

Sahayog Microfinance

Bhopal, India

Legal form: NBFC-MFI

December 2014

Code of Conduct (CoC) Assessment

Achievement	Maximum	Score achieved
Integrity, Governance and HR Strategy	30%	24.1%
Compliance with guidelines pertaining to clients	60%	47.3%
Effectiveness of client education efforts, and awareness	10%	7.8%
Overall CoC	100%	79.2%

Visit dates: 1st-5th December 2014

M-CRIL

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Structure

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Key for bullets:

- ✓ Positive
- Neutral
- Issue
- Description

Assessment tool and framework

Assessment Tool

- ▶ This assessment uses a scoring tool derived from the Unified Code of Conduct for member MFIs of Sa-Dhan and MFIN and the RBI guidelines and Fair Practices Code for NBFC MFIs.
- ▶ The tool not only covers the industry Code and the above-mentioned guidelines in letter but also delves deep into issues of adherence in spirit. The tool is arranged under three broad heads:
 - Integrity, Governance and HR Strategy
 - Compliance with guidelines pertaining to clients
 - Effectiveness of client education efforts and awareness

Methodology

- ▶ The assessment is based on a 5 day visit by the M-CRIL team comprising a VP and an Analyst to the MFI's head office in Bhopal and to 8 branches spread across Bhopal, Chindwara, Rajgarh and Shajapur districts in Madhya Pradesh. Multiple groups were visited in each branch. (Refer Slide No. 40 for the detailed methodology and Slide 41 for the sampling plan details).

Perspective on the MFI

- ▶ Sahayog scores reasonably well in all aspects of CoC assessment. Its commitment to good governance practices is evinced in the strong and experienced Board, qualified and able second line, sophisticated MIS, focus on staff training and dissemination of the CoC to the frontline team and adherence to most elements of RBI's FPC and UCoC. Though client awareness was moderate-low, consistent efforts are devoted towards engaging clients and informing them of their rights.

Level of cooperation with assessment team:

HO	HIGH	Branches	HIGH	Follow-up	HIGH
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...Assessment tool and framework...contd

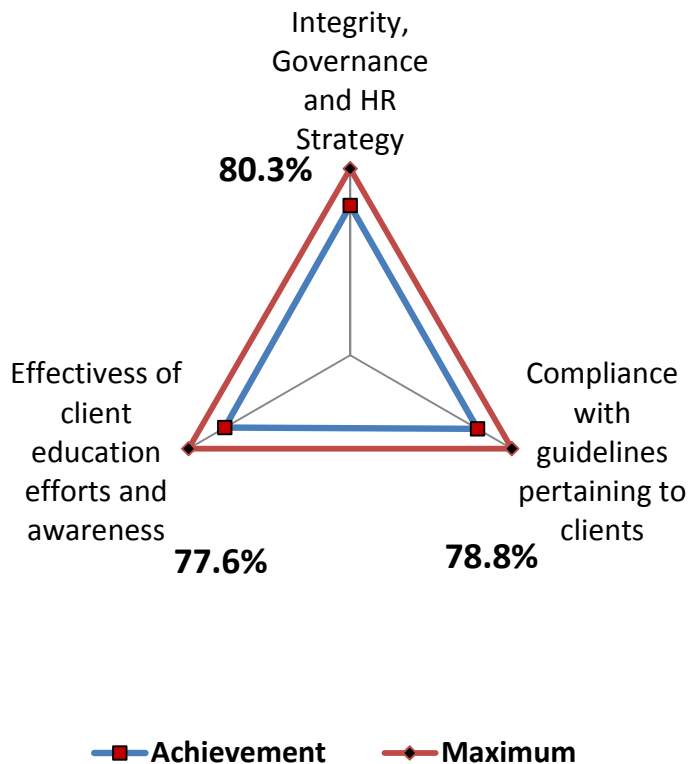
- ▶ The various aspects of the Unified Code of Conduct, RBI guidelines and the Fair Practices Code have been reclassified by M-CRIL under three broad heads (Integrity, Governance & HR Strategy, Effectiveness of Client Education Efforts and Awareness and Compliance with Regulation Pertaining to Clients) as per their logic and fit.
- ▶ Compliance with guidelines, being one of the most important aspects, has been given the maximum weight of 60%. Integrity, Governance and HR Strategy follows with 30% weight, and Efforts for Client Education, along with client awareness (as reflected through client interactions) is given a 10% overall weight.
- ▶ Level of internalisation of the codes of conduct by the MFI has been analysed for Approval, Documentation, Dissemination and Observance (ADDO) under each category, wherever applicable.
- ▶ Wherever relevant, more weight has been given to those policies adopted by the MFI and implemented in letter and spirit, compared to those which are well documented but not practiced.
- ▶ Field results have been included in each relevant section under the broad heads mentioned above. Field results have been given 40% weightage. Client Education section is assessed in terms of efforts as well as results i.e. levels of awareness about products, terms and conditions and policies of the MFI.

...Assessment tool and framework

The CoC Assessment tool was required to cover 8 points as per SIDBI's guidelines (shown on the right of the box below). This tool covers these by fitting them into broader parameters and capturing performance on them as well as other indicators in terms of Approval, Documentation, Dissemination and Observance.

Parameters and Indicators in M-CRIL tool		SIDBI requirements covered in this section
Integrity, Governance and HR Strategy	30%	
Integrity	10.0%	Integrating social values into operations
Governance	10.0%	
Human Resource Strategy	10.0%	
Compliance with regulations pertaining to clients	60%	Compliance status of MFI vis-à-vis latest RBI guidelines
Client Origination and targeting	9.0%	Client origination and targeting
Loan Appraisal Process	9.0%	Loan appraisal process
Loan product features and pricing	10.0%	Loan pricing and transparency
Transparency	10.0%	
Responsible lending	9.0%	Staff behaviour
		Relationship management & grievance redressal mechanism
Grievance mechanism	9.0%	
Privacy of client information	4.0%	Privacy of Client Information
Client Education Efforts and Field Results	10%	
Client Education (Efforts)	3.0%	
Client Awareness and other Results	7.0%	
Total	100%	

Code of Conduct performance



- ❑ Sahayog fares well in 'Integrity, Governance and HR strategy', owing to its attempts at establishing professional systems, formulation of a CoC and Do's and Don't's checklist to guide staff behavior, robust MIS, training focus and efficient processes. Its performance can be further improved by prominently displaying vernacular versions of the FPC and UCoC, reporting the status of CoC compliance to the Board, appointing an independent director as the chairperson of the audit committee, mandating field visits during audits and improving HR practices.
- ❑ A reasonable score in regulatory compliance has been awarded due to its adherence to RBI guidelines. The score can be enhanced by incorporating urban/rural classification of branches and recording household incomes in the MIS, communicating APR to clients, improving transparency by way of sharing the loan agreement, repayment schedule and payment receipts with clients and obtaining their written consent for sharing client data with CB.
- ❑ Sahayog devotes sincere efforts towards building client awareness through compulsory CGTs/GRTs and pre-disbursement discussions. Despite this, interviewed clients showcased moderate-low levels of awareness on loan pricing, prepayment terms and conditions, privacy policy, multiple indebtedness guidelines and their rights as per CoC. Additionally, the degree of supervision of field processes was moderate.

