

## **DAY- NRLM Women Led Enterprises Lending Policy**

### **1. Background**

Tripura Rural Livelihood Mission intensive engagement with SHGs has been able to successfully promote self-employment, self-reliance, independence from high-cost debt and access to micro credit to promote livelihood enterprises among its thousands of SHG members. SHGs has been able to meet their member's need./ of micro credit by extending internal loan to its members which generally moved from consumption to income generation loans over time. Lakhs of SHG members after receiving support from special enterprise promotion and development program like SVEP, MED, PMFME and all agricultural interventions have been able to set up their enterprises across non-farm, off farm, and farm sectors by taking small ticket size loans over single to multiple times from her SHGs. Now, with the growth of these enterprise over the years, they have surpassed the capacity of its own SHGs to meet its enterprise credit need. Members are seeking higher ticket size loans (Rs. 1 to 5 Lakh in most cases and up to 10 lakh in few cases) at affordable rates by following minimal processes.

Women led enterprise faces multiple challenges while accessing credit from Formal Financial Institutions (FFIs); such as Banks, Non-Banking Financial Corporation (NBFC), Small Finance Banks (SFBs) etc. Lack of credit history, enterprise data, difficult and varied loan processes, distance, adverse credit history despite good intent and no collateral adds to the woes and to overcome these challenges they need quality support at her doorstep and proper handholding along the way. In order to meet the rising requirement of bigger ticket size loans of the SHG members a dedicated intervention is required.

This policy of Tripura Rural Livelihood Mission is adopted to address the following challenges for women led enterprises loans –

- Majority of our SHG women entrepreneur being new to direct – individual credit customers for banks, may not have credit history due to which banks find it difficult to assess their creditworthiness more so in the absence of any meaningful collateral to be offered to the Bank.
- Overcoming the hesitation of our SHG members to seek credit from Banks because of lack of information, difficult processes and because of lack of support services accessible to her.
- Women has largely informal enterprises which are not registered and have incomplete or underreported business financial information. We will extend this support where enterprises financial details can be captured and can be converted into financial statements acceptable by banks.
- Banks has open ended time for a loan to process, however in such cases the need of the enterprise is not met on time. TRLM will actively follow up with banks, extend them all support that is needed for the assessment of the

members and ensure timely loan disbursement by the banks for the applied loans.

- In most cases members overestimate or underestimate the loan requirement for their enterprise and estimation are not based on proper calculation. Furthermore, from the bank's side a standard set amount is extended to members as loan irrespective of the requirement in which case it is always underfinanced. So, enterprises in such cases will always be underfinanced, which impacts their capacity utilization and hurts profits. TRLM will help such applications to determine the correct loan eligibility amount and the requirement so that banks can extend the loan according to the correct eligibility of the member.
- We will educate the members on all the loan processes, banks terminologies and help them understand all the loan documents, etc.

#### A. Eligibility of SHG members for enterprise finance

Eligibility of the SHG members to access enterprise finance from banks is also depended upon the eligibility of her parent SHG. Following is the minimum eligibility of member's parent SHG.

Sl. No.	Parent SHG Indicators	Minimum Eligibility
1	SHG age	Minimum 2 years old from the date of formation.
2	Bank Linkage	Successfully completed atleast 1 dose with timely repayment
3	Panchasutra	Actively following Panchasutra

#### B. Eligibility of SHG members according to different loan sizes

Sl. No.	SHG Member's Parameter	0.75 – 2 lakh	2 - 5 lakh	5 - 10 lakh
1	Membership with SHG in years	2	3	3
2	Minimum number of loan cycles successfully completed from SHG	1	2	2
3	Age (60 at the end of loan tenure)	21-60	21-60	21-60
4	Enterprise age in years	2	3	3
5	Minimum amount of loan served in one tranche	25000	40000	40000
6	CIBIL Score (Should not be defaulter of any financial institutions)	> 650 or 0/-1	> 650 or 0/-1	> 650 or 0/-1
7	Own contribution (at least)	10%	10%	10%
8	Knowledge of the business	Basic to advanced	Basic to advanced	Basic to advanced
9	Recommendation letter from CBOs	Yes	Yes	Yes

\*In case of above 5 lakh loan detailed ratio analysis will come in assessment

section to be done by the mentors.

