



GLOWMORE

FINANCE PRIVATE LIMITED

A NBFC RBI REGD. CIN - U65993OR1997PTC027920

OPERATIONAL MANUAL
2019-2020

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Chapter-1

Credit policy

1.1 Membership

1.1.1. Eligibility Criteria for Selection of Group Member

- The member of a Group should be a married woman.
 - If the Group agrees to include a **physically challenged** person, she may be an unmarried lady but she must have attended the age of 25 years and above.
 - There is no restriction for any caste or religion for getting into membership.
 - The age of Group member's should be within 18 to 55 years.
 - The Husband age of the concerned members should be below 57 years.
 - Her family income should not be more than 100000 per annum in Rural area and 160000 per annum in Urban area in the first cycle.
 - Her household assets should not be more than 1, 00,000 INR in the first cycle.
 - All the members must belong to the same village/ slum/ward/lane/street.
 - Only one member can take membership from one family.
 - She may be illiterate but at the time of taking subsequent cycle of loan, she should be in a position at least, to sign her name.
 - He/she should fulfil the criteria of KYC norm as per the guidelines of RBI.
 - Membership will be considered after group formation and acceptance of the group means after GRT.
 - Memberships will be given to individuals.
 - One member can join in one group only.
- ❖ One member cannot take dual enrolments for Membership. (strictly prohibited)
- ❖ **Married Woman**
1. Needy
 2. Poor
 3. Slum dwellers
 4. BPL Categories
 5. Helpless
 6. Depressed
- ❖ **Un-Married Women**
1. Whose age group is 25 yrs to 45 yrs.
 2. Her father/Brother/legal guardian/Natural guardian should submit a consent report regarding her marriage and repayment of the loan amount.
 3. The President/ Secretary and the group member of the concerned group should give her consent report on her name for approval of loan and repayment of the same amount.

❖ **Widow / Divorced Women**

1. Whose age should be more than 30 yrs.
2. Not willing to re-marriage.
3. Consent letter from her father/brother/legal guardian regarding her loan amount and they will be the Guarantor for her repayment.
4. Her son (in case of major and having source of income) should submit a report on repayment her loan.

❖ **Type of Residence Rented**

1. President / Secretary will not be living in rented house.
2. The women whom will have been staying in a particular place since last 10 years.
3. The maximum number of rented member in a group would be not more than 20% in urban areas only.
4. Her husband will have a permanent business.
5. Her son/daughter will have reading in a reputed local school which is not allowed to transfer during the academic year.
6. The group member will have to provide a consent letter regarding the membership in the group with the recommendation of the president and secretary.(Format attached).

1.1.2 Disqualification:-

- Non-residents of the Operational Area of our Organization.
- If already one member of the same family is having membership in the same Group & Centre.
- Irregular attendance in Centre meeting/ group training.
- Disobeying the rules and regulations of the Organization.
- Defaulter due to lending from multiple MFIs/ Fls. and 1 MFI in NBFC-own portfolio operation.

1.1.3 Transfer of Membership :-

Membership cannot ordinarily be transferred to anybody else, except in special circumstances for which the following procedures to be followed:

- 1) Membership can be transferred from one group to another group under the same branch subject to the permission of the Area manager through Branch manager.
- 2) This may be done only after full repayment of the existing loan amount.
- 3) No membership fee will be charged for this.
- 4) All membership transfer cases will have to be reported to Regional Manager with prior approval of the Area manager.
- 5) This information must be communicated to the MIS manager of HO.
- 6) The transferred member from one group to another will be categorized as a drop out member in the original group and a transferred member at the new group.
- 7) When the whole group/Centre is transferred from one branch to another branch then all members of that Group/Centre will have to be transferred with prior approval of Regional Manager.

1.1.4. Termination:-

Membership termination can take place at the Organisation's sole discretion in the following cases;

- A group violating the rules and disciplines of the organization relating to attendance, repayment, etc.
- In case of termination, the member(s) may lose the chance of being retaken as a member;
- Before membership termination, it has to be ensured that the existing loan out standings are recovered in full;
- For membership termination, the BM and Area Manager must recommend to Regional manager mentioning full details of the reason for such type of action.

1.1.5. Drop out:

The drop out cases relates to voluntary withdrawal of membership by a member from a group either to go to another group or permanently quit the group. In both such cases, the outstanding loan amount has to be fully recovered even if the repayment has not become due. The dropout proposals will not be allowed until all members of her group clear their dues. All other accounts like loan, insurance, etc. must be settled before a dropout case is finalized.

1.1.6 Membership replacement

After 1st cycle of the loan process is over in all respects, the group can replace the existing members by new member(s) to be authorized only by the BM/B|C.

1. Replacement by taking new member(s) will start from first cycle of loan.
2. These new member(s) will have separate member ID.
3. She has to take new membership from the organization as per the rule.

1.1.7 Membership fee:-

- **There is no membership Fees collected from members.**

1.2. Group:-

- Group consists of **6-20 members** and that is fixed by the organization.
- Combination members with very similar in age, qualification, and ideology or state of mind are called as Group.
- The group will be led by a group leader and she will take the Group responsibility.
- The members of the Group are very close and inter related to each other.
- They all are belongs to the same ward/ street/lane or slum/village.
- All are interested to take the individually responsibility of repayment each other.

1.3. Prepayment:-

Prepayment is not allowed in the organization and it is strictly forbidden for the credit officer that to collect the prepayment from the members.

1.4. Collateral Deposits:-

No Collateral charges will be collected by the staff for the disbursement of Loan amount to the Members. In no circumstances the Collateral charges will be collected by the staff.

1.5. Part-Payment/ Pre settlement: -

Part-payment- Partial payment of the instalment is not allowed. Pre settlement means full repayment of loan principal outstanding including interest due before the due date" This will be allowed in case the member prefers to drop out permanently from the organization. After pre settlement, a member cannot continue her membership in the same group/branch. Pre settlement will be allowed with the following conditions:

- The total principal outstanding and interest has to be paid in one instalment.
- The membership from that group and branch is to be closed;
- However, she can join as a new member in another branch;
- Transactions in case of pre-settlement are to be taken place on working days in presence of the group leader, BM and FCO.

1.6. Moratorium Period:

The time gap officially allowed as a stipulated condition of a loan, between the date of disbursement and the date when the first repayment commences is termed as the moratorium. The first collection date will not be less than week or 7 days from loan disbursement date.

1.7. Partial payment:-

This is not allowed under any circumstances.

1.8. Freezing of loans:

Under special circumstances, the Top Management after receiving the recommendations from the AM/BM may decide to freeze repayment of loan by a borrower for certain period (for special cases like flood, cyclone, tsunami etc). During the freezing period, collection of principal and interest will stand temporarily frozen. In such cases, HO will give detailed instructions as to how to deal with such accounts.

1.9. Write-off of loans:

Writing off of loans is an extreme step to be decided only by Ho. This implies waiver of collection of loans in exceptional cases where the scope for recovery is absolutely bleak. Situations warranting such hard decision are, usually death of a borrower without any outstanding insurance claim, permanent migration without the whereabouts, failure of all efforts to recover, nonexistence of any attachable assets, etc. Though such incidents are usually very few and far between, the FCOs, BMs and AMs should always remain alert and analyze the repayment behaviour of the borrowers and constantly irregular repayment cases need be closely Monitored by them.

Chapter-2

Process

2.1 New Branch Set Up

1. New branch survey
2. Selection of branch office
3. Staff deployment
4. Purchase of Fixed assets

2.1.1 New Branch Survey

- ❖ The New branch survey will be based on the basis of un-served areas where the MFIs presence will be less or as per the instruction of the management.
- ❖ The New Branch Survey process should be completed before 25th of the month. Duration: minimum 3 day(s) and it depends upon the geographically location of the concerned area.
- ❖ Area Manager Ad above designated employee / field staff (Preferably a staff of that locality) should visit to the new area for survey. Following information need to be collected and survey form is to be duly filled up and mailed to the Regional Manager with the recommendation.
 - ✓ Drawing a rough map of the area (covering 25 kms of the proposed branch location) i.e. direction wise village details.
 - ✓ Starting village survey from one direction and covering some villages. In the survey one need to ask the details of the village, their occupation, source of income, business opportunities, MFI operating in the region and finally introducing the Glowmore process.
 - ✓ Survey or can also meet the Sarapanch or the village head and discuss with them about the village profile.
 - ✓ The survey should cover 3-4 villages from each direction and focus on the potentiality of finance operation.
 - ✓ Discussion with women SHG leader/ Asha worker and Anganwadi worker.
- ❖ Survey in the area is to where branch be located i.e. the town. The location should have
 - ✓ Minimum infrastructure and service facility (Bus, Courier, Telephone, Bank, Transport, internet etc.)
- ❖ Meeting with Tahasildar/BDO/DRDA Office and any other officials for collecting data on villages in and around 20 K.m.s of the branch location.
- ❖ Collecting the list of villages and distance from the proposed branch office within 25 K.m.s radius of the branch office.

