



Trident Microfin Private Limited

Operational Policy and Manual

2013-2014

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1. Introduction

1.1 Purpose

TRIDENT Operational Policy and Manual serves to provide guidelines to management and field staff at both the head office and branch offices. This document is intended to strengthen the overall management capacity of TRIDENT and to ensure high quality loan portfolio through the application of standard microfinance practices. It provides operational policies for external reference – such as financial institutions and clients—as well as operational manual for internal reference – TRIDENT employees and the Board. The policies and procedures mentioned in this document are to be applied to every step of operations at TRIDENT.

All TRIDENT employees share responsibility for ensuring that operations are fully in compliance with the policies and procedures in this document. Detection of instances of Non-compliance and a continuation of non-compliance will constitute grounds for a reprimand and could lead to dismissal. The Internal Audit and Risk Management Department should work closely with the management in dealing with the cases of non-compliance.

Although this policy and manual should stand the test of time, it may be modified to reflect the legislative, political and economic changes of India and its microfinance industry. Such modifications should be made only under the approval from the Managing Director with the consent of the TRIDENT Board, after consideration of its full effect on existing and future clients and business.

1.2 Organization

TRIDENT is a private microfinance institution started in June 2007 in Mancherial in Adilabad district, Andhra Pradesh, India. The mission of the Organization is **“to reach the unreached low income communities with financial and business solutions in a socially, economically and environmentally sustainable manner through the efficient use of capital, technology and human resources”**. A combination of servicing methodologies is being explored with an ultimate objective of ‘no bankable poor are left behind’ in the areas of operation. The company is promoted by a seasoned microfinance and development professional. Initially the Organization was registered as an NGO by name Trident Seva Society and within 6-8 month time transformed into a Non-Banking Finance Company (NBFC) by raising private commercial capital from like-minded investors.

1.3 Areas of Operation

The areas of operation of TRIDENT are presently spread over 3 States i.e Andhra Pradesh, Maharashtra and Madhya Pradesh. Operations in each state are controlled by an Area Manager under the overall supervision of Head Office.

2. Process for New Branch opening

Step 1: Criteria for Area Selection:

- Depending upon the number of MFIs already functioning thereat, number of unreached low income communities available etc. the area will be selected with the approval of the MD for spreading the network of Trident.
- Area selection, keeping the above conditions in view, to be done by UM in consultation with AM
- Survey should be done by any two of AM/UM/BM and survey report will be submitted to AVP (Ops) **(Annexure 2)**
- AVP (Ops) submits survey report along with business plan to MD.
- After receiving MD's approval HR requirement to be sent to HR dept. by AVP (Ops). **(Annexure 3)**
- Premises identification **(Annexure 4)** by BM/UM in consultation with UM/AM and execution of lease agreement **(Annexure 5)**
- Initiate process of Opening of Bank a/c in consultation with Accounts dept by BM/UM
- Indent for Software and Hardware requirement to IT dept.
- Apply for broadband connection, Labour certificate and commercial electrical meter.
- Submission of Furniture and stationery indent (branch opening kit) to admin dept.

Step 2: Village/slum survey:

The survey **(Annexure 6)** should be done by CRO with the assistance of BM. The survey should cover the following check points, and the survey outcome should be discussed with branch staff in Branch Credit Committee (BCC) for approval:

Name of the area / slum / village

- **Demographic information**—population details, economic status of households, popular occupation, and social background
- **Geographical information** – distance and route map from the branch office, communities en route from the branch, and condition of transportation facilities in between
- **Political information**—whether conflicts are prevalent or not

- **Industry information**—other financial institutions working in the area, MFI, Banks, MACS and Cooperatives etc. and level of interests in microfinance from the community

Step 3: General Meeting:

Once the area is selected and approved, Client Relationship Officers (CROs) enable a few prospective clients for a general meeting. At the initial meeting, CROs should talk about Trident and general terms and conditions to avail loan as below:

- Trident mission, activities, and background
- Loan products and their terms and conditions
- Only one loan product of Trident can be extended to one family.
- The CRO will provide appropriate guidance and educate the clients about basic financial management.
- Submit Registration form with 3 passport size photos and a photo identification with age and address proof
- Insurance coverage is required for all loan clients and appropriate premium will be charged as per IRDA guidelines
- Loan should be utilized for the specific purpose indicated by the client within the stipulated period.
- All loan clients are required to submit photo identity proof in order to apply for any new loans. Trident accepts following KYC documents from clients:

3. KYC Documents

KYC documents needs to obtain for every subsequent loan from client. We need to collect all KYC documents in A4 size.

All KYC original documents should be verified by CRO during GOP and BM during GRT and they should sign on copies.

Name of the client in software and on all forms should be same as name in KYC document. If the name in KYC document is not/ original not correct, we should mention Alias name.

- **ID Proof (Mandatory):**
 - Election Identity card (Voter Card)
 - Ration card

If the client photo is not available on the Ration Card, any one of the below mentioned ID should be submitted along with the Ration Card

- Aadhar Card
- Pan Card
- Passport
- Driving License

- **Age Proof:**
 - SSC certificate or School leaving certificate
 - Affidavit certified by Magistrate (only Maharashtra)
 - Driving license
 - Pan card
 - Ration card
 - Election Identity card
 - Aadhar Card
- **Address Proof:**
 - Any utility bill such as electricity, phone, and Municipal tax receipt (needs to verify and cross check with electricity meter number and house number.)
 - Any certificate by Gram Panchayat Secretary, MRO (Tahesildar), Municipal Commissioner
 - Passport
 - Ration card
 - Election Identity card
 - Driving License
 - Gas Bill/Receipt
 - Aadhar Card
- **Own House Proof:**
 - Any utility bill such as electricity, Municipal tax receipt, water bill (needs to verify and cross check with electricity meter number and house number)
 - Registration document

For Individual loans:

Apart from above, the below mentioned documents need to be attached for individual loans

- Bank account statement is required, if client has bank account (obtain 3-6 months bank statement).
- Business license copy and copy of lease agreement (optional)

4. Environmental Policy

Trident does not sanction loans for activities that are considered harmful to the environment. The list of such activities is as follows:

- Exclusive sale of Tobacco related products
- Sale of alcoholic beverages (Toddy shop, belt shop etc.)

With a view to improve the sustainable performance of our clients belonging to the target group (below or around the poverty line) in this financial year, Trident is predominantly focusing on the impact of our lending activities on various

socio-economic indicators of the target group households such as changes in income levels, better nutrition, improved quality of dwelling units etc. Trident also proposes to look into the impact the business and other income generating activities financed by us have on the health and safety of the clients and their environment.

Keeping in view of our portfolio TRIDENT decided to work on below mentioned activities and planning to educate the clients about the causes that are affecting the health, safety and environment.

4.1 Hotel/Restaurants

- Educating to manage proper sewage disposal as, this causes health problems to customers and hotel staff.
- Educating to convince the customers not to smoke in hotels, which cause diseases related to respiratory tract.
- Educate to avoid using substandard cooking/food material for preparation of food items, which may cause health problems because of poor quality
- Educate to provide safe drinking water to customers
- Maintain hygienic conditions at the eating/cooking place. How to maintain the wastage without throwing of food wastage near the hotel and washing of used plates near the hotel, which may cause environmental pollution.

4.2 Auto Mechanic Shops

- Educating Mechanics about use of oils, lubricants while repairing the autos. While eating the food if they do not wash hands properly, the stains of oil may go into the stomach which may cause health problems.
- Educate side effects of oils to their health and environment while working.

4.3 Carpenter works

- Educate about the dangerous tools and equipment.
- The sawdust generated while cutting the wood may go into mouth, eyes, ears, and nose and may cause related infections. Educate them how to prevent this.
- Educate the clients to deal (use of) with oils used for preparing the furniture since if these oils remain for long time on body they may cause skin diseases. This oil may go into their mouth while eating food and may cause stomach diseases.
- Educate clients regarding sound pollution and dust pollution to reduce the health and environmental problems.

5. Service Delivery Methodology

TRIDENT utilizes three different delivery methodologies for lending—Grameen model, Joint Liability Group model and individual model to serve wide variety of needs and backgrounds of our clients. Loan is repayable on fortnightly, weekly or monthly installments at the choice of the client.

5.1 Grameen Model (Weekly/ Fortnightly/Monthly)

Grameen model is one of the established service delivery methods of microfinance, and it generally refers to lending to groups with 4 to 6 members who co-guarantee each other for the proper repayment of loans, and attend weekly/ fortnightly/monthly meetings (called center meeting) for repayment of pre-calculated installments. In TRIDENT, group loans to women (weekly, fortnightly and monthly) follow this Grameen model. The underlying conditions of all loans in TRIDENT that apply to Grameen model are:

- Each group consists of 4 to 6 members, who co-guarantee each other for repayment (if one member does not repay, other group members need to cover the non-payer's repayment)
- One center consists of 2 to 6 such groups
- Loan clients with outstanding accounts attend weekly/ fortnightly/monthly center meetings for repayment
- Loans are also given for general purposes not exceeding 25% of the total loans

5.2 Individual Loan Model:

Individual loan is a spin-off of microfinance services, and it generally is targeted at Salaried Employees and Educational Institutions. Individual loans do not use group co-guarantee concept but are backed by guarantor. TRIDENT offers individual loans under the following conditions;

- Individual loans are above Rs.20000/-
- Repayment schedule is flexible as per choice of the client according to their income

6. Terms

6.1 LPF

A loan processing fee (as per the list given in the 7.1 *Loan Products*) is charged to all loan clients, in order to cover the administrative cost to handle the loan account. Loan processing fee is charged to every single new loan account, regardless of whether a client is new or repeating. Loan processing fee is collected at the time of disbursement. Loan processing fee is also non-transferable and non-refundable.

6.2 Cash Security

No Cash Security/Margin will be collected on any MFI loan products.

6.3 Interest Rate

Trident is committed to charge fair interest rates that are determined based upon the industry standard, local competition and financial sustainability of the organization subject to RBI directives. As a microfinance institution, Trident is fully conscious of its social responsibility of delivering credit to underprivileged / unprivileged segments of society in underdeveloped areas /other areas at a reasonable cost.

TRIDENT's interest rates are set at various levels and calculated on a reducing balance basis for each product (see the product list on page). Staff is instructed to make the best effort to explain interest rate fully to clients before applying for a loan. Interest rate may be changed as and when cost of fund for the company is changed. Interest rate is fixed as per margin cap stipulated by RBI.

Margin Computation Template (Annexure 7)

I	Outstanding GLP on Qualified Assets (ex Securitized portfolio)	A
II	Outstanding Borrowing	(b-c)
	Total Outstanding Borrowing	b
	Less: Security Deposit/Cash with the Banks	c
III	Incomes from Microfinance Operations (Qualified Assets)	d
	Interest Accrued on Qualified Assets	d
IV	Financial Cost	(f+g+h+i)- (j)
	Expenses incurred towards interest payments	F
	Processing fee Including Service Tax (amortized monthly)	G
	Stamp Duty Charges (amortized monthly)	H

		DD Charges (amortized monthly)	I
		Less: Interest accrued on security deposit	J
		KEY RATIOS	
	V	Total Income from GLP on Qualified Assets	(III / I)
	VI	Effective Cost of Borrowing	(IV / II)
	VI	Margin	(V - VI)

6.4 Loan Amount

Each loan product has a stipulated maximum loan amount or a range of the possible loan size. Trident believes in educating the clients as a part of promoting financial literacy. Clients are strongly advised by our field staff to seriously consider their financial status, need for the loan and repayment capacity when applying for a loan. Although Trident strives to extend loans to unreached clients facing difficult financial situation or regional or social problems to the maximum extent possible, the loan amount finally sanctioned may be different from the applied amount. The amount to be sanctioned is arrived at by the Trident staff after an independent and fair evaluation of a client's capacity to repay and assessment of the risk involved.

6.5 Loan Tenure

Each loan product has a range or set loan tenure to repay the loan amount and interest. The repayment schedule is clearly explained and distributed to clients prior to disbursement. Refer to the Annexure 1.

6.6 Moratorium Period

Moratorium period is the time duration between the date of loan disbursement and the first scheduled repayment date. Moratorium period is set as per loan products. Refer to the Annexure 1.

6.7 Problem Loans

Although TRIDENT strives to ensure quality of loans, some repayment problems may not be avoidable. Clients may be tempted to misuse the loan proceeds or to default by circumstances. In such cases, TRIDENT takes steps to collect the loan within our legal ability to do so.