## **2. Mentors of Enterprise Financing**

To implement this program at scale and without diluting quality, a strong network of Enterprise Financing Mentors is essential who will support the front-line cadre - Vitta Sakhi's in delivering their services. Vitta Sakhi's or other community cadres who would perform the role will need continued support in every step of the women enterprise financing processes - right from identification to enterprise and entrepreneurs' assessment to ensuring actual disbursement. This being a new intervention with special technical aspect and in order to send only the quality proposals to banks and to ensure zero NPA, special skills on credit assessment needs to be developed by the community cadres, community organizations and the entire TRLM field functionaries. The staff and the CRPs involved over the time shall completely understand 3 main financial statements, developing business strategies, banking terminologies, credit assessment techniques, checking credit worthiness of the members etc. Once a sizeable number of applications are processed by the team members involved, the team will be in a condition to carry it by themselves, but till then support of mentors would be especially important.

### **A. Role of mentors**

- Mentors will provide the crucial support to the Vitta Sakhi's at each step from selection of the Micro Enterprise, preparation of documents, disbursement of loan, loan collection and business monitoring.
- Any gaps / short comings observed in the process of identification, enrolment, and documentation etc. of the entrepreneur will be rectified by the mentor through inputs to / from Vitta Sakhi's.
- Mentors are expected to conduct sample visits of 30% of entrepreneurs identified and found eligible for enterprise loans.
- Mentors will provide necessary guidance to Vitta Sakhi on how to conduct the appraisal of the enterprise.
- Mentor will liaison with the banks post submission of the Micro Enterprise Loan application in case it faces any hurdles and will support the Vitta Sakhi's to resolve the same.
- Mentor will ensure that the Block office and CLF are informed of the disbursement and are always kept in loop.
- Post disbursal of the loan, Mentors are expected to support Vitta Sakhi by visiting the entrepreneur along with Vitta Sakhis in case there is any issue in fund utilization or timely repayment of the loan.
- Mentors – based on their experience will prepare a list of model economic activities, which have potential to grow in the area. The model should include the various resources required including the investment required for the same. This will form a part of the handbook which will be provided to Vitta Sakhi.
- Mentors should further give inputs w.r.t various central & state government schemes which are relevant and can be beneficial for entrepreneur.

- Mentors are expected to build the confidence of Vitta Sakhi over time such that the Vitta Sakhi's can operate independently after 12 months of support.

#### **B. Mentors to Vitta Sakhi's Ratio:**

Ideally one Mentor should be deployed for every 7-10 vitta Sakhi, but total number of micro enterprises / entrepreneurs being managed by such Vitta Sakhi should not exceed 50 in 1st year and may be increased upto 100 by 2nd year.

#### **C. Training and orientation to the Mentors:**

- i. As the mentors will be new to this project, an orientation for the project will be required for mentors. Mentors given their banking related background are expected to have a knowledge of rural micro-enterprises and their banking needs. Their orientation or training will be conducted by trained TRLM functionaries and should focus on the following aspects:
  - Basic of mentoring
  - Training content developed by NRLM.
  - Their roles and responsibility
  - Introduction to various apps and portals that will be used under this initiatives
  - Refresher on on-going Govt. schemes benefitting women micro-entrepreneurs.
  - Using the Excel tool to estimate credit requirement, developing basic financials like cash-flows, balance sheet, and profit & loss statement.
  - Loan / portfolio monitoring and when and how to escalate unmanageable situations and it's reporting.
  - Monitoring the micro-enterprise via a performance tracking mechanism
  - How to conduct orientation program for CLF, VO & SHG's
  - Digital payment channels for business-merchant establishments to use for sales collection.
- ii. The trained Mentors shall further provide basic knowledge through training to the block level field staff.
- iii. The trained Mentors shall further conduct the process for selection of Vitta Sakhis and train them as per the training module.

### **3. Vitta Sakhis**

To be able to successfully roll out this intervention and extend support to our women entrepreneurs in accessing higher ticket size loans (>Rs. 75,000) from formal financial institutions special cadre will be required. This cadre shall have good banking knowledge and have experience and confidence of working with bank officials and shall be able to complete all the formalities according to the banks' requirement. Moreover, she shall also be able to assess the eligibility of the enterprises and the entrepreneur so that only credit worthy entrepreneur's applications are submitted at the bank branches.