Strengths

- ✓ Experienced Board with a healthy representation of independent and non-executive directors
- ✓ Professional and motivated team with an able second line of management
- ✓ Satellite branches formed to cater to clients living outside the branch's service areas
- ✓ Robust MIS, directly integrated with Highmark's server.
- ✓ Consistent efforts being devoted towards induction and refresher trainings.
- ✓ Illustrated CGT toolkit describes all key terms and is effective in facilitating an interactive discussion
- ✓ Do's and Don't' checklist prepared for field staff in line with the UCoC; interviewed staff demonstrated high recall on the various aspects of the CoC
- ✓ Appointment of an organization level SRO to ensure adherence to the CoC will help improve the level of compliance

Issues

- ❑ Centers are not classified as urban/rural; household income is also not entered in the MIS
- ❑ Audit committee is not headed by an independent director; compliance with CoC is not reported to BoD
- ❑ While the field visit component accounts for 40% of the audit grade; audit findings highlight that auditors often do not visit center meetings/CGT/GRT
- ❑ RBI's FPC/UCoC as well as the organization's own CoC was not displayed in any of the visited branches
- ❑ Clients are not given a copy of the signed contract or repayment schedule
- ❑ Written approval on sharing client information with CB is not solicited
- ❑ Submission of relieving letters and conducting reference checks for potential employees with former work experience are not mandatory
- ❑ Up to 35 center meetings conducted in a day; each meeting is of 5 minutes duration which affect the quality of interaction and impose untoward pressure on MFO

Introduction and background

- Sahayog Microfinance was established in November 2009, post the acquisition of an NBFC, Shradha Properties and Finance Limited. The organization was conferred the license to operate as an NBFC-MFI in August 2014 and is a part of the larger Sahayog Group that comprises milk, pharmaceutical, energy and finance companies.
- Promoted by Mr. Amul Urdhwareshe, Mr. Anand Patidar, Mr. Jitendra Prasad Tiwari, family and associate companies, the organization operates under the guidance of Dr. Y.S.P. Thorat, who serves as Chairman of the Board of Directors. Initial technical support was provided by Access Development Services.
- Sahayog is headed by Amul Urdhwareshe (CEO); the organization's Board is represented by six eminent professionals; two of whom serve in the capacity of independent directors. As on 30th September 2014, the promoter group held over 90% of the shares, the remaining being distributed amongst other investors.
- As a part of its endeavor to promote inclusive finance and connect underprivileged households with mainstream financial institutions, the organization provides income generating loans through the JLG model (99.1%) as well as micro-enterprise (0.7%) and dairy development loans (0.2%), as on 30th September 2014.
- Operations commenced in Bhopal district where the organization is headquartered; Sahayog grew inorganically in Chindwara district by acquiring the microfinance portfolio of a local NGO, Parath Samity.
- Though Madhya Pradesh (MP) continues to account for 92.5% of the portfolio, in Q3 2014 operations have spread to Maharashtra, Gujarat and Chattisgarh. Sahayog also plans to start operations in Uttar Pradesh and Rajasthan.
- On 30th September 2014, Sahayog's outstanding portfolio stood at Rs92 crores, which marked a 11% dip from the Rs104 crores recorded on 31st March 2014, owing to the transfer of the portfolio of 21 mature branches to Sahayog Fincxcess Consultancy, which acts as a business correspondent for Yes Bank in Madhya Pradesh.

...Introduction and background

Vision

“A society with equal opportunities and sustainable livelihoods for all.”

Mission

“To build a sensitive, efficient, sustainable collaboration with the underserved by providing access to mainstream finance for overcoming the barriers in inclusive growth.”

*Based on data provided by Sahayog Microfinance
^Figures for Sep 14 have been annualized

Main Performance Indicators*

	Mar-13	Mar-14	Sep-14
Active borrowers	29,869	72,498	83,554
Portfolio Outstanding (Rs cr.)	46.7	103.9	92.3
Managed Portfolio	-	37.8	26.2
Number of states	1	2	2
Number of districts	10	26	29
Number of branches	29	61	60
Number of groups	5,721	13,382	15,445
Staff strength	254	363	314
PAR 30	0.3	0.3	0.2
Total PAR inc write-off (Rs cr.)	0.3	0.4	0.2
Yield on Portfolio (interest + processing fees)(%)	20.2	24.9	26.5^
Operating Self-Sufficiency(%)	117	117	106

Microfinance policies

Area Selection

- Sahayog Microfinance currently operates in Madhya Pradesh, Maharashtra Gujarat and Chattisgarh.
- From its inception in 2009, the MFI's focus was to gain expertise in a region and thereby spread to contiguous locations.
- Probable areas of operation are identified by interns hired from IIFM, who conduct the preliminary survey and also rely on secondary research to determine the operating feasibility and presence of competitors. The final decision is made by the Business Coordinator, who is responsible for overseeing overall operations.
- The survey is comprehensive and covers the population density, socio-economic and demographic details, sources of livelihood, infrastructure, proximity to banks, credit to deposit ratio, law and order situation as well as political climate.
- From the business vantage point, potential areas must have at least 20,000 poor households; Sahayog aims to reach out to 4,000 households through one branch.
- Informal feedback is also sought from other MFIs operating in the proposed region. Pin Code analysis using Credit Bureau data has also been introduced recently.
- Brief follow-up surveys are conducted where the branch setup is postponed beyond six months after the survey, owing to business demands.

...Microfinance policies

Branch Structure

- Post area selection, the branch location is identified by the Branch Managers (BM). A branch caters to a service area of approximately 35kms and comprises 4-5 Microfinance Field Officers (MFOs), 1 Branch Assistant (BA) who is responsible for all backend functions and is headed by an Assistant Branch Manager (ABM)/Branch Manager (BM).
- 6 branches together constitute a unit, which is supervised by a Unit Manager (UM), who reports to the Area Manager (AM). Owing to its expansion in neighbouring states, Sahayog has introduced the role of Regional Manager (RM) in the organization's hierarchy. Currently, there are 2 RMs who directly report to the Business Coordinator.
- After branch setup, specific regions are allotted by the BM to the Microfinance Field Officers (MFOs) who conduct detailed area and household surveys as well as transect walks to map the area.
- ❑ The route planning is based on the MFO's discretion. As Sahayog pays a fixed conveyance allowance of Rs2,100 per month, staff prefer covering all centers in a locality within a day. Consequently, on certain weekdays staff end up conducting up to 35 brief center meetings, while no meetings are held on the remaining days.
- In order to reach out to households situated 50kms and beyond the branch's service area, satellite branches have been established. From an accounting standpoint, these branches are under the purview of the parent branch. A senior MFO deputed from the parent branch to the satellite branch is responsible for sourcing and collections.
- While the deputed staff is usually responsible for managing the satellite branch's clients, an exception was noted in Bilkisganj (adjacent to Bhopal) where the concerned MFO was handling clients from both the parent and satellite branch owing to a three day collection period in the latter; collections are uniformly spread across the month in other satellite branches.

...Microfinance policies

Group Formation

- Once branches have been established, the MFOs conduct an introductory promotional meeting whereby they inform the audience about the organization and its offerings. The meeting concludes with the MFO circulating pamphlets containing the details of the organization, eligibility criteria and contact information of the branch to the attendees.
- Following this, interested members self-select and form groups having 3-10 members. As a policy imperative, Sahayog believes in limiting the group size in order to gain better understanding of clients and prevent untoward events like loan pipelining.
- A follow-up meeting ensues where the MFO explains the document requirements to prospective clients. The organization collects at least two KYCs from clients-Voter ID/Aadhar and another identity proof for verification.
- Sahayog has a non-discrimination policy and encourages cultural diversity in the centers. It offers group loans to poor women aged between 18-55 years for income generating purposes. As a precautionary measure, it ensures that the clients reside in the same locality, have similar socio-economic backgrounds and are familiar with one another.
- It also lends to unmarried or widowed women, who have the option to apply for the loan with a co-borrower.
- As a part of its risk mitigation strategy, Sahayog avoids lending to women living in rental premises, though considerations are made from time to time. Additionally, only one kin relation is allowed in a center.