After the survey, the surveyor has to fill up the New Branch survey format and send it to the Regional Manager through post/mail or in hand with his recommendation.

Then the Regional Manager with consolation of Operation Head will decide whether to open the branch at that area or not.

2.1.2 Selection of Branch Office

After the survey the surveyor takes a decision whether to open a branch in the area or not. If the area is a good one with high potentiality based on the survey, the surveyor goes to the next stage of branch set up i.e. Selection of Branch office. Here the major focus is to get a proper location for branch office. Following things

Are to be looked into while **selecting a branch office**:

- ✓ Should be Block/dist. Head quarter.
- ✓ Should be Telephone broadband connectivity.
- ✓ Should be 20000 households within 25 Km radius.
- ✓ There should be having 2 commercial bank branches.
- ✓ Should be near to the bus stand and Bank.
- ✓ Shouldn't be at the side of main road
- ✓ Should have good connectivity by bus and rail(optional)
- ✓ The area should be free from any kind of law and order situation.
- ✓ Should not be presence of maximum 4 MFIs operating in this locality.

Office room should be searched with the help of peers / any other known person in the locality. The office should have the following details:

- ✓ One hall, 2 rooms (1 for BM, 1 for Visitors), one kitchen.
- ✓ Well furnished rooms (preferably Marble/Mosaic flooring).
- ✓ Rent (within the range of 3500-4000)
- ✓ Should have enough parking place (S Bikes).
- ✓ Independent one.
- ✓ Rent agreement to be done with the owner (Advance of two month to be given).

2.1.3 Staff Deployment

It should also be finished before the start of operation. (Preferable in the beginning of the last week of the last week of the month – New branch operation should start on 1st Day of the month).

- One BM/Branch in charge
- At least 1 Senior **Field Credit** Officer.
- At least 2 Recently confirmed **Field Credit** Officer.

2.1.4 Purchase of Fixed Assets

The fixed assets of a standard Glowmore Branch are as follows:

- ❖ Furniture (Details given below)
- ❖ Fans(3)
- ❖ Tube lights(3)
- ❖ Display board(1)
- ❖ Sign Board(Name board)(1)
- ❖ Water filter(1)
- ❖ Wall clock(1)
- ❖ Door screen (3)
- ❖ Window screen(3)

Quotation for the purchase of furniture and other major fixed assets should be taken from at least 3 places and based on the rates and service one is to be finalized.

SL. No	Item	Description	Quantity
1	Plastic	Nilkamal (preferred) with arms	4
2	‘S’ Type Chair	Plastic wire and iron stand	5
3	BM Table	4’ x 2’ size table with 3 drawers at one side	1
4	C.O Table	3’ x 2’ size table with one drawers at one side	4
5	Iron Self	5 steps	1
6	Almirah		1

Furniture Details

2.2 Village survey: After establishment of the branch, a broad village survey will be conducted with the existing staffs in a prescribed format. The survey will have the following information:

- The name of the village,
- Distance from the Branch,
- No of households,
- Major occupations,
- No of BPL families etc.,
- Permanent source of income.
- Banking Network facilities for Financial Transaction
- Mobile Network facilities for smooth communication

2.3 General meeting:

Before starting the operation in a village, the BM and FCO with consultation with Sarpanch, Anganwadi workers, SHG leaders, the Asha workers, the Post Master and the School Teacher to organize one general meeting where all potential women members are invited. In the meeting the following matters are discussed:

- Objective of this meeting,
- **GLOWMORE’s** mission, vision, history of the organization,
- Products and services offered, and area of operation etc.
- Mode of Payment, Rate of interest, Loan Utilization.

In the introduction meeting, the Members those who are present their sign must be in the **Village introduction format** and it will be used village wise in each branch.

2.4 Group formation and training

- The women applicants who fulfil the eligibility criteria enumerated earlier by the field staff will be allowed to form into groups. The FCO can form a Group by taking the names of such eligible members and form a minimum of three groups (6-20 members) to form a Group. After formation of three such Groups, the FCO will fix the day and time to start training classes for 3 consecutive days, as per the convenience time of members. Full attendance in the training classes is compulsory for all the members; otherwise the training can be Postponed or cancelled. Training is a vital part for the MF program to run it successfully.

Training will cover the following topics Such as:

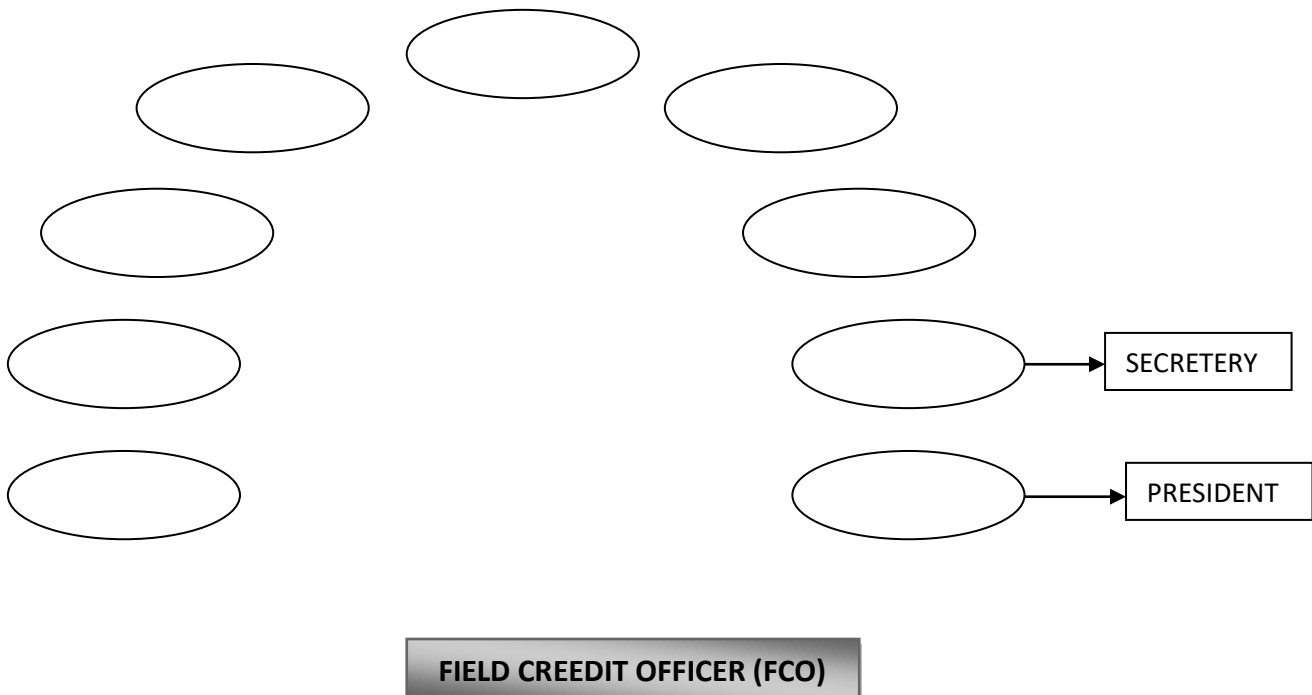
- The Membership criteria, Group behaviour, Joint responsibility (JLG) and its characteristics, sitting arrangements of the members in the Group meeting.
- LPF, insurance, Service tax& Loan
- Documentation process. Group meetings with a brief introduction of the Organization, its founders and different role-players. The Group formation requires patience and commitment from the Staff, to form an ideal Group and it will continue very well without any sorts of disturbances in future.

Training Schedule: Training Time- 1 hour.

