

# **Micro Credit and Finance Guideline**

**Rural Village Water Resource Management Project  
(RVWRMP)**

## Introduction

Rural Village Water Resource Management Project (RVWRMP) has been initiated in seven districts of FWR and two districts of MWR with financial and technical support of Government of Finland. The basic objective of the project is to "**improve quality of life, environmental conditions and increased opportunities to improve rural livelihoods in the 80 VDCs of nine districts through rational, equitable and sustainable use of water at the community/village level.**"

The project approach is based on the following key principles and tools:

- **Holistic approach** – comprehensive, multi-sector planning and preparation process.
- **Bottom up approach** – community mobilization through principles and approaches of social mobilizations.
- **Participatory approach**- ownership promotion.
- **Income Generation**- entrepreneurship promotion
- **Coordination**-linkages with other ongoing projects
- **Multiple use of water**-water resource management

In order to meet the overall objective of RVWRMP through above key principles and tools, Social mobilization will be undertaken as necessary elements in the implementation of project activities in the village level. To develop autonomous organization at the village level, one of the key elements of the social mobilization is the **capital generation** through internal savings, its mobilization and revolving of external capital. With a view to provide an enabling environment to operate micro credit system by the community organization, a guideline has been prepared.

## Micro Credit/Finance

It is the supply of basic financial services to poor and low income households and their micro enterprises. It comprises of several financial tools such as savings, credit, leasing, insurance and cash transfers. The provision of these services is being done by: Bank, NGOs, Community Organization, federation of community organization, Saving Credit Cooperatives and associations and informal sources. Sustainable microfinance services should be:

- Convenient
- Flexible
- And of easy access

Microfinance experiences has shown, access to safe and flexible saving services can play a vital role in poor people's strategies for minimizing risks, mitigating income facing unexpected expenditures and emergencies and building a small assets base overtime. In particular the very poor living in rural areas who may lack investment opportunities and safe ways of keeping their savings, greatly value access to safe saving services. Thus a community organization will be

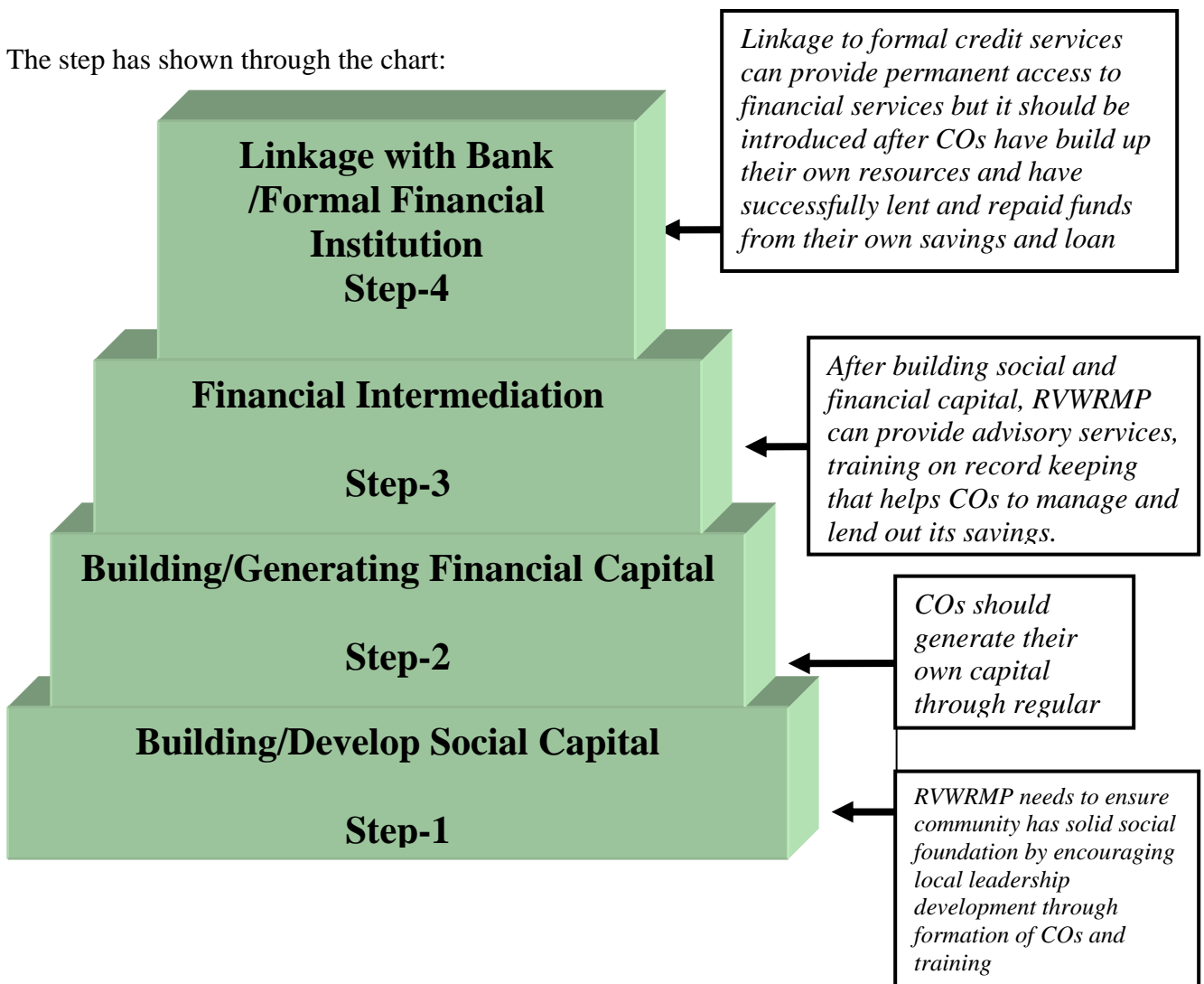
developed in each village of program VDC to provide the services of all participating households for saving and credit facility through saving mobilization and loan funds.