...Microfinance policies

Loan Process

- The loan origination process at Sahayog begins with a four day Compulsory Group Training (CGT) for new members, whereas existing clients undergo two day training, during which they are apprised on the organization and all relevant product terms and conditions. An illustrated flipbook has been prepared to facilitate the training.
- CGT is followed by Group Recognition Test (GRT) conducted by the ABM/BM who visits clients' houses along with the MFO and assesses their level of creditworthiness and understanding of the various terms.
- The MFOs/BA enter the client information in the system and the Credit Bureau check is triggered automatically after the submission of the Member Registration Form (MRF). Responses are generated within 30 minutes.
- Clients proven creditworthy by Highmark and determined suitable in GRT are sanctioned loans after a document verification by a branch level loan sanction committee comprising the ABM/BM and any two MFOs (barring the officer responsible for sourcing the members).
- Disbursement occurs both at the centers as well as branches in the presence of all group members and their spouses. Both MFO and the ABM/BMs need to be present during disbursement.
- Existing clients are allowed to pre-close their loans and immediately avail same size/enhanced credit only after completing 50% of the loan tenure. Clients are also allowed to make advance payments at will.
- Instalments are collected at the centers on a pre-fixed day by the MFOs. While monthly repayments are the norm in satellite branches, remaining clients are given the option of choosing between monthly and fortnightly collections. Quad-weekly (28 days) collections have started in Umrawala branch from Oct'14.
- Loan utilization checks are carried out by MFO within 14 days after disbursement. This is further validated by the ABM/BM and internal audit during surprise visits, which were found to be infrequent.

Loan products

Product Name	Income Generation Loan	Microenterprise Loan	Dairy Development Loan
Target Clients	Underserved women	Underserved males/females running their own business	Dairy Farmers
Group/Individual	Group	Individual	
Loan size (Min-Max) in Rs	8,000 - 40,000	50,000 - 1,00,000	40,000 –1,00,000
Term	12 months / 24 months	24 months	
Repayment frequency	Biweekly/monthly (Quad-weekly repayments having a 28 day cycle launched in October 2014)		
Moratorium period	14/28/30 days		
Processing fee (incl. Service tax)		1%	3% 2%
Diminishing rate of interest (p.a.)		26%	24% 18%
Guarantee/collateral	NA	2 Blank Cheques (1 each from client and guarantor)	
Penalty on overdues	NA		
Foreclosure charge			
Share in portfolio on 30 September 2014(%)	99.1	0.7	0.2

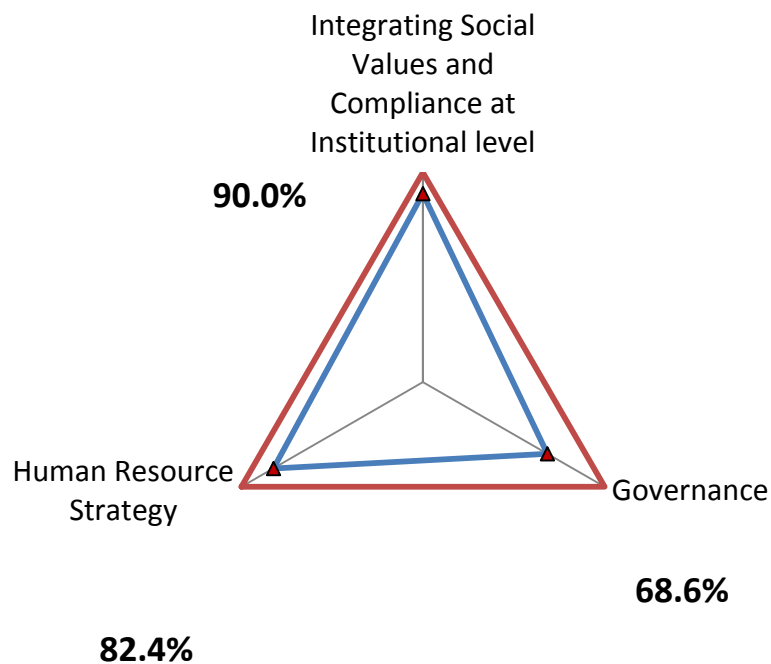
Insurance

Insurance details:			Insurance Processing details	FY 11-12	FY 12-13	FY 13-14	April – Sep 2014
Date introduced	17 th October 2013	1st December 2014	Total number of clients insured	59,854	58,339	169,230	53,563
Insurance company	Bajaj Allianz Life Insurance		Number of claims in the year	85	210	267	313
Coverage - who?	Loan Clients & Co-applicant		Number of pay outs in the year	15	150	208	268
Coverage - what?	1.5 times of loan amount	1.68 times of loan amount	Number of rejected claims	0	3	8	3
Premium Amount	Rs4.76 per 1,000	Rs2 per 1,000	% claims/accounts	0.1	0.4	0.2	0.6
Tenure	Equivalent to Loan Tenure		% payouts/claims	18	71	78	86
			Average time between claim & settlement	45 Days	45 Days	40 Days	35 Days

- Sahayog Microfinance provides compulsory credit life insurance to clients and their spouses/co-borrowers through Bajaj Allianz Life Insurance Company.
- Until October 2013, this facility was provided through LIC.
- However, owing to the increased claims settlement time and large number of pending claims, the provider was changed to Bajaj Allianz and several outstanding claims were settled directly by Sahayog.
- The organization has also done away with the funeral expense benefit of Rs1,000 given immediately after the demise, as more often than not the incidents were reported well after its occurrence and the complicated adjustment process.

Integrity, governance and strategy

Performance



▲ Achievement — Maximum

Score Obtained	Maximum
24.1%	30.0%

Levels of internalization

Levels of internalization	Approval	Documentation	Dissemination	Observance
Integrating Social Values and Compliance at Institutional level	Good	Good	Good	Good
Governance	Good	Good	NA	Moderate
Human Resource Strategy	Good	Moderate	Good	Good

...Integrity, governance and HR strategy

Integrating Social Values and Compliance at Institutional level	Compliance by Sahayog
Not less than 85% of total assets of MFI	As per the statutory certificate issued by auditors Anubhav Jain & Co for September 2014, 86.06% of the net assets satisfied the qualifying assets criteria prescribed by RBI. The qualifying assets comprise Sahayog's portfolio of income generating loans.
Aggregate amount of loan extended for income generating activity is >70% of the total loans given	The certificate issued by statutory auditors, Desai, Saxena & Associates, on 30th September 2014 asserts that over 75% of the loan portfolio (under the qualifying assets portfolio) was given for income generating activities. As a policy imperative, Sahayog offers group loans solely for productive purposes.

Integrating Social Values at Institutional Level

- ✓ Sahayog is committed to promoting good governance practices. It has formed its own Code of Conduct (CoC) based on RBI's FPC and the UCoC. Additionally, a list of Do's and Don'ts and a Client Protection Guidelines document to guide staff behaviour has been prepared.
- ✓ Staff are trained on client interaction during induction training. Periodic refreshers and weekly branch meetings are conducted which focus on policy changes and recapitulate the acceptable practices.
- ✓ The responsibility of ensuring adherence to the CoC has been designated to the Business Coordinator, who has been appointed as the organization's Self-Regulatory Officer (SRO).
- ✓ Additionally, the organization is in the process of forming a three member Compliance, Risk and Training Team (CRT) comprising representatives from training, audit and operations. The team would be responsible for closely monitoring all field level activities and ensuring compliance with the guidelines.

