ONLINE

PSB LOANS™

MFI MANUAL

An Overview Of Prayaas Process Flow

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INTRODUCTION

Prayaas is an initiative by SIDBI with collaboration with Micro Finance Institutes to provide business loans across demographics and geographies. The Business Loan is provided in rural as well as urban parts of the country for borrowers to set up their own business. The Business Loans can vary in the amount and in the tenure according to needs of the borrower. The loan amount can range from 50000 Rs till 500000 Rs.

Micro Finance Institutes (MFI) are organizations that offer financial services to low-income population. They offer loans in the form of Joint Liability Group or Self-Help Group format. The MFI Agents are the first point of contact for borrowers. The MFIs help in the reach that can be achieved in rural parts of the country.

o TYPES OF USERS

Borrower

- They are the end user of the business loans. The borrower can be existing borrowers of MFIs or new client who wish to set up their business.

Micro finance institutes

- These Institutes can be a Financial Intermediary as well as non-Financial Intermediary. They are the Partner Institution (PI) with whom SIDBI has collaborated to provide small business loans
- PI Maker – They are the touchpoint of the MFI organizations. The PI maker is the one who meet with the borrowers to collect the application and the details.
- PI Checker – They are responsible to validate the details provided by the PI Checker.

SIDBI

- SIDBI Maker- They are the touch point with the MFI makers. They validate the information provided by the PI checker and the details provided through the application form.
- SIDBI Checker- The user is the final check for an application. The user goes through the application details. If there are any discrepancies with the application the user can reject the application. The user has the power to sanction and disburse the loan amount.

LENDER PROCESS

The Lenders Journey is divided into four users:

- PI Maker
- PI Checker
- SIDBI Maker
- SIDBI Checker

• PROCESS FLOW

- Step 1:

  The PI Maker onboards the borrower through mobile application or through excel upload on Web portal.

- Step 2:
  The Application is then sent to PI checker, who validates the details provided by the borrower and the PI Checker. The PI Checker runs the business rule engine and a product and loan value is recommended if the borrower is eligible based on the parameters and scoring model set by SIDBI admin officials. In case PI checker wants more details regarding the borrower the application is sent back to the PI Maker.

- Step 3:
  The Application is then sent to SIDBI maker, who validates the details provided regarding the borrower. After reviewing the same a loan amount is recommended by the SIDBI maker, which is not more than the previous recommended Value. In case SIDBI maker wants more details regarding the application, it is sent back to the PI checker.

- Step 4:
  The Application is then sent to the SIDBI Checker, who validates the application details. In case the user wants more details regarding the application, it is sent back to the SIDBI maker.

- Step 5:
  After the necessary details have been validated. The SIDBI Checker recommends the Final Loan Amount which is Sanctioned and Disbursed. In case there is any discrepancies according to the user the application is rejected.

o PRODUCT CREATION

The product creation is done be the SIDBI admin maker with approval from SIDBI admin checker. The SIDBI admin maker can create a scoring parameter by clicking on **Scoring** tab and send the scoring model for Approval. The SIDBI Admin checker can verify the details and approve the scoring model. Similarly, after creating a scoring model, SIDBI admin maker can create a new product by clicking on **Products** tab and send the product for Approval. The SIDBI Admin checker can approve the product by verifying all the details. Following are the Matching parameters and Scoring parameters:

- **MATCHING PARAMETERS:**

Following is the list of parameters that have been applied in the platform. The same shall be used for creation of product:

1. Purpose of Loan: The Purpose for which the loan shall be utilized. It can be mapped from- Profile Details -> Project Details -> Purpose of Loan
2. Loan Amount (Rs.) – The amount of loan that the product can give out. It can be mapped from- Profile Details -> Project Details -> Loan Amount
3. Monthly Income Range (Rs.) The monthly income of the applicant. . It can be mapped from- Profile Details -> Income & Expenditure Profile -> Total Family Income
4. Age of Applicant (Yrs.) – The min and max age of the applicant that are eligible for the product. It can be mapped from - Profile Details -> Date of Birth
5. Tenure of Loan (Yrs.) – The maximum amount of years that the loan can go on to. It can be mapped from - Profile Details -> Project Details -> Tenure of Loan
6. Minimum Bureau Score – This shall be done using 2 bureaus that we have integrated: CIBIL Combo and Equifax
7. Risk Scoring Model (Score of Applicant) * - This shall be done as per the scoring model

- **SCORING PARAMETERS:**

Following is the list of parameters that have been applied in the platform. The same shall be used for creation of product:

1) Age of Applicant
2) Academic Qualification
3) Dependents in Family
4) Ownership of House
5) Annual Income
6) Experience in business/working
7) Purpose of Loan
8) Minimum Risk Model Score
9) EMI Capacity Index

- **ELIGIBILITY CALCULATION**

The calculation of the loan amount is provided in the following link as well as the table below.