### Modality of Successful Community Managed Micro Credit/finance System:

The building blocks of successful community managed micro credit/finance system can be achieved through the successful completion of following steps:

- 1. Building/Developing Social Capital:** Laws and Regulations, Respect for Laws, Monitoring, Evaluation, and Accountability etc.
- 2. Building/Generating Financial Capital:** Generate Capital through internal saving.
- 3. Developing Financial Intermediation:** Capacity of all developed organized such as COs/WRMSC/CMC should be enhanced through advisory services and trainings on lending and book keeping management.
- 4. Develop Linkages with formal financial institution:** It should be introduced only after the developed organizations have built up their own resources and have successfully lent and repaid funds from their own savings and project loan funds.

The step has shown through the chart:



# Saving and its Mobilization

## 1. Saving

With a view to save some of the present income for the future without spending all at present is called as **saving**.

Generally, we say that

$$\text{Income} - \text{Expenditure} = \text{Saving (in general)}$$

But in rural community, take out some of the income and then make the expenditure as per requirements.

$$\text{Income} - \text{Saving} = \text{Expenditure (in Social Mobilization)}$$

### 1.1. Relationship between Income, expenditure, Investment and saving

The relationship among them can be expressed in mathematical terms as follows:

$$\text{Income} = \text{Saving} + \text{Expenditure} \quad (\text{Equation-1})$$

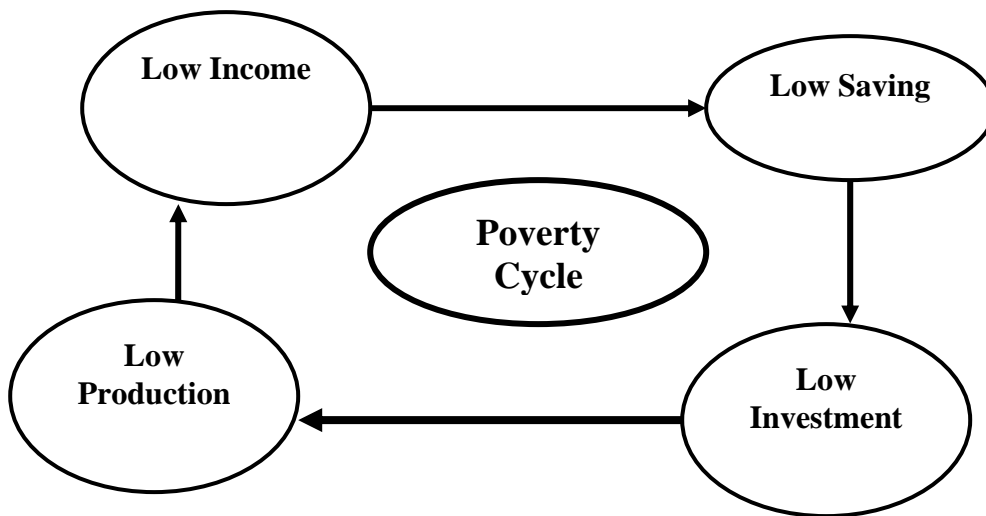
$$\text{Income} = \text{Investment} + \text{Expenditure} \quad (\text{Equation-2})$$