To develop such skills among NRLM's community cadres this policy is

being introduced and cadres with those skill and practicing in field will be known as Vitta Sakhis. The role of Vitta Sakhi will be different from the current role of Bank Sakhi and any other similar cadre and is expected to be more refined/complex involving understanding of both aspect i.e 'enterprise promotion and financing' which will need ability to develop micro enterprise loan proposals of formal (proprietorship, partnerships, company) and informal enterprises for loans up to Rs 10 lakh in compliance with financial statement requirements of Banks.

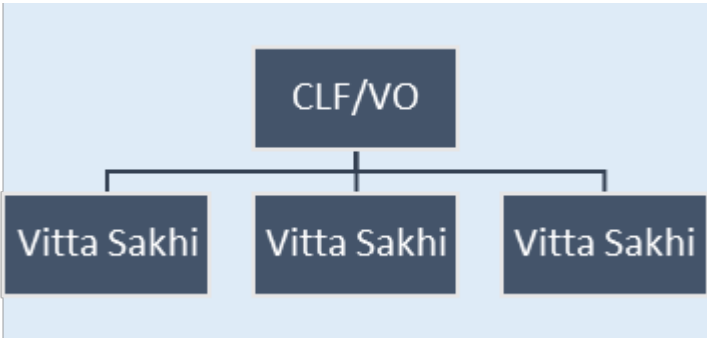
Vitta Sakhis will play a vital role in implementation of the women led enterprise financing intervention and help to overcome the challenges that a women entrepreneur face in rural areas. Deploying of Vitta Sakhis will not only help or support the community but will also benefit banks in many ways by supporting their branch in documentation and doing follow ups with the SHG member individual borrower. Vitta sakhi deployment shall catalyze the individual member bank linkage in the State of Tripura.

**A. Eligibility criteria for Vitta Sakhis**

A Vitta Sakhi should be identified from the existing CRP-EP ( Community Resource Person- Enterprise Promotion) and incase no CRP deployed in the block a new CRP should be identify from the age group of between 23 to 55 years age. In case first priority Sakhis (CRP-EP) of the blocks are not ready to take up the role or have not scored minimum score in the written test (mentioned below) then it should be made available to the next type of cadre.

**B. Selection of Vitta Sakhi**

Selection of Vitta Sakhis should be done competitively and those Sakhis which have completed all the stages of selection with merit shall be given the role.



All Vitta Sakhis shall be deployed under CLF (Cluster Level Federation)/ VO (Village Organization) wherever CLF is yet to be formed and shall be managed by CLF EC members or VO office bearers. In the selection of Vitta Sakhi CLF/VO shall play an active role in all the processes of selection.

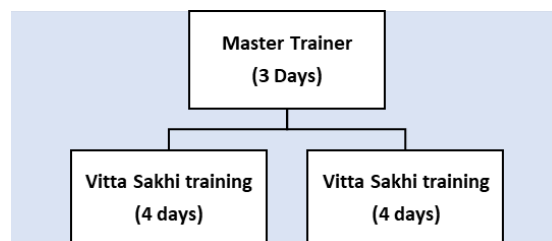
- i. A committee of 5 members to be formed comprising office bearers of CLF (VO if CLF is not formed) and BMC/In-charge.
- ii. Whenever there will be requirement of selection of Vitta Sakhis, either

new selection or replacement, the information regarding the requirement shall be passed on to every eligible cadre either by phone, on meetings, WhatsApp messages, SMS, mail, and any other method whichever is suitable.

- iii. Interested Sakhis shall submit their resume/biodata with experience certificate from concerned CLF/GPLF/VO.
- iv. A written test based on basic arithmetic, entrepreneurship, and financial inclusion will be conducted by the CLF's/ VO's under the facilitations of BMMU. Written test will be followed by group discussion/interview of candidates. Candidates scoring 70% or above will be considered for the training of Vitta Sakhis. Once they successfully complete the training then they will become the Vitta Sakhis.
- v. The Selection committee mentioned above will finalize the name of candidates for Vitta Sakhi role.