https://bit.ly/2lTlvHk

Steps	Particulars	Logic
1	Income From Occupation / Business	Income from occupation
2	Existing Business / Family Expenses	Existing business expense (inclusive of bureau EMIs)
3	" Net Saving (1-2)"	income - expense (1-2)
4	Expected Increase in income Out of loan	expected increase in income out of loan
5	Total Cash Flow	3+4
6	Margin (%)	Set by Lender in scaling matrix

|		
7	" Instalment Capacity (Step 5 * Step 6)"	"step 5 * step 6 1) For Monthly - (step 5 * Step 6) 2) For Fortnightly (Step 5 * Step 6) / 2 3) For Weekly (Step 5 * Step 6) / 4"
8	Rate Of Interest (%)	Set by Lender
9	Tenure	
10	" Loan Amount Based on Income"	(100000 * EMI capacity (step 7)) / per lakh Emi
11	Recommended Loan Amount	Recommended by PI Maker
12	" Final Loan Amount (Lower of 10 and 11)"	Minimum of the above two

Calculation of Per Lakh EMI

Sr.No	Repayment Frequency	PMT Formula
1	Monthly	PMT (ROI/12, Tenure*12, -100000)
2	Fortnightly	PMT (ROI/24, Tenure*24, -100000)
3	Weekly	PMT (ROI/48, Tenure*48, -100000)

BORROWER JOURNEY

The onboarding of borrower can be done by 2 methods:

1. Through Prayaas mobile application
2. Through tab of Application bulk upload

## o JOURNEY THROUGH MOBILE APPLICATION
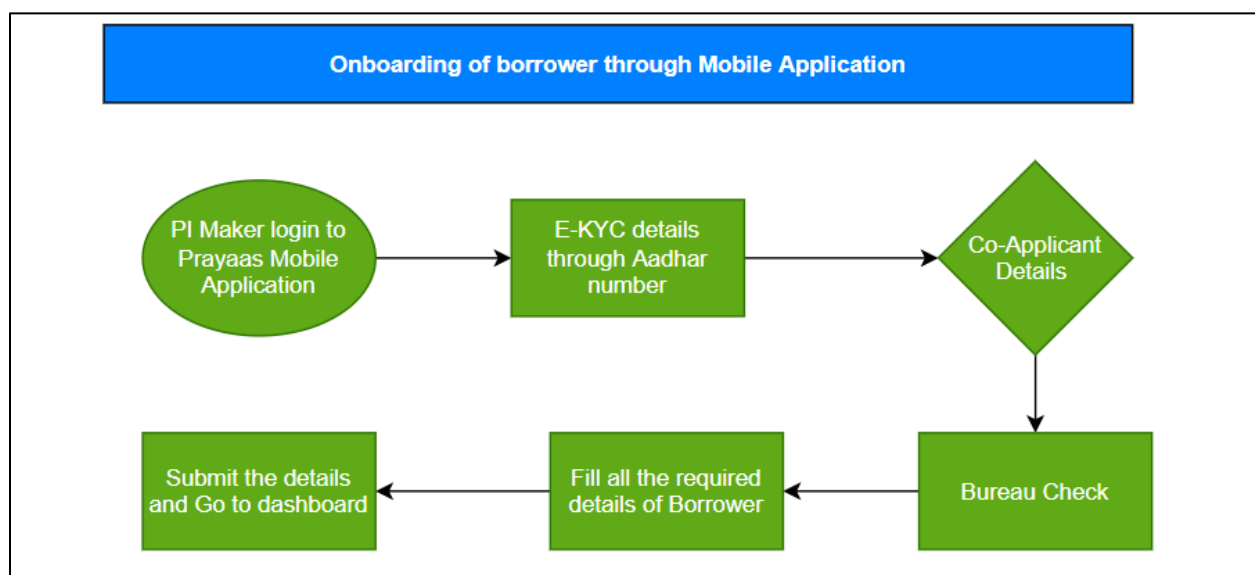
Process Flow:

- Step 1:
  The PI Maker meets with borrower to collect the details regarding the borrowers. The PI Maker will login to the Prayaas mobile application.

- Step 2:
  The PI Maker will enter Borrower's Aadhar card number and will click on **Send OTP.** After entering the OTP, the demographic details such as Name, Date of Birth and Aadhar photo is auto fetched from the system and PI maker will fill all the other details such as Pin code, alternate KYC document, etc. The PI maker will do the same for Co-Applicant and click on Proceed.

- Step 3:
  The PI maker will click on **Check Bureau** to call bureau of the Applicant as well as Co-Applicant. The PI maker can also edit existing loan details which have no overdue or add a loan by clicking on **Add new loan** and select **Market creditworthiness of the borrower** from drop-down list and will click on Proceed.

- Step 4:

PI maker will fill all the details of the borrower like Personal details, Bank details, Income details, Project details, Assets details, Consent form and Loan recommendation. The Overdue details are auto selected and cannot be edited by the PI Maker. If the overdue amount is not paid than the Application is rejected and if the overdue amount is paid than the PI maker will select the option **Yes** in Have the dues been cleared and upload the proof for the same.