Subtract equation 1 from 2

$$\text{Saving} = \text{Investment}$$

I.e Saving is directly proportional to Investment (Saving~investment)

The poverty trap can be expressed through the relationship between saving and investment. It is presented through the chart:



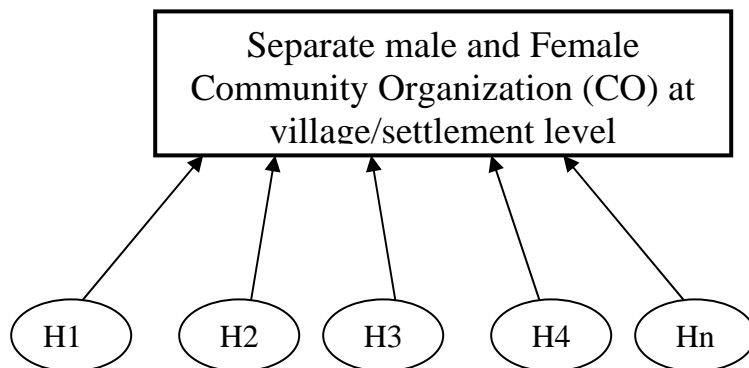
## 1.2. How to save?

The different ways for saving are:-

- Curtail the unnecessary expenses.
- Inculcate the saving habit.
- Increasing the income status.
- Realizing the importance of saving

## 1.3. Where to keep it safely?

Rural people have desire to save and keep it safely for future. But the bank and other formal financial institution is not easily accessible to them. Thus community organization will be appropriate avenue



*(Note: H1.....Hn indicates member of household)*

## 1.4. Limitation of Mandatory Saving in each CO meeting

To enable community people to attain financial self-reliance, they should be made aware that it is mandatory for everyone of them to deposit certain amount of saving during each meeting of CO. The amount of saving should be within the capacity of the poorest members.

The members and managers should be explained about the process to be followed while collecting savings and documenting the records. The saving and attendance register and passbook (annex-2 & 3) should be given and should teach them how to fill it.

## 1.5. Fixed and Variable Savings

The community people should decide regarding the amount to be saved in each meeting. It is possible to either have all CO-members save as per their capacity (referred as "**variable saving rate**") or require all of them to save an equal amount (known as **fixed saving rate**"). Both system (variable saving and fixed saving) have their own strengthen and weakness (Table-1) and therefore decision should be made only after holding ample of discussion and analysis.

<b>Table-I: Strengths and Weaknesses of variable and fixed savings</b>		
<b>Type of saving</b>	<b>Strengths</b>	<b>Weaknesses</b>
1. Capacity based (Variable saving rate)	1. Fast capital formation and achievement of self-reliance	1. CO members who save more may dominate the CO. 2. The morale of the poor might be affected. 3. Difficult to keep account, and distribution of interest as per saving
2. Equal (Fixed saving rate)	1. Poor get empowered. 2. Easy to keep account, easy to calculate and distribution of interest/income. Others understand the accounting system	1. Slow capital formation and gradual attainment of self-reliance

To mitigate the cash holding risk, members should be encouraged to open bank account through joint signatory. They should decide who would operate the bank account.

### **1.6. Importance of saving and its utility**

The importance of saving can be realized through its utilization on following ways:

- Mobilization for the productive investment (construction of irrigation canal, electrification, procurement of agricultural input, supplementary for credit needs to member of COs)
  - Used as collateral for accessing the credit from formal financial institution.
  - Used as emergency fund
  - Empower to take micro enterprise.
  - Build self confidence to take various activities for the community development.
- Thus it helps towards achieving the financial self-reliance to the member of COs and COs itself.

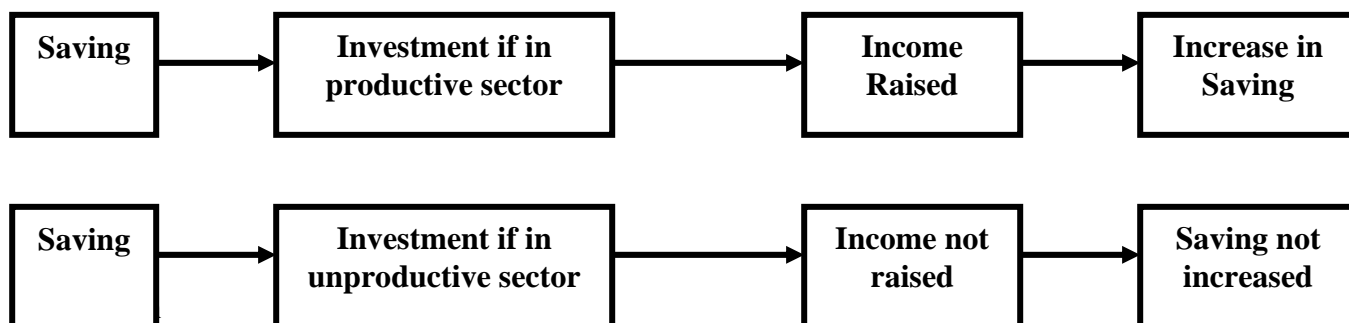
### **2. Objective of CO-Savings**

The objective of CO-saving through mandatory approach by the participating members are:

- to inculcate saving habit to all participating members.
- to enable community people to attain financial self-reliance.