...Integrity, governance and strategy

Integrating Social Values at Institutional Level...contd

- ❑ The M-CRIL team observed that RBI's FPC and the UCoC were not displayed in the Head Office or branches. However, a checklist of Do's and Don'ts for employees was exhibited in vernacular in all the branches.
- ❑ A robust audit checklist aligned with the CoC requirements has been designed; though the field visit component accounts for 40% of the total score, it was observed that auditors often do not visit clients, thereby limiting the effectiveness of audit.
- ✓ As on 30th September 2014, the percentage income earned from microfinance operations to the average month end balances of the outstanding loan portfolio stood at 24.4% whereas the effective borrowing rate was 13.7%. The difference of these yield a margin of 10.7% which was compliant with RBI's requirement that the margin earned is capped to a maximum of 12%.
- ✓ The organization's endeavor towards streamlining processes and improving the operating efficiency can be evinced through its MIS, Subhyog, which is directly integrated with the Highmark server and queries are triggered automatically, once the loan application forms are submitted. This reduces the turnaround time and also helps prevent accidental loan sanctions to clients found ineligible in the CB check.
- ✓ Sahayog has also introduced a system whereby MFO send a SMS in a pre-fixed format, post collections at each center. The message is received by the server, which makes automatic entries in the MIS thereby eliminating the need for manual follow-ups.
- ✓ The organization is also piloting digital pens that are fitted with inbuilt cameras and linked to the server to facilitate better tracking.
- ❑ However, the organization does not classify centers as rural/urban; household cash flows are not captured in the MIS.

...Integrity, governance and strategy

Governance

- ✓ Sahayog's six member Board of Directors is represented by experienced bankers, bureaucrats and progressive entrepreneurs. The Board is chaired by Dr. Y.S.P Thorat, former Governor of NABARD and comprises a healthy mix of independent, executive and non-executive directors. The Board constituted 33% independent directors as on 30th September, 2014.
- ❑ The minutes highlight the Board's active involvement in operational and strategic matters. However, it does not make any mention of discussions centered on the implementation and review of the CoC, FPC, client grievances, audit findings or any social performance related aspects
- ❑ A three member audit committee comprising two independent directors and one executive director has been formed; the committee is headed by the executive Vice-Chairman Mr. Amul Urdhwareshe, while the guidelines require that the independent director ought to be the chairperson.
- ❑ Sahayog does not submit any Code of Conduct compliance status report to the Board indicating deviations and reasons thereof at the end of each quarter/financial year.
- ❑ The organization has formed audit, remuneration and nomination, banking activities and project advisory sub-committees at the Board level for effective supervision. However, it is yet to establish risk and ALM committees at the Board level.
- ✓ Transparency is also maintained with regard to reporting and presenting all disclosures in the Audited Financial Statements and Annual Report, which are prepared by a Mumbai based firm Desai, Saxena and Associates. The reports are readily accessible in public domain.
- ✓ A Discrimination and Harassment (Prevention) Policy at the workplace has been formulated and presented to the BoD for approval.

...Integrity, governance and strategy

Human Resource Strategy

- Sahayog hires MFO by placing advertisements in local print media. It prefers employing inexperienced candidates who are eventually promoted based on their vintage, performance and available vacancies.
- The recruitment process for MFO commences with a written test to evaluate numerical abilities and writing skills of the candidates. This is followed by an interview conducted by operations team.
- Newly recruited MFOs are required to submit a police verification report, indemnity bond and the original mark sheet of either 10th/12th standard. Original mark sheets are kept with the HR department as a safeguard against potential employee frauds.
- Employees from other MFIs are mostly hired through referrals, therefore formal reference checks are seldom conducted.
- Most interviewed staff having prior microfinance experience affirmed that the HR team collected the relieving letter and No Objection Certificate (NOC).
- Sahayog is usually prompt in responding to reference check requests. However, occasional delays tend to occur, especially towards the end of the month.
- ✓ Relieving letter and NOC are provided to all outgoing employees who successfully complete the exit formalities.
- All field staff who resign need to serve 30 days notice period (except in cases of termination or when staff abscond). However, discussions with the organization's HR divulged that often staffs' notice period was waived off/shortened based on mutual agreement between Sahayog and the concerned employee.

...Integrity, governance and strategy

Human Resource Strategy...contd

- ❑ Though there is no written policy in place, experienced staff hired from other MFIs (up to BM level) are usually not posted in their previous area of work. However, no specific timelines up to which staff cannot be posted/transferred to their former work areas have been framed yet.
- ✓ New recruits undergo a seven day training (earlier one day) at the organization's training center located near the HO whereby they are apprised on the organization, its policies, microfinance concepts, client interaction, as well as how to conduct CGT and center meetings. Trainees are also given a booklet that summarize all operational processes and also contain the CoC.
- ✓ Sahayog has designed an illustrated CGT flipbook to facilitate the training of potential borrowers, while a GRT checklist is given to ABM/BM. Post classroom training, staff are given three months on the job training in the designated branches where they are mentored by their seniors.
- Staff remuneration comprises both fixed component as well as performance linked incentives which is contingent upon the number of clients managed, portfolio quality and audit grade.
- As per the policy staff posted in branches attaining over 90% in audit are given the entire monthly incentive, which dips by 10% for every subsequent decile, whereas branches attaining 70% or less lose half of their incentive.
- ❑ Although, the internal audit checklist covers elements of staff conduct and degree of client awareness, which impact the audit grade and consequently the monthly incentive, the audit reports indicate that field visits are not mandatory components of the audit.
- ❑ A similar negative reinforcement policy is applied with regard to portfolio quality. However, the disincentive is returned to staff at the end of the financial year, unless they are proven guilty of fraud.