- Step 5:
  After filling the personal details, the PI maker would be able to see double blue tick beside Personal details. Similarly for all other details double blue tick will be visible as well.

- Step 6:
  The PI maker will click on Proceed and then will be able to see an option **Go to dashboard.** The Application will go to PI Checker.

Note: In the latest update a validation is present for PAN number and Voter ID number for minimizing errors by the user.

o JOURNEY THROUGH EXCEL UPLOAD
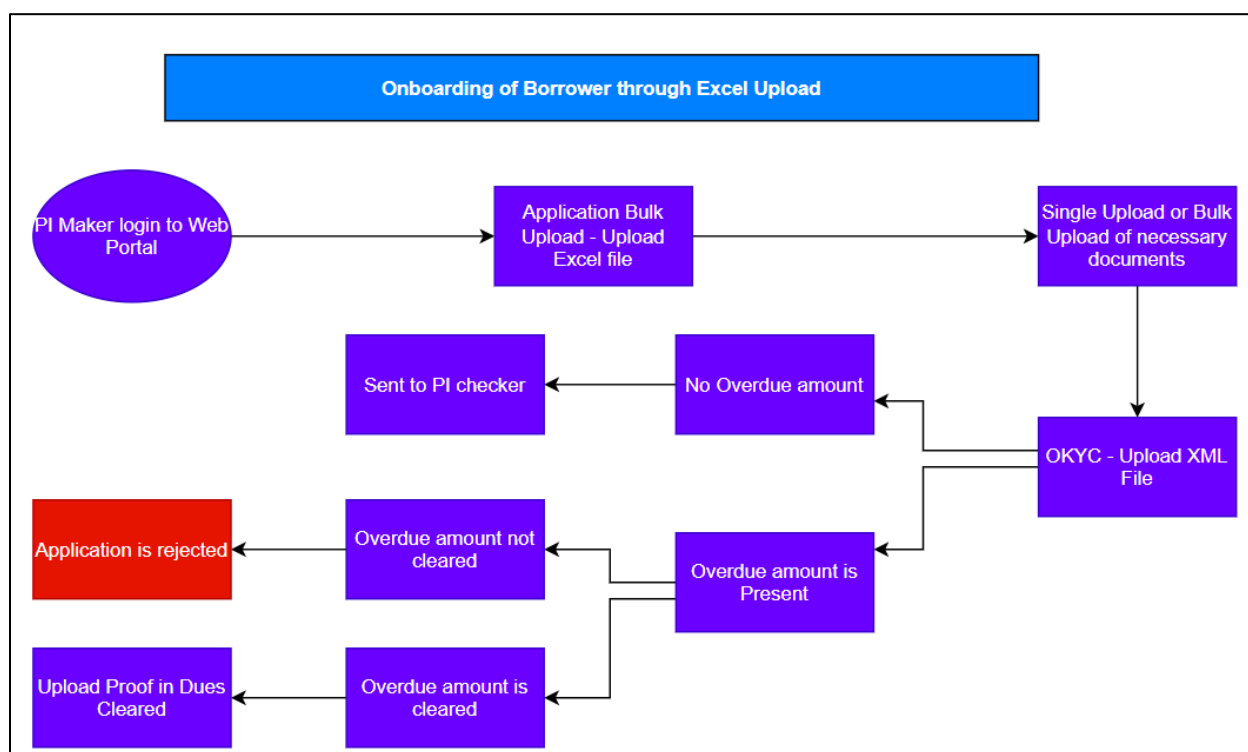
- Step 1:
  PI maker will log into web portal and click on Application bulk Upload. PI maker will download Application Sample Template and fill all the details of the borrower. PI maker will click on option Choose a file to Upload and click on Upload. If there is any missing or invalid data, it will show a cross below data status. The PI maker can fill details of up to 50 Applicants in one excel file.

- Step 2:
  After uploading the document, PI maker will open the document by clicking on **Open** option on the right. The PI maker can either upload all the necessary documents by clicking on Upload file below Single Upload or upload multiple files at once by clicking on Upload file below Bulk Upload.