Where the stated purpose to utilize the loan proceeds as originally agreed has been breached by the client, an investigation to confirm the misutilization of loan is conducted, and is reported to the management and filed in the client's database, if proven true. Appropriate consultations will be conducted with the client to solve the problem.

A loan is considered delinquent and classified as an overdue account if any payment of either principal or interest has not been made on or before the scheduled repayment date. All overdue accounts are subjected to overdue monitoring described in this manual. However, if repayment is still not made past scheduled time if it appears that the collection will not happen, an appropriate collection remedy in the best interests of TRIDENT as well as the client will be discussed by the field and management staff with the clients on a case by case basis. In any case, *TRIDENT will never resort to any undesirable / questionable collection methods* such as threatening, use of abusive language etc for recovery of loan.

“For the old loans which were disbursed on a flat interest rate, we should collect interest as per the schedule only given to the client. For the loans disbursed at an interest rate calculated on a reducing balance basis, we should collect interest till the actual date of payment (for the prepayments or delayed payments.)”

7. Loan Products

7.1 Group Loans to Women

Group loans to women (GLW) are given on Grameen model basis and lent to groups of 4 to 6 women members. TRIDENT offers of GLW product weekly/fortnightly/monthly repayment. The universal criteria of eligibility for GLW products are

A member should be:

- Should be a woman and preferably married
- Between 18-56 year old at the time of loan enrollment (First Cycle)
- Should not be member of more than one SHG/JLG
- Should have own house
- Should have income generating activity
- Member House hold income should not be more than Rs.60000/- per annum in rural areas and should not be more than Rs.120000/- per annum in semi urban/urban areas
- Have limited access to other formal financial services and/or vulnerable
- Not have outstanding accounts with more than one NBFC-MFI
- Loan outstanding should not be more than
 - Rs.35000/- in first cycle,
 - Rs.50,000/- in Subsequent cycle,
 - Total indebtedness should not exceed Rs.50000/-

A group for GLW:

- Members should know each other very well
- Should not be blood relatives (do not live under the same roof) in the same group
- Live in the same street or neighborhood
- Share similar socio-economic status
- All members should have own house
- All members should have income generating activity

In case clients have to drop out from a group due to unavoidable situations such as migration, death and pre-closure etc, the remaining clients are to continue repayment as scheduled until the loan account is closed. A member can be replaced while issuing subsequent loan with a proper orientation on group dynamics and repayment obligations.

7.2 Loans to Educational Institutions

Educational institution loans are provided to meet the expansion requirements of privately managed educational institutions/ trusts/ societies. The expansion activity should be a revenue generating activity and could include opening of new branch, new school/college/institution; construction of additional classrooms, computer labs, library, purchase of Computers, laboratory equipment and transport vehicles etc. To be eligible for educational institution loan, the institution needs to be legally registered and recognized, and maintains less than 30% average drop-out ratio of students over the last three years.

Also, at least one director on the Board of the institution should be involved in the day-today operations of such institution. The repayment schedule for educational institutions is decided as per the fee payment cycle of the institution (whether monthly, quarterly, semiannually, or annually), with the maximum period of repayment not exceeding the tenor of the facility stipulated by TRIDENT.

7.3 Personal Loans

Personal loans are serviced through individual loan model and are extended to both salaried employees of the government/public sector and current employees of TRIDENT. Personal loans are provided for general purposes.

7.3.1 for government employees

- Maximum loan amount is 80% of annual take home salary of the client.
- A co-obligant is required to extend guarantee for the loan. Co-obligant should not be a borrower of TRIDENT
- Post dated cheques should be collected from client

7.3.2 For TRIDENT staff

Eligibility for Personal Loans:

- TMPL employee is eligible for a personal loan after 6 months of joining.
- TMPL employee is only eligible for either vehicle or personal loan (not both), and is strongly advised to apply for vehicle loans if employee doesn't have a vehicle
- A co-obligant is required to extend guarantee for the loan. Co-obligant should be a Government employee with net monthly take home salary of Rs.5000/- and not be a borrower of TMPL
- Trident employee should pay off the loan before resignation. S/he is required to clear the outstanding loan amount before he/she is relieved from Trident.

Loan Eligibility Amount for Personal Loan:

- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.20000/-, whichever is lower for CROs.
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.35000/-, whichever is lower for ABMs
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.40000/-, whichever is lower for BMs
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.50000/-, whichever is lower for UMs & AMs.
- The maximum loan amount is either 5 times of take home salary at TMPL or Rs.100000/-, whichever is lower for HO/RO Staff.

7.4 Vehicle Loans

Vehicle loans are serviced through individual loan model and are available only to current TRIDENT employees. Vehicle loans are provided for purchase and repair of personal vehicles such as motorcycles required for commuting to field work.

Eligibility & Loan Amount for Vehicle Loan:

- All vehicles financed by TRIDENT must be hypothecated to "Trident Microfin Private Ltd.", within 45 days of the loan disbursement.
- An employee can apply for vehicle loans only once in every five years.
- Maximum loan amount is Rs. 40000 or 75% of the vehicle cost, whichever is less
- Employee is eligible only after 3 months of joining
- In case of CRO, he should have a minimum of 25 groups to avail the vehicle loan
- A co-obligant is required to extend guarantee for the loan. Co-obligant should be a Government employee with net take home salary of at least Rs.5000/- P.M. and not be a borrower of TMPL

Process for Personal loan and vehicle loans:

Registration and Application:

- ❖ **For CRO's and ABM :** BM will collect all documents and prepares appraisal
- ❖ **For BM:** UM will collect all documents and prepares appraisal
- ❖ **For UM/AM:** AM/AVP will collect all documents and prepares appraisal

Appraisal:

- ❖ **For CRO's and ABM :** UM will do the appraisal and he will recommend for a loan
- ❖ **For BM:** AM will do the appraisal and he will recommend for a loan
- ❖ **For UM/AM:** AVP will do the appraisal and he will recommend for a loan

Sanction:

To sanction a loan, AVP will send the documents to H.O. after verifying the documents. Application will be discussed in Head Office Credit Committee and communicate the sanctioning/ rejection particulars to employee.

Loan Documentation:

- ❖ **For CRO's, ABM and BM:** UM will get the loan documents executed by the employee and Co-obligant and will send the loan documents to H.O. thru courier or by hand
- ❖ **For UM and AM:** AVP will get the loan documents executed by the employee and Co-obligant and will send the loan documents to H.O. thru courier or by hand

Disbursement:

After cross checking the loan documents with application and post dated cheques, accounts department will deposit the loan amount in employee's bank account.

Repayment: Every month installment amount will be deducted from employee's salary. If employee resigns/terminated from organization, he has to settle loan outstanding before getting relieved

Documents required for personal loan:

1. ID proof
2. Co-obligant ID proof
3. Co-obligant pay slip
4. Post dated cheques. 4 cheque leaves for 12 installments with a covering letter for each cheque addressed to Trident and signed by the borrower.

Documents required for Vehicle Loan:

1. ID proof
2. Co-obligant ID proof
3. Co-obligant pay slip
4. Post dated cheques. 4 cheque leaves for 12 installments

5. Co-Obligant post dated cheques, 2 cheque leaves for 12 installments for loan amount more than 25000/-
6. Hypothecation documents

Note: For vehicle loans, hypothecation process should be completed within 45 days from date of disbursement.

Note: Staff loan documents are to be maintained at HO.

8. Insurance Policy

8.1 Product Features

Client has an option to the insurance product that TRIDENT offers through DLF Premerica Insurance Company, as described below. CROs are required to explain the insurance coverage in detail to all clients. The insurance service is provided on the option of the client only and not mandatory. If the client opts for insurance, the below procedure to be followed:

- Insurance coverage is provided for client and spouse separately (if opted by the Client).
- The age of the Client and the Spouse should be in between 18-59 years, but Client age should not exceed 56 years at the time of enrollment. (In the first cycle)
- In case the age of the client is more than 58 years, branches are instructed to close these accounts after repayment of loan.
- Insurance coverage starts from date of loan disbursement. Coverage period is one year.
- Branches have to collect the stipulated insurance premium for Insurance Services at the time of loan disbursement for all GLW loans and Top up Loans.
- Suicide death is not covered.
- Claimants must comply with documentation requirements such as Death Certificate, age and address proof etc.
- TRIDENT will settle the insurance claims after deducting the dues.
- The sum assured shall be equivalent to the loan amount. The premium shall be collected as per the quotation given by the insurance company plus applicable service tax. The entire amount collected towards insurance premium is paid to the insurance company and no additional amount is collected by the Trident.

8.2 Claim Procedure

Once the death of a Client/Spouse is confirmed,

- The Branch Manager should immediately mark the client as Death Mark case in the software.

- The branch office concerned should send the death intimation within 24 hours to HO in the prescribed format.
- The branch should send below mentioned claim documents within 15 days from the date of death:
 - Original Death Certificate and a photocopy (original to be returned to nominee after verification),
 - Photocopy of FIR (other than natural death),
 - KYC documents of deceased and nominee,
 - Registration and application forms
 - Term loan agreement and repayment schedule.
- If the claim approved by the insurance company, the below mentioned settlements process will be followed:
- Insurance department will issue ORDER CHEQUE only (Can be en cashed only by nominee whose name appearing on cheque)
- Insurance Department will hand over the settlement cheques to concerned UM/AM once in a week preferably on Friday
- In case of distance locations cheques can be mailed to AVP and in turn they will handover to concern UM/AM. Insurance department maintains UM wise file/register to take acknowledgements while issuing cheques
- Insurance Cheques Issuance Register contains the particulars of cheque, nominee, client, branch etc., (Format Attached)
- Nominee shall be intimated accordingly and UM and above cadre needs to be presented while handing over cheque
- Claim Settlement Form should be filled and signed by the nominee and the Branch Manager, one copy of this should be shared to the nominee
- After settlements UM/AM will confirm the same to insurance department with a cc to AVP by mail
- Once the claim is settled account should be closed/ paid off and recovery should be posted in GL Insurance claim receivables Account. Paid off amount includes principal outstanding only as on the date of death. Same procedure applicable for spouse death also

8.3 Insurance Claims Follow Up

Death Certificate:

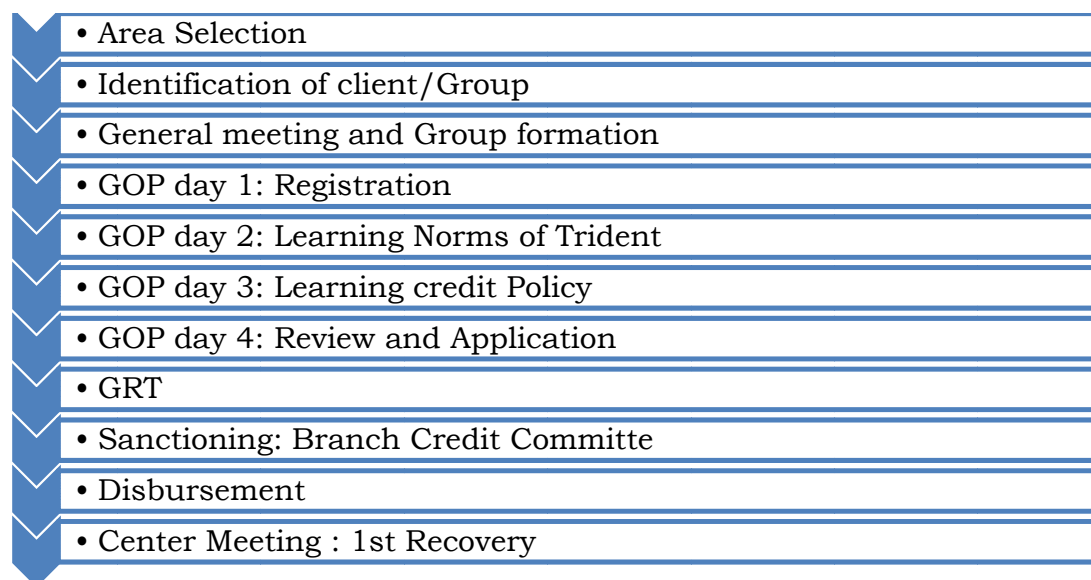
- Insurance executive will generate the “Death certificate pending report” branch wise on every Friday and sends to AVP to review with AM and UM
- BM needs to send the reasons for pending and expected date of obtaining the certificate to UM and UM will send to AM/AVP for review by every Wednesday
- AVP reviews twice in a month on 15th and 30th of the month

Pending Claims:

- Insurance executive maintains the list of claims settlements sent to the Insurance Company and age of pending claims
- She/he also prepares Insurance Claim Status Report on every Friday and sends to AVP, marked CC to MD
- Insurance executive will follow up pending claims settlement by gentle reminders to insurance companies by mail attaching list of various buckets copying mail to AVP
- If claim is pending for more than 45 days with insurance company, AVP will send the reminders to the insurance companies.