...Integrity, governance and strategy

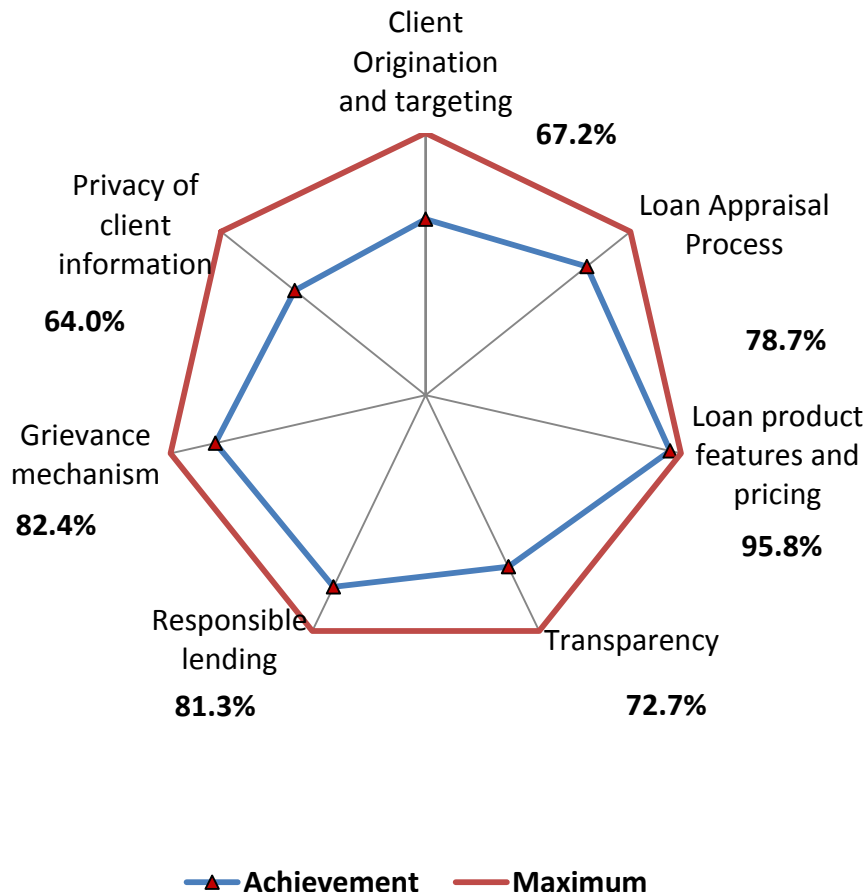
Human Resource Strategy...contd

- ❑ Additionally, 10% of staffs' monthly incentive is retained and given only at the end of the year, in order to discourage staff from absconding and committing fraud.
- A fixed conveyance allowance of Rs2,125 and mobile allowance of Rs300 is given to confirmed staff every month. Trainee MFOs are not given any target and are offered a fixed stipend during the three month probation period.
- ,The incentive policy also states that staff would be given an incentive of Rs150 per month for disbursing loans up to Rs1 lakh; the minimum monthly target being Rs8 lakh.
- ✓ Until June 2014, this component was given based on the volumes achieved. However, in order to preclude the risk of aggressive sales all confirmed staff currently receive Rs1,200 per month. In case staff disburse loans exceeding Rs80,00,000 in a year or fail to meet the monthly target, the surplus/deficit is adjusted at the end of the financial year.
- ✓ Sahayog has put in place a disciplinary policy to deal with instances of misconduct, which binds staff to abide by the principles enunciated in the organization's CoC.
- ✓ With regard to overdue, shortfalls are not collected from staff. In case of fraud, police investigation is carried out and if the staff is found culpable, s/he is expected to compensate the company for the losses.
- ✓ All recoveries are made by Sahayog's own employees and it does not deploy agents for recoveries.



Compliance on Guidelines pertaining to Clients

Performance



Score obtained	Maximum
46.3%	60.0%

Levels of internalization

Levels of internalization	Approval	Documentation	Dissemination	Observance
Client Origination and targeting	Moderate	Moderate	Good	Moderate
Loan Appraisal Process	Good	Good	Good	Moderate
Loan product features and pricing	Good	Good	Good	Good
Transparency	Good	Moderate	Good	Moderate
Responsible lending	Good	Good	Good	Moderate
Grievance mechanism	Good	Good	Good	Moderate
Privacy of client information	Good	Moderate	Moderate	Weak

...Compliance with guidelines pertaining to clients

Client Origination and Targeting	Compliance by Sahayog
Borrower's household income (HHI) does not exceed Rs60,000 in rural areas and Rs 120,000 in non-rural areas	<ul style="list-style-type: none">✓ Clients' household details are recorded in the Member Registration Form (MRF) which also form the basis of the repayment capacity assessment.○ Sahayog's clients are also required to self-declare their income in the MRF, which is not entered in the MIS.❑ Centers are not classified as urban/rural.❑ During M-CRIL's interactions with clients, it emerged that the annual household incomes of 77% clients exceeded the limit imposed by RBI.

Client Origination and targeting

- ✓ Sahayog targets self-employed, poor women aged between 18-55 years. Though majority of the branches are located in urban areas, both urban and rural centers come under its purview.
- ✓ The CoC includes a non-discrimination clause. Loans are given to women who satisfy the eligibility conditions related to age, income and proof of ownership of residence. The organization also lends to unmarried clients (with or without a co-borrower) as well as widows.
- ✓ It complies with KYC guidelines stipulated by RBI. Clients are required to submit at least two identity proof, one of which must be a Voter ID or Aadhar card.
- ✓ Four days CGT is conducted for new clients, whereas two days training is imparted to existing clients renewing their loans. In order to make the training and monitoring effective, small centers having 3-10 clients are preferred.
- ✓ It is also piloting a training program 'BADHAT' for mature clients, which is provided free of cost.
- ✓ A pictorial toolkit has been designed which aptly illustrates all key terms and processes.

...Compliance with guidelines pertaining to clients

Loan Appraisal Process	Compliance by Sahayog
<p>Total indebtedness of the borrower does not exceed Rs50,000</p>	<ul style="list-style-type: none"> ✓ Sahayog relies on the CB report for checking the indebtedness levels of prospective group loan clients. ✓ The MIS, Subhyog is directly linked to Highmark's server and the results are automatically updated, thereby preventing the ABM/BM from sanctioning loans if the indebtedness guidelines are not met.
<p>The MFI ensures</p> <ul style="list-style-type: none"> ○ borrower does not have more than two NBFC-MFIs loans ○ borrower cannot be a member of more than one of its SHGs/JLGs ○ not lend to a single person as an individual & group borrower, simultaneously. ○ Involvement of more than one staff in loan sanctioning & disbursement 	<ul style="list-style-type: none"> ✓ All loans are sanctioned post a compulsory CB check in order to preclude the risk of becoming the third lender. <ul style="list-style-type: none"> ○ This process was introduced only in May 2013; client interaction divulged that several mature clients who had received loans prior to that were servicing credit from 3 or more MFIs. ○ 85% of the interviewed clients were given loans based on the CB check; remaining had received credit before Sahayog had put in place the verification process. ○ Though no de-duplication checks are done per say, CB verifications are used to uniquely identify clients and prevent dual membership. □ JLG clients are allowed to avail individual loans only after pre-closing their group loan. However Sahayog allows clients to use some portion of the higher ticket sized individual loan to close the outstanding instalments of the JLG loan during disbursement. ✓ Post CB check, the loan sanction committee comprising the ABM/BM and any two MFOs (except for the MFO responsible for originating the loan) verify all documents and the former approves the loan request in the system, if everything is in place. ✓ All loans are disbursed at the branches/center meeting by the ABM/BM and the concerned MFO in the presence of all center members and borrowers' spouses.



...Compliance with guidelines pertaining to clients

Loan Appraisal Process	Compliance by Sahayog
<p>Credit Bureau (CB)</p> <ul style="list-style-type: none">○ MFI is a member of at least one CB○ Submits data regularly to the CB○ Checks with CB before sanctioning of loan○ In addition to CB checks, takes self certification from the borrowers	<ul style="list-style-type: none">✓ Sahayog is a member of both Highmark and Equifax and shares consolidated data with them every month while changes (owing to loan closures and disbursements) are shared on a weekly basis.✓ Sahayog's MIS Subhyog is integrated with the Highmark database and all loans go through a compulsory Credit Bureau check which is automatically triggered after the loan application form is submitted in the system.✓ The MFI also records details of clients' current liabilities in the MRF, based on the data reported by them.❑ However, credit bureau verification revealed that the number of clients who accurately disclosed the number and amount of loan outstanding from other providers was low at 31% and 20%, respectively.✓ MFO also conduct household verification during CGT when they make discreet enquires to gauge the potential borrower's creditworthiness from family members and neighbors. This is followed up with another visit conducted by the ABM/BM during GRT.○ Informal enquiries are made with group members and loan officers from other MFIs in the region to gain insights on the repayment capacity and level of credit discipline of individual clients. But this information is not recorded for verification.