### C. Training and role of Vitta Sakhi:

- a. Selected Vitta Sakhis will undergo a residential training of 4-5 days .
- b. Vitta Sakhis will learn concept on fundamental banking, fundamental of enterprises, basic of financial statements, capital requirement for business, identification of entrepreneurs and their appropriate source of loans, key loan appraisal parameters of banks, online app etc.
- c. On the end of the training day final examination will be conducted on the content of the training. Sakhis should mandatorily appear in that examination and without which she will not be eligible to become a Vitta Sakhis.
- d. Sakhi should get a minimum passing score of 50 to become a Vitta Sakhi.
- e. Once they complete the training and the final examination is cleared, they will become a Vitta Sakhis and their work area will be allocated to them by CLF.
- f. Refresher at District level – follow up training after 3 months of starting work which could be of 2-3 days.



Master Trainers are selected from SRLM staff of district and block team. They must undergo 3 days residential training.

#### **D. Responsibilities of Vitta Sakhi**

- a. Vitta Sakhis shall identify the existing women entrepreneurs from her stipulated area who would be potential borrowers. She should screen the members according to the eligibility criteria set by TRLM and communicated to her through her CLF from time to time.
- b. She shall conduct awareness meetings on the SHG/VO/CLF on the eligibility criteria followed by TRLM to be eligible for bank loan or any higher ticket size loan from CBOs.
- c. Once the member is identified and screened she should enroll her in the UDYAM app.
- d. Priority to be given to the women entrepreneurs who have already received support under SVEP, MED or any other interventions under DAY-NRLM.
- e. Vitta Sakhis should take help of mentors and block/districts staff to rightfully select the eligible borrower whenever she requires.
- f. Vitta Sakhi can check credit bureau score of the members with banks or using any technology platform but only after taking written explicit approval from the members whose credit bureau has to be checked. To improve the acceptance rate of Micro-Enterprise Loan applications with Formal Financial Institution's, only those applications to be sent to banks who has favorable credit score.
- g. Vitta Sakhis should prioritize access of internal sources of funds over bank finance always for the entrepreneur if it's below certain limit set by TRLM.
- h. Vitta Sakhi will co-ordinate with SHG/VO/CLF to obtain documents related to transactions made by member with the SHG and do the background check. She should obtain recommendation from her SHG/VO/CLF before processing the loan application.
- i. Vitta Sakhi should always ensure and verify that all the information collected for or from the entrepreneurs are correct. She can also do reference check with house and business neighbor.
- j. Vitta Sakhi shall collect all the data related to the women entrepreneur and her enterprises along with other details as suggested by her mentor and send the file to the mentor for further processing.
- k. Vitta Sakhi should coordinate with mentors about the timely loan disbursement from banks and keep her women entrepreneur informed at every stage of the application.
- l. Once the loan is disbursed from the bank, she should keep a track on the repayment.
- m. Banks will send information to Vitta Sakhi in case any member has missed her monthly installment. In case such information is received then the Vitta Sakhis should immediately connect with the entrepreneur, try to understand the reason of nonpayment and follow-up with the members till the overdue payment is cleared. If required she can involve her CLF, mentor, or block staff.
- n. Vitta sakhi will maintain a separate manual register on loan applications submitted, loan applications sanctioned and disbursed.

- o. Vitta Sakhi will ensure that the Mentor, SHG and VO are kept in loop about the date of disbursement and amount disbursed.
- p. Vitta Sakhi will continue to stay in touch with the entrepreneur on monthly basis and take regular updates on business performance and repayment of loan.
- q. Vitta Sakhi will update these data on the android app (along with GPS coordinate & photographs) and inform to Mentor/SHG and or VO/CLF in case of any irregularities.
- r. Additionally, Vitta Sakhi will also track the business performance using the android app and will also help members in obtaining a PAN card and UDYAM AADHAR.
- s. As micro-enterprise grows, Vitta Sakhi will support them in procuring additional MEL from formal financial institutions from time to time.