The training will be started after checking the CB reports of each individual members

- **1st Day:** Signature of members in the training register maintained by the Field Credit Officer. Documents checking of each member (as per the guidelines of KYC norms) that is their Joint photograph (Photograph of the member and her spouse), Certificate in support of their identity and Resident. What is group, Why they should form a group, Criteria of group members. What is group responsibility? Discussion on the basis of discrimination of caste and religion. Mission, Vision and Objective of the Organization, Discussion on no collateral fees from the member.-1 hour
 - Doorstep Survey of members after training.
- **2nd Day:** Timely attendance, proper sitting arrangement, Responsibility of all members, Responsibility of Group Leader, Selection of group Leader President/Secretary by the concerned group members. The President/secretary must be literate and clearly sign and read. Revision of 1st days training.
- **3rd Day:** What is Loan, Amount of loan, nature of loan, interest on loan amount, instalment of Repayment, Loan pre-payment charges and conditions? Rate of interest and its calculation. How to calculate the instalment, other instructions relating to portfolio, insurance, LPF, Motivation for loan repayment and review of the credit policy, Pre-GRT conducted by the concerned branch's BM.-visit 50% members doorstep
- **.4th Day:** G.R.T. taken by Branch Manager/Area Manager. In case of 1st Cycle Area Manager and for 2nd cycle onwards recognized Branch Manager or Area Manager.

2.5. SITTING ARRANGEMENT OF MEMBERS WITHIN THE GROUP.



President is taking all the responsibility of the Group. If President is absent then Secretary will take the Responsibility.

Training Module:

- The Field Credit Officer will meet the prospective members at the decided place, date and time for the first meeting, the training time is one hour.
- The FCO will provide training to these potential members as per the Training schedule fixed by the organization.
- During the training period, the FCO will maintain the proper dress code and put his/her mobile in silence mode- The FCO will address the members in very familiar languages which is understood to the members.

Check points for Field Credit Officers while Organizing the Group Training :

1. FCO has to follow the time schedule strictly for group members training.
2. FCO has to be the role model to the members in all matters.
3. The FCO has to ensure the selection of President/secretary with democratic process by the group members.
4. All seriousness to be exhibited while teaching the prescribed things to the members as per Glowmore rules and regulations in an entertaining environment.
5. FCO has to ensure that the women members follow the teachings and his/her behaviour should be gender sensitive.

6. Ensure no change in the members for whole training period.
7. During training period the training staff should use familiar language, wear formal dress, give proper respect to women members with polite manner and should not use any words that will hurt to their feelings.
8. Ensure that no-blood relatives or relatives are enrolled in the group.
9. FCO has to ensure that the information, which are necessary and compulsory are explained to the women properly and correctly.
- 10 FCO has to ensure that the women (who are not yet members) have the desire and need for the loan and has to know their backgrounds. This will help him to avoid unnecessary conversations in future.
- 11 FCO has to ensure the members that the mobile should be in silent or in vibration mode during the training.
- 12 Give respect to all members

2.6. Preliminary survey at doorstep:

Survey means the collection of Data and information of a member in details.

The FCO has to visit every member's doorstep while conducting preliminary housing survey and will filled up the survey format as per the information required. While visiting to the clients house he should behave with polite manner not use abusive language to the client and as well as to family members. He/she should not enter to the client's house without the permission of Client or their family members. He/she should not visit the client's doorstep at odd hours. He/she should follow the following guidelines to maintain the survey format:

- Address details
- Full name of family members in the survey form.
- Caste should be very specific but it will not discrimination to our operational work.
- Occupation should be properly checked with Assets. If the business is carried out side-it will be
- Checked with other members.
- Assets and Liability position of member

Type of House Living

- Family income: (Family includes unmarried child and dependent parents)
- Rural branches- Not more than Rs 100000/- annual income or monthly Rs. 8333/-.
- Urban branches-Not more than Rs 160000/- annual income or monthly Rs.13333/-.

2.6(B) Cash Flows and Indebtedness:

During the door step survey of the members, the staffs will analysis the cash flows and indebtedness of the clients from different sources. The Staff will collect all the details data of sources of income corresponding to their expenditure in a tactful way. The staff collects the data directly from interaction with members or from their neighbourhood for clarity, genuineness and authenticity. Cash flows means income flows from different sources.

2.6 C. Assessment of Repayment Capacity

The Staff will calculate /assess the repayment capacity of the clients during the training or in the door step survey. The staff will think and observe the income source (fixed/permanent) of the clients from different sources or directions in a month and the source of expenditure on different grounds. Then the staff will get the net income of the client per month and will easily assess the Repayment capacity of the clients whether she will repay her instalment easily or in a problematic manner. The staff will verify with the clients for different loans taken from different sources (MFI and FIs) and the repayment status with proper documents.

2.7 GRT

The Branch Manager and above designated employee will conduct the GRT after successful completion of 3 days of training. For this, the concern authority will have to conduct an oral test by asking questions relevant to the program like, **the amount they can get as Loan (1st, 2nd, 3rd), the amount they have to pay as LPF and service charge, the principal loan amount, repayment schedule and method, etc. He can ask any one of them about her neighbouring member of the same group. He has also to satisfy himself with other details like her husband's occupation, her family's monthly income, children details and family members etc.** If he/she is satisfied with the response and oral presentation of the members about the Rules and Regulations of the Society and with their background (Social, Economic, Family, Occupations and so on), then only the group will be eligible to take membership and will declared as Pass in the GRT. He will have to check all the house of the member and ensure that they are matching our criteria.

If the concerned authority who takes the GRT is not satisfied then their training program will continue further For second time of GRT.

Responsibility of GRT taking authority (BM/AM):

- Verification of survey form of the Member at their door step- 30% randomly.
- During door step verification of member, the concern FCO will accompany but not the member.
- Verification of Original documents.
- Guardian opinion may be obtained at time of door step visit.
- Purpose of loan at door step visit
- Sign of members on GRT certificate on the spot.
- Group Training schedule should be displayed in every branch.
- Sample members survey information checklist must be attached with GRT certificate. -**Sample**
- **Checking format.**
- Verification of CB report.

N: B: *Checking 10% GRT by Area Manager Sample visit by door step.*

2.8 Documentation

For NBFC-own Portfolio Operation:

Loan Application forms contain columns to collect the information like, the borrower's name, proposed project / purpose, required amount, Group's name, etc., after successful completion of GRT. The FCO will collect the detail information and will fill up in the loan application forms after ascertaining all the particulars from the applicants at the group meeting with the consent of the Group. Selection of the borrower's project or occupation is purely the member's choice, not that of the FCO's. The applicant must put her signature on it along with other 4 members of the group for guarantee and President for overall recommendation. Preparation of loan application is a must before the proposal is considered for Loan Sanction...

Required Documents to be collected from the clients:

1. Photographs: For NBFC operation- Joint photo of member and spouse- 2 nos.
2. identity proof: Member and Spouse/Guardian.
3. Residence proof: Member or Spouse.

The Identity proof and Address proof will be collected as per the standard KYC norm guidelines prescribed by RBI or whichever is useful as per the follows:

ID Proof	Residence Proof
Aadhar Card Voter ID	Telephone Bill Electric Bill Gas Connection Postal Pass Book Land Book
	Patta/ Kabala /Pauti Job Card BPL Card Ration Card Green Card

2.9 Data Storing:

1. The information collected in the survey form will stored in the software maintained by the organization (Software).
2. The **Field Credit** Officer will create the membership status using his proper access to the Software (user ID and password). The BM will verify the membership status with member ID and group name.
3. The documents collected from the clients will be stored in a proper file along with survey and loan application.
4. The name of the file will be as per the group name or sl. No as per the disbursement register and all the document of the clients belongs to the group will be stored in this file as per serial of the member from top to bottom..
5. The file will be kept under the proper custody of the Field Credit Officer and supervision of Branch manager.
6. The FCO will hand over all the group files to BM during resignation or transfer with proper notice.
7. The access right to the file will reserved with BM for internal use of the Organization and outside access will be as per the instruction of the Operation Head.

2.10 Loan approval

In case of IGL the 1st loan will be sanctioned by the BM and the 2nd and subsequent cycle loan will be sanctioned by Area manager.

1st cycle-Loan to be sanctioned by BM after completion of the following procedure.