...Compliance with guidelines pertaining to clients

Product features	Compliance by Sahayog
Loan size: does not exceed Rs 35,000 in 1st cycle and Rs 50,000 in subsequent cycles.	<ul style="list-style-type: none"> ✓ First cycle clients are offered loans up to Rs30,000, whereas the maximum permissible credit limit for IGL is Rs40,000.
Tenure: not less than 24 months when loan amount >Rs 15,000	<ul style="list-style-type: none"> ✓ Loans ranging between Rs8,000-Rs15,000 have a twelve month tenure, whereas all others are payable in 24 months.
Repayment frequency: weekly/ fortnightly/ monthly at the choice of the borrower	<ul style="list-style-type: none"> ✓ Sahayog's product suite comprises fortnightly, monthly and quad-weekly (28 day cycle) loans. The weekly product had been discontinued in 2013. ✓ Quad-weekly loans were introduced convenience clients and eliminate the need for advance collection, if the scheduled repayment day happened to fall on a weekend. ✓ While satellite branches have monthly collections for logistical convenience, other clients are given the option to choose between fortnightly and monthly repayments. ❑ However, during M-CRIL's interaction with clients, only 58% stated that they were given a choice of preferred repayment frequency.
Moratorium: is not less than the frequency of repayment (or minimum one installment)	<ul style="list-style-type: none"> ✓ All loans have a minimum moratorium period, which is equal to the loan's repayment frequency. ❑ However, a few cases were observed where the first installment was collected prior to the completion of the moratorium period due to public holidays. ✓ Though voluntary advance collection is permitted, clients are not prepay before paying the first installment.

...Compliance with guidelines pertaining to clients

Pricing	Compliance by Sahayog
Interest rate/pricing cap: <ul style="list-style-type: none"> ○ Margin cap of 10% for large MFIs (with portfolio > Rs 100 crore), 12% for others ○ Max. variance between the min. & max. interest rate does not exceed 4% 	<ul style="list-style-type: none"> ✓ As on 30th September 2014, Sahayog Microfinance recorded a portfolio of Rs92 crores and its net margin was reported at 10.7% which is compliant with RBI's requirement. ○ All income generating loans are priced at 26% (on declining balance), while the non-qualifying Micro Enterprise Loan and Dairy Development Loan are priced at 24% and 18%, respectively.
Pricing: only 3 components: (i) proc. fee (ii) interest (iii) insurance premium	<ul style="list-style-type: none"> ✓ Clients are charged an interest rate varying between 18% to 26% (on declining basis), annual insurance premium and processing fees with additional service charge.
Processing fee: max 1% of loan	<ul style="list-style-type: none"> ✓ IGL clients are charged a processing fee amounting to 1% of the loan amount as well as an additional 12.36% service tax, which is compliant with the regulations. MEL and Dairy Development loan clients are charged 3% and 2% processing fee, respectively.
Insurance commission: as per IRDA norms	<ul style="list-style-type: none"> ✓ Sahayog charges group loan clients an all inclusive annual insurance premium @ 2% of the loan amount (for client and spouse). It abides by the IRDA guidelines and passes on the entire amount collected from clients to the insurance service provider, Bajaj Allianz Life Insurance Company. ✓ Dairy Development Loan clients pay cattle insurance premium @3.37% of the loan amount, which is passed on to the provider, New India Insurance.
Others: <ul style="list-style-type: none"> ○ No penalty for prepayment & delayed payments ○ No collateral & security deposit 	<ul style="list-style-type: none"> ✓ Clients are not penalized for foreclosure or delayed payments ✓ Security/collateral is not taken for group loans. In case of dairy development loan the core asset is hypothecated to the lending banks and two undated cross-cheques (one from the client and the other from the guarantor) is taken in case of micro-enterprise loans.

...Compliance on Guidelines pertaining to Clients

Transparency	Compliance by Sahayog
Standard form of loan agreement: preferably in vernacular language	<ul style="list-style-type: none"> ○ Sahayog has developed standard formats (in Hindi) for its loan application (MRF) and agreement forms.
Loan card: reflecting of (i) EIR (ii) terms & conditions (iii) record of all transactions;(iv) all entries in vernacular	<ul style="list-style-type: none"> ✓ Interest rate (on declining basis), loan amount, tenure, repayment frequency, processing fee, pre-payment terms and insurance charges are written on the passbook. ✓ The insurance coverage details and exclusionary criteria are printed in the passbook in Hindi ○ Clients are not provided with a copy of the repayment schedule. □ There is no mention of the APR/EIR in the passbook. ✓ MFOs record the details of all transactions along with the date in the clients' passbooks; all passbooks are signed by the borrower, center leader and MFO.
Display of the EIR in its offices & website	<ul style="list-style-type: none"> □ Clients are not informed of the APR/EIR charged by the MFI. Neither have the details been displayed in the Head Office, company website or branches visited by the M-CRIL team.

...Compliance on Guidelines pertaining to Clients

Transparency	Compliance by Sahayog
<p>Member education: professional inputs to members in the formation groups</p>	<ul style="list-style-type: none"> ✓ Intensive training on financial literacy and Sahayog's offerings are imparted to potential borrowers after group formation. A four day Compulsory Group Training (CGT) is conducted for new clients, whereas existing clients undergo a two day training. ✓ A pictorial toolkit has been designed which aptly illustrates the eligibility criteria, pricing details, RBI guidelines, grievance process and other salient terms and conditions of Sahayog's product offering. ✓ CGT is followed by GRT conducted by the ABM/BM who assess client's familiarity with and understanding of the key terms and conditions. ✓ Additionally, the organization is also conducting pilots of the proposed financial literacy and entrepreneurship program 'BADHAT' which would be offered to mature IGL clients as well as to those who are running their own enterprises.

Transparency

- Though the processing fee and insurance premium charges are mentioned in the passbook, no separate acknowledgement/receipts are given to clients.
- ✓ The insurance policy details, exclusionary criteria, claims process as well as the premium paid by the client have been described in the passbook given to clients.
- While the Sahayog team stated that a separate sheet containing the repayment schedules for all loan sizes is given to clients, none of the clients visited by the M-CRIL team affirmed receipt of the schedule.
- Although individual passbooks are issued to each borrower, 93% of the interviewees reported keeping their passbooks with the center leader/group member whose house was the chosen meeting venue.

...Compliance on Guidelines pertaining to Clients

Responsible Lending	Compliance by Sahayog
<p>Location for transactions and overdue recovery</p> <ul style="list-style-type: none"> ○ All transactions are at a central location ○ Staff are allowed to make recovery at the place of residence/work, if borrower fails to appear at the central place on 2 or more successive occasions 	<ul style="list-style-type: none"> ✓ Instalments are collected during center meetings at the pre-designated location (usually a member's house) in the presence of the entire group. □ Though the organization prefers to change the center meeting location at the beginning of every loan cycle, the M-CRIL team observed that venues seldom rotated. ✓ All loans are disbursed at the branches/center meeting by the ABM/BM and the concerned MFO in the presence of all members as well as the spouses of all the credit recipients. □ in the event of delayed payments, MFO, ABM/BM and other supervisors visit all the center members in the meeting premise and follow it up by visiting clients at their residence on the same day. Field staff also admitted visiting work place of clients with overdue.

Responsible lending

- ✓ Sahayog has drawn up a delinquency management policy, Client Protection Guidelines and staff Do's and Don'ts checklist based on RBI's FPC and the UCoC. The documents instructs staff to be polite, courteous and professional while interacting with clients and condemns aggressive behavior.
- ✓ The Do's and Don'ts checklist for staff explicitly prohibits them from visiting clients at their homes during festivals, weddings as well as during bereavement.
- Though the organization is yet to formulate a rescheduling policy, considerations have been made on a case to case basis. In the past financial year, the organization waived off loans of two financially distressed clients.
- MFO do not visit clients who are absent for several fortnights/months as long as their installments are paid on time. Hidden delinquencies are also not tracked.