9. Operational Manual for Group Loans to Women

Group loans to women consists the largest portfolio in TRIDENT and is extended in all branches across the company. Below chart describes the operational procedure of TRIDENT's group loans to women at a glance.



9.1 Client Identification/Group

- CRO should identify Clients/Group as per eligibility criteria. After identifying Client/Groups, CRO should inform the client details to BM
- BM should cross verify the Client details as per eligibility criteria
- BM immediately should send the client details in credit bureau report format to MIS department. MIS department generates the credit bureau report and sends the same report to branch within one day. BM should cross verify the credit bureau report and overlap report with eligibility criteria and prepares eligible groups for GOP.

“Credit Information Bureau: *It is an organization which maintains the details of borrowers of all MFI’s along with the history and details of loans.*

All MFIN member MFI’s have to submit their updated borrower’s data every month to credit information bureau. Each member MFI can verify credentials of each applicant/borrower and get the detailed report about no. of loans, payment history including defaults if any. As of now in India all MFI’s shared their data with credit information bureau and it is very helpful in taking credit decisions. CIBIL, HIGHMARK, EQUIFAX are few credit information bureaus working in India and we will be utilizing the services of HIGHMARK and Equifax”

9.2 Group Orientation Program (GOP)

CRO should organize 4 days Group Orientation Program (GOP) to all prospective members immediately after above process. GOP occurs at a scheduled time at a scheduled central place, GOP should be given to maximum of 2 groups at a time in a center and should last 30 minutes each day.

While organizing a GOP, a CRO should:

- Arrive on time and *strictly follow the syllabus and time schedule* to demonstrate the discipline expected of clients in all matters
- Ensure that *all prospective members attend each day* of GOP
- Conduct the GOP in the vernacular language understood by all the language
- Behave in a professional, respectful and friendly manner and ensure all *necessary information reaches clients properly and correctly*. Encourage active participation and questions.
- Enter topics covered and attendance on *GOP status form*

GROUP ORIENTATION PROGRAM –Syllabus

DAY-1: Organization Profile

- Share *information about TRIDENT: Mission, history, branch locations*
- Share necessary information about other MFIs actively operating in the area to enable the clients to make meaningful comparison and take an informed decision.
- Make it clear to the clients this program is provided to them free of cost.
- Discuss why small businesses are effective income sources for the low income households, and how microfinance loans can enhance livelihood
- Educate customers regarding availing and utilizing the appropriate loan amount
- Gather information on clients background and their livelihoods
- Collect photo identity proofs along with age and address proof

- Address clients' concerns, doubts, and questions if any
- Have clients fill *Registration Form*
- *Register clients* in the computer system
- Conduct house visits

DAY-2: Group Concept

CRO explains norms of TRIDENT, such as:

- *Client Characteristics*: Policy on who can and cannot be a group member
- *Group Liability*: All group members are responsible for the nonpayment by any single client, and center attendance of all group members
- *Behavioral requirement*: Punctuality, sitting discipline in centre meetings, and compliance to TRIDENT's rules and regulations
- *Explain insurance coverage for client and spouse and the claim procedure*
- Educate clients not to pay any unauthorized payment to Group leader/member/agents or Mediators and Trident staff for availing a loan.
- *Attendance requirement*: impress upon them they need to maintain at least 80% attendance in the center meetings so that they become eligible for the next loan.

DAY-3: Credit Policy and Other Matters

CRO explains TRIDENT's terms and conditions of loans and insurance

- LPF, interest rate, insurance premium, repayment schedule, terms and conditions of loans etc.
- Make clear to the clients that the pricing of the loan involves only 3 components viz. the interest charge, the processing fee and the insurance premium and interest will be calculated on a reducing balance method.
- Make it clear to the clients that no penalty will be charged for late repayments/prepayments.
- Explain to them that no cash margin/deposit is collected by them.
- Inform the clients that the entire amount collected towards insurance premium is paid to the insurance company and no additional amount is collected by the Trident.
- Explain to the clients that there is a grievance redressal system in place and any grievance/ complaint by any client can be brought to the notice of the staff members of Trident at Center/ Branch/HO in person, mail/letter or over phone.
- Inform the client that we have provided Customer Grievance Redressal Officer's phone number, address and mail I.D on loan card.

DAY-4: Review

- Review all the covered topics in GOP and prepare for GRT
- *Collect Loan Application Form* (and other client details, if applied) and issue acknowledgement for the same.
- *The signature of the spouse/nominee should be obtained on the application form after explaining all the terms and the conditions of the loan*
- Enter application in the computer system
- Hand over the filled forms to BM for appraisal.

9.3 Group Recognition Test (GRT)

Immediately after successful completion of GOP, GRT will be scheduled with BM at one of the group member's house. GRT should happen only after generating the Customer ID. On the GRT date, all clients' presence is compulsory. Branch Manager should visit each client's house to verify the address and activity. At GRT, in addition to CRO, BM cross-verifies clients' understanding of TRIDENT's policies and procedures, income by observing:

- *Punctuality & Discipline* during GOP and GRT
- Awareness of TRIDENT's *services*
- Knowledge of TRIDENT *membership norms*
- Knowledge of *credit terms and insurance*
- *Awareness on Grievance Redressal Mechanism of the company*

Sample questions asked at GRT are:

- What is the interest rate?
- What is the name of the company?
- What time is the centre meeting?
- How much should be repaid in each month?
- *Has anyone asked bribe to avail the loan?*

In case a group failed GRT, the result is communicated to the group immediately after GRT. If a group passed GRT, the branch proceeds to sanctioning at the earliest Branch Credit Committee.

All members of a group must pass the GRT to get loans. If one member fails GRT, her entire group must re-take GOP and GRT, or the group may decide to select a new member for replacement. This new group must take GOP and GRT again.

In GRT, BM verifies

- *Social appraisal/ counterparty check* to verify applicant's credibility with neighbors and other group members
- *Home visit* to verify her family's financial situation, assets and property she registered, and commitment to the loan terms

- *Business visit* to check profitability of business establishment
- To verify annual income and cash flows of the client and household
- To verify loans with other MFI 's and repayment history, Outstanding amount and installments

9.4 Sanctioning

Branch Credit Committee (BCC) is held at a centralized location to review loan application with the attendance of concerned branch staff. At BCC, BM briefs on loan application with client details, credit bureau report details, discuss sanction amount.

UM verifies credit bureau report, client cash flows, activity, and purpose of loan and makes a final decision on the amount and approves them. UM heads BCC and ABM takes full minutes of BCC in a BCC register, recording all loans sanctioned. All staff attended BCC should sign in BCC registers after entering the sanctioned amount.

All loans up to Rs 14,000/- can be sanctioned by the BCC headed by Unit Manager. Loan sanction details conveyed to the client and obtain the acknowledgement.

9.5 Disbursement

- After BCC, funds required are informed to the AVP in the fund requirement format; AVP verifies the details and places an indent on the accounts department. The accounts department will remit the cash to the respective branch account
- Branch withdraws the required amount on disbursement day.
- Disbursement for monthly loans can be made on any date of the month and for weekly/ fortnightly loans disbursement should be only on center meeting day.
- Center should start with maximum of 2 groups i.e., branch should disburse to only 2 groups at one time and then can add up to maximum of 3 groups in a month.
- *Full attendance of a group with spouse/nominee is required for disbursement.* If there are absences, disbursement is rescheduled to the next date.

Disbursement process:

- Specific time slot is allocated to each group for disbursement; CRO first communicates this schedule to the group leader
- Groups gather at the branch office, wait for their turn in the waiting space
- A group is called in, CRO again confirms the group members/spouse terms and conditions of the loans, and collects signatures on loan documents
- CRO/ABM collects Loan Processing Fee (LPF) and Insurance Premium from clients, and obtains signature on loan documents and on loan card

- BM and above double-checks loan documents and repayment schedule and confirms that date of Credit Bureau Report is not exceeded 14 days.
- Once again BM confirms with group members/spouse, terms and conditions of the loan, and hands over cash to each client. Clients verify the amount and leave the office
- ABM/ BM records disbursement details in register and the system on the same day
- ABM along with any one of the staff either BM or CRO go to the bank and remit the LPF and Insurance Premium amount collected.

Both BM and above and ABM's attendance is mandatory for disbursements. The maximum number of groups one branch can disburse is 10 groups per day to ensure quality of the services.

9.6 Loan Documents

GLW Loan Documents at a Glance

▪ **Group Registration form**

Registration form records: client details such as name, address, date of birth, nominee name, a client's photo and family structure. The registration form is filled and collected on the first day of GOP with assistance of CRO, stored and entered into MIS at the branch office.

▪ **Loan Application and Appraisal forms**

Loan application form records: client's applied loan amount, purpose of loan, income generating activity and CRO's evaluation of the client's activity and house visits. Loan application form is filled on the 4th day of GOP with CRO's assistance, and reviewed at the BCC and stored in the branch office afterwards. Both signature and fingerprints of clients are accepted as verification.

Loan appraisal form records detail information of applicants pertaining to repayment capacity, such as monthly income, family structure and house material. Loan appraisal form is furnished with details by Appraiser (BM) and used in the branch office at the time of BCC for the detail discussion.

• **Sanction Letter**

Sanction Letter contains all the terms and conditions of the term loan shall be handed over to the client immediately after the BCC and obtain an acknowledgement.

- ***Income and borrowings declaration form***

All GLW clients should declare their annual household income and borrowings from other financial institutions on declaration forms.

- ***Promissory note (Pro-note)***

All clients sign the promissory note at the time of disbursement to formally promise repayment of loans to TRIDENT in writing. All clients are required to supply Rs.1- revenue stamp to be pasted on the promissory note.

- ***Term Loan Agreement***

Term Loan Agreement containing the terms and conditions of the Term Loan shall be executed between the individual client and Trident.

- ***Mutual Guarantee Agreement***

All GLW clients sign Mutual Guarantee Agreement at the time of disbursement to formally agree to co-guarantee the repayment of all members of a group a client is associated with.

- ***Loan Card***

Loan Card for group loans records: center details (name and number), group name and number, client details such as ID number, cycle, loan amount, purpose and loan details such as interest rate, Loan processing fee and Insurance Premium will be clearly displayed on Loan Card. BM has to ensure the disbursement amount in disbursement register and on Loan Card is same. Loan Card are distributed at the time of disbursement, and collected and updated at each center meeting.

9.7 Center Meeting

Center Meetings are held by CRO for the purpose of recovery of repayment from clients, at a fixed place at a fixed time (usually between 7am to noon) and fixed day each week between Monday to Friday for weekly /fortnight loans and from 4th to 15th of every month for monthly loans. The place for holding a Center Meeting should be at a central designated place in the locality. Total time for a center meeting ranges from 30 minutes to 45 minutes.

Center Meeting locations, time schedules and expected recovery amounts are available in Day book register in the system. Any change in Center Meeting time and place should be approved by AVP, and should be updated immediately

The procedure of a Center Meeting is as follows:

- Clients arrive 5 minutes before the meeting and sit in order (one group per row)
- Clients give money (repayment) and loan card to their respective group leader
- CRO arrives at the meeting location *exactly on time* and introduces visitors (if any)
- CRO takes attendance by *pronouncing their names*, take notes in collection sheet.
- Respective group leader hands over *money and loan card* to CRO in their sitting order (from front to back, or right to left)
- CRO *verifies cash amount, signs the loan card*, and records “check” if present, A if absent, L if late, H if hospital, E if emergency and P if permitted absence for the center meeting, enters in loan card for payment and returns them to group leaders
- Clients ensure that CRO has correctly entered info on the loan card
- CRO makes necessary announcements, asks for questions and comments from clients

Management of center meeting is the essential part of CRO’s work. CRO should behave politely with discipline and punctuality. Maximum number of centers that one CRO can take care of is 8 per day.