- Step 3:
  After uploading the documents and entering the necessary details, PI maker will upload the XML documents of Applicant as well as Co-Applicant by clicking on Upload File below OKYC Upload and for non-financial intermediary only XML document of Applicant will be uploaded. If there is no overdue amount of any existing loans, the document will be sent to PI checker. If there is any overdue amount than there are 2 scenarios:
  1. If the overdue amount is not cleared than the application will be rejected.
  2. If the overdue amount is cleared than the PI maker needs to upload the proof by clicking on **Dues cleared** option under Dues cleared.
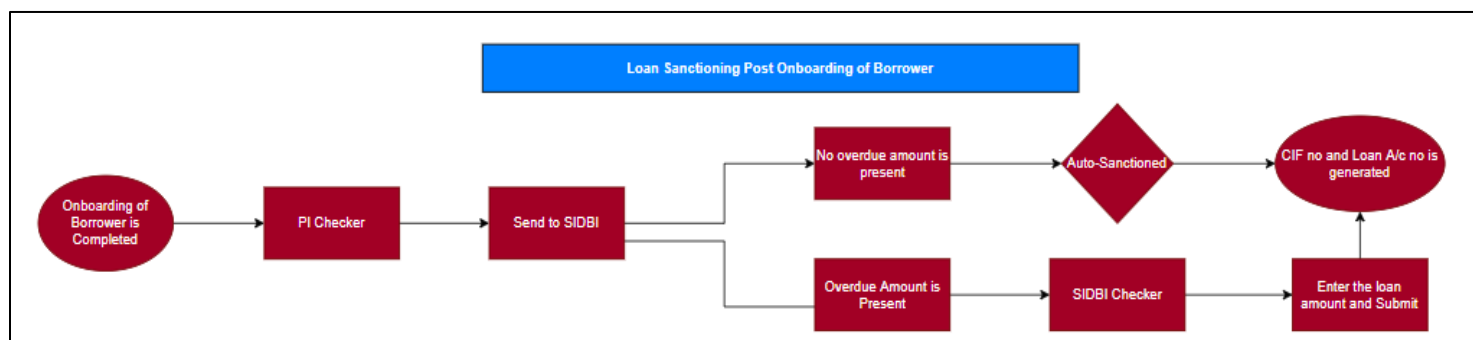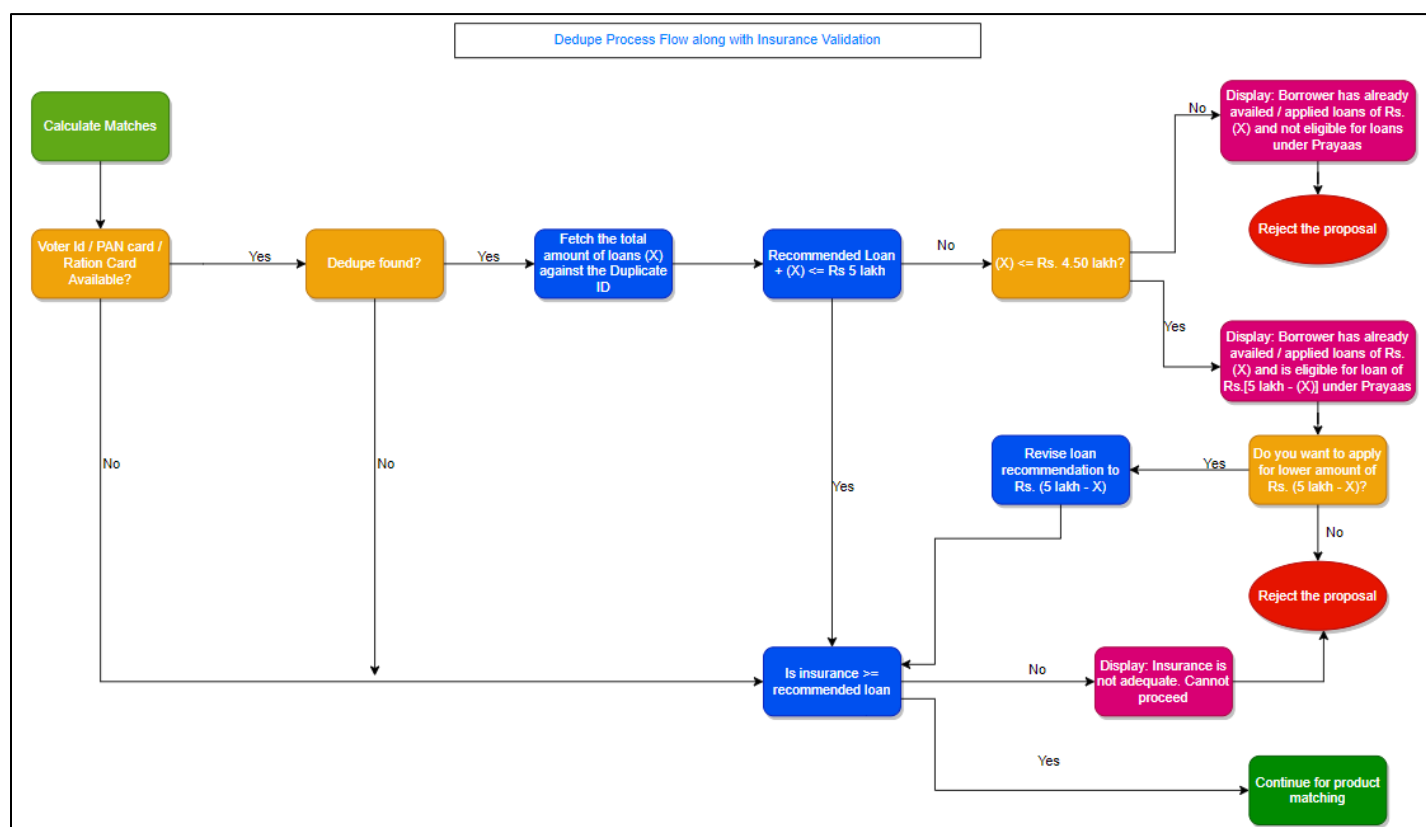