## 2.1. Saving Mobilization

Saving should be mobilized with a view to increase the capital through earning interest. It should be utilized after the realization of following concepts



## 2.2. Principles of Saving Mobilization

The following principles should be taken in to consideration for saving mobilization in the community organization.

- Shareholders
- Consensus based decision
- Equitable
- Not for grant purpose

Community Organization has control over all the financial capital that it generates within the CO.

## 3. Lending

To supply the micro finance services to low income and needy members of community organization, the accumulated capital through saving will be mobilized to the members for undertaking various income generating activities. There should also be provision to meet the emergency needs of members through supply of services from the savings. So, some emergency fund should be kept for emergency purpose. The lending policy in each community organization should be formulated and should be approved by the CO members. Policy on the following area should be formulated by following the approach "**Learning by Doing**":

- Loan Ceiling to individual member.
- Interest Rate
- Repayment period.
- Penalty incase of default





Total (B)															
<b>Balance amount for lending (A-B)</b>															

### 3.3. Interest Rate

It is told as wage of money. It means how much interest should be of Rs 100 in one year. Interest rate depends upon the demand and supply of the available resources. The basis for determination of interest rate in CO is:

- Interest rate to be paid by CO in external capital/loan plus management cost/lending cost of CO. Generally 4-6% profit margin is taken into consideration.
- Considering the existing interest of money lenders in the surroundings and interest rate of formal institution, it will be determined by all CO members on consensus based decision.

The appropriate interest rate in CO should be in between 16-18%. But the CO should be provision of rebate in the interest rate for following cases:

- Poorest of poor member.
- Members having excellent track record of credit utilization and timely repayment.
- Incase of failure of enterprise/Income generation activities.

#### 3.3.1. Calculation of Interest Rate

Formula is given below to calculate interest in CO

If it is in Year

$$\text{Interest} = \text{Principal} * \text{Time (in Year)} * \text{Interest rate} / 100$$

If it is in month

$$\text{Interest} = \text{Principal} * \text{Time (in month)} * \text{Interest rate} / 1200$$

If it is in day

$$\text{Interest} = \text{Principal} * \text{Time (in days)} * \text{Interest rate} / 36500$$

### 3.4. Priority Sector for the lending

The priority sector of CO for lending is given below:

1. Critical Consumption Loans
  - a. Emergencies (disaster, accidents, critical health condition, death rituals etc)
  - b. Basic human needs (food, clothing, education and general health)
2. Income generating activities/employment generation
3. Capital base creation such as purchase of land, livestock etc
4. Other Social (housing, marriages etc) and economic activities

### 3.5. Priority of Clients

In CO while taking decision on loan approval, priority should be given accordingly

- ✓ Credit Worthiness
- ✓ Poorest – Poor- Non Poor
- ✓ Entrepreneur

**A 5 C's given below denotes the quality of borrower:**

- 1. Character**
- 2. Capacity**
- 3. Credibility**
- 4. Commitment**
- 5. Credit Worthiness**

Besides this, she/he should be member of community organization and should be participating in the meeting and other social works regularly.

### **3.6. Size of Loan**

It depends upon the availability of the resources in the COs. CO should have obligation to entertain all members over a period of time. But, the focus should be given to those who do not have easily access to credit in the formal financial institution. CO should not lend out under and over financing to the members. To entertain the all needy members over time, the plan should be formulated and approved in CO.

### **3.7. Repayment**

With a view to increase the capital in CO as well as to entertain all needy members in the CO, the repayment of loan should be fixed in the installment basis. The installment amount should be within the capacity of loanee members. The amount should be determined by the mutual understanding between loanee member and CO.

#### **3.7.1. Benefits of CO and loanee if the repayment schedule has been determined in monthly basis within the capacity of the loanee member are:**

##### **In case of CO:**

- Turn over increased in CO.
- Able to entertain the needy members over a time
- Less chance of default amount.
- Able to maintain financial discipline and maintain sound repayment rate.
- Increase in the income of CO
- Require short time to maintain financial self-sufficiency
- Chances of establishing the wholesale credit linkages with other financial institution.

