

REPCO FOUNDATION FOR MICRO CREDIT
MICRO CREDIT SCHEME – FOR FINANCIAL INCLUSION

BUSINESS CORRESPONDENT MODEL

1.ABOUT THE SCHEME

The Repco Foundation shall carry out the following activities, as Business Correspondent to participate effectively and successfully in the Financial Inclusion of the programmes of rural areas.

- (i) Identification of borrowers;
- (ii) Collection and preliminary processing of loan applications including verification of primary information / data;
- (iii) Creating awareness about savings and other products;
- (iv) Processing and submission of applications to bank;
- (v) Promotion and nurturing Self Help Groups;
- (vi) Disbursal of micro credit;
- (vii) Post-sanction monitoring;
- (viii) Monitoring, follow up and recovery of principal / interest;
- (ix) Sale of Micro insurance;

The Bank correspondent fee of 2.5% of the total disbursement shall be received from the opting Bank as follows:

1. Initially 1.5% of the loan projection for disbursement shall be received to enable the RFMC to take up the preparatory activities.
2. The balance fee of 1% shall be received at the end of every year on the outstanding level of standard advances.

The progress of the project shall be reviewed by every quarter at the District level / Apex level monitoring committee meetings.

*** Scheme period : Continuous with the provision for 3 months notice period on either side**

3. IMPLEMENTATION DETAILS OF THE PROJECT.

Step 1 - Preparatory works

S.No.	Work	Executed by
1.	To organize apex level & District level Coordination committee to prepare the road map for the implementation of the project.	Opting Bank & RFMC
2.	To release correspondent fee of 1.5% to take up preparatory activities	Opting Bank
3.	To prepare geographical area details in respect of Opting Bank branches operating in the District.	RFMC
4.	To convene meeting of the NGOs operating in that area to appraise them about the project and receiving feed back about their commitment to have group a/c. with us.	RFMC
5.	To convene the village level group meeting of SHGs / organizing Mass contact programme for detailing them about the scheme.	RFMC

Step 2 – Staff recruitment, Software selection & Cash Collection

S.No.	Work	Executed by
1.	To identify cash collection centres cum training centres	RFMC
2.	To arrange required application forms from Opting Bank for the opening of SB A/cs., Loan a/c., and challan for cash remittance etc.	Opting Bank
3.	To finalize software programme / operation details for opening of SB A/c., savings collection, loan ledger, loan disbursement and loan recovery etc.	Opting Bank
4.	To provide necessary computers, printers, smart cards and hand held device.	Opting Bank
5.	To recruit staff for RFMC to maintain Business Correspondent centres and one project office.	RFMC
6.	To train the RFMC staff to brief about the implementation of the scheme and their role-play.	RFMC

Step 3 – Operational matters of Savings & Loan a/cs.

S.No.	Work	Executed by
1.	To open savings a/cs. for SHGs and remittance of cash at the notified <i>Opting Bank</i> branches / BC centres within the agreed time schedule.	RFMC & Opting Bank
2.	To take up rating for eligible SHGs and to entertain micro credit proposal.	RFMC
3.	To appraise the loan proposals and forward it to H.O., RFMC, for preliminary sanction.	RFMC
4.	The details of loan sanction shall be submitted to Opting Bank for receiving funds for loan disbursement.	Opting Bank
5.	On receipt of funds for disbursement, the Repco Foundation shall obtain the loan documents before disbursement. Such loan document shall be sent to the notified branch of Opting Bank for its safe custody.	RFMC
6.	Post sanction monitoring, follow up and recovery of principal / interest	RFMC
7.	Sale of Micro Insurance and its monitoring	RFMC

3. BUSINESS CORRESPONDENT FEE:

The Business correspondent fee of 2.5% of the total disbursement shall be received from the opting Bank as follows:

1. Initially 1.5% of the loan projection for disbursement shall be received as upfront to enable the RFMC to take up the preparatory activities.
2. The balance fee of 1% shall be received after six months of the successful operation of the A/c / follow up of the group.

The progress of the project shall be reviewed by every quarter.

*** Scheme period : Continuous with the provision for 3 months notice period on either side**