PI Checker

- PI checker will go to Manage Application tab. The Application will be on Pending option under Pending tab. PI maker will click on Action button to verify all the details of the Application sent by PI maker. After verifying all the details PI checker can edit the details such as Monthly Income, Yearly Income, Family Monthly Expense, etc. PI checker can save the details and click on Calculate matches to run business rule engine and then one or more products will be visible with the recommended loan amount value.
- When the user clicks on **Calculate matches,** the dedupe and insurance validation check takes place and below is the methodology for dedupe check:
- When the PI checker clicks on Calculate Matches, the system will check if the Voter Id or Pan Card or Ration Card is available or not.
- If any of these documents are not available than it will check if the insurance amount is greater than or equal to recommended loan amount. If the insured amount is greater than loan amount, product matching will take place or else it should display "Insurance is not adequate. Cannot proceed"
- If any one of the above-mentioned documents is present, then the dedupe check will take place. It will fetch the total number of loans taken under Prayaas scheme (X) with the same Voter Id/Pan number/Ration card. These loans can be sanctioned loans or any stage after the loan has been

sanctioned. The Sanctioned applications which have been cancelled are to be excluded. The list of dedupe matches should appear under the dedupe section of the application

- Note: The list of Dedupe matches should appear under Dedupe section of the application.
- The total amount of loans (X) fetched from dedupe check and the recommended loan amount should be less than or equal to Rs. 5 lakhs.
- If the total amount [(X) + recommended loan amount] is less than or equal to 5 lakhs, then it will directly go for insurance check as mentioned in the 2nd point
- If the total amount [(X) + recommended loan amount] in not less than or equal to Rs. 5 lakhs then, it will ask if the Aggregate loans (X) is less than or equal to Rs. 4.5 lakhs. If it is not less than Rs. 4.5 lakhs then it should display "Borrower has already availed / applied loans of (X) and not eligible for loans under Prayaas" and reject the proposal. If (X) is less than or equal to Rs. 4.5 lakhs then it should display "Display: Borrower has already availed / applied loans of Rs. (X) and is eligible for loan of Rs. [5 lakhs - (X)] under Prayaas". Then it should ask "Do you want to apply for lower amount of Rs. (5 lakh - X)?". If the Applicant selects no option, the proposal will be rejected and if he/she selects Yes option, then the loan recommendation will revise to Rs. (5 lakhs – X) and insurance check will take place. Thereafter product matching will take place and Applicant will go ahead with the process.

Dedupe Process Flow along with Insurance Validation

- PI checker will click on Proceed button and enter a loan amount value. After this, the PI checker will click on option **Sent to SIDBI**. Now if the overdue amount is present in the existing loans after bureau or the bureau is not called for applicant or co-applicant than the application will first go to SIDBI maker and then to SIDBI checker. The SIDBI checker will click on **To Sanction** button and submit after entering the loan amount. If there is no overdue amount present, the Application will be auto sanctioned once the PI Checker clicks on **Sent to SIDBI**, and it will be under sanction option under Sanction Tab in Manage Applications.

- While creating new MFI or editing existing MFI, the user has the option to keep **Auto-sanction** of Loan or **Manual sanction** of loan for that MFI. If the user selects Auto-sanction of loan then the sanction process will be according to the details mentioned on the above point and if the user has selected "Manual sanction" for any MFI than the Application will go to SIDBI maker, then to SIDBI maker and thereafter SIDBI checker can sanction the loan.

- The CIF no and Loan A/c no will be generated, and they will be received through API from SIDBI system.

- After the Sanction takes place, there are two methods available for the signing of the documents by the Borrower and SIDBI Officials.

- The two methods available are:
    1. **Face to Face Method**
    2. **Non-Face to Face Method**

Note: For financial Intermediary both above methods can be used but for non-financial intermediary only Face to Face Method can be used.