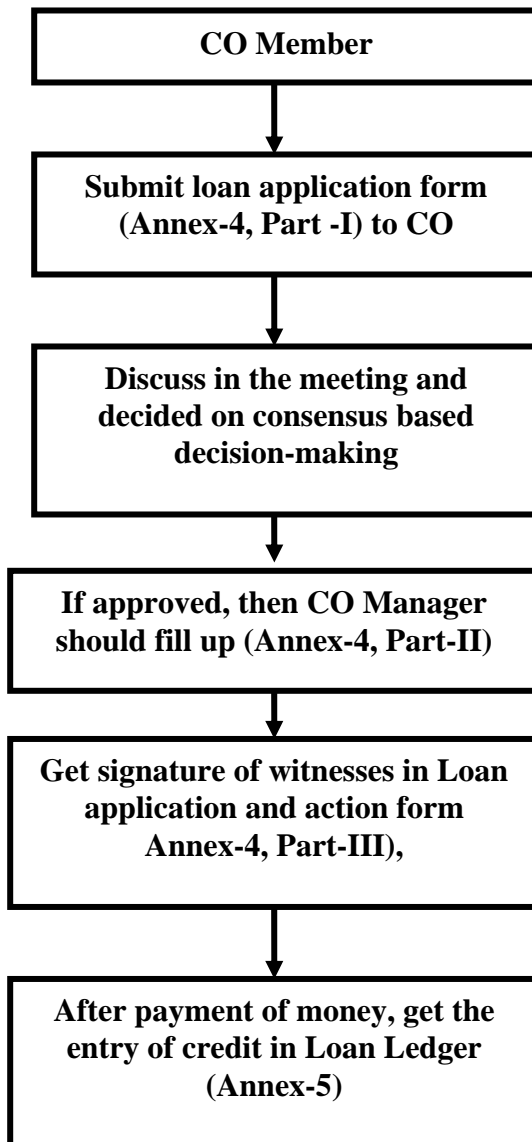
##### **In case of Loanee Member:**

- Less interest to be paid.
- Feeling comfort in repaying loan

- Inculcate repaying habit. Loanee member should curtail unnecessary expense.
- Become trust worthy and get further financial services

### **3.8. Loan appraisal in CO/Lending Process in CO**

The loan appraisal process is shown through the chart given below:-



### **3.9. Loan Collection**

CO should inform in previous meetings about the installment amount to all concerned members. During the meeting, manager should calculate the interest and prepare two copies loan collection receipt form (Annex -6), one for individual loanee and other for community organization. After receiving the amount, manager should make an entry into individual ledger and deduct the outstanding loan amount.

### **4. Community Organization fund (CO-fund)**

To mitigate the loan risk, procurement of account books, remunerate manger and chairperson over time, write off loan in case of hazards etc, CO should build up its own fund which is called as "**Assets**" of CO. The ways to develop CO fund are given below:

- Collection of fine, penalty etc.
- While distributing profit, keep some amount in this fund.
- Provision of minimum service charge from the visitors. Provide him/her Cash receipt (Annex-7)
- Organize some local social functions such as "Dhaushi"

### **5. Establishing Transparent Accounting System**

The Community Organizations should maintain the following records in the context of delivering economic services to their members. Maintaining all records in CO, transparency takes place which helps in cohesiveness among the community people. The record books are listed below:-

1. Minute Book (Annex-1)
2. Saving and Attendance Register (Annex-2)
3. Pass Book (Annex-3)
4. Loan Application and Action Form (Annex-4)
5. Individual Loan Ledger (Annex-5)
6. Loan Receipt Form (Annex-6)
7. Cash Receipt Form (Annex-7)
8. Financial Transactions and Reconciliation Ledger (Annex-8)

*However, all these record books and registers should not be given/shown to community organization at once (especially Chairperson and Manager) because their volume and complexity might intimidate them and even make them passive. As time passes, the managers will automatically feel the need for these registers one by one. Thereafter, each of the registers could be handed over them in sequence (after proper orientation/training)*