- The loan application form duly filled in with two photographs signed by the loanee and guaranteed by other 4 members of the group & counter signed by the President and endorsed by the F.C.O. has been received, and also her husband's signature.
- Should fulfil the KYC norm or as per the documents required.
- The Demand Promissory (DP) note signed by the loanee.

2nd and subsequent cycles of loan to be sanctioned by A.M after satisfactory completion of the following procedures:

- Generally, loan applications for 2nd cycle loans duly signed by all members have to be collected only after complete recovery of the first cycle of loan.
- The BM on receipt of the application will visit the Centre and discuss with the members to know about the recovery of the first/previous cycle of loan, its utilization and repayment status and their behaviour.
- individual loan applications have to be appraised on the basis of the experience of the previous loan Including membership behaviour. The loan application should be signed by the loanee and guaranteed by 4 other members of the group, countersigned by the President and signed by C.O and verified by BM.
- The B.M. will verify the required amount and he will recommend the appropriate amount to "A.M"

2.11. Loan disbursement

After thorough verification and appraisal of the loan applications by BM and FCO, the loans are to be sanctioned for disbursement to the members. The loan amount will have to be disbursed in cash at Branch office, in the presence of all other members of the Group. Before disbursement the FCO/BM will collect the applicable Loan Processing Fees and insurance fees against proper acknowledged money receipt. At the weekend, fund requisitions for disbursement in the next week should be submitted at Area Office with the Centre file" All members should be present at the time of disbursement. In case of absent of any member without specific reason, disbursement will not be done in a right procedure. For loan disbursement at the Branch the concerned Field Credit Officer are to be present along with the BM:

2.12 Group/Centre Meetings& Attendance:

Group meeting means "the place where the members of minimum 8 or maximum of 20 members and FCO arranges the Monthly meeting for Collection of the due amount.

Meetings are conducted, "not for any speech making exercise but to undertake transactions like, loan application preparation, loan disbursement, loan recovery, collection of premium etc.,"

The Group Meeting is the basic exercise before the loan related programs are initiated. It covers the following operational points;

- ❖ It should be held at a place within the cluster of the member's residences.
- ❖ To be held on a fixed day and at an appointed time.
- ❖ The day will be from Monday to Friday.
- ❖ Members must attend 10 minutes before the meeting time.
- ❖ Members should sit on their allotted regular seats.
- ❖ Members should sign in the Attendance Register without fail.
- ❖ Members should handover the money and loan Pass Books only to their Group Leader.
- ❖ FCO will attend the meetings 1 or 2 minutes before the schedule time.
- ❖ The President will hand over the collected cash and passbooks to the FCO in the meeting.
- ❖ After entering the amounts, FCO should return the passbooks to the President and president to the Members. Members have to check the entries in their Pass Books to their satisfaction before leaving the Group meeting.
- ❖ If there is any change in the policy/programme of the organization, FCO will explain to the Members.
- ❖ Loan Applications are to be filled in the meeting.
- ❖ Loans will have to be disbursed in the meeting in presence of concerned FCO, BM.
- ❖ LPF amount to be collected from the members who will receive the loan.
- ❖ Meeting continues for 20 to 30 minutes depending upon the number of transactions held. 20 minutes are to be spent for monetary transactions and the remaining 10 minutes for discussions with members on problems relating to transactions and general issues

2.13 Operational Guidelines for the FCOs:

1. FCO has to ensure that every member has signed the Attendance Register.
2. FCO has to ensure that every member attends the meetings (reasons for absence of a member have to be ascertained from the Group leader and recorded Loan instalments due from the absentee members have to be collected from the GL).
3. If a member absents for more than two consecutive group meetings, the FCO has to inform this to the group leader and if time permits, he has to give a personal visit along with another member of the same group, to her house to know the reason and explain her necessity of regular attendance.
4. No personal relation should be developed by the FCO with any individual member.
5. Not to accept any tips or any type of hospitality from the members in any circumstances.
6. FCO has to refrain from calling any member in her first name without showing due respect to her.

Staff Behaviour within the Groups:

- The behavioural attitude of the staff within the group member should be very polite and gentle. During the training/meeting the staff will convince the group member in a systematic manner so that they will easily understand the product, service, repayment mode, rate of interest and all other relevant things relating to field operation. It is strictly forbidden for the staff not to use threatening language or abusive language in any circumstances. The attitude and the behaviour of the staff towards the group member will be in motivating manner. The monitoring staff (BM, AM & RM) will verify the staff's behaviour towards clients will be in proper manner during interaction with the clients in regular interval.

Staff Behaviour towards the family members:

- The family members of the client presents in the doorstep or in the meeting, no rough/abusive/threatening language should be used by the staff. The staff should politely approach the family members not to disturb the training and meeting. As they are the guardians of the clients they should also understand all these facts in details.

2.14 Loan recovery process:-

Loan amounts due for recovery falls at weekly / monthly intervals depending upon the type and amount of loans taken by a borrower. The recovery periodicity has to be told to the loanees at the time of disbursement. In order of making the recovery process transparent and free from doubts, the due amounts including interest have to be collected at Centre meetings only, in presence of all the members and the President, as per the given repayment schedule. The group is based on the principle of Joint Liability Group (JLG) System group guarantee and trust. As such, the group is for the individual and the individual is for the group. If a member fails to repay for some reason or the other on a due date, the Group undertakes the responsibility of paying the amount on her behalf on that date and to motivate the defaulting member to clear the dues to them. During repayment process if an individual member fails to repay the loan, the FCO should not practice any coercive method for ensuring the repayment but will deal the client with polite manner for ensuring the repayment. The FCO must, therefore, remain in constant touch with the members through periodic visits to their houses and ensure full attendance in group meetings and repayment without fail. Generally the group meetings are to be held between 7.00 a.m. to 12.00 p.m. on fixed **days**. The working members normally find the morning hours convenient for this operation, as they find time after the Group meeting, to perform their daily duties in time and also not to lose their day's earnings. Prepayments towards foreclosure of loans will also be accepted at field level / a group meeting, in case the entire Group desires so. For this the Group has to give an application, one week in advance, and the BMs will visit the group and finalize the prepayment program. A member can individually prepay her loan outstanding in advance if she agrees to clear the principal in full and interest till due date"

For cash Shortage/excess collection:For any cash shortage after collection of repayment of loan will be recovered from the concerned Field Credit Officer after proper verification by supervisor. For any excess Cash collection - First it will reconcile with the SHGs, if found then refunded to the SHG. If is not traced then will be treated as misc. receipt and deposited in Bank account.

2.15. Death Benefits/insurance Claim Settlement:

Death Benefits is to all the members and their spouses. The insurance charge is **0.5%** of the Loan disbursement amount per annum; the amount will change as per the loan tenure. The client and the spouse both will be covered under the insurance coverage. The insurance coverage amount is equal to loan disbursement amount will be effective for the loan tenure from the loan disbursement date. The loan principal amount paid by the member will be refunded to the nominee after the claim settlement and rest amount will be adjusted to the loan account of Glowmore. Here nominee will be client and her spouse vice Versa.

Documents require for settlement of Death Claim:

- Group Resolution/Centre Resolution
- Pass Book Xerox
- Xerox Copy of Death Certificate
- Beneficiary claim certificate

All documents certified by concerned BM /AM/RM and finally send it to Insurance co. for Final Settlement of the claim.

Chapter-3

Delinquency management

3.1. Reason for Poor Recovery

External:

- Natural Calamities
- Political interference
- Geographical Factors
- Failure of Activity due to poor infrastructure
- Changes in Government Policy

Internal Factors

I. BORROWER RELATED

- Mis- utilisation of Loans
- Diversion of Fund
- Lack Technical and Managerial Skills
- Poor Maintenance of Assets .
- Personal Accident /Death
- Shifting of Place of Residence / Business
- Wilful default

II. Financial Intermediary Related

- . improper identification of Borrowers / Customers
- . Lack of Appraisal Skills
- . Delay in Loan Sanctioning
- . Under / Over financing
- . insufficient repayment Period
- . Lack of Post disbursement follow-up
- . Lack of borrower contact and poor understanding of rural clientele
- . No thrust on recovery
- . Laxity internal control systems
- . Poor management information system.
- . Failure to ensure adequate rapport with govt. agencies.
- . Low motivation and involvement of staff.
- . Perception of MFI as charity institution due to previous background.
- . Poor industrial relations climate

3.2.Management of Delinquency :-

Broadly the Strategy can be grouped into the TWO heads:

- PREVENTIVE MEASURES

- Prudent appraisal
- Timely sanction without harassment.
- Fixation of realistic repayment schedules
- Adherence to loan recovery policy
- Regular contact with borrowers.
- Close monitoring of loan clients to ensure post disbursement discipline.
- Maintenance and regular updating the client profile
- Credit rating of Clients
- Computerisation of loan accounts
- Interdepartmental coordination.
- Early warning Systems - Potential weak loans / PAR, persistent default, over drawl, diversion of Funds etc,
- Loan utilization check.