POST SANCTION DDE PROCESS
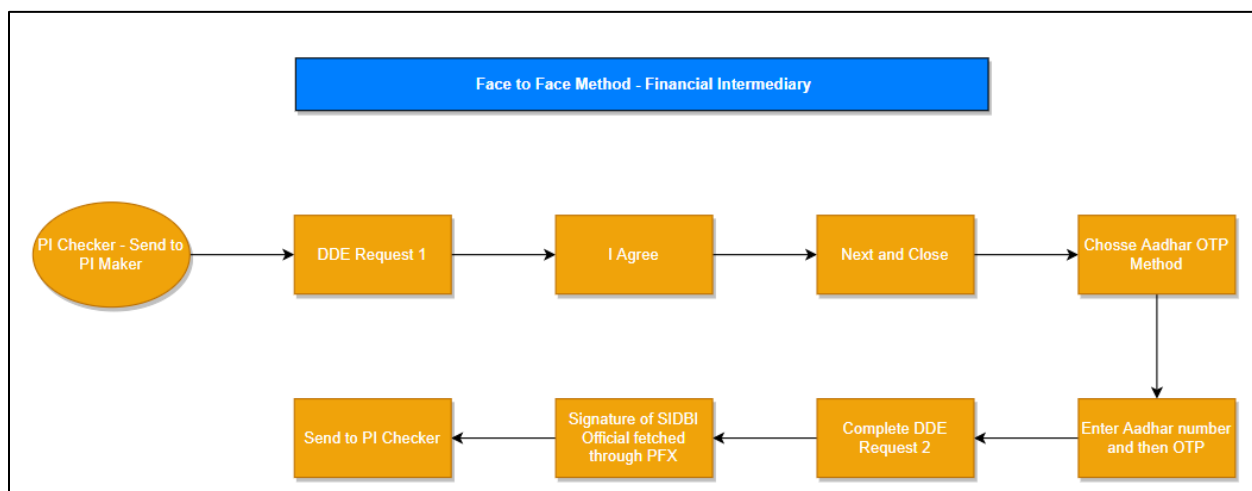
1. **FACE TO FACE METHOD**: This is a PI maker assisted journey for borrower and the PI Maker meets with the borrower to complete the DDE process.

- Step 1:
  The PI checker will click on Manage Application and go to sanction option under sanction tab. PI checker will click on Action button. Below the option **Send to PI Maker** will be visible and PI checker will click on that. The Application will go to PI Maker on mobile Application.

- Step 2:

PI maker will login on mobile Application and go to sanction tab on dashboard. Three options would be visible to PI maker i.e., Sanction, DDE Initiated and DDE completed. PI maker will go on option DDE Initiated and click on the Application sent by PI checker. Below an option Initiate DDE will be visible. PI maker will click on it and then 2 radio buttons can be seen i.e., DDE Request 1 and DDE Request 2. PI maker will select DDE request 1 and click on Initiate DDE. An API is triggered from OPL system to NeSL system for DDE process.

- Step 3:
  The borrower will be redirected to the link and will be able to see the preview of the document. The borrower will scroll down till the bottom and click on **I Agree.**

- Step 4:
  The borrower will click on **Next** button to continue with the E-stamp process. The Borrower can view the E-stamp and then click on **Close** button.

- Step 5:
  The borrower will get a consent form to accept. He/She can choose Aadhar OTP method to go forward to complete the DDE process. The borrower will click on **Submit** button. The borrower than will be redirected to the Aadhar portal.

- Step 6:
  The Borrower will enter his/her Aadhar number, select option Aadhar OTP and click on Get OTP. The borrower must enter the OTP received on the Aadhar registered mobile number. After the OTP is entered, the E-signing is completed, and the borrower will be redirected to application.

- Step 7:
  Similarly, the borrower will complete DDE Request 2 and the DDE process will be completed from borrower's side.

- Step 8:
  The document LOI cum DOH requires signature from SIDBI official as well. The document is auto signed by SIDBI official through PFX mechanism. The SIDBI admin maker can add the signatory by filling the details uploading PFX upload file. Also, he can select the level of the Signatory i.e., Level 1 or Level 2 by going on tab Manage signatory. The SIDBI admin checker can make changes and update the signatory or select a Level like SIDBI admin maker. Daily a scheduler is run on the OPL system at a particular time and the attendance of both the signatories are received from SIDBI database through API. If the Level 1 signatory is marked present than his signature will be on the DDE document and if he is marked absent and Level 2 signatory is marked present than his signature will be on the DDE document. The DDE process is completed.

  Step 9:
  The Application will be visible on DDE completed tab. The PI maker will click on option **Send to PI Checker.**