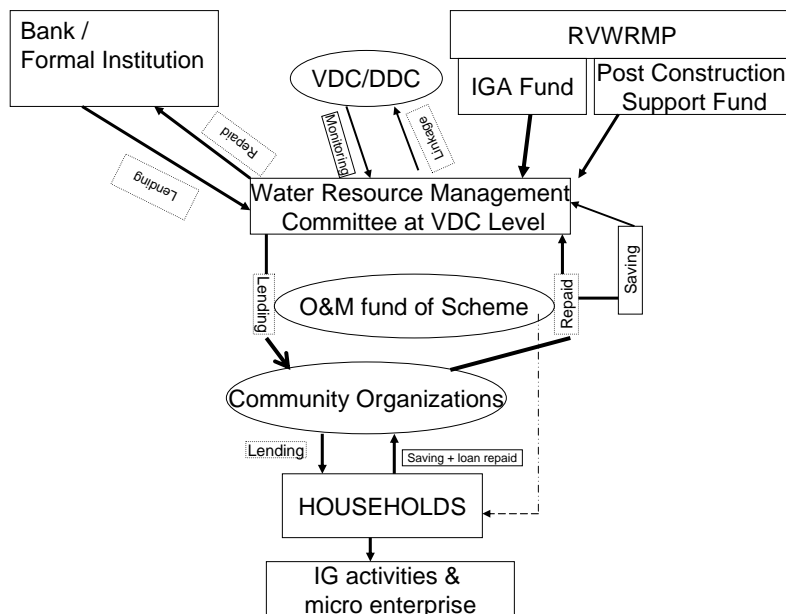
## 6. Provision of Seed Money and Post Construction Support Fund

With a view to generate income opportunities at the household level, Rural Water Resources Management Project has provisions of granted small seed money to supplement the O & M fund established under each scheme of CO or the cluster of COs in the VDC. The accumulation of these funds will act as revolving fund and will be used for lending purposes to the CO members. Besides this, RVWRMP has also the provision of post construction support activity. Some of this fund will be established under Water Resource Management Committee (WRMC) as a revolving fund. This fund can also be treated as supplementary to loan fund among COs. Some of post construction support fund will be used for the capacity development of users/user committee. The objectives of the seed money are:-

- To easily access the credit needs to the poorest of poor, women and deprived members of the COs.
- To enhance the capacity of Users (functional groups)/User Committee to attain self-governing institutions in the rural areas.
- To supplement the capital shortfall in the COs.
- To establish financial discipline among the COs
- To develop their capacity to link with financial institutions such as bank

### 6.1. Flow of Seed Money and Post Construction Activity Fund

The fund flow mechanism has been shown through the chart



## **6.2. Eligibility of COs and Members**

The following criteria determine the eligibility of COs to access those funds from WRMC. The criteria are:

1. COs of most vulnerable communities having lack of access to institutional micro credit.
2. COs should have a satisfactory track record of saving mobilization/lending and keeping accounts.
3. COs are facing a capital shortfall while making an effort to extend credit with a purpose to raise income of CO-members, in particular those belonging to very low income group.
4. The members seeking credit will be capable of managing the income generating activities/enterprise they plan to undertake and must be willing to pay the loan installments on time.
5. The income generating activity will be of low cost, less risky and yield higher returns.

## **6.3. Policy of the fund**

The fund has been allocated to improve the livelihood conditions of rural communities through the enhancement of income opportunities. This fund will provide the credit capital supplement to the poorest of poor members and deprived CO members, those have not easily access to institutional credit. Thus, to manage fund as revolving fund in WRMC level, following policy has been formulated and it should be endorsed by WRMC:

1. The loan ceiling for a CO will be equal to the amount arrived at by multiplying the number of households with Rs 1500. For example, a CO has 20 participating households, the upper loan ceiling of the CO will be Rs 3000. In case of member households, the upper ceiling should not higher than Rs 10000 depending upon the nature of enterprise.
2. An interest rate should not more than 10-12% to COs and interest rate for CO members should not be higher than 16-18%. Interest Income margin 4-6% will remain in CO to meet the management cost and 10-12% interest rate will go to WRMC to meet the management cost. But for the poorest of poor, COs and WRMC will provide some rebate in the interest.
3. The fund will be made available directly to COs through WRMC. All the activities related with lending and collection will be carried out by CO.
4. The member borrowing seed money or Post construction fund will pay the principal and interest on the basis of monthly installments within a period not exceeding 24 months based on the nature of the enterprise undertaken by the member.
5. WRMC/UC/CO disburses this fund in kinds to ultra poor and repay back in kinds.
6. All CO members will bear the responsibility for full utilization of this fund and timely repayment of principal as well as the interest. In case there is a failure in recovery of

principal and interest of the fund, all members will pay the amount to WRMC on equality basis.

7. Community Managed livestock Insurance System will be introduced in WRMC. COs will make aware their members about livestock insurance and encourage the members who borrow for livestock to get their animals insured.

