A/A has to handed over the receipt book to C R E
- m. All collection amount has to handed over to A/A on the same day itself (before the bank time)

7. Cash Management policy

- a. Every Day cash should be deposited in to bank by A/A
- b. Cash balance should be kept with denominations
- c. Deposit slip also be shared with whats app /Email
- d. If A/A failed to deposit the collection in to bank , it should be intimated to H O by email
- e. All expenses can be met with the approval of H O accounts team
- f. Without approval from H O , any payment would not be released by A/A

8. O D recovery policy

- a. When the members make delinquency , it would be treated as O D amount
- b. If the repayment became late more than 30 minutes , it would be communicated to B H
- c. If the Repayment became delay more than one hour , B H should be attended such Group without fail
- d. Area Manager has to visit the centre on very next working day



- e. The entire team of the branch should be worked together to get the loan repayment on the same day up to 7.00 pm
- f. If they are not getting the repayment on the same day at 7.00 pm , the entire team has to attend the said centre meeting on next day morning at 7.00 am

9. Branch team Meeting

- a. Every Saturday at 9.00 am
- b. Participants- Entire staff
 - i. Welcome By B H
 - ii. Deliberations
 - 1. Target vs achievement
 - 2. Problems in centre
 - 3. New directions given by H O
 - 4. Communications and circular details shared by HO
 - 5. All meeting minutes should have attendance of the participants
 - 6. Meeting minutes should be in register
 - 7. Vote of thanks

10.Branch Manager Responsibility (in brief)

- a. Branch manager Has to responsible for all activities of the branch
- b. He/ She has to visit minimum two centres in a day
- c. More than the same three surprise visits also be conducted by B H
- d. Report has to be shared with reporting officer
- e. Collection has to be monitored by the BH
- f. O d collection has to be properly planned and attended by the B H
- g. He is responsible to ensure all staffs are in field to collect repayment or forming centres in field at office hours
- h. Achieve the targets given by the company in O D collection and new Business also
- i. Attendance of his subordinates has to be verified
- j. He is act as dept heads at HO .
- k. Adhere the directions given by the HO in time to time

11.Area Managers /B DM Responsibility

- a. Area Manager /B D M to responsible for all activities of the branches under him



- b. He /she has to attend the office /field at 9.00 am
- c. He/ She has to visit minimum two centres in a day
- d. More than the same three surprise visits also be conducted by Area manager /B D M
- e. Work plan has to be submitted in 28th of every month
- f. Work done also be shared in specified format along with T A .
- g. The work plan and work Done will be shared with Auditors for their references
- h. Report has to be shared with reporting officer
- i. Collection has to be monitored by the B H and ensured by Area Manager /B D M
- j. O d collection has to be properly planned and attended by the Area Manager in all branches
- k. He is responsible to ensure all staffs are in field to collect repayment or forming centers in field at office hours
- l. Attendance of his subordinates has to be verified
- m. He is act as dept heads at HO in branches.
- n. Achieve the commitment given to H O in all aspects like Target of business and O D collection ,
- o. Attend staff meeting in Saturday as per the plan
- p. Area manager /B D M Strictly restricted to talk against the company in meeting or encourage to talk against the superiors of the company
- q. He has to keep decorum in communication at H O
- r. Adhere the directions given by the HO in time to time

12. Resignation /Full and Final Settlement

- a. Resignation
 - i. Should be submitted in writings
 - ii. Resignation would be accepted / Rejected by the reporting officer
- b. Notice period
 - i. All resigned staff would be served one month notice period
 - ii. No leaves will be granted in notice period



- iii. Such leaves would be treated as L OP
- c. F& F form proceedings
 - i. After complete the notice period , the Last working day the resigned staff can be submitted their F& F form
 - ii. Reporting officer can verify the same and can be handed to H R
 - iii. Minimum 30 days and maximum 60 days required to finish the F& F
 - iv. Concerned dept has to verify the details about the staff and can be handed over to H R for final amount release from HO
 - v. All salaries, Allowances, incentives and F & F will be released through bank account only.
 - vi. Non serving Notice period, will lead _ no experience certificate and other proceedings taken by the management time to time.