...Compliance on Guidelines pertaining to Clients

Grievance Mechanism

- ✓ Sahayog has a well defined grievance policy, the details of which are communicated to clients during CGT, GRT and disbursement.
- ✓ Sahayog's Business Coordinator, who is responsible for overseeing the organization's operations has also been designated the responsibility of SRO whereby he ensures timely and appropriate resolution of client complaints.
- ✓ A Grievance Officer has been appointed who receives the calls, records the issues in a spreadsheet and routes it to the concerned department/staff and then calls the client post closure of the complaint to ensure effective and timely redressal. The Grievance Officer reports to the Business Coordinator.
- Although a complaint log is maintained, complaints are not analysed or reported to the senior management or the Board.
- Sahayog had also introduced complaint registers in the branches but since clients rarely visit the branches, it remains largely unutilized and therefore complaint registers have been done away with.
- ✓ The loan passbook given to clients describes the grievance process in detail. Name of the grievance officer, the HO address and contact number where the officer can be reached are printed on the passbook along with the escalation process which states that open issues can be forwarded to the Business Coordinator after 3 days and to the CEO after 15 days.
- The branch displays in some visited branches contain a citation that clients unhappy with the grievance resolution can approach the nodal officer appointed by RBI or the MFIN/Sa-Dhan with their issues. However, no such details are mentioned on the passbook.
- ✓ Sahayog forbids clients from paying any commission/bribes to staff/agents/group members
- ❑ However, absolves itself from culpability in the event they do, both verbally and in writing.
- ❑ During M-CRIL's field visit, 86% of the respondents could recall receiving training on the grievance process. However, only 63% were able to locate the toll free number on the passbook.

...Compliance on Guidelines pertaining to Clients

Monitoring & audit of compliance on guidelines pertaining to clients

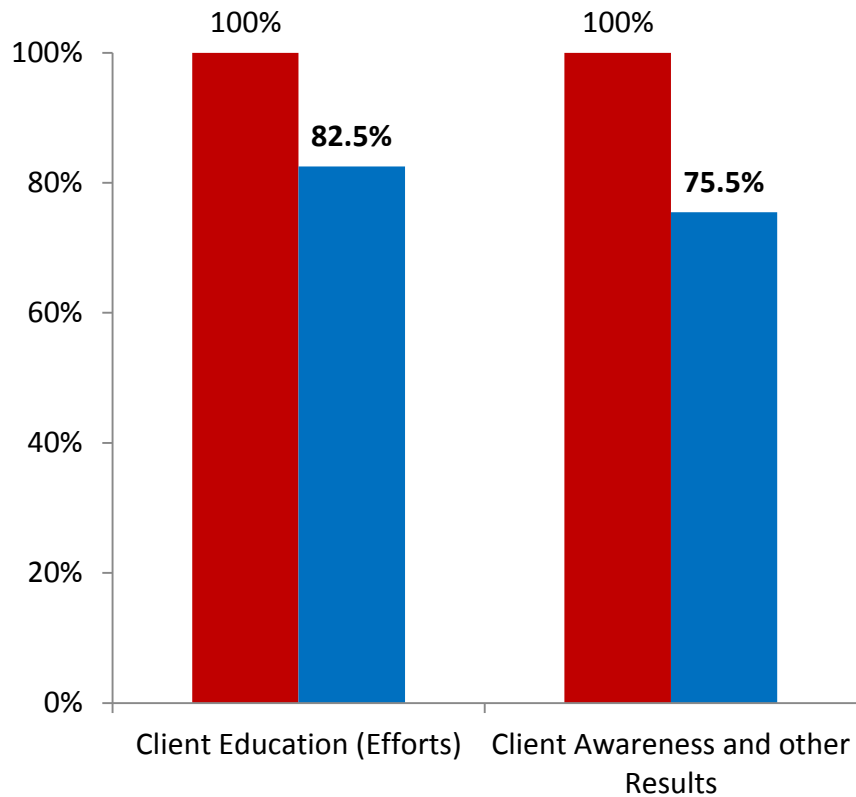
- ✓ BMs are required to visit at least four collection center meetings of each MFO in the branch per month, conduct GRTs and verify the authenticity of the LUCs while UMs and AMs are also asked to make regular visits.
- ✓ Monthly audit of all the branches is conducted by the internal audit team. The field visit component of internal audit accounts for 40% of the audit grade and covers various aspects of CoC - client attendance, collection by agents, doorstep collections, lending to high income borrowers, strength of solidarity bond, instances of loan pipelining and degree of clients' awareness on the various terms and conditions.
- ❑ However, it was observed that auditors often do not attend center meetings or observe CGT and GRT.
- ✓ A consolidated audit report is submitted to the Board on a monthly basis.

Privacy of client data

- ✓ Sahayog has built a robust and sophisticated web based MIS for storing client information. The MIS has hierarchy and role based access with audit trail and is protected against external threats via firewalls.
- All branches have read only access to other branches' data.
- Sahayog has deputed a Branch Assistant (BA) in every branch who is responsible for all backend activities. BAs are only given entry rights while modifications can only be done by HO IT team post approval. However, there is no mechanism to check the accuracy of the data entered by BA.
- ❑ Though MFO do not have any role/access to the MIS, initial data entry in the system was done by them.
- ✓ The physical loan application forms, copies of the KYCs and group guarantee forms are stored securely in locked trunks in the branches; the keys remain in the custody of the ABM/BM. All application forms and copies of KYC are stamped to prevent unauthorized reuse.
- ❑ Although Sahayog shares client data with Highmark and Equifax, written consent from clients' for sharing the same is not obtained. Clients are verbally apprised about the CB check during CGT.
- During M-CRIL's interaction with clients, 60% were aware of the data sharing process.

Client education efforts & field results

Performance



■ Maximum ■ Achievement

Score obtained	Maximum
7.8%	10%

Levels of internalization

Parameter	Approval	Documentation	Dissemination	Observance
Client Education Efforts	Good	Good	Good	Good
Client Awareness	NA	NA	NA	Moderate

...Client education efforts & field results

Client Education

- A four day Compulsory Group Training is conducted for all new clients where clients are briefed on the organization, joint liability principles, basic financial literacy concepts as well as loan processes to be followed. For repeat clients seeking new loans, a two day refresher training is conducted the duration of which spans between 40 minutes-1 hour.
- ✓ A pictorial flipbook is used to visually explain the key terms including the financial literacy concepts to clients.
- However, some first cycle clients reported participating in 2/3 day trainings that were conducted for repeat clients.
- With regard to the CoC and its implementation, clients are apprised on the toll free grievance channel, perils of multiple indebtedness, non-acceptance of bribe/commissions and non-employment of agents during CGT.
- ✓ The back page of the loan passbook mentions the non-discrimination policy, client's right to be treated with respect and pre-close their loans at will as well as the detailed grievance policy.
- Monthly branch audits confirming adherence to the critical processes are conducted and the findings are reported to the management and Board.
- ✓ Auditors are encouraged to attend the last two days of CGT (for new clients) to observe the quality and effectiveness of training.
- A comprehensive field process checklist has been designed in accordance to the CoC guidelines and forms 40% of the total score.
- The audit reports of majority of the branches attaining A grade between April-September 2014 highlight that auditors had not attended center meetings or observed CGTs and GRTs.