9.8 Back office Administration

Immediately after the return to the branch office after completing the center meetings of the day, back office administration takes place in the following flow:

- CRO recounts the day’s recovery and confirms the total amount and denomination with the collection *sheets*, *enters the collection details in the system* and hands over all of them together to ABM.
- ABM verifies cash and collection sheets, and compares them with the day’s demand.
- After collecting cash from all CROs in branch, ABM enters transactions in MIS and prints out *Staff daily cash position report* and *branch daily cash position report*, and hands them out to BM for verification
- BM verifies above reports, MIS entries and all cash transactions file in respective folder.
- ABM and another branch staff –either BM or CRO—go to the bank to remit cash. The collection amount should not be utilized for any disbursements.
- ABM enters day’s cash transaction (receipts and payments) in cash book register.

Where Safe Chest is provided maximum of Rs.25, 000 cash can be stored overnight in office in case there are scheduled disbursement and/or recovery. Overnight

physical cash storage more than 25,000 requires AVP's approval. Branches should operate the bank accounts wisely so that optimum utilization of funds with minimal transaction cost.

9.9 Loan Utilization Check

CROs are responsible to conduct a loan utilization check to ensure the client's purpose of loan matches with the actual activity within 20 days of the disbursement. CROs visit to the client's business location and confirm the utilization of loan in the prescribed format. If loan is not utilized for the specified purpose on the application form, the case should be recorded in the LUC form.

9.10 Pre-Closures

If clients wish to close the loan account earlier than the scheduled time, a group can do so by communicating to CRO in advance. This process is called pre-closure. Pre-closures by groups should preferably after 45 weeks for weekly loans, after 22 fortnights for fortnight loans and after 15 months from the disbursement.

In case of pre-closure by a group, all members of the group should together repay the outstanding amount and close the accounts at the same time. Remaining principal and interest accrued till the date should be collected at the time of pre closure.

Individual members in a group can pre-close their respective loan at any time during the tenure of the repayment. However they will carry the responsibility of guaranteeing outstanding accounts of that group. All pre-closure should happen in the presence of ABM and above level. **No penalty or charges should be collected from clients for pre closures.**

9.11 Repeat Loans (Subsequent Cycle Loans)

If clients wish to avail another cycle of loans, they can do so by communicating to CRO in advance. Clients can pre-close their loan preferably after 45 weeks for weekly loans, after 22 fortnights for fortnight loans and after 15 month for monthly loans if they wish to avail subsequent loans.

At that time, clients should discuss whether they would like to continue in the same group or form a new group. If they wish to continue in the same group, GOP for the subsequent loan will be one hour for 1 day with GRT on the second day. Loan cards for the previous loan accounts should be attached to the new application forms at the time of submission.

If clients do not wish to continue with the same group but wish to avail another cycle of loan, they can form a new group by recruiting new members into a group. In such cases, if the new members are 2 only, then all group members should go through 2 day long GOP and GRT on the third day. If new members are more than 2, all group members should go through proper 4 day long GOP and GRT.

When considering the sanction of repeat loans to clients, staff should take attendance rate of the previous loan into consideration. *Minimum of 80% attendance is required for clients to avail subsequent cycle loan.* Exceptional cases can be permitted only with the approval of AVP.

9.12 Topup Loans (TUL)

Existing GLW (weekly) clients can apply for additional amount of loans, called “Top-up Loan” (TUL) after successfully finishing 20 weeks of repayment with attendance rate of above 80%. A client can apply Top up loan amount for Rs. 4000 – Rs. 8000/-, in multiples of Rs. 2000/-.

Process:

- CRO explains about the Top up Loan at the time GOP
- CRO should inquire groups whether they wish to apply for Top up Loan when the group reach closure to 20th week
- Option to apply for top-up loans is offered to clients during 20 to 25 weeks of the current loan cycle
- Interested members can contact CRO
- CRO collects the details of the interested members and the send the details to the Credit Information Bureau
- After receiving Credit Information Bureau Report, CRO should organize one day training program to eligible clients on the terms and conditions of the product. The application will be filled by the CRO.
- BCC reviews the loan application and sanction the loan. A minimum of three members are required to sanction the loan
- Unit Manager heads the BCC, Branch Manager/ABM records the full minutes of the meeting and CRO briefs on loan application and client details
- Disbursement of sanctioned loan amount is scheduled on the earliest center meeting day/ on the following week after BCC

Terms and Conditions:

A minimum of two clients from the existing group are required to apply for TUL, however all the group members should accept and sign on the loan documents

All the members of the group presence is compulsory on the day of disbursement

The TUL sanctioned clients should be present along with spouse/nominee

The tenure of the TUL is 25 weeks and it should be closed along with GLW loan, however the clients can avail repeat GLW loans only after closure of the TUL

All other terms and conditions of TUL are same as the regular GLW product

9.13 Absence and overdue follow-up

Although ABM and BM should monitor center meetings frequently and conduct loan utilization check to minimize over dues, the branch staff should act promptly and responsibly whenever cases of overdue clients are noticed.

When a client fails to appear at the center meeting for 2 successive occasions, the CRO and ABM/BM should review and visit her house/work place and inquire about the reasons for her absence and make efforts for recovery.

When a client is absent for more than 4 successive meetings, the UM should review such cases and visit the client. If the absence is more than 6 successive meetings, the AM should review such cases and visit the client.

If all above failed, TRIDENT may pursue legal action as a very last resort.

10. Monitoring

10.1 GOP

BM/ABM should attend minimum 2 days of GOP in a week. UM should attend minimum 2 days GOP in two branches in a week, AM should attend minimum 2 days GOP in two branches in a week.

10.2 GRT

UM should attend GRT minimum 2 days in 2 branches in a week. AM should attend minimum 2 days GRT in two branches in a week

10.3 Disbursement

UM should attend Disbursement Processes minimum 2 days in 2 branches in a week. AM should attend minimum 2 days Disbursement Processes in two branches in a week

10.4 LUC

100% of LUC's check up is compulsory by ABM and BM along with CRO concerned. UM should cross verify minimum 6 groups LUC verification in two branches in a week. AM should cross verify minimum 6 groups LUC verification in two branches in a week.

10.5 Branch visits

UM should visit each branch at least three times in a month. AM should visit a minimum of 10 branches in a month. Sr. Manager should visit a minimum of 10 branches in a month. AVP should visit a minimum of 4 branches in a month. UM and AM should submit their branch visit report on every Saturday to AVP.

10.6 Centers

All branch staff is responsible to monitor the quality and discipline of the center meetings constantly. ABM/BM is required to visit all new centers within 3 months of disbursement. ABM and BM should visit at least 6 centers per day. ABM and BM should complete visits to all the centers in a period of five months. Unit Manager should visit at least 15 centers in a week and Area Manager should visit at least 10 centers in a week. Sr. Manager should visit a minimum of 8 centers in a month. AVP Operations should also visit centers at least twice in a month.

All those who visit the centers are required to fill in the Center Monitoring Form to give rating on the center functioning and recommended to give constructive feedback to the center and CRO based on the performance result. Center monitoring tools should be approved by the immediate reporting officer and filed accordingly in the branch offices as management staff, AM, UM, and BM should review them periodically. UM, AM and Management staff needs to be sent center monitoring tools once in a 15 days to reporting officer.

All the operational functionaries (BM and above) should make surprise visits to field/branch (in addition or regular visit). Apart from these, there might be surprise visits from the Senior Management Group to the branches or any other Operational areas. If any discrepancies are found, strict action will be taken with immediate effect.

11. Manual Data Recording and Filing

11.1 Registers

Infrastructure problems such as power cut and internet connection are frequent and unavoidable in some of the regions that TRIDENT serves, manual data recording is to be maintained to ensure smooth operation and avoid business disturbance as much as possible. Below is the list of registers that should be maintained at branch office:

Visitor's	Key movement	Petty cash
Stationery	Cash/cheque movement	Safe cash denomination
MIS problem	Employee movement	Complaint register
Employee	Cash book	Cheque disbursement register (Individual loans)

Insurance (HO)	BCC	Branch staff meeting minutes
Receipt issue	Fixed Asset	Center meeting problem

11.2 Filing

In addition to registers, important documents such as loan documents, insurance claims and periodical reports should be properly filed in branch offices. Below is the list of files that should be maintained at branch office.

S.No	Category	Name of file	Content
1	Administration	Circulars	Numbered circulars from HO
2	Administration	Communication with H.O	Communication from HO other than circulars and HR
3	Administration	Utility bills	Electricity, Telephone and other bills of the branch office
4	Administration	Staff vehicle documents	Insurance policy RC book Driving license Pollution certificate (optional for rural)
5	Finance	Bank transaction	Bank counterfoils Bank Reconciliation Statement Bank statement (weekly/monthly)
6	Finance	Petty cash payment vouchers	Petty cash payment receipts and vouchers
7	HR	HR file	Any HR related communication from HO
8	Insurance	Death claims	Death intimation by branch Death certificate Claim form ID proof Claim settlement form
9	Operations	Member details	LUC Loan Application/appraisal form GOP status form Registration form KYC documents
10	Operations	Loan Documents	Pronote, Term Loan Agreement and Mutual guarantee Agreement
11	Operations	Collection sheets	All collection sheets of the past
12	Operations	Daily cash position report	Staff daily cash position report Branch Daily Cash Position report

13	Operations	Branch MIS	Monthly Branch summary report (CRO wise)
			Weekly / monthly Progress report
			Weekly expected loan repayment
14	Operations	BM Field monitoring file	Center monitoring form
15	Operations	ABM Field monitoring file	Center monitoring form
16	Internal audit	Audit report compliance file	Audit report
			Reply by branch

11.3 Communication between Branch and HO

To ensure full and smooth communication between the field staff and management, periodical reports should be submitted from branch offices to HO. Branch managers should prepare and submit the following reports with mentioned frequency.

Daily

- Receipts and Payments report
- Business updates to reporting officer thru SMS

Weekly

1. Saturday

- Weekly Bank statement
- Weekly Bank Reconciliation Statement
- Trainee staff feedback to HR department
- Business updates to reporting officer through mail

Monthly (on 1st of every month)

- Business updates to reporting officer thru mail
- Incentive data to reporting officer
- Monthly bank statement
- Monthly Bank Reconciliation Statement

Monthly (On every 24th)

- HR update (Attendance)
- Petty cash requirement for next month
- Stationary indent for next month

12. Operational Reporting

All Managers are needs to send below operational reports in regular intervals to their reporting officer without fail.

Branch Manager to Unit Manager:

- Daily Report: Information of disbursements (Current week/Current month/Cumulative), outstanding, active clients, demand, collections, Cash and bank balances.
- Cash balances more than Rs.25000/- to AVP keeping copy to UM and AM.
- ABM and BM submit Center Monitoring Tools every week to Unit Manager.
- Overdue status and aging analysis
- Insurance Claim status

Unit Manager to AM:

- Weekly Visit Report: Information like No. of centers, GOPs and GRTs attended to AM/SM
- Center Monitoring Tools every week.
- Branch observation reports every week.
- Overdue status and aging analysis
- Insurance Claim status

Area Manager to Sr. Manager / AVP:

- Weekly Center Monitoring Tools
- Weekly Branch Observation Report
- Overdue status and aging analysis
- Insurance Claim status

AVP to MD:

- Weekly Business Updates
- Weekly Branch Observation Report
- Overdue status and aging analysis
- Insurance Claim status

13. Team Meeting

In addition to periodical reporting, team meeting should be held to ensure full communication across the organization.

	Branch meeting	Unit meeting	Area meeting	Operations manager meeting
How often?	Weekly on Saturday	Every 15 days	Monthly	Monthly
Where?	Branch	In Branch on rotation basis	HO or RO	HO
Chairperson?	BM	Unit Manager	AM	AVP
Mandatory attendance?	All branch staff	Unit Manager, concerned BMs	All BM,UM and AM	UM, AM, Sr. Manager, AVP
Topics Covered?	Targets vs achievements, portfolio health, audit related issues, field level problems, HR issues etc.	New potential areas, targets vs achievements, portfolio health, audit related issues, field level problems, HR issues, competitors in the area etc.	New potential areas, targets vs achievements, portfolio health, audit related issues, field level problems, HR issues, competitors in the area, policy issues etc.	New potential areas, targets vs achievements, portfolio health, audit related issues, field level problems, HR issues, competitors in the area, review of operations policy issues etc.
Reporting officer visit?	UM on rotation basis	AM on rotation basis separately	Sr. Manager/AVP on rotation basis	CEO at least once in a quarter

14. Operational Manual for Individual Loans

Individual loans are offered at limited branch locations for control purposes, since these special loans require close supervision and more sophisticated appraisal of client's financial status. Branches can do Individual loans with MD approval.