#### **6.4. Priority of COs**

The priority will be given accordingly:

1. COs having most of the members are the poorest of poor.
2. COs having most of the members are dalit and deprived.
3. Female CO.
4. COs having a lot income generation activities but failed to support for credit through its own internal saving.

#### **6.5. Procedures**

1. The CO members will fill the loan application and action form (annex-4) and submit in the meetings.
2. CO should investigate/appraise/study the demand of the member, get it approved from a meeting witnessing the presence of all members.
3. Fill the details on the prescribed format (Annex-9, Part-I), the community mobilizer, WRMC representatives (along with WRAs/Micro Credit Specialist if possible) should make diagnosis about the request made by the members and their willingness to utilize and repay in time. The duly filled form should be discussed in WRMC and based on the policy and approved criteria, will recommend to DMC/DDC for further process.
4. DMC/DDC will take the action. The requested amount may get increased, decreased or even disapproved during the process of decision making.
5. Once approved, DMC/DDC sends a request form (Annex-10) to PSU/Dhangadhi for resources. The approved amount will be sent through cheques in district and district will provide the amount to WRMC. WRMC will then provide to COs.
6. As per agreement made with CO, CO will repay back to WRMC. This amount will be then revolving fund of WRMC at VDC level.
7. For revolving fund, COs and WRMC should follow the step 1-3 only mentioned in section 5.5. But the community mobilizer should report to DMC regularly about the status of fund.

**A Sample of Minute Book**

**Name of Community Organization:**

**Address:**

**Meeting No:            Date:**

**Total No. of Members:**

**Number of members attending :.....** ( according to saving and attendance register)

**Savings amount Rs .....up to the previous meeting** (according to savings register)

**Savings amount Rs.....during this meeting** (according to savings register)

**Total Savings Amount Rs.....**(according to savings register)

**Name of the Chairperson or the person presiding this meeting:**

**Mr/Mrs/Ms.....**

<b>SN</b>	<b>The Agenda for Discussion</b>
<b>1</b>	
<b>2</b>	
<b>3</b>	

<b>SN</b>	<b>Discussion and Decisions made</b>
<b>1</b>	
<b>2</b>	
<b>3</b>	

**Signature of the Members:**

**Secretary's Signature**

**Chairpersons Signature**

**Community Mobilizer's suggestions, instructions and reactions:**

Signature

Date



**A Sample of Saving and Attendance Register**

**Name of Community Organization:**

**Address:**

Pass Book No.	Name of the Member	Meeting No.....		Date .....	
		Cumulative Saving till previous meeting (Rs)	Saving in this meeting (Rs)	Total saving (Rs)	Signature of the member
(1)	(2)	(3)	(4)	(5)	(6)

**A Sample of Passbook**

For Institutional Development  
Organization, Savings and Skill

**Pass Book**

Name of the Community Organization.....

**Name of the Member:.....**

**Name of father/husband.....**

**Address: VDC.....**  
**W.N.....**  
**Village.....**

**Account No.....**

Front Page

**Courtesy:**  
Rural Village Water Resource  
Management Project (RVWRMP)

Back Page

Date	Detail	Saving Rs	Withdrawn Rs	Balance	Manager's Signature

Inside

**A Sample of Loan Application and Action Form**

**Form No.....**

Name of the Community Organization:

Address: District....., VDC..... W.N..... Village.....

**Part-I: Loan Request**

1. Name of the applicant....., Age..... Village.....
2. Name of father/husband.....
3. Purpose of Loan.....Amount Requested Rs..... (In Words.....)
4. Date of request made for loan.....

I agree to abide by the following terms and conditions set forth by the community organizations:-

- a) Interest Rate b) Amount Approved c) Repayment Schedule d) Penal Interest
- e) Any Action taken by the community organization in case I do not pay the loan
- f) .....is/are my other source(s) of income.

\_\_\_\_\_  
Signature of the applicant

**Part-II: Loan Approval**

The .....Meeting of the community organization held on .....decided to approve/disapprove the loan demanded by .....for .....(purpose) as per following terms and conditions:

- a) Loan amount Rs..... (In Words.....) b) Interest Rate .....%
- c) Repayment Schedule

Date									
Amount									
Date									
Amount									

**Part-III: Loan Disbursement**

Received Rs .....(In Words.....) in cash/cheque No.....on the above mentioned terms and conditions. I agree that the principal and interest on above mentioned amount can be collected by confiscating my fixed/current properties or by any other means if I fail to repay the same.

\_\_\_\_\_  
Signature of the borrower

Name .....

Date.....

**Thumb Print**



\_\_\_\_\_  
Signature of the Manager

Name.....

Date .....