2. **NON-FACE TO FACE METHOD**: Here the borrower himself completes the DDE process without any assistance from PI official.
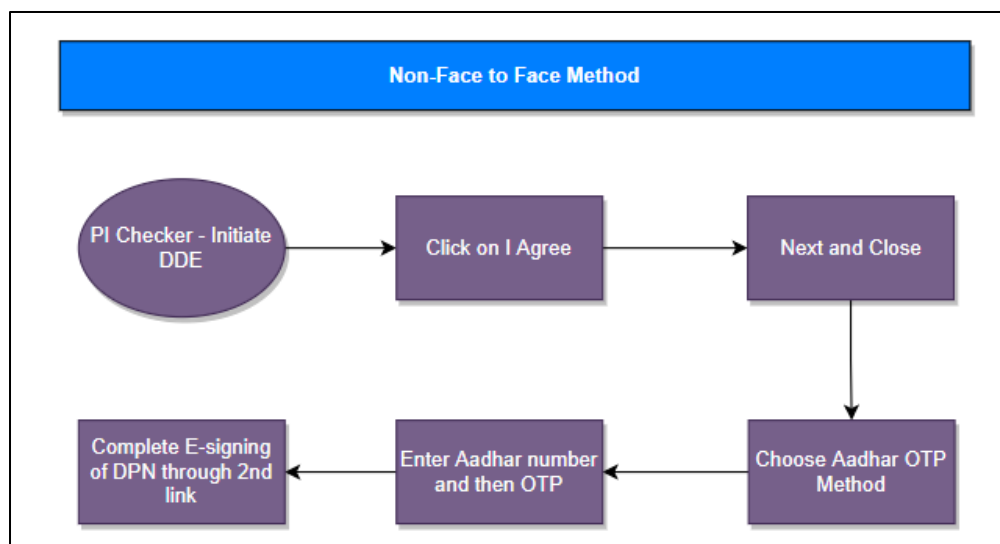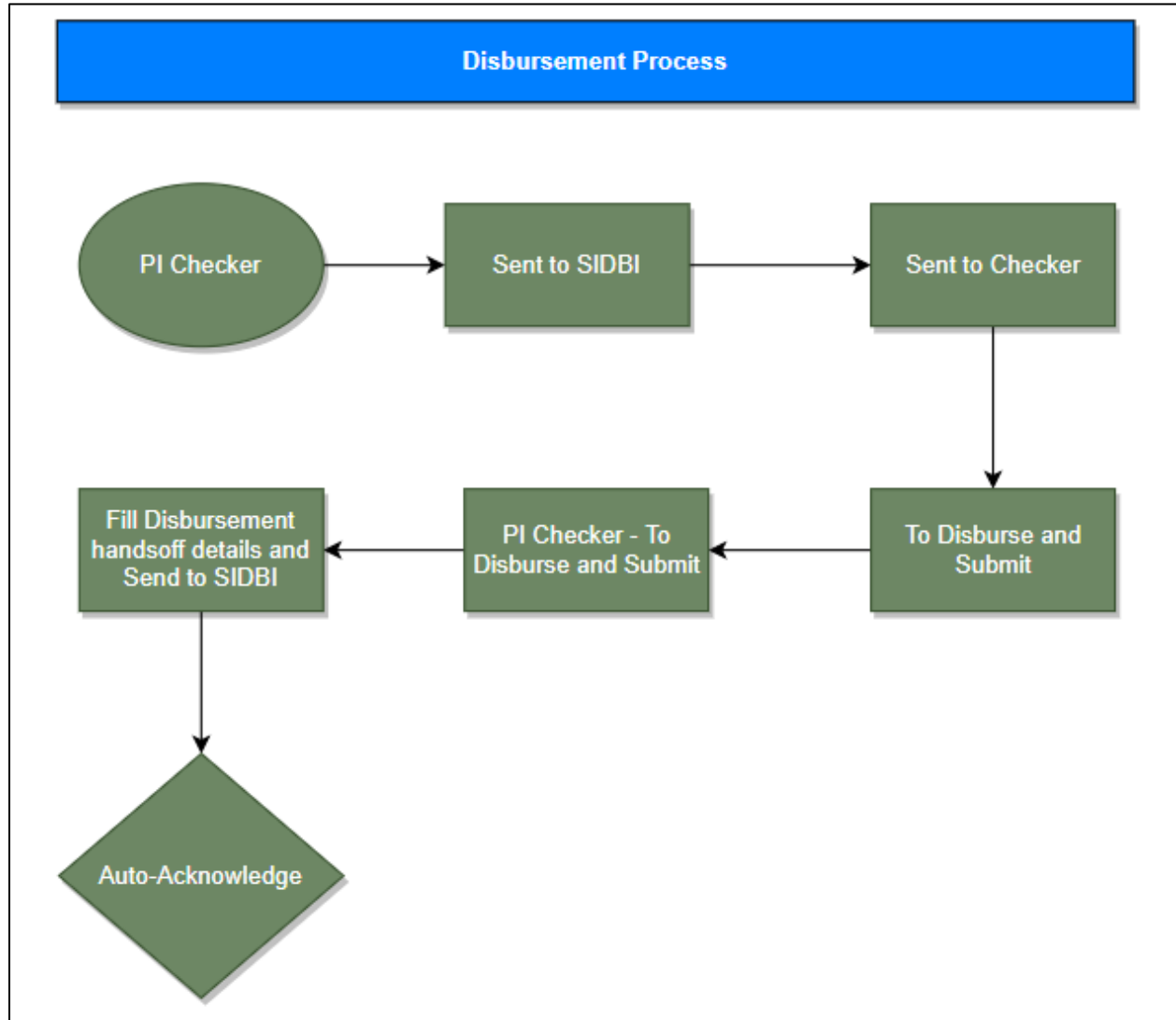
- Step 1:
  After the loan has been sanctioned, the PI checker will go to sanction option under Sanction tab in Manage Applications. The PI checker will click on **Initiate DDE** button at the bottom. The borrower will receive 2 links through SMS and e-mail on his mobile number. One link to complete e-signing of LOI cum DOH and the other link for e-signing DPN.