Personal Loans to Salaried Employees are serviced to Govt. Employees only. These loans repayment period is on monthly basis.

Note: The procedure described below is a general one that applies to the loan product serviced through individual model. Therefore, the detailed requirement and

procedure for a particular loan may be different from the below mentioned procedure.

14.1 Eligibility Criteria:

- Member must be a Govt. Employee (State or Central)
- Member should have a minimum service period of 5 years as on the date of application
- At the time of loan origination member should not have any loan outstanding with Trident
- Should have a minimum take home salary of Rs. 6000 per month
- Govt. employee (Co-Obligant) surety is compulsory for this loan

14.2 Lending Process:

Client Identification:

- Branch Manager or other field staff identify the client or client directly contacts the Branch Manager
- Branch Manager verifies the eligibility (As per eligible Criteria) of clients as per the list and identifies the potential clients. And fills the below format
- If all below mentioned eligible parameters are satisfied, then Branch Manager can originate the loan application

Client Eligibility Check for Personal Loans			
S.No	Criteria	Yes/No	Remarks
1	Does client is Govt. employee?		
2	Is Loan outstanding is Zero with Trident?		
3	Does client have minimum of 2 years Service experience?		
4	What is the remaining service period of the client?		
5	Any other outside loans?		
6	Age of the applicant is not more than 53 years as on the date of application?		

14.3 Credibility check of Applicant

BM at origination time and UM at the time of appraisal verify the credibility of member with member spouse with neighbors/ colleagues in below mentioned aspects:

- Whether he is Govt. Employee? Or Not?
- Whether he has any bad habits like drinking, gambling?
- Does he have any debts? If so? What is the repayment history?

- What is the behavior with outsiders?
- How are the relations among the family members? Whether he strives for family prestige?
- Do you think we can give loan to this person?

14.4 Application

The application should be filled by Branch Manager. At the time of application he should verify the forms of identity proof with a photo, age and address proof (see the complete list in KYC Policy) will be collected at the time of application. In addition to the standard identity proof, the following will be collected for all individual loans. A proper record should be maintained at branch office to record the details of documents collected and returned.

- Photo identity proof must be taken from Co-obligant

14.5 Verification

- Physical verification of Govt. office where the client works
- Physical verification of address and person can be done as per the KYC documents provided by the client
- The age mentioned in ID proof to be taken as member's age

14.6 Appraisal

For these loans the appraiser should be the Unit Manager or above.

At the time of appraisal, appraiser has to verify the following details:

- Applicant and Co-obligant KYC documents
- Applicants, spouse, children and other income sources
- Applicants Assets
- Other alternative income sources
- Bank account details
- Existing savings and Loans with other financial institutions
- Repayment capacity and frequency of repayment.

Co-obligant's confidence on client and repayment capacity on behalf of client in case of default (appraiser needs to verify Co-obligant's income should be equal or more than client income)

14.7 Sanctioning

All individual loan applications are appraised and sanctioned in HO Credit Committee. HCC is chaired by AVP/MD and its minutes are taken properly.

Sanctioning authority differ according to the size of the loan. All loans up to Rs 50,000 can be sanctioned by the committee chaired by AVP at HCC. Committee members will be AM and respective UM

All loans above Rs.50000 have to be sanctioned by the committee chaired by MD. Committee members will be AVP, AM and respective UM. Minutes of the meeting should be recorded, all Committee members should sign the HCC register after all sanctions were made and a copy of it should be kept at the branch office for records.

Required KYC Documents (Client and Co-Obligant):

- 2 pass port size photographs of the applicant
- Govt. Office ID Card
- Latest salary slips
- Latest CIBIL Report
- ID proof e.g. Election card, Ration card, Passport, PAN card and Driving License.
- Residence Proof e.g. House tax receipt, Electricity bill and telephone bill
- Last 6 months bank statement (Not required from Co-Obligant)
- House tax
- Electricity Bill

Required Loan Documents:

Loans upto Rs.50000

- Promissory Note
- Term Loan Agreement
- Guarantee Agreement
- Co-Obligant Surety

For all individual loans above Rs. 25000, clients are required to submit post dated checks to branch office. Branch staff should collect one post dated check for 3 installments. (For 12 months tenure, we need to collect 4 post dated checks, for instance) Cheques should be kept in an envelope which records loan account number and client's name, and stored properly in the branch safe. Branch should maintain a record for post-dated checks and all the important details.

Loans above Rs.50000

- Promissory note
- Term Loan Agreement
- Guarantee Agreement
- Post Dated Cheques (one postdated cheque for 3 installments. Example for 12 months tenure, need to collect 4 PDCs)
- Co-Obligant Surety

14.8 Disbursement

All disbursement happens in branch office. For the loans above Rs.50000/-, AM presence is compulsory. BM and UM's presence is compulsory during all the disbursements of individual loans.

The co-obligant and have to be present along with the client during disbursement. Branch staff once again clearly explain the client, co-obligant and guarantor the terms and conditions of the loan and their rights and obligations.

Loans should be disbursed in the form of cheque only. Cheque should be drawn on member's account payee. Cheque to be prepared for total loan amount, upfront charge loan processing fee collected separately before the loan disbursement. These fees can't be deducted from the loan amount payable to the member. Next, all clients are given Repayment Schedule, Term Loan Agreement, Fee payment receipts and any papers related to TMPL. Every loan client should be given a file to file all documents related to TMPL.

Format for cheque disbursement register

S. no	Date	Cheque no.	Bank name	Client name	Client ID	Account holder name	Account no	Amount	Receiver sign	ABM sign	BM sign
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Recovery:

All individual recoveries should preferably be scheduled between the 5th and the 10th of every month, so that branches can recoup the less than 30-day overdue loans by the month end, if necessary.

Recovery receipts should be filled in case of any transactions between customer & TRIDENT. No transactions are to be entered into system without the availability of the "Receipt Office Copy". CRO shall not leave for field after depositing receipts unless BM/UM has reviewed the non-payments and prepare visit plan for follow up.

BM or UM should visit all clients who became overdue for the first time within 48 hours and record its outcome. BM is required to send updated overdue report to AM by 18th of the month.

Overdue monitoring:

The Branches must strictly follow the procedure to minimize overdues. Each and every loan must be allocated to the BM. Each BM must be attached to UM/AM.

Thus the UM/AM is responsible for follow-up of his/her direct loans as well all loans of the BM reporting to her/him.

Each BM must follow-up on all individual loan clients at least once a month. A separate list of all accounts which become overdue will be generated and handovers to BM. Overdue of 1-30 day report will be used for followup.

By 15th day of a month, AVP reviews reports and visits all loan accounts where BM or UM's visit was not successful in recovery. Overdue accounts moving from 1-30 days to 31-60 days should be reported to HO. BM and/UM will visit all overdue loans between 31-60 days which are of monthly repayment every month and for other loans at least once in a quarter. UM should visit all loans overdue beyond 60 days on a quarterly basis. AVP and Area Manager will also review the overdue status of unit with BMs before 20th of every month, with particular focus on new overdue loans.

14.9 PDC (Cheques)

- Scheduled bank cheques can be accepted for surety (like SBH, SBI, AB, Syndicate Bank, HDFC, ICICI etc.,)
- If member account and branch account are in same bank then that bank cheques can be accepted.
- All cheques are to be drawn on "Trident Microfin Pvt. Ltd.," marked as account payable and without mentioning date to be collected.
- If member does not have bank account, Joint account of member and member's husband cheques can be collected as surety. Loan amount cheque should be drawn on member's bank account. Cheque cannot be issued to other bank account.
- Monthly loan installments can be collected in form of cash only.
- We have to collect 4 cheques for 12 installments from the member.

Loan utilization Check up:

Loan utilization check up done after loan disbursement within one month of disbursement.

Loan Repayment Schedule:

Print out Loan repayment schedule to be given to Member.

14.10 Loans to Educational Institutions (LEI)

Background of the product/process

Education has been a determining factor for the progress of human civilization. The modern world is using education increasingly as an instrument for all-round development. There is a growing and welcome realization amongst the developing countries that education is the key to development. Education shapes the destiny of a nation. The quality of manpower in any country ultimately determines the sustainable well - being of its people. Creation of social opportunities for all sections of society is a reflection of the progress of that society and education is the principal instrument for developing human capabilities. Education, as a liberating

force, fosters growth, promotes social equality and technological progress. Globalization and the emergence of a new society more dependent on knowledge and information technology have further underlined the importance of education in pursuing developmental goals.

Further, Many researches reveals there is an urgent need for financial assistance to educational institutions in terms of investment in infrastructure to increase their enrollment and provide better academic facilities.

Under this Product, Term loans are provided for an expansion requirement of privately managed Educational Institutions/ trusts/ societies. The expansion activity should be a revenue generating activity and could include opening up of new branch, new school/college/institution; construction of additional classrooms, computer labs, library, purchase of Computers, laboratory equipments and transport vehicles etc.

Lending Process: Client identification:

- Branch Manager has to identify the schools located in branch operational area.
- Branch Manager verifies the eligibility criteria.
- Subsequently unit manager visits the school for origination of loan application.
- Basing on the recommendation of UM, loan application will be processed at H.O.

Eligibility Criteria:

The educational institutions are classified in to different categories based on the education level. Under the program, we propose to cater to the financial needs of privately managed institutions based in rural and urban areas. The market size based on annual fee cash flow from privately managed LEI is estimated below

Parameters for assessing Education Institutions

Parameters	Details to be observed
Institutional factors	a) Institution should be legally registered trust/Society/institution. b) School strength should be a minimum of 250. c) Educational institution means school/college d) No. of years of operation at least three years. However this can be waived with the approval of MD

Board & Staff details	<p>a) Promoters' background/ Governing body details: At least one Director should be actively involved in day to day operations of the school.</p> <p>b) Please list out the members of the senior staff, their qualifications and past experience.</p>
Past Performances	<p>a) Past achievements details(in terms of pass percentage, Ranks at different levels)</p> <p>b) Please give details of the financial linkages established with mainstream institutions for supporting the activities of the institutions.</p>
Structure and Operations	<p>a) Please describe how the structure promoted by the institution ensures continuous monitoring of the operations, how often Board meetings are organized.</p> <p>b) How often does a staff member or a representative of the institution meet the parents? Who is this staff member or representative?</p> <p>c) Average number of students per class(this should not be more than 60)</p> <p>d) whether computerized MIS implemented in the organization? If so, please explain briefly how the MIS is maintained with specific reference to the Fee collections.</p> <p>e) What is the average drop out ratio of students over the last 3 years?</p> <p>(This should not be more than 30%)</p>

Check List of Documents

The following are the list of documents required along with application form for processing:

1.	School Society Registration certificate, copy of bye laws.	
2.	School Recognition certificate by the Govt., of AP.	
3.	Board members' consent letter (acceptance letter on school letter head to get loan).	
4.	CIBIL Report/Xerox copy of D.D for CIBIL Report	
5.	Xerox Copy of Lease Deed Agreement (if school premises are under Lease)	
6.	PAN card of the applicant.	
7.	2 pass port size photographs of the applicant.	
8.	ID Proof of the applicant (Voter ID/Ration Card/ Passport/Driving license etc.).	
9.	Savings Bank A/C statement for 1 year (personal A/C of the applicant).	
10.	Current A/C or savings A/C statement for 1 year (School A/C).	
11.	Income Tax returns/filing of the applicant. (Compulsory) for the loans above 2 lakhs.	

12.	Two post dated Cheques of applicant personal savings bank A/C. (at the time of loan disbursement).	
13.	Post dated Cheques of School Current A/C equivalent to number of installments (At the time of loan disbursement).	
14.	2 pass port size photographs of Co-Obligant (Govt. employee).	
15.	ID proof of the Co-Obligant (Voter ID/Ration Card/ Passport/Driving license etc.).	
16.	Latest Salary Slip/Pay Slip of the Govt. employee (Co-Obligant).	
17.	E.C of the property (latest), for at least 25 years.	
18.	Property documents (original) with link documents (Xerox) as collateral Security.	
19.	Quotation/Estimation of the goods (which will be used for school like computers, benches, construction of additional class rooms etc.).	

Note: -

1. Collateral Security/Property is not required for the loa below 1 lakh.
2. Govt. employee surety is compulsory for all School loans.