- CORRECTIVE MEASURES

- If the collection does not occur on that day then FCO will motivate the group to manage the collection.
- If finally FCO is unable to collect the due then from the collection point he will inform the BM.
- The group member will be motivated for repayment.
- BM will try to motivate the member.
- Then AM, RM and OM will go subsequently to motivate the member wherever necessary.
- Husbands meeting.
- Study the problems of PAR activity wise, amount wise and age wise.
- Prepare a loan recovery policy and strategy exclusively for past due loans .
- Create Special Recovery cells at various levels.
- Identify critical units for intensive recovery
- Fix Targets of Recovery and draw time bound action plan.
- Select proper strategy / case by case analysis.
- Monitor implementation of time bound action plan.

CHAPTER- 4

4.1 Grievance Redressal:

In order to provide the customers with a grievance redressal system to enable them register their complaints and resolve it in a timely & fair manner, the following procedure has to be adopted:

1. All pass books be provided with the head office telephone no- **0680-222009** and Branch Manager telephone no.
2. Client helpline- has been established for receiving complains directly from the clients in the dedicated number **0680-222009** shall be informed to all the clients. The helpline will remain opened during the office hours only in all working days from 9AM to 6 PM.
3. Notice Board: All branches shall display its products detail with effective interest rate in their office notice board in vernacular languages, name of BM, AM & Operation Head with their phone numbers"
4. Any complaints received at the Branch / HO shall be entered in the Complaint Register and resolved within a period of 15 days from the date of receipt of the same.
5. In case of any unresolved grievances beyond 15 days, the complainant shall be informed to refer/contact the following :

**Glowmore Finance Pvt Ltd, Govind Bihar 6th lane Extension-3
Lochapada Road, Berhampur(760001) Ganjam,Odisha.
E- Mail admin@glowmorefinance.comph: 8895952844**

The grievance Cell will monitor the complaints on a regular basis to access types of complaints, Time generally taken for resolving the problems and ensure that all complaints are resolved within stipulated 15 days.

4.1 Fair Practice Code

1. We shall explain and disclose the features of our services in a transparent & understandable manner on
 - a. Interest Rate on loan (Effective)
 - b. Fees, charges and premium on insurance
 - c. Other details of loan product
 - d. Behaviour of Field Credit Officer, Branch Manager and any other visitor (ensuring dignity/gender sensitivity/privacy of member)
 - e. Obtaining only KYC related document and no other documents.
1. All our dealings with customers will be open, fair and ethical.
2. We will treat all our customers with respect and professionalism.
3. We will not engage in any coercive methods to collect repayments.

CHAPTER – 5

HR Related Policy

Transfer Policy: The transfer policy of the operation staffs will as per the following process:

STAFF	TRANSFER	APPROVAL AUTHORITY
FCO	1 YR.	RM
BM	1.5 TO 2 YR.	HR
AM	2 YR.	HR
RM	2 YR.	HR

In order to maintain the transparency in the operation the staffs are transferred from one place to other as per period mentioned in the table and it will as per advice of the approval authority.

Leave Policy:

FCO to RM can take up to 2 days leave as CL, more than 2 days will be taken as UL.

STAFF	CASUAL LEAVE	LEAVE APP. AUTHORITY	MEDICAL LEAVE	LEAVE APPROVAL AUTHORITY
FCO	UP TO 2 DAYS	AM	UP TO 10 DAYS	OH
BM	UP TO 2 DAYS	RM	UP TO 10 DAYS	OH
AM	UP TO 2 DAYS	RM	UP TO 10 DAYS	OH
RM	UP TO 2 DAYS	RMC	UP TO 10 DAYS	OH

- More than 2 days it will be considered as UL(un authorized leave).
- One can take 10 days casual leave and 10 days Medical leave in a year.
- Maximum 2 days CL can be taken in a month subject to leave availability(out of 10 CL)”

Reporting Authority: The operation staffs will be monitored and they will be reporting to the respective authority as per the following process:

Staffs	Direct Discussion	Phone	Mail
FCO	BM+AM	BM+AM	
BM	AM+RM	AM+RM	AM-CC TO RM
AM	RM	RM+OH	RM-CC TO OH
RM	OH	OM+MD	OH-CC To The Head Of Dept.

CHAPTER - 6

Role & Responsibilities of Operation Team

6.1 Field Credit Officer (FCO)

Field Credit Officers are the Front line soldiers, Frontline Managers, Real Propeller, Pillars of the Organization and basically they are the Backbone of the organization... The FCO would have a designated area (Approximately with 500 members).

He is responsible for:

- Contacting potential members in the target areas identified
- Formation of new groups with the potential members
- Promotion and Strengthening of the Group.
- Imparting training to the new members on the activities, products & services, systems & procedure of the organisation.
- Conducting survey to know the potentiality & collecting information about the individual member's enterprise and KYC.
- Facilitating the process of GRT with newly formed groups.
- Registration of new members after verification/GRT.
- Initiating & appraising loan applications from the members with full KYC as per the policy.
- Preparing loan documents for appraisal & forward the same for approval of the BM.
- Facilitating the process of loan distribution at his/her centre with BM & AM.
- Repayment of loans as per the demand report on weekly basis or as per the loan product.
- During loan repayment should not harass the members in case of any default should examine the proper reason for non-payment.
- Should not use any coercive method to repayment of the loan.
- Ensuring insurance coverage (if any) for all the clients at the time of loan distribution.
- Ensure loan utilisation of the client through proper verification at field level after 15 days of loan disbursement.
- Conduct weekly meetings at the centre and collect repayments. He has to reach their respective centre in time, with necessary documents like monthly/weekly collection statements/demand collection sheets and with proper stationary like pen, stamp pad etc.
- Special attention has to be given to delinquent clients at extra hours.
- At the branches having MIFOs installed, entering data required for collection, loan application, survey and membership.
- Ensure and verify the reports coming correctly or not out of the MIS.
- D Any type of data incorrect generated from MIS will be held responsible for the centres under his supervision.

Reporting/Office:

- The FCO should be present at the branch office at 6.30 in the morning.
- He should take all documents like DCS (Demand Collection statement) to the field while collecting Monthly repayments.
- On return to the Branch office from the field, Field Credit Officers should fill up the credit vouchers as per the denominations. He should verify the demand with collection from the Demand report with proper remarks. The amount collected during the day has to be deposited in the Branch office by maximum 12.30 PM, on transaction days.
- Daily information regarding new clients/ problems, if any, in the field etc& reported to the Branch Manager.
- Demand Collection Statement should be submitted to BM by 1.00 pm.
- At the Branches where Software is installed, he should have to update the repayment (collection) information by 3.00PM.
- The FCO should do the membership entry and related information's in the Software (VI).
- The FCO should keep the documents/files of the Groups with proper security and deviation to that will be held responsible.
- The FCO will help BM to maintaining the office Clean and hygienic condition.
- She/he should use the asset of the branch in appropriately any deviation find will be fined.
- She/he should generate application for members eligible for getting loan.
- Portfolio shifting from one FCO to another FCO in every Six month.

Meetings:

1. The Field Credit Officer should attend all the weekly branch meetings and monthly staff meetings and quarterly meeting at Area Office.
 1. In case of any issues in the field, it is the prime responsibility of the FCO to intimate those issues to the BM. (like late repayments, discipline related issues, attendance related issues, Part payment any kind of violation of the organization rules and regulations.)
 2. Request for change of transaction time of any SHG must be submitted with Justifying reasons, at least **15 days in advance**, to the concerned Branch Manager.