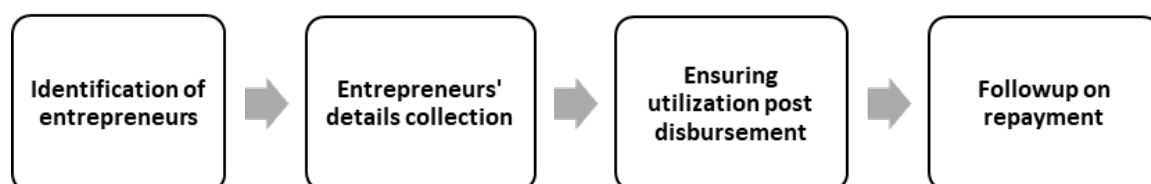


Figure 3: Broad roles and responsibilities of Vitta Sakhis

### E. Honorarium of Vitta Sakhi

To cover their opportunity cost of time and travel and to keep them motivated to deliver their work timely and with quality all Vitta Sakhis should be remunerated adequately. Vitta Sakhi's monthly honorarium will be based on her output and only has variable component, and no fixed component is available.

Honorarium of Vitta Sakhi will be task based as per the below table:

Sl. No.	Activity/output	Documentary proof	Unit	Rate
1	<b>Orientation and awareness creation on Micro Enterprise Financing in all SHGs of her area. This shall be done only once till all the SHG members are made aware in her area.</b>	Meeting minutes written on the proceeding copy of the SHG with sign of every member and the Office Bearers. Sign of Mentor if present.		



	(In this meeting she shall introduce herself as Vitta Sakhis, talk about her role and how she can help in availing bigger ticket size loans and inform all members about the eligibility criteria of SHG, eligibility criteria of the members, credit score, eligible businesses, interest rates of bank, approximate EMI and the entire processes.)	In the meeting minutes, the various eligibility criterion and all information passed shall be written clearly.	Per SHG	100
2	<b>Collecting information of the enterprise on the stipulated form (Questionnaire 2) loan form fill-up and disbursement of the loan.</b>  Please note that the entrepreneur must be eligible under the SHG and Member eligibility criteria set by TRLM.	Sanction letter of the loan.	Per completed loan of one entrepreneur	500
3.	<b>Within 15-30 days of disbursement visit to women entrepreneur to check the status of the enterprise and the utilization of the fund.</b>	Utilization report	Per Loan	200
4	<b>Monthly visit to for successful running of the business and timely repayment.</b>	Visit Report	Per Report	50
5.	<b>Timely repayment (closure) of the enterprise loan</b>	Loan closure certificate	Per SHG	500
6	<b>Onboarding of entrepreneur on Digital Payment Platforms (e.g- google pay/phone pay, internet banking etc).</b>	Digital payment activation confirmation message/email printout, and test transfer of Rs. 10.	Per account	50

#### ***4. Formats of report to be maintained by the Vitta Sakhi***

- Movement Register
- Loan Repayment Register
- Utilization Report

### **Movement Register for Vitta Sakhi**

Name of Vitta Sakhi:

Name of the Cluster/VO:

Name of the Blocks:

For the Month of:

Sl. No.	Date	Time of Journey	Returning Time	Place of visit	Purpose of visit	Authenticated by*
1.						
2.						
3.						
4.						
5.						

**\*When Vitta Sakhi will visit the enterprise entrepreneur will authenticate the Vitta Sakhi attendance with signature and SHG seal.**

### **Format for loan Repayment**

Name of the SHG Member: -  
Name of the SHG: -  
Name of the CLF: -  
Enterprise Name: -  
disbursed:-  
Savings Account No: -  
Loan Account No: -  
details:-

Name of the Bank:-  
Name of the Branch:  
Loan Type:-  
Amount of loan  
  
Loan Tenure:-  
Product/Service

### **Month Wise Loan Repayment schedule**

Sl No.	Date	Installment Amount	Installment Amount repaid	Overdue Amount	NPA Amount	NPA Period	Outstanding Amount
1.							
2.							
3.							
4.							
5.							

## Loan Utilization Report

Date of disbursement:-

Disbursed Amount:-

Mode of disbursement (e.g. bank transfer, check):-

Purpose of disbursement:-

Utilization Breakdown:	Amount Spent:
Purchase of machinery:	
Purchase of Raw materials:	
Any Other product purchase:	
1)	
2)	
3)	

Any kind of Operational Expenses	Amount Spent:
Rent:	
Salaries and wages:	
Bank charges:	
Sales and marketing fees:	
Office supplies:	
Repairs:	
Utilities expenses:	
Cost of goods sold:	

Any kind of unforeseen expenditure:	Amount Spent:

**Verified By**  
**(Vitta Sakhi)**

**Signature of the**  
**entrepreneur**