Credibility check of Applicant and Co-Obligant:

Unit manager has to verify the credibility check of applicant and Co-obligant with neighbors/ other schools/other colleges/ colleagues/ nearby shop keepers in below mentioned aspects:

- Does he have any debts? What is the repayment history?
- What is the credit history good? Bad?
- Whether he is hard worker? Or Not?
- Whether he has any bad habits like drinking, gambling?
- What is the behavior with outsiders?
- What is the interest of Co-Obligant for giving guarantee

Verification: Unit manager has to do verification of applicant at office and residence.

- Verification of name and address with electricity bill etc
- Physical verification of address, office and other loan documents.
- Physical verification of asset as mentioned in loan application.
- Collection and verification of asset with latest E.C.

Appraisal: Loan application with Unit manager's recommendations send to head office for appraisal. All Educational institutional loans are processed and sanctioned at Head office.

AM has to do appraisal and verifies the following:

- School recognition copy (valid from-to) up to which class and medium.
- Bye laws (all the responsibilities and duties of the board members).
- School strength as mentioned by the applicant (through attendance records).

- School teachers and other staff strength, salaries, qualification etc (through records).
- If premises are under lease, verify the lease agreement.
- Thoroughly verify the bank statement of the school (current account) and personal account of the promoter (find if any cheque bounces are there and also other loans repayments).
- Ask for the repayment schedule of the other loans if promoter has any.
- Confirm the tuition fees and other fees by looking into the original records.
- Gather information about the guarantor (govt employee/property owner).
- Title deeds are to be read carefully and locate the property and know the boundaries are same as mentioned in the documents.
- Co-relate the title deeds with link documents.
- Get latest Encumbrance certificate and confirm the present property owner.
- All supportive documents such as ID, address, salary and other required ones should be counter checked.
- Verify the requirement and genuineness of the proposal.
- Calculate the school strength and fees (excel sheet)
- Prepare the financials of the school
- Prepare the gist to be presented to the loan committee

Sanctioning:

All proposals should be discussed in HOLC (Head Office Loan Committee). HOLC is chaired by MD and members will be two GM's (Finance), AVP (Ops) and AM. AM presents proposal to the loan committee along with his recommendations. HOLC takes a decision on the proposal after due deliberations which are duly minuted.

A sanction letter containing the major terms of sanction shall be issued to the applicant in duplicate. One copy of the sanction letter duly acknowledged by the applicant and the co-obligant accepting the terms of sanction shall be obtained and kept along with the other documents.

Any two members of the sanctioning committee will have loan utilization verification done by visiting 30% of the sanctioned cases each with below Rs.5,00,000/-, and it is mandatory to visit all the cases with limits above Rs.5,00,000/- each within 30 days from date of disbursements. This will be a surprise visit.

Required Loan Documents:

- Loan of Rs.50000 to Rs.100000
 1. Promissory note
 2. Guarantee agreement
 3. Letter of undertaking
 4. Post dated cheques of the school account (equivalent to no. of installments)
 5. Post dated cheques of applicant (2 cheques) and Co-Obligant (2 cheques)
- Loans above Rs.100000 upto Rs.300000

1. Promissory note
 2. Guarantee agreement
 3. Post dated cheques of school account (equivalent to no. of installments)
 4. Post dated cheques of applicant (2 cheques)
 5. Post dated cheques of Co-Obligant (Optional)
 6. Letter of undertaking
 7. Letter Evidencing Deposit of Title Deeds (LEDTD)
 8. Latest EC
- Loans above Rs.300000 upto Rs.1000000
 1. Promissory note
 2. Guarantee agreement
 3. Post dated cheques of school account (equivalent to no. of installments)
 4. Post dated cheques of applicant (2 cheques)
 5. Post dated cheques of Co-Obligant (Optional)
 6. Letter of undertaking
 7. Letter Evidencing Deposit of Title Deeds (LEDTD)
 8. Latest EC
 9. Legal opinion

Document verification: All documents should be verified by audit department before disbursement and after clearance from audit department, AM informs the disbursement date to applicant.

Loan Disbursement: All disbursements are made in Head office/Regional Office. Area manager presence is compulsory during all disbursements of educational institution loans.

The applicant and co-obligant should attend during loan disbursement. Area Manager once again clearly explains to the client and the Co-obligant the terms and conditions of the loan and their rights and responsibilities.

Loans should be disbursed in the form of Cheque/RTGS only to the school account.

Cheque to be prepared for total loan amount, upfront charges like registration fee, loan processing fee, collected separately in cash before the loan disbursement. The fees can't be deducted from the loan amount payable to the client.

Next, all clients are given repayment schedule, fee receipts etc.

Project based loan disbursement: Like construction of class rooms, purchasing of office equipments, Laboratory equipments as per the Project plan/ purchase plan phase wise loan disbursement will be done.

Process:

Stage I	Activity	Person responsible
Loan Processing	Identification of Client	Branch Manager

	Origination of loan application and filing loan application form	Branch Manager and Unit manager
	Collection of documents as per checklist	Unit Manager
	Third party check/ Legal opinion of Docs/ Audit dept verification	Head Office
	If report is positive –Appraisal of the Loan	Area Manager
	Appraised loan proposal is submitted to the loan committee	Head office
Stage 2		
Sanction & Pre-disbursement	Audit department scrutinizes documents as per the pre sanction documents list and exposure parameters	Head office
	Communicate decision of sanctioning to Client	Area Manager
	Follow up for execution of disbursement docs, Taking PDC from the client.	Area Manager
	Scrutiny of disbursement documents(including property documents by Audit departments)	Head office
	Generate repayment schedule, communicate terms and conditions of loan	Area Manager
	Up on acceptance of terms hand over disbursement cheque	Area Manager
	Unit manager to deposit documents along with PDC in Head office.	Unit Manager

Loan utilization Check: Unit manager is responsible to conduct a loan utilization check to ensure the client's purpose of loan matches with the actual activity. In case project based loan, disbursement after submitting positive LUC report, subsequent loan installment will be released.

Recovery: At the time of loan disbursement, applicant has to deposit PDCs of School account (equivalent to no. of installments). Cheque/ECS will be presented in branch bank account one day before due date. In case cheque is not cleared necessary follow up to be done with client by the UM and BM concerned.

Penalties for late payment: In case of delay in the payment of loan installments, the penalties are as under:

{The penalties will be decided by the HO Credit Committee}

Cheque deposits register:

S. n o	Date of deposit	Loan A/c no.	Client name	Cheque no.	Amount	Signatures			Clearing details		Remarks
						Deposit ed staff	B M	U M	Date	Cleared/ bounced	

Prepayment charges: For 4 and 5 year loans, the prepayment penalty will be 6% of the outstanding principal (in other words, equal to 3 times the monthly interest as on the date of prepayment). For loans with tenure upto 3 years, the prepayment penalty will be 2%.

Overdue Monitoring: On 18th of every month Unit manager reviews status of cheques/ECS clearance. Unit Manager with the help of branch manager concerned does the follow up for collection of monthly installment in case of cheque/ECS bounces. If any loan becomes more than 10 days overdue, AM has to visit all overdue accounts and take necessary steps for recovery.

15. Client Protection Policy

15.1 Confidentiality

All information pertaining to any applicant, existing or exited clients is kept strictly confidential. No information may be disclosed or passed on to third parties without express permission of the client except for explicit bonafide purposes such as to inform the credit bureaus, insurance company, banks for portfolio buyout and hypothecated accounts.

Aggregated information of client demography, loan purpose, activities and outstanding etc. may be used as necessary in TRIDENT publications and reports for management purpose, provided that no information is included or released that reveals individual records. Such aggregated information may also be released to other financial institutions including investors and donor organizations as required.

In case of misbehavior by a client such as falsifying the identity, providing false financial information or loan documents is noticed, the documents will be kept in proper custody by the BM/ABM for any further action and the matter will be reported to the UM/AM.

Depending upon the seriousness, the matter may be reported to higher authorities also promptly.

15.2 Grievance Redressal Mechanism

TRIDENT strives to provide timely and responsive mechanisms for redressal of complaints and problem resolution for clients. Clients of GLW loans are encouraged to make any requests or report problems at each center meeting, and other clients at each opportunity of interaction with respective CRO. All clients also have access to the closest branch offices in case of sensitive or emergency problems. The grievances of any nature should be reported to Branch Manager, who in turn should report it immediately to higher level.

The following grievance redressal mechanism is in place in Trident.

- The clients can submit their complaints to the CRO in the center meeting, to the Branch manager and to the designated official at HO whose contact no. is informed to all the clients in advance.
- The client is immediately informed orally/in writing that his/her complaint has been received and is being looked into.
- If the complaint is not related to any personal misbehavior of the staff, the department concerned will examine the complaint and suggest suitable solution which is communicated to the client either orally or in writing.
- If the complaint is pertaining to a particular staff member or staff members, the next higher authority will look into the same and suggest suitable action/solution.
- All the complaints received shall be recorded in the complaints register maintained at Branch/ HO level which are scrutinized at stipulated intervals by higher authorities.

15.3 Transparency

TRIDENT field staffs are responsible to communicate effectively to clients and explain the pricing, terms and conditions of loan products in a language understood by them. Clients are encouraged to ask questions at any time if there are any doubts. Clients have all the rights to ask for information on the services that they are receiving from TRIDENT both during the time of membership as well as after availing the loan at the nearest branch office or the head office.

Clients are also encouraged to report any dubious conducts of TRIDENT staff or fellow clients to the nearest branch office. No corruption or sexual harassment is tolerated in TRIDENT, and the staff concerned is severely reprimanded if such cases are found after a fair investigation.

15.4 Debt Collection Procedure

As explained already in previous pages, Trident will not resort to any questionable / unethical collection methods such as threatening, use of abusive language etc. while dealing with cases of clients having over dues or clients with defaults.

The Trident staff will patiently explain the procedures and the need for timely repayment of the loans availed in a polite manner. If Trident is convinced that there is a genuine reason for non-payment / delayed payment, appropriate measures for repayment will be discussed with clients concerned and implemented with their consent.

16. CODE OF CONDUCT

I INTEGRITY AND ETHICAL BEHAVIOUR

1. MFIs must design appropriate policies and operating guidelines to treat clients and employees with dignity.
2. MFIs must incorporate transparent and professional governance system to ensure that staff and persons acting on their behalf are oriented and trained to put this Code into practice.
3. MFIs must educate clients on the Code of Conduct and its implementation

II TRANSPARENCY

1. MFIs must disclose all terms and conditions to the client for all services offered. Disclosure must be made prior to disbursement in accordance with the Reserve Bank of India's (RBI) fair practices code, in any of the following ways:
 - a) Individual sanction letter
 - b) Loan card
 - c) Loan schedule
 - d) Passbook
 - e) Through Group/Centre meetings (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance)
2. MFIs must communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them.
3. At the minimum, the MFI must disclose the following terms:
 - a) Rate of interest on a reducing balance method
 - b) Processing fee
 - c) Any other charges or fees howsoever described
 - d) Total charges recovered for insurance coverage and risks covered
4. MFIs must communicate in writing, charges levied for all financial services rendered. Fee on non-credit products/services will be collected only with prior declaration to the client.

5. MFIs must declare all interest and fees payable as an all-inclusive Annual Percentage Rate (APR) and equivalent monthly rate.
6. MFIs must follow RBI's guidelines with respect to interest charges and security deposit.
7. Formal records of all transactions must be maintained in accordance with all regulatory and statutory norms, and borrowers' acknowledgment/acceptance of terms/conditions must form a part of these records.

III CLIENT PROTECTION

A. Fair Practices

1. MFIs must ensure that the provision of micro finance services to eligible clients is as per RBI guidelines.
2. MFIs must obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
3. Products should not be bundled. The only exceptions to bundling may be made with respect to credit life, life insurance & live-stock insurance products, which are typically offered bundled with loans. The terms of insurance should be transparently conveyed to the client and must comply with RBI & Insurance Regulatory and Development Authority (IRDA) norms. Consent of the client must be taken in all cases.

B. Avoiding Over-indebtedness

1. MFIs must conduct proper due diligence as per their internal credit policy to assess the need and repayment capacity of client before making a loan and must only make loans commensurate with the client's ability to repay.
2. If a client has loans from 2 separate lenders, then irrespective of the source of the loans, a MFI shall not be the third lender to that client.
3. MFIs must not, under any circumstance, breach the total debt limit for any client, as prescribed by RBI or Central/State Government(s).