6.2 Branch Manager:

The Branch Manager is the key functionary to look after the overall administration of the Branch. He is the management's representative at the Branch and its area of operation, to ensure smooth implementation of the Organization's policies. He is the principal link between branch staff, clients and the Area/Head Office. With this multifarious responsibility, he has to remain alert at all times, to safeguard the interests of the clients, employees and the Organisation. While it is difficult to exclusively specify his area of activities, the following list of duties spells out only a few key areas which require concentration of his attention to facilitate execution of his above responsibilities. He has to look after a designated branch with a specific area of operation, assisted by Field credit Officers, to serve Maximum 5000 members or 500 SHG.

The Branch Manager's Functional Role & Responsibilities are :

Field Level:

- Supervise the activities of Field Credit Officers by making visits to different SHGs that each of the FCOs is looking after at all transaction days..
- Critically appraise the loan applications of the members by visiting them and recommend the same to the Area manager for approval (in case of 2nd cycle or onwards).
- Supervise/monitor the repayment collection from the groups to the office by FCO.
- He will report to his AM regarding the problems faced in repayment.
- Visit the delinquent clients regularly with the concerned FCO.
- The BM will ensure loan disbursements.

Branch Level:

Ensure the Branch collection within 12.30 from by all FCOs and collection from them by 1.00 PM.

- Prepare the Cash Book and Receipt and payment by 2.30 PM
- Deposit the cash in the bank by 3.00 PM.
- He will report the Area office about day's transaction by 3.30 PM in all transaction days.
- He will submit daily collection reports like R & P by 4.00 PM on each transaction day.
- Entry the disbursement in Software.
- Facilitate the process of disbursement along with the concerned FCO & ensure filling up, signing, collection and safe preservation of all necessary documents.
- Maintain adequate stock & inventory of the resources at his branch level like survey forms, loan forms, passbook and other documents- all form and formats will be use by taking printout.
- The Branch Manager will inform the staff requirements to HO through AO.
- The Branch Manager will requisition cash with the AM, for the next week and month for disbursements.
- BM will verify the loan applications prepared by FCOs and examine the eligibility of members and before sanction he will ensure all necessary documents and earlier problems addressse
- BM will conduct all staffs weekly and monthly meeting in the branch level.

Operational:

Facilitating the group formation process, with the help of concerned FCOs posted in his/her branch.

- Ensure the GRT process at his/her area along with the concerned FCO & AM/BM.
- The Branch Manager will inform about the proposals for pre-settlements/Part payment to AM.
- The Branch Manager will inform about the operational expansions under the branch to HO through AM.
- The Branch Manager will monitor the activities of FCO's with visiting the groups.
- The Branch Manager will prepare weekly monitoring plan sheet to Area manager and submit the Monitoring sheet at the end of the week.
- The Branch Manager will inform about staff indiscipline, if any, and also irregular behaviour of members to AM.

- The Branch Manager will inform about any late payment or repayment problems to AM immediately. In case of any delinquency found for Monthly collection he must take immediately action for that.
- BM has to verify demand collection sheet on every collection day.
- BM will prepare source wise reports at fixed intervals. (weekly)
- The BM has to resolve the field level issues with the help of FCOs under intimation to the AM. The issues may relate to late repayments, indiscipline, attendance, insurance problems any kind of violation of the organization's rules and regulations, etc.
- The branch will effect rotation of FCOs in his/her area on a Six month basis.
- The Branch manager will co-operate the audit process and comply the discrepancies found with written formats with AM/RM.

Authority of the Branch Manager:

He can take the decision to extend operation to new area under intimation to HO through AM. Before GRT is conducted by AM, he can accept or reject the group, and his decision will be final.

BM can dissolve/terminate any members/groups after the GRT but before loan disbursement on the ground of relocation of slum/village", quitting of star,-migration of the member, involvement in fraudulent activities, ill motives, loss of credibility, etc.

BM can take a decision whether to disburse second or subsequent cycles of loan if he/she is not satisfied with the behaviour, loan return and utilization and group dynamics of the concerned group.

The information relating to late repayments of any member/ group/ centre will have to be reported promptly to the Area Manager, in a written format.

Matters relating to indiscipline of any member, group, and centre must be reported to the Area Manager in a written format.

The BM should arrange to deliver the Demand collection sheet (DCS) to all FCOs in time (i.e. one day before by evening).

6.3 Area Manager:

The AM has the overall responsibility to look after his/her area comprising 4 to 5 branches' He will look after the day to day operation of five branches (approximately 25,000 members). The AM has been assigned with the following responsibilities.

He/she is overall in charge of the designated branches of his area.

He/she will ensure repayment from Branch Managers on each transaction day.

He /She will collect sanctioned loan amounts from HO for disbursement at his/her operational area.

He/she will disburse the amount to the Branch Managers of his/her area.

He will keep all the records relating to accounts of his/her operational area.

He/she will verify all the supporting vouchers for expenses relating to travel, telephone, house rent & other related expenses & submit the same at HO on Monthly basis.

He/she will ensure for deposit of daily collection amount at the bank by respective branches & obtain bank reconciliation reports on regular basis.

He/she will monitor, supervise all the branches in his area.

He/she will ensure cleanness of all Branch offices and all documents and assets properly maintained and placed.

He/she will ensure timely loan disbursement and collection of dues from members of his /her area of operation'

He /She will solve all the field related issues /problems arising in his/her area.

He/she will ensure submission of all the weekly /monthly/quarterly reports / returns to HO.

He/she will ensure a good portfolio quality in his/her area.

He will cross check the report returns submitted by the BMs of the area before sending the final copies to HO.

He/she will facilitate enrolment of members after thorough checking and verification on a random basis.

He/she will conduct the GRT & approve the member's enrolment in the centre meeting where there is no BM.

He/she will cross check and verify all loan particulars before sanction & disbursement.

He/she may participate in the entire loan a disbursement in the groups in his/her area.

He/she will verify the registers & attend centre meetings on random basis.

He/she will approve all types of leave to the staff of the FCOs in his area up to two days with prior information to RM.

He/she will make performance appraisals of BMs &FCO working under his direct supervision.

He/she will submit a report on splitting of branches if any, to HO.

All computerized processes (Software) will be directly monitored under his/her supervision.

AM will be responsible for updating of data every day.

Rectification or alterations required in the Software will have to be done by AM only with proper information to MIS manager.

He will carry out all Area Office level financial transactions.

6.4. Regional Manager:

- He/ She will be based at the Regional office to look after five area offices (Approx. 50,000 members).
- He/ She will directly report to the Operation Head at Ho. The role & responsibilities of the Regionalmanager are as under:
- To ensure operational consolidation through effective supervision over the activities going on in his area of operation and to bring about an overall qualitative improvement in the portfolio quality.

For brach monitoring he/she is so to follow the following guide lines :

1. Check sample documents from the centre/Branch/Area office files.
2. Check all the registers/documents to ensure that these are maintained properly and correct reports are submitted to HO/AO.
3. He will check appropriateness of the GRT process.
4. He will go to field for monitoring the activities conducted at the Groups and also to monitor proper loan utilization.
5. Supervise the functioning of Area Managers of his Area, at each level.
6. Promptly attend to the grievances of clients, staff and branches/area offices under his control, and take Steps to redress them under intimation to HO.
7. Check punctuality in time keeping at the Branch/Area Offices.

8. Focus on business expansion at the Branches under his zone.
9. He has to function as the Top Management's representative in his area.
10. Arrange regional branch/ area managers meeting in regular intervals.

- **Compliance of Proper System**

1. To ensure timely closure of transactions at Area and Branch offices.
2. Verify implementation of dos & don'ts at Area and branch offices.
3. Check the process of Group formation, loan disbursement and collection and ensure that the process is followed as per the rules and guidelines of the organization.
4. Develop proper systems with a view to simplify the procedures followed to save time and expenses without sacrificing the safety of staff and the organization.
5. Design simplified formats to make them user friendly without, of course, diluting the security aspect.

- **Expansion of activities to New Area.**

Growth is the symbol of life. In an organization, constant growth has to be attained to perpetuate progress. Regular growth assures improvement in the prospect for all those who have stakes in the organization including the employees" As such, all should continue their efforts to ensure expansion in business either in the existing area or by entering in to new areas. With this as the background, all should adopt the under noted steps;

1. Conduct surveys either in the existing areas or explore the opportunity in new areas.
2. Prepare business plans for the branch"
3. Present it in front of the core committee of the organization.
4. Make necessary arrangements to expand business in existing Branch or if the business Prospects warrant, go for opening new branches.