...Client education efforts & field results

Client awareness and other results

- ✓ High recall was noted with regard to receiving initial training on the organization, JLG principles, pricing and insurance coverage details.
- ❑ The degree of recall with regard to the CoC and multiple indebtedness guidelines was low at 47% and 48%, respectively.
- Almost all respondents were able to accurately cite their loan amount, tenure, instalment size and number of outstanding instalments. However, only 63% of the sample could recall being informed of the prepayment charges and terms.
- ❑ While most were aware that the interest was calculated on declining basis, 72% were able to quote the exact rate. Majority of the clients could recall the aggregate amount paid for processing charges (including service tax) and insurance premium, though only 54% and 52% could accurately recall the processing fee and insurance premium, respectively.
- 81% clients were familiar with the insurance benefit, while 68% could recall the claims process.
- ✓ Reasonably high recall of the grievance process at 78% was noted.
- ❑ Low awareness evinced with regard to familiarity with the Credit Bureau verification process, CoC and prepayment policy. Only 58% of the sample were cognizant of the multiple repayment options.
- ❑ Merely 7% interviewees kept their loan passbooks with themselves. The organization does not provide any copy of the contract, repayment schedule or acknowledgement receipts to clients.
- 71% reported being visited by a supervisor; in most cases it was the ABM/BM during GRT.
- ✓ Unanimous consensus noted with regard to staff attitude and conduct. No instance of misbehaviour or coercion was cited by the members.
- ✓ 98% respondents reported high degree of satisfaction with the services offered.



Annexes

Profile of the Board

Board member	Designation in the Board	Experience
Dr. Y S P Thorat	Chairman-Director	<ul style="list-style-type: none"> Retired as Chairman, NABARD in November 2007 Former CEO of the Rajiv Gandhi Trust and Chairman, Advisory Board, Rajiv Gandhi Foundation Recently appointed by the Government of Maharashtra as Chairman of the Dry land Farming Commission
Mr. Amul Urdhwareshe	Whole Time Director & CEO	<ul style="list-style-type: none"> Member of the Institute of Company Secretaries of India (ICSI), having 30 years of varied experience in corporate finance. Expertise is in regulatory, legal, contractual and financial issues with special reference to the power sector including renewable power
Mr. Anand Patidar	Non-Executive Director	<ul style="list-style-type: none"> MBA with an agricultural background; the Patidar family provides the necessary financial resources for funding the initial expenses and required promoters' contribution
Mr. Vinay Jha	Independent Director	<ul style="list-style-type: none"> Retired IAS of Tamil Nadu Cadre & Board Member at Asian Member Countries Group of ICSID Executive Board Member and Vice President of International Council of the Societies of Industrial Design, Helsinki Chairman - VIIIth Five-year Plan Task Force on Handlooms set up the NABARD
Mr. Sushil Bhagat	Independent Director	<ul style="list-style-type: none"> MBA with over 20 years experience in UTI/ Axis Bank Headed the infrastructure business in India for Wachovia bank and CFO of Moser Bear and Coastal Projects Limited
Mr. Prakash Kumar	Nominee Director	<ul style="list-style-type: none"> General Manager (SIDBI) who has been appointed as Nominee Director of the Company on behalf of SIDBI

Shareholding Pattern, 30th September 2014

Shareholder	Class Of Equity	No. Of Shares	Amount (Rs)	% Shareholding
Promoters & Associates	Equity	8,211,650	82,116,500	90.2
Others	Equity	8,90,000	8,900,000	9.8
Total		9,101,650	91,016,500	100.0
SIDBI	9% Optionally Convertible Preference Share	3,000,000	30,000,000	100.0
Total		3,000,000	30,000,000	100.0

Methodology

- ▶ **Preliminary analysis of MFI's information, review of available reports and financial statements**
- ▶ **Visit to Head Office of MFI**
 - ❑ Discussions with the senior management (Operations, Human Resources & Training, Internal Audit) to understand MFI's objectives, governance, market strategies, operations, products and services, integration of CoC in policies and procedures etc.
 - ❑ Collection and review of documents, manuals, Board minutes and associated documents to Code of Conduct.
- ▶ **Visit to branches – 8 branches in Madhya Pradesh primarily centered around Bhopal, Shajapur, Rajgarh and Chindwara districts**
- ▶ Discussion with Branch Manager and all branch staff on different aspects of CoC, MFI's policies and procedures
 - ❑ Documentation review – internal audit reports, complaints register if any and CoC displays
- ▶ **Visit to centre meetings – FGD with minimum 3 centres per branch; 37 FGDs were conducted across 8 branches**
 - ❑ Assess relationship between MFI staff and clients
 - ❑ Check for implementation of client protection principles
 - ❑ Spot check of passbooks, receipts, repayment cards, maintenance of documents
 - ❑ Feedback on products – suitability to client needs, application of terms & conditions
- ▶ **Data Analysis and Report writing**
- ▶ **Internal Review at M-CRIL**
- ▶ **Report draft sent to Sahayog Microfinance Limited**

Sampling Plan

	Branch	District	Borrowers	Total Centres
1	Chindwara	Chindwara	37	4
2	Pipariya	Chindwara	28	9
3	Udaipura	Chindwara	21	4
4	Amarwara	Chindwara	23	4
5	Bhopal	Bhopal	15	4
6	Karond	Bhopal	14	3
7	Shujalpur	Shajapur	27	4
8	Biaora	Rajgarh	30	5
		Total	194	37

Assessment tool: weight, scores and performance

Sections	No. of Indicators	Max Score	Weights	Performance
Integrity, Governance and HR Strategy	35	175	30%	24.1%
Integrating Social Values and Compliance at Institutional level	9	45	10%	9.0%
Governance	7	35	10%	6.9%
Human Resources Strategy	19	95	10%	8.2%
Compliance with regulations pertaining to clients	102	510	60%	47.3%
Client Origination and targeting	11	55	9%	6.0%
Loan Appraisal Process	7	35	9%	7.1%
Loan product features and pricing	24	120	10%	9.6%
Transparency	25	125	10%	7.3%
Responsible lending	19	95	9%	7.3%
Grievance mechanism	10	50	9%	7.4%
Privacy of client information	6	30	4%	2.6%
Client education and financial literacy	27	135	10%	7.8%
Client Education	4	20	3%	2.5%
Client Awareness	25	125	7%	5.3%
Overall	164	820	100%	79.2%

Abbreviations

ABM	Assistant Business Manager	IFC	International Finance Corporation
ADDO	Approval Documentation Dissemination Observation	IT	Information Technology
ALM	Asset Liability Management	JLG	Joint Liability Group
AM	Area Manager	KYC	Know Your Customer
APR	Annual Percentage Rate	LUC	Loan Utilization Check
BA	Business Assistant	M-CRIL	Micro-Credit Ratings International Ltd
BC	Business Correspondent	MFI	Micro Finance Institution
BM	Branch Manager	MFO	Microfinance Officer
BoD	Board of Directors	MIX	Microfinance Information eXchange
CB	Credit Bureau	MIS	Management Information System
CEO	Chief Executive Officer	MFIN	Microfinance Institutions Network
CGT	Compulsory Group Training	MRF	Member Registration Form
CoC/		NOC	No Objection Certificate
U-CoC	Code of Conduct/ Unified Code of Conduct	NBFC	Non Banking Finance Company
CRAR	Capital to Risk Weighted Assets Ratio	OSS	Operational Self Sufficiency
CRT	Compliance, Risk and Training	PAR	Portfolio at Risk
EIR	Effective Interest Rate	PSL	Priority Sector Lending
EMI	Equated Monthly Installment	RBI	Reserve Bank of India
FPC	Fair Practices Code	RM	Regional Manager
GRT	Group Recognition Test	SCV	Surprise Centre Visit
HHI	Household Income	SRO	Self-Regulatory Officer
HO	Head Office	SIDBI	Small Industries Development Bank of India
HR	Human Resources	SPM	Social Performance Management
ICAI	Institute of Chartered Accountants of India	UM	Unit Manager