C. Appropriate interaction and collection practices

1. MFIs must have clearly defined guidelines for employee interactions with clients.
2. MFIs must ensure that all Staff and persons acting on behalf of the MFI
 - a) Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
 - b) DO NOT indulge in any behavior that in any manner would suggest any kind of threat or violence.
 - c) DO NOT contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
 - d) DO NOT visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
3. MFIs must provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower.
4. MFIs must have a detailed Board approved process for dealing with clients, at each stage of default.

5. MFIs must not collect shortfalls in collections from employees and their HR policies must categorically denounce this practice. An exception can however be made in proven cases of frauds by employees.

D. Privacy of client information

MFIs must keep personal client information strictly confidential. Client information may be disclosed to a third party subject to the following conditions:

- a) Client has been informed about such disclosure and permission has been obtained in writing.
- b) The party in question has been authorized by the client to obtain client information from the MFI.
- c) It is legally required to do so.
- d) This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau).

IV GOVERNANCE

MFIs must incorporate a formal governance system that is transparent and professional, and adopts the following best practices of corporate governance:

1. MFIs must observe high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body.
2. MFIs must endeavor to induct independent persons to constitute at least 1/3rd of the Governing Board, and the Board must be actively involved in all policy formulations and other important decisions.
3. MFIs must have a Board approved debt restructuring product/program for providing relief to borrowers facing repayment stress.
4. MFIs will appoint an audit committee of the Board with an independent director as chairperson.
5. MFIs must ensure transparency in the maintenance of books of accounts and reporting/ presentation and disclosure of financial statements by qualified auditor/s.
6. MFIs must put in best efforts to follow the Audit and Assurance Standards issued by the Institute of Chartered Accountants of India (ICAI).
7. MFIs must place before the Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct, specifically indicating any deviations and reasons therefore, at the end of every financial year.

V RECRUITMENT

The code covers all MFI staff.

1. As a matter of free and fair recruitment practice, there will be no restriction on hiring of staff from other MFIs by legitimate means in the public domain like general recruitment advertisements in local newspapers, web advertisements, walk-in interviews, etc.

2. Whenever an MFI recruits from another MFI, it will be mandatory to seek a reference check from the previous employer. The reference check will be sought from current employer only after an offer is made and an offer letter is issued to the prospective employee.
3. MFIs should respond to the reference check request from another MFI within two weeks.
4. MFIs must honor a one month notice period from an outgoing employee.
5. No MFI shall recruit an employee of another MFI, irrespective of the grade/level of the employee, without the relieving letter from the previous MFI employer. An exception can however be made in instances where the previous employer (MFI) fails to respond to the reference check request within 30 days. All MFIs must provide such relieving letter to the outgoing employee in case he/she has given proper notice, handed over the charge and settled all the dues towards the MFI, except in proven cases of fraud or gross misconduct by the employee.
6. Whenever an MFI recruits from another MFI, at a level up to the Branch Manager position, the said employee shall not be assigned to the same area he/she was serving at the previous employer, for a period of 1 year.

VI CLIENT EDUCATION

1. MFIs must have a dedicated process to raise clients' awareness of the options, choices and responsibilities vis-à-vis financial products and services available.
2. New clients must be informed about the organization's policies and procedures to help them understand their rights as borrowers.
3. MFIs must ensure regular checks on client awareness and understanding of the key terms and conditions of the products/ services offered / availed. (As part of internal audit systems or through some other regular monitoring)

VII DATA SHARING

MFIs will agree to share complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the Credit Bureaus.

VIII FEEDBACK/ GRIEVANCE REDRESSAL MECHANISM

1. MFIs must establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently.
2. MFIs must inform clients about the existence and purpose of these mechanisms and how to access them.

3. MFIs must designate at least one grievance redressal official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.
4. Each MFI will have an appropriate mechanism for ensuring compliance with the Code of Conduct.
5. Where complainants are not satisfied with the outcome of the investigation conducted by the concerned MFI into their complaint, they shall be notified of their right to refer the matter to the grievance redressal mechanism established by the Industry Associations.

CLIENT PROTECTION GUIDELINES FOR MICROFINANCE INSTITUTIONS (CPG)

The CPG states that all MFIs, regardless of their form:

1. **Shall** display the Client Protection Code in all branches and offices, in plain view.
2. **Shall** endeavor to provide micro finance services to all eligible clients, as per RBI guidelines.
3. **Shall** educate clients, staff, and any persons acting on their behalf on the Code of Conduct and its implementation.
4. **Shall** disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in any of the following ways:
 - a) Individual sanction letter
 - b) Loan card
 - c) Loan schedule
 - d) Passbook
 - e) Through Group/Centre meetings (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance)
5. **Shall** communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
6. **Shall** disclose the following terms:
 - a) Rate of interest on a reducing balance method
 - b) Processing fee
 - c) Any other charges or fees howsoever described
 - d) Total charges recovered for insurance coverage and risks covered
7. **Shall** communicate in writing, charges levied for all financial services rendered.
8. **Shall not** collect fee on non-credit products/services without prior declaration to the client.
9. **Shall** declare all interest and fees payable as an all-inclusive APR and equivalent monthly rate.
10. **Shall** follow RBI's guidelines with respect to interest charges and security deposit.

11. **Shall** obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
12. **Shall not** bundle products, except for credit life, life insurance & live-stock insurance products. The terms of insurance should be transparently conveyed to the customer and must comply with RBI & IRDA norms. Consent of the client must be taken in all cases.
13. **Shall** conduct proper due diligence to assess the need and repayment capacity of client before making a loan and must only make loans commensurate with the client's ability to repay.
14. **Shall not** be the 3rd lender to a client if the client has loans from 2 other lenders (irrespective of the source of loan).
15. **Shall not** breach the total debt limit for any client, as prescribed by the RBI or Central/State Governments.
16. **Shall** ensure that all employees follow company guidelines for interaction with clients.
17. **Shall** ensure that all staff and persons acting for the MFI or on behalf of the MFI:
 - a) Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
 - b) **DO NOT** indulge in any behavior that in any manner that would suggest any kind of threat or violence to clients.
 - c) **DO NOT** contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
 - d) **DO NOT** visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
18. **Shall** provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower.
19. **Shall** follow approved company procedure to deal with client default sensitively. 20. **Shall** follow the debt restructuring mechanism adopted by the MFI for borrowers under liquidity stress.
21. **Shall** keep personal client information strictly confidential.
22. **Shall** disclose client information to a third party only under the following conditions:
 - a) Client has been informed about such disclosure and permission has been obtained in writing.
 - b) The party in question has been authorized by the client to obtain client information from the MFI.
 - c) It is legally required to do so.
 - d) This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau).
23. **Shall** follow company approved process to raise clients' awareness of the options, choices, and responsibilities vis-à-vis financial products and services available.

24. **Shall** inform all new clients about the organization's policies and procedures.
25. **Shall** inform clients about the existence and purpose of feedback mechanisms and how to access them.

INSTITUTIONAL CONDUCT GUIDELINES FOR MICROFINANCE INSTITUTIONS (ICG)

The ICG states that all MFIs, regardless of their form:

1. **Shall** have an appropriate mechanism for ensuring compliance with the Code of Conduct.
2. **Shall** have appropriate policies and operating guidelines to treat clients and employees with dignity.
3. **Shall** maintain formal records of all transactions in accordance with all regulatory and statutory norms, and borrowers' acknowledgement/acceptance of terms/conditions must form a part of these records.
4. **Shall** have detailed board approved process for dealing with clients, at each stage of default.
5. **Shall not** collect shortfalls in collections from employees except in proven cases of frauds by employees.
6. **Shall** have a Board approved debt restructuring product/program for providing relief to borrowers facing repayment stress.
7. **Shall** seek a reference check from previous employer for any new hire.
8. **Shall** provide within 2 weeks the reply to the reference check correspondence for another MFI.
9. **Shall** honor a one month notice period from an outgoing employee.
10. **Shall not** recruit an employee of another MFI without the relieving letter from the previous MFI employer except where the previous employer (MFI) fails to respond to the reference check request within 30 days.
11. **Shall not** assign a new employee recruited from another MFI, to the same area he/she was serving at the previous employer, for a period of 1 year. This restriction applies to positions up to the Branch Manager level.
12. **Shall** have a dedicated process to raise the client's awareness of options, choices, rights and responsibilities as a borrower and shall conduct regular checks on client awareness and understanding of the key terms and conditions of the products/ services offered / availed.
13. **Shall** agree to share complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the Credit Bureaus.
14. **Shall** establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently.
15. **Shall** designate an official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.

17. Guidelines on Fair Practices Code for Trident as per RBI

Guidelines

A (i) Applications for loans and their processing

(a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

(b) Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.

(c) The NBFCs should devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

(ii) Loan appraisal and terms/conditions

The NBFCs should convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. As complaints received against NBFCs generally pertain to charging of high interest / penal interest, NBFCs shall mention the penal interest charged for late repayment in bold in the loan agreement.

It is understood that in a few cases, borrowers at the time of sanction of loans are not fully aware of the terms and conditions of the loans including rate of interest, either because the NBFC does not provide details of the same or the borrower has no time to look into detailed agreement.

Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NBFC and the borrower with regard to the terms and conditions on which the loan is granted.

NBFCs are, therefore, advised to furnish a copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

(iii) Disbursement of loans including changes in terms and conditions

(a) The NBFCs should give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

(b) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.

(c) NBFCs should release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any

other claim NBFCs may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which NBFCs are entitled to retain the securities till the relevant claim is settled/paid.

(iv) General

- (a) NBFCs should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the NBFC, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- (c) In the matter of recovery of loans, the NBFCs should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies. NBFCs shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

(v) The Board of Directors of NBFCs should also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

(vi) Fair Practices Code (which should preferably in the vernacular language as understood by the borrower) based on the guidelines outlined hereinabove should be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of this circular. NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.

(vii) Complaints about excessive interest charged by NBFCs

The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by NBFCs. Though interest rates are not regulated by the Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

Boards of NBFCs are, therefore, advised to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

(viii) Regulation of excessive interest charged by NBFCs

- (a) The Board of each NBFC shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- (c) The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

(ix) Clarification regarding repossession of vehicles financed by NBFCs

NBFCs must have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding:

- (a) Notice period before taking possession;
- (b) Circumstances under which the notice period can be waived;
- (c) The procedure for taking possession of the security;
- (d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- (e) The procedure for giving repossession to the borrower and
- (f) The procedure for sale / auction of the property.

A copy of such terms and conditions must be made available to the borrowers in terms of circular wherein it was stated that NBFCs may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

B. NBFC-MFIs:

In addition to the general principles as above, NBFC-MFIs shall adopt the following fair practices that are specific to their lending business and regulatory framework.

i. General:

- a. The FPC in vernacular language shall be displayed by an NBFC-MFI in its office and branch premises,
- b. A statement shall be made in vernacular language and displayed by NBFC-MFIs in their premises and in loan cards articulating their commitment to transparency and fair lending practices,
- c. Field staff shall be trained to make necessary enquiries with regard to existing debt of the borrowers,
- d. Training if any, offered to the borrowers shall be free of cost. Field staff shall be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loan / other products,

- e. The effective rate of interest charged and the grievance redressal system set up by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it (in vernacular language) and on its website,
- f. A declaration that the MFI will be accountable for preventing inappropriate staff behavior and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises,
- g. The KYC Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers,
- h. As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, all sanctioning and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function,
- i. Adequate steps may be taken to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.

ii. Disclosures in loan agreement / loan card

- a. All NBFC-MFIs shall have a Board approved, standard form of loan agreement. The loan agreement shall preferably be in vernacular language.
- b. In the loan agreement the following shall be disclosed.
 - i. All the terms and conditions of the loan,
 - ii. that the pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof),
 - iii. that there will be no penalty charged on delayed payment,
 - iv. that no Security Deposit / Margin is being collected from the borrower,
 - v. that the borrower cannot be a member of more than one SHG / JLG,
 - vi. the moratorium between the grant of the loan and the due date of the repayment of the first installment (as guided by the NBFC-MFIs (Reserve Bank) Directions, 2011),
 - vii. An assurance that the privacy of borrower data will be respected.
- c. The loan card should reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.
 - (i) The effective rate of interest charged
 - (ii) All other terms and conditions attached to the loan
 - (iii) Information which adequately identifies the borrower and
 - (iv) Acknowledgements by the NBFC-MFI of all repayments including installments received and the final discharge.
 - (v) The loan card should prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer
 - (vi) Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself.