- **Improvement of H.R. Quality**

As sound business growth will be possible only by a team of committed workforce, all-out efforts are to be made to bring about a sense of commitment in the minds of staff at all levels by ensuring the following,

- Build cordial relationship among the staff.
- Motivate them to develop belongingness with the organization.
- Asses the requirements and ambitions of staff for future expansion.
- Asses the requirement of other supports and inform to Admin. Department.

- **Accounts & MIS related activities.**

At the time of branch visit he should check the receipt & payment statement and tally with the physical cash balance. He should ensure updating it in Software.

- **Others responsibilities**

Sanctioning loans for the branches under his/her zone.

Examine operational viability of the Zone and take steps to attain viability cash flow analysis and assess fund requirements.

6.5 Operational Head (OH) :

The OH as a top management functionary is based at HO and reports directly to the CEO. He/she will directly supervise the activities of three Regional Managers (approx 1, 50,000 members). The role & responsibilities of the OH are as under;

- To be in overall charge of operations of the assigned zones.
- Will directly monitor and supervise the activities of the staff working in his/her area of operation.
- Will facilitate preparation and finalization of branch level business plans, extension, expansion, budgeting, staff posting, transfers, promotions, etc.
- Will prepare the Strategic Business Plans for his area of operation with the assistance of RMs, AMs & BMs.
- Will facilitate the process of training & orientation to the staff members.
- Will facilitate and check preparation of need based products by involving all the stake holders.
- Will ensure maintenance of good quality portfolio.
- Will ensure timely submission of report returns to CEO as & when required.
- Will facilitate launching of new products on micro finance, micro insurance & other related services.
- Will submit the appraisals of all the staff working under his/her jurisdiction.
- Will set performance targets & facilitate their achievement.
- Will facilitate visits of external visitors to his/ her areas of operation.
- At periodic intervals, will solicit feedback from members, staff & other stake holders for further improvement implementation of different programmes.
- He/she should explain details about the programmes and processes to funding agencies and outsiders having interest in the organization.
- He/She will participate at times, in weekly, monthly review meetings at his/her area of operation. She/he will also attend policy level & emergency meetings convened by CEO as and when required.

Chapter -7

7.1 Monitoring Process: Similarly it will be used for AM level and also the % age of verification of documents by supervisors while visiting to the branch. Details are as follows:

%age of verification

PARTICULARS	FCO	BM	AM
Survey	100% doorstep visit during training	50% during pre GRT	20% during GRT
LUC	NA	100% clients visit disbursement after 15 days	30% of BM reports
Group meeting	100%	30% of total SHG and minimum 3 SHG per day (in case of big branch)	30% @ 10%
KYC	100% by FCO at the time of collection	100% at the time of pre GRT	50% when visiting to the branch verify document (randomly select)

7.2 Monitoring Formats:

FCO & BM Activity register maintaining on weekly basis. As per the Format below, BM will do the weekly planning and send the weekly planning in advance to AM and after end of the week send the BM monitoring format.

FCO ACTIVITY REGISTER:

From date -----to-----

SL NO.	PARTICULARS	PRESENT STATUS/PENDING FROM LAST WEEK	TARGET TO ACHIEVE	ACHIEVEMENT	REMARK/REAON FOR NON ACHIVEMENT
1	No. Of Active SHG/MEMBER	52/560	NA	NA	NA
2	Lon Outstanding	8770000	NA	NA	NA
3	Collection SHG this week	22	22	19	3 DUE TO DOUBLE COLLECTION
4	SHG Closed	12			
5	Village Survey	0	2	1	1 REMARKS
6	Version A-1for HM				
7	Training				
8	GRT pending				
9	Version 2-A				
10	PSD Pending at YB				
11	PSD Pending at Field				
12	PSD Submitted	5			
13	Disbursement Pending At Field	5	5	5	3 SHG NOT DISBURSED DUE TO YB NOT DISBURSE, DISC.
14	Insurance not settle				
15	LUC				
16	Over Due collection				
17	Housing loan				
18	Wash loan				
19	PFRDA				
20	Others				

**BM
AC**

SL NO.	PARTICULARS	PRESENT STATUS/PENDING FROM LAST WEEK	TARGET TO ACHIEVE	ACHIEVEMENT	REMARK/REAON FOR NON ACHIVEMENT
1	No. Of Active SHG/MEMBER	52/560	NA	NA	NA
2	Lon Outstanding	8770000	NA	NA	NA
3	Collection SHG this week	22	22	19	3 DUE TO DOUBLE COLLECTION
4	SHG Closed	12			
5	Village Survey	0	2	1	1 REMARKS
6	Version A-1for HM				
7	Training				
8	GRT pending				
9	Version 2-A				
10	PSD Pending at YB				
11	PSD Pending at Field				
12	PSD Submitted	5			
13	Disbursement Pending At Field	5	5	5	3 SHG NOT DISBURSED DUE TO YB NOT DISBURSE, DISC.
14	Insurance not settle				
15	LUC				
16	Over Due collection				
17	Housing loan				
18	Wash loan				
19	PFRDA				
20	Others				

GLOWMORE FINANCE PVT. LTD.

BM Monitoring Sheet

Date	FCO Name	SHG Name	Location	F.C.O sign	C.C sign

Observation

Time		Attendance	Int,rate,instalment, loan source etc understanding	Sitting Arrangement as per Process	Time Duration	Discipline Maintained
Scheduled	Actual					Yes/No

Repayment Problem (yes or No?) If “Yes”, mention its cause	Outstanding Balance match with passbooks(yes or no) If “No”, give its details of differences	Difference Amount	Other Comments	Remarks

Date:

Signature of Branch Manager

7.4 Village Survey & Introduction Report :

Glowmore Finance Pvt. Ltd.

Village Survey Report

Name of the village/urban colony:

Distance from branch office:

Population:

Male:

Female:

Children:

No of household:

No of BPL household:

Occupation:

Major investment opportunity:

Distance from Bank:

Nearby Business Centre:

Distance from primary school:

Distance from Hospital:

Need of micro credit:

Competitor:

Population Destiny:

Loan returns history:

Road connectivity:

Migration situation:

Date of survey:

Signature of the Surveyor

Glowmore Finance Pvt. Ltd.

Village Introduction Report

Name of the Branch:

Name of the village/ urban colony:

Name of the Introducer:

Address of the Introducer:

Occupation:

How he/she introduced:

Where the 1st meeting was held:

No of male and female persons attended:

(write down the name with address in the back side)

What is the subject of discussion?

Any specific demand in the meetings:

Who are the Glowmore staffs present?

List of the members name and address:

Date of Meeting:

Signature of the introducer Signature of the staffs

7.5 Branch Survey Report Format

Glowmore Finance Pvt. Ltd.

BRANCH SURVEY REPORT

Date of Survey:

Survey conducted by:

Name of the proposed branches :

Name of the proposed area:

Distance of the branch from area office:

Distance from the Regional Office:

Distance from Head Office:

Name of the Branch	No. Of Clients Expected	Major Community	Major Occupation	Distance from Proposed Area (km)

Need of Micro Credit:-

Law and order situations:-

Loan return history (Attitude) of the people in that area :-

Availability of bank facility:-

Name of the Proposed Branch	Name of the Bank	Distance of Proposed Branch office	Availability of Core Banking Services	Response of the B.M of that Branch

Road Connectivity:

Telephone connectivity (operator's detail):

Internet Providers:

Competitors Analysis: Presence of other MFIs

Comparative Product Analysis

Name of organisation	MFI 1	MFI 2	MFI3	MFI 4	MFI 5	
Model						
Disbursement mode						
Collection mode						
Group training						
Loan utilization check						
Loan size						
Rate of interest						
Loan processing fee						
Insurance fee						
Membership fee						
Repayment period						
Repayment mode						
Collateral						
Operational coverage						
Travelling mode						
Total of members						
Year of operation						

Own Comments :- (suggestions regarding opening of the branch and viability).