- Step 2:
  The borrower will click on the link to begin the DDE process. The borrower would have to enter the OTP received on the mobile number and click on verify. The borrower will scroll down to the bottom and click on I Agree.

- Step 3:
  The borrower will click on Next button, and he will be able to view the E-stamp. The borrower will click on Close button

- Step 4:
  The borrower will get a consent form to accept. He can choose Aadhar OTP method to go forward to complete the DDE Process. The borrower must click on the submit button. After that the Borrower will be redirected to the Aadhar portal.

- Step 5:
  The borrower must enter his 12-digit Aadhar number and click on Get OTP. He will receive the OTP on the Aadhar registered mobile number. After entering the OTP, the document will be e-signed. The borrower will be redirected to the main login page of Prayaas platform.

- Step 6:
  The borrower will repeat this process for e-signing the DPN. The signature of SIDBI official will be fetched through same way mentioned in Face-to-face method.

3. FACE TO FACE METHOD (NON-FINANCIAL INTERMEDIARY)

- The differences between face-to-face method in Financial Intermediary and Non-Financial Intermediary are:
  - ➢ 4 documents are signed by the borrower here instead of 2. Those 2 documents are Power of Attorney (POA) and Delivery Partner Agreement (DP Agreement).
  - ➢ Details of 2 witnesses must be entered while initiating DDE Request 3

- DDE request 3 will be e-signed by Borrower as well as both the witnesses and the link for the same will be provided to them through E-mail and SMS.

- DDE request 4 will be e-signed by Borrower as well as PI Official and the link for the same will provided to them through E-mail and SMS.

- After all the DDE requests have been completed, The PI maker would be able to see the Application in DDE Completed tab.

- PI maker will click on option **Send to PI Checker.**

Note: After completing DDE by face to face or Non-face to face if the response is not received form NESL for any DDE request than the user can generated the document by clicking on **Fetch DDE** button from DDE status tab.

DISBURSEMENT PROCESS

- Step 1:
  PI Checker will click on Manage Applications. The PI maker would be able to see the application in Documents Uploaded option under Sanctioned tab.

- Step 2:
  PI Checker will verify all the details and click on option **Sent to SIDBI.** He can add remarks for the SIDBI Maker.

- Step 3:
  SIDBI maker will go to fund release option under Sanction tab in Manage Applications. After verifying all the details, SIDBI maker will click on option **Sent to Checker** at the bottom. He can add remarks for SIDBI Checker.

- Step 4:
  SIDBI Checker will go to fund release option under Sanction tab in Manage Applications. After verifying all the details, SIDBI checker will click on option **To Disburse** to disburse amount to PI official. SIDBI checker will have to select a date and click on **Submit** button at the bottom. A message will pop up that Application successfully disbursed to PI official.

- Step 5:
  PI checker can see the application in Disbursed to PI option under Disbursed tab in Manage Applications. PI checker will click on option **To Disburse** to disburse amount to borrower. PI checker will select the date of disbursement and click on **Submit** button at the bottom. A message will pop up that Application successfully disbursed to borrower.

- Step 6:
  The Application will shift from Disbursed to PI tab to Disbursed to borrower tab. PI checker will fill disbursement handsoff details or download a excel template and fill handsoff details and upload it. Then PI checker click on option **Send to SIDBI.** PI checker can add the remarks for SIDBI maker. The Application will be Auto acknowledged, and the Application will shift to Acknowledged tab.

COLLECTION PROCESS

- PI Checker will go on MFI Collection tab. PI checker will click on Collection Data Excel to download excel template.

- PI Checker will fill the collection hands-off details of the borrower and upload the same by clicking on option **Choose a file to Upload.**

- The details will be forwarded to SIDBI Maker. SIDBI maker will approve and send the application to SIDBI checker or else send it back to PI checker in case of any rectification.

- The details will be forwarded to SIDBI Checker. SIDBI Checker will approve or else send it back to PI checker in case of any rectification.

OTHER FEATURES

BUREAU

The current platform has integrated with 2 bureaus:

1) CIBIL Combo – The same is offered by Transunion CIBIL. The same offers retail score and MFI score.
2) Equifax – Equifax has one of the largest databases for MFI users.

DOCUMENTATION:

After the application has been sanctioned from the SIDBI CHECKER.

The PI checker download the following documents:

1) Letter of Intent (LOI)
2) Agreement or DOH
3) Demand Promissory Note (DPN)
4) Application form.

The above documents are automated with the same can be filled from the application.

The documents can be uploaded in the PI checkers after the same have signed by the borrower.

The same are visible to the SIDBI maker and after he approves the same. It is available on the SIDBI checker side as well.