(vii) All entries in the Loan Card should be in the vernacular language.

iii. Non-Coercive Methods of Recovery

As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, recovery should normally be made only at a central designated place. Field staff shall be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on 2 or more successive occasions.

NBFC-MFIs shall ensure that a Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. The Code should lay down minimum qualifications necessary for the field staff and shall have necessary training tools identified for them to deal with the customers. Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff should have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery. Penalties may also be imposed on cases of non-compliance of field staff with the Code of conduct. Generally only employees and not out sourced recovery agents be used for recovery in sensitive areas.

iv. Internal control system:

As the primary responsibility for compliance with the Directions rest with the NBFC-MFIs, they shall make necessary organizational arrangements to assign responsibility for compliance to designated individuals within the company and establish systems of internal control including audit and periodic inspection to ensure the same.

Annexure-1

List of Loan Products

S.No	Product Name	RF	LPF*	Interest Rate** (Reducing balance method)	Loan Amount (in Rs)	Repayment Mode	Tenure		Moratorium Period
							Min	Max	
L1	Group Loan to Women (Weekly/Fortnightly)	NIL	1%	26%**	Rs.6000-Rs.14000	Weekly/Fortnightly	50 weeks / 25 fortnights	50 Weeks/25 fortnights	7 days/ 15 days
L2	Group Loan to Women (Monthly)	NIL	1%	26%**	Rs.6000-Rs.14000	Monthly	18 Months	18 Months	Upto 60 Days
L3	Loans to Educational Institutions (LEI)	1000/-	3%	24%**	Rs.50000-Rs.1000000	Monthly/Quarterly	12 months	48 months	Upto 90 days
L4	Personal Loans to Salaried Employees**	NIL	1%	26%**	Rs.20000-Rs.100000	Monthly	24 Months	36 Months	Upto 60 Days
L5	Personal Loans to Staff	NIL	NIL	26%**	Rs.100000 (max)	Monthly	12 Months	36 Months	Upto 60 Days
L6	Vehicle Loans to Staff	NIL	NIL	26%**	Rs.40000Max	Monthly	12 months	48 months	Upto 60 Days

*Plus applicable service tax. Present rate is Rs. 12.36% including education cess

** The present rate of interest is calculated as per the current cost of borrowing of the company. However this may be changed as and when cost of fund for the company changes. This is to comply with RBI margin cap guidelines.

Annexure-2

New Branch Survey format

- **Area introduction:** population, No. of Mandals, villages/slums, activities, income sources, industries, crops,
- **Other MFI's:** Total ____ MFI's are operating their operations in town

S. No.	organization	Age of the branch	clients	outstanding	Product details	Remarks (quality of port folio, other issues etc.)
1	ABC					
2	GHI					
3	XYZ					

- **Banks:**
- **Village/ slum wise potential details town/mandal wise:**

S.No	Slum/Village name	Expected Groups	Members	Total Population	No. Of House Holds	Distance from the branch location

- **Branch summary**

S.No	Mandal Name	Population	Expected Groups	Expected members

- **Recommendations:** considering all above factors/ recommend product type, bank a/c details, business plan.

Annexure-3

Date	Branch Name	Position				Fulfillment Date
		BM	ABM	CRO	Others	

Annexure-4

Trident Microfin Private Limited

D.No.11-08-15 MIG33,Shree Sai Arcade 1st Floor,Saroor Nagar,Hyderabad-82

www.tridentmicrofin.com

Email:info@tridentmicrofin.com

MFI/BO/

Date:

Note for approval:

Sub: Premises approval for Branch Office at ----- -Reg

We have identified a premises for _____ branch bearing Plot no;-____, Street No._____, _____(Village/Town), _____(District), _____(State) _____(Pin code). The total area of the premises is around _____ sqft and rent for the month is Rs._____-/(Rupees _____ only). We have to pay Rs._____-/(Rupees _____ only) as advance rent for _____ months. This will be adjusted in the rent at the time of vacating the premises.

I request your approval for payment of Rs._____-/- in cash as rental deposit to the land lord.

Formal lease agreement will be entered into after the advance is paid. Details of the premises are furnished in the enclosure.

Submitted for approval.

AVP (OPS)

Managing Director

Trident Microfin Private Limited

D.No.11-08-15 MIG33,Shree Sai Arcade 1st Floor,Sarror Nagar,Hyderabad-82

www.tridentmicrofin.com

Email:info@tridentmicrofin.com

Proposal for taking the premises on rent for a branch

1	Name, Address & Telephone No. of the Lessor:	
2	Address of the Premises	
3	Total Area	
4	Rent	
5	Security Deposit	
6	a) Lease period b) Lock in Period c) Notice of Vacation	
7	Escalation clause	___% on the existing rent every 11 months
8	Other expenditure	
	a) Water and Electricity consumption	Electricity and water charges as per consumption
	b) Property Taxes/Levies/Cess	To be borne by the landlord(lessor)
9	Commencement of Lease	As per the agreement
10	Terms of Rental payments	Monthly rent payment on or before 05 th of every month
11	TDS	As applicable
12	Other Details	The premise is to be used for running a branch of Trident microfin Private Limited.

AVP(OPS)

Managing Director

Annexure - 5

LEASE AGREEMENT

This LEASE AGREEMENT made and executed on this 19th day of January, 2010 at Alwal, Hyderabad, by and between:

Mr. Sri _____ S/o. _____, aged about _____ years, R/o. _____, referred as the “LESSOR” which term shall mean and include, unless repugnant to the context of her heirs, assigns, successors, legal heirs, agents etc.

AND

M/s. TRIDENT MICROFIN PRIVATE LIMITED represented by its _____ having its Head Office at H.No. 11-8-15, MIG 33, Shree Sai Arcade, 1st & 2nd Floor, Saroor Nagar, Ranga Reddy (Dist), HYDERABAD – 500035 hereinafter called “LESSEE” which term shall mean and include, unless repugnant to the context, his heirs, assignees, successors, legal representatives, agents etc. of TRIDENT MICROFIN PRIVATE LIMITED.

Whereas the Lessor is the absolute owner of the building situated at R/o _____, and in desirous of leasing out the _____. And other particulars have been mentioned in the schedule at the foot of the agreement.

AND WHEREAS the Lessee approached the Lessor for taking the said premises on lease for their office and Lessor agreed to let the said premises to the Lessee on mutually agreed terms and conditions set out hereunder: -

NOW THIS AGREEMENT WITNESSES

1. That the Lessor hereby grants lease of the scheduled premises to the Lessee for a period of _____ years commencing from _____ with an enhancement of _____% p.a on rent and renewed after _____ months.
2. The Lessee shall pay the Lessor a monthly rent of Rs. _____ towards the rent and the same is payable on or before the 10th day of every month, for which the Lessor shall issue proper receipts.
3. The Lessee shall not carry out the alterations, admissions and constructions in the said premises without sanction of the Lessor in writing, however the Lessee

shall carryout at their own cost the interior decorations, minor repairs and maintenance.

4. The Lessor shall bear the property tax payable at _____ on the demised premises as per the existing rate as on the date of execution of this instrument and any increase in the Property Tax shall also be borne by the Lessor.
5. It is hereby agreed that notwithstanding the period of 3 years stipulated in this agreement the Lessor shall be entitled to determine the lease even before the expiry of the lease period by giving two months notice in writing to the Lessee in case the Lessee commits breach of any one or more terms of the lease. In case Lessee wants to vacate the scheduled premises before expiry of the stipulated 11 months it shall give to the Lessor 2 months notice in writing in advance or 2 months' rent in lieu thereof.
6. The Lessee shall not do or cause to be done in the demised premises any thing or any operations that endanger or inconveniences to other users and in breach of this condition notwithstanding any clause contrary to this clause the Lessee shall vacate the demised premises in the same conditions as it was taken at the time of occupation.
7. The Lessee admits that the demised premises or any part thereof will not be sublet without prior permission of the Lessor. The Lessee shall pay the power consumption charges as per actuals.
8. The Lessee admits that the demised premises shall be kept in good and habitable condition during the tenancy period. The Lessee admits that the Lessor or his representative shall inspect the said premises at all reasonable intervals without causing inconvenience to the activities of the Lessee.
9. The Lessor may consider _____ at the end of the present tenancy and at the request of the tenant to grant such further terms and conditions agreeable at that time.
10. That the Lessee shall not use the scheduled premises for any other purpose other than mentioned above and they shall not sublet or part with the possession of the same or any part thereof.
11. That the Lessee shall keep in deposit with Lessor a sum of as security amount _____ free from interest for due observance of the obligations of these presents. The Lessor shall refund the above sum of Rs. _____ to the Lessee upon the later giving up vacant possession of the premises as per the terms of this agreement after deducting the rent, electricity dues and other damages if any

SCHEDULE OF THE LEASED PREMISES

North:

South:

East:

West:

In witness whereof the parties sign this agreement on the 19th day of January, 2010.

WITNESS

1

2

Lessor

Lessee

Annexure – 6

TRIDENT MICROFIN PRIVATE LIMITED									
VILLAGE INFORMATION SHEET									
BRANCH						DATE			
Baseline	Village				Demographics	Total Population			
	Block/Mandal/Taluk					Total no. of Households			
	District					Caste Composition (%)	SC		
	Distance from CRO location						ST		
	Distance from Branch office						OBC		
	Distance from nearest operating village						Minorities		
	Distance from main road						Other Castes		
Agriculture Sector	Total Land under Cultivation (acres)				Agri-Allied Sector	No. of families engaged commercially in -			
	Acreage under Irrigation					Dairy			
	Source of Irrigation					Poultry			
	Number of Tanks					Fishery			
	Number of Pump sets					Piggery			
	Main Crops					Goatery / Sheep farming			
Micro-enterprises	Number of -				Other significant micro-enterprises	Activity			
	Grocery shops (kirana)					Handloom Weavers			
	Tea Hotels					Potters			
	Tailoring shops					Bamboo Workers			
	Electrical Repairs & Servicing								
	Agri Input Shops								
	Agri Processing Units (expellers, flour mills, ginning units, de-corticators, etc.)								
	Cloth shops					Others			
Infrastructure	Comment on availability of:				Institutions	Comment on presence of:			
	Bus Service					Banks services			
	Auto Service					Other MFI's			
	Quality of Road					No. of SHGs			
	Police Station					Milk Co-operative			
	Primary Health Care Center					Other co-operatives			
	Any other					NGOs			
						Agri-business Companies			
Village Reputation									
Law & Order									
Political Environment									

Repayment Culture					
Specific problems if any					
Source of Information					
Survey conducted by		Recommended to BCC for approval		Approved	
CRO Name		CRO Name		BCC Chair Name	Entered in MIS
Signature		Signature		Signature	ABM Name
Date:		Date:		Date:	Siganature
					Date:

Annexure – 7

RBI letter to MFIN, accepting the computation of cost of funds



RESERVE BANK OF INDIA

www.rbi.org.in

DNBS.PD.NO.4906 / 03.10.038/2012-13

April 04, 2013

Shri Alok Prasad
Chief Executive Officer
MFin
216, Best Tech Chambers
Sushant Lok 1
Gurgaon 122 022

DNBS(PD) CC.No.300/3.10.038/2012-13 dated August 3, 2012

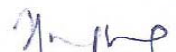
Dear Sir,

Kindly refer to your letter dated August 29, 2012 on the captioned subject. In this connection we advise that the suggestions made therein were examined. While a final decision on some of the key issues raised would be conveyed in a short while, we would like to clarify on the pricing of loans with particular reference to Annexure 4 of your letter, as under:

2. The computation of financial costs (cost of funds) as given by you is acceptable. As regards margin computation, it is the difference between income from the overall loan book and the cost of funds. However, it should be borne in mind that the margin cap of 12% would be with reference to the loan portfolio as stated in the table given at page 13 of Malegam Committee Report.

3. We trust the matter stands clarified.

Yours faithfully,


(A Mangalagiri)
General Manager

dnbs@rbi.org.in

Department of Non-Banking Supervision, Central Office, 2nd Floor, Centre I, WTC, Cuffe Parade, Mumbai- 400 005

Tel. No.: 2218 2526, 2218 9131 ; Fax No.: 2215 0540, 2216 2768 ; E-mail : dnbs@rbi.org.in