Date:

Signature of Surveyor

Chapter -8

8.1 Management and Information System

Disadvantage of manual systems

Some of the disadvantages of manual Information Systems are:

- Too laborious and time consuming.
- Prone to Errors.
- Data manipulation and analysis is very difficult.
- Maintenance of large amount of data is almost impossible.
- Data and information is not secured.
- Loosely controlled.
- Highly inflexible (addition of new products and change in business processes cannot be made).
- Business continuity is at risk in case of damage to information due to fire, water or any other disaster.
- Reporting is very cumbersome, time consuming and difficult.

Benefits of computerised MIS to Microfinance

There is no doubt that “the right information” at “the right time” at “the right place”, is crucial in decision making. Therefore, information and data is considered among the most valuable assets fundamental to the success of an organization. The primary roles of the MIS are to capture information, create new information, store information, and convey information to the user.

The two major objectives of MFIs are Outreach and Sustainability. MIS can add substantial value in achieving both the objectives:

- **A major advantage of MIS is that it provides easy access to accurate and up-to-date information. For example, loan officers get information on loans that need follow-up, branch managers can monitor daily progress of the branch, and senior management can get a full picture of the portfolio performance and quality. Customers also get quick information on their accounts, payments and balances.**
- **Detailed information is captured on customers and their activities that can then be used to assess client business to assess impact. It is also useful in tracking historical information of clients. •Activities, such as disbursements, repayments, deposits, withdrawals and money transfers are completed faster, better controlled and with minimum opportunity for errors.**
- **Information is produced in user-required formats, which facilitates better understanding, setting priorities, objectives and strategy.**
- **Key performance indicators provide an overview of the organization’s performance, efficiency and effectiveness of business procedures so that timely adjustments can be made.**
- **Use of ICT helps make MFI services more interactive, accessible and transparent.**
- **In terms of innovation, ICT provides full flexibility to structure products and services to the needs of its target group.**
- **Efficiency and productivity of staff is increased, as they are able to manage more products, customers, and transactions in less time.**
- **To meet target market needs, introduction of new products and setting procedures is easy and can be quickly applied throughout the branch network.**

- **It can also provide the flexibility to integrate with other applications and delivery mechanisms**
- MIS lowers transaction cost, increases productivity, reduces risk of failure, and pushes the boundaries beyond bricks and mortar infrastructure to carryout business.**

What is Microfinance software?

A loan portfolio manager with group lending capabilities

Key microfinance features

- Ability to track loan cycle
- Ability to monitor investors funding
- Borrowers groups can become individual borrowers
- Integration with accounting
- Ability to manage flat interest
- Loan officer collection module

Key loan features

- Collateral
- Management reporting
- Black list / delinquent and new borrowers
- Different interest and fees

Key software features

- Online context sensitive help
- User profile management
- Report generator (Crystal reports)
- Consolidation of data
- Import / Export (Excel and PDF)
- Back up

Add on

- ERP Module
- HR/PAYROLL/FIXED ASSET/ FURNITURE/ INVENTORY
- CRM
- Scalability / Security / authentication of Audit

8.2 Audit & Risk Management

Risk is the potential that current and future events, expected or unanticipated may have an adverse or harmful impact on the institution's capital, earnings or achievement of its objectives.

Risk management is the process of balancing risk-taking and capital against a well-designed control environment. Managing risks includes identifying, prioritizing and selecting responses to risk. Managing risks effectively reduces the likelihood that a loss will occur and minimizes the scale of the loss should it occur. Risk management includes both the prevention of potential problems, the early detection of the actual problem when they occur, and the correction of the policies and procedures that permitted the occurrences.

Simply put, both the functions and activities of "Internal Audits" and "Internal Controls" are mitigation strategies for operating risk in MFIs. Internal controls are systems and procedures that seek to prevent problems and intuitional loss. The internal audit functions may meet external regulatory requirements for MFIs. More than that, it is a management tool to monitor the implementation of internal controls. Internal audit seek to detect problems before they become large and destructive, and they provides assurance and communication to management that its systems are in place, are functioning and are building the MFI's capacity to deliver its product and services sustainably to the community.

Risk management is an on-going process because internal and external vulnerabilities keep changing....

What is Internal Audit?

- As defined by Institute of Internal Auditors, Internal Audit an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.
- The internal audit is a systematic activity which helps an organization achieve its objectives by bringing the disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- It's a duty of an Internal Audit to provide an unbiased and objective view.
- The internal audit activity has undergone by qualified, skilled and experienced people who can work in accord with the Code of Ethics and the International Standards.
- Internal Audit is a very critical function in the overall risk management system.

8.3 Internal audit of Micro Finance Institutes (MFIs)

- Internal audit is an independent check on the performance of the MFI.
- An internal audit shall be the independent function which should be free from operations. Independence is ensured by having completely separate staff team and the department reporting directly either to the Board of Directors or to the organization's head.
- Many MFIs are of the opinion that by having an internal audit department one has managed most of its risk. However, risk management or overall internal control is a much larger job and internal Audits is only a part of it.
- The objective of Internal Audit is not to catch frauds or malpractices but more constructive, i.e. to add value and efficiency to the organization by mitigating the possibilities of malpractices.

8.4 An objective of Internal Audit:

- To detect fraud or misappropriation regardless of its size, magnitude other staff involved in
- To confirm if operational policies/processes are being adhered to all levels and to detect deviations
- To detect any malpractice, collusion or action on part of employees that is against the organizational policies/culture or can bring disrepute to the institution
- To check unethical staff behaviour and to get a sense of organizational image as perceived by clients
- To provide feedback/opinion related to operational risks such as staff dissatisfaction, competition inappropriate policies or areas of potential conflict.

8.5 The requirement of Internal Audit of MFIs:

All MFIs shall be undergone for Internal Audit. MFIs shall appoint an Internal Auditor to conduct the internal auditor. An internal auditor should report directly to the Board of Directors and not to the Director or the senior management of the MFI. The finding of the audit may concern management at various levels, reporting to the same persons would create a potential conflict of interests. The audit report itself should be written in such a way that the identity of all contributors to the findings is protected. Otherwise, it will be increasingly difficult for the auditor to gather sensitive, critical information in future audits. Finally, an individual should never serve as an internal auditor for a unit(s) for which he or she has any direct operational or managerial responsibility.

8.6 Role of Internal Auditor:

Internal auditors work varied from the function to function. Below are some key areas of auditing:

- Assessing the management of risk:

The internal auditor shall evaluate an organization's management of risk. All organization faces various risks; the auditor shall analyze the same. Since the success of any organization is depending on how they manage those risks effectively. The auditor shall assess the risk

management processes, systems of internal control and corporate governance processes, across an organization.

- Assisting management in the improvement of internal controls:

An internal auditor shall intimate discrepancy in an organization to manage. An auditor also helps management in improving organization practice. If a manager is concerned about a particular area of responsibility, the internal auditor can help to identify improvements.

- Evaluating controls and advise all level managers:

An internal audit is covered from mailroom to the boardroom is involved in internal control. The internal auditor shall evaluate the risk and report on the effectiveness of the implementation of management policies.

- Evaluating risks:

It is the duty of Management to identify risks affects the organization's growth and indicate to the internal auditors which helps them to expect possible future concerns and opportunities providing assurance, advice, and insight where it is most needed.

- Analysing operations and confirm information:

A systematic audit helps in attaining objectives and managing valuable organizational resources. Internal auditors work diligently with line managers to review operations then report their findings.

- Working with other assurance providers:

Any guarantee provided to executive management and the board's audit committee that risks are being managed effectively is not covered under the scope of an internal audit. There are likely to be other assurance providers who perform a similar role.

The Scope of Audit:

It is a common feeling that audit means just checking of books of accounts and vouchers. Since we know the scope of an internal audit is very large, which is also evident from the objectives that the function has to achieve. Following are the border functions of Internal Auditor:

Financial reports and records:

Scrutinise all the receipts, vouchers, ledgers, cashbooks, client passbook, MFIs bank passbooks, cash balances.

Loan documents:

Loan applications, promissory notes and other documents required as per policy related data entered into Excel spreadsheets or software.

Client visits:

Scrutinise meeting discipline on timing, conduct, staff and client discipline, check passbooks interact with clients can also check loan utilization.

Other observation:

Staff discipline, hygiene, file arrangements and cataloging.

The scope of an Internal audit is wide to cover and to cross-check various reports. The basic idea is to check any kind of policy deviation or identify any situation, which can be a risk for the organization.

*****End*****