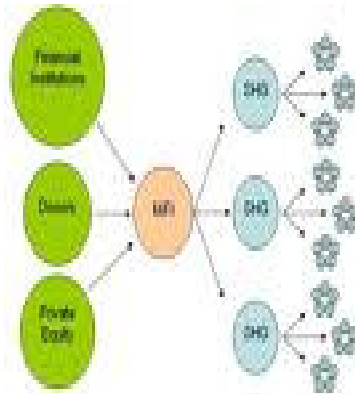
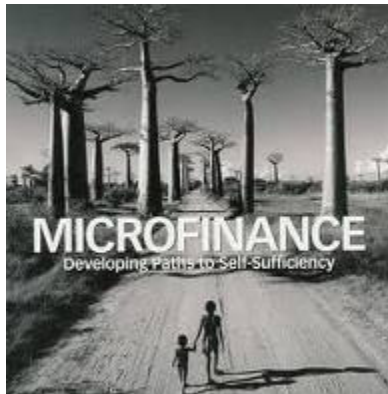


MICRO FINANCE – INTEREST FREE LOAN



The Project – NGO Fundraisers is an eleven-year-old organization in the field of raising funds for the NGOs and providing them financial support. The organization has always been giving funds to them. For over ten years, we did not touch the subject of “Micro Finance” since it is a business according to us and not a service. The SHG members are paying interest for the loan availed and we did not want to get involved in “Interest taking” business. However, we realized the potential that exists among the Self Help Group across India and have therefore decided to get into this area of financing. However, we will not charge interest. We will give the SHG individuals interest-free loans.

Who will provide the loan to the SHG Members ? - Manav Charities, a registered National NGO since 1999 will provide the loan to the members. A sum of Rs. 5000 will be given as Interest-Free Loan to all SHG individuals. This loan has to be repaid in a span of 24 months @ Rs. 210 per month for a period of 23 months and on the last month they should pay Rs. 170 which makes it exactly Rs. 5000. This loan is available only for two good reasons which are as follows :

- a) Education – In her family, if her brother, sister, son, daughter requires assistance like payment of school fees, exam fees, uniform, purchase of text books, notebooks, etc., then this loan can be availed. We can give loan up to Rs. 5000.
- b) Health - The requirement should be for hospitalization expenses of the member or member's kith and kin. During the registration time, they should have given their family members names.

When will the loan be given to SHG Members ? - After 6 months of regular savings from them. While registering with us, they should pay Rs. 60 towards Registration Fee and thereafter Rs. 20 per month towards their monthly savings. The total amount payable by the SHG for a period of 12 months is Rs. 300. This amount of Rs. 20/- should be paid every month without fail and there should not be any break in between. If there is any break in between, they will lose interest on their savings.

What is the interest payable and why ?

Interest @ 11% p.a. is payable on the SHG's savings. The amount should be locked for a period of one year. To be more precise their first month's savings of Rs. 20 can be withdrawn in the month of 13 month and it will be given back to them as Rs. 22.20. This will be given to those who do not avail loan. This interest is not payable to those who avail Loan from us.

What if the individual is unable to pay back ?

The group and the NGO should take the responsibility of paying the same back to us.

In whose name should the savings money be deposited by the SHGs ?

Manav Charities will open a Bank Account in your respective location through your help in State Bank of India or any other nationalized Bank that we suggest. All money should be deposited in this account only. Manav Charities will have the right to withdraw this amount and use for its investment purposes. Through these investments only, Manav Charities would be in a position to pay 11% interest to the savings account besides giving interest free loan to the SHG members.

Why should the SHG put money in Manav Charities Account ?

Manav Charities will have the right to use the money the way it wants and it will also fulfill the commitment that is being given to the SHGs and the NGOs.

Who will stand guarantee for the SHGs money being invested in Manav Charities Account ?

The Bank will stand guarantee for the SHGs money being invested. Before we collect the first month's savings from the SHGs, we will open a Fixed Deposit in the bank for a certain amount and will give the same as "Security" to the Bank and thus get the Bank Guarantee. So incase, we are unable to pay to SHGs then the Bank will stand guarantee to the SHGs money being invested in Manav Charities name.

For Example : If there are 500 groups and 7500 members available then their one month's investment is Rs. $7500 \times 20 = 1,50,000$. This money will be deposited by us as Fixed Deposit before the NGO collects money from SHGs. This FD in original will be given to Bank as our Security with an undertaking to the Bank who in turn will give Bank Guarantee.

This way, we are ensuring that the money deposited by the SHG members is safe and secured.

Should the SHGs go to the Bank and deposit directly in the bank account or they should go through the local NGO Partner ?

The SHG individuals are advised to deposit the money in our account through the NGO only. The NGO will give back the counterfoil of the Bank Challan to the SHG members when demanded.

What is the role of the NGO ?

The role of NGO is as follows :

- a) Enrollment of SHG members
- b) Ensure monthly remittances from every member
- c) Maintenance of Ledgers of SHG Members
- d) Recovery of Loan EMI from SHG Members
- e) Coordination with SHG group, members and us.

What is the project funding support NGO will get in this ?

The NGOs will get 10% of the collections as their NGO Management Expense. The payment will be released every month post deposit of savings money from all members.

What is the eligibility criteria for NGOs to take this project ?

The NGOs must be registered and must have worked with Self Help Groups. If the NGO has SHGs already then they will get the first priority.

What is the procedure to get this Microfinance Project ?

NGOs should visit www.ngofundraisers.com and download the application form. Enclose a DD for Rs. 10,000 in favour of NPO Financial Services P Ltd and send the same to the following address :

V. Sridhar
NPO Financial Services P Ltd
766, 47th Cross, 8th Block
Jayanagar
Bangalore 560082

After application is submitted what is the next step ?

We will send a questionnaire to NGOs which should be filled up and sent back to us. We will also send Agreement Draft, Indemnity Bond Draft, Project Execution Plan and other documents which are essential for smooth operation of this project, which they should submit in required stamp papers. Once this is received, then we will open a Bank Account in their location and also give "Security deposit" to the bankers, post which they can promote and enroll SHG Members.

How much time will it take to commence operations ?

It depends on how soon NGOs respond to our agreement drafts, etc. After the documentation exercise is completed, it will take minimum 30 days for us to open the Bank A/c.

Should NGO give any security ?

We may not insist on Security in terms of 'money'. But, we would surely ask for certain Indemnity Bond and other important documents which will be in our custody as 'security'.