**Witnesses**

1. ....Resident of ..... VDC..... W.N..... Village .....
2. ....Resident of ..... VDC..... W.N..... Village .....

### A Sample of Individual Loan Ledger

**Folio/Page No.**.....

**Saving Account No:**.....

1.Name of the Loanee:.....

2.Name of father/husband:.....

3.Address: Village.....W.N.....VDC.....

4.Purpose of Loan:.....

5.**Sources of Fund:** Saving/Seed Money/Post Construction/Revolving Fund/O& M fund/....

6.Interest Rate.....%

**7. Repayment Schedule:**

Date									
Amount									
Date									
Amount									

Voucher No. (1)	Date (2)	Disbursed Amount Rs (3)	Amount Collected				Amount Outstanding Rs (8)= 3-7	Remarks (9)
			Principal (4)	Interest (5)	Penalty (6)	Total 7=4+5+6		

Note: In Column one above, make entry loan application form number instead of voucher number while disbursement and loan collection receipt form no. while collection of amount

**A Sample of Loan Collection Receipt Form**

Receipt No.....

Loan Folio No.....

Date.....

Name of the Community Organization:.....

Address: Dsitric.....VDC.....W.N.....Village.....

Name of Loanee:.....Name of father/husband:.....

Address: .....Village.....W.N.....VDC.....

Purpose of the Loan:.....

**Amount Collected:-**

Penalty Rs .....

Interest:.....

Principal.....

Total Amount Rs:.....

Remaining amount due Rs.....of which Rs.....is overdue.

The next installment is Rs.....which is due on date.....

\_\_\_\_\_  
Paid by\_\_\_\_\_  
Received by (manager)*Note: Prepare two copies, one for loanee and one for CO for recording***A Sample of Cash Receipt Form**

Receipt No.....

Date.....

Name of the Community Organization:.....

Address: Dsitric.....VDC.....W.N.....Village.....

Received, with thanks, a sum of Rs .....(Rupess.....) from .....for  
.....\_\_\_\_\_  
Paid by\_\_\_\_\_  
Received by (manager)

Name:.....

Designation.....

*Note: Prepare two copies, one for payers and one for CO for recording.*



## A Sample of Financial Transaction and Reconciliation Ledger

Page No.

Name of the Community Organization.....

Address:.....District.....VDC.....W.N.....Village

Date	Description	Income Side										
		Saving Collection	Loan Collection (internal)			Loan Received (external source)	Loan Collection (External)			CO- fund	Other Income (grant, gift etc)	Total (Col.3- 12)
			Principal	Interest	Penalty		Principal	Interest	Penalty			
1	2	3	4	5	6	7	8	9	10	11	12	13

## Left Page of the Ledger

Expenditure Side							Balance Amount			Remarks
In Investment (lending)		Loan Repaid to External agency			Other Expenses (capital investment, salary, stationery etc)	Total (Col. 14- 19)	Cash in Hand	Cash in Bank	Total (col. 21+22)	
Internal fund	from CO External	Principal	Interest	Penalty						
14	15	16	17	18	19	20	21	22	23	24

## Right Page of Ledger

Note: Column 23 must be equal to the difference of Column 13 and Column 20.



#### 4. Details of Loan/Seed Money Request

S.N	Name of the member requesting the loan	Name of father/husband	Wealth Ranking *	Ethnicity **	Purpose of loan	Amount recommended	Status of Previous Loans						Signature of member
							From internal source			From external source through CO			
							Amount Disbursed to that	Outstanding amount	Overdue amount	Amount Disbursed to that	Outstanding amount	Overdue amount	

**Note:**

\* In Wealth Ranking Column, Please write "**POP**" for poorest of poor, "**P**" for Poor and "**NP**" for non Poor of CO member.

\*\* In Ethnicity Column, please write "**D**" for Dalit, "**J**" for Janjati and "**O**" for others

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Signature of CO Chairperson

Name:

Date:

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Signature of CO Manager

Name:

Date:



**Part –II: Action Taken on Request for Seed Money/IGA Fund**

**1.Pre-loan Appraisal Report**

a) Date of appraisal.....

b) Name of Appraiser.....

Designation.....

**c) Facts/Information found during appraisal visit**

- Decision making process of the CO was found to be sound not sound/not sound
- Account books of the CO was updated/not updated
- The amount lent through its internal source was utilized/not utilized properly. Also amount lent through external source was utilized/not utilized properly.
- Overdue amount in CO is Rs .....
- Dalit and other deprived community has been missing/has not been missing in CO.
- Scheme users of CO members are generating/ are not generating O & M fund.

Because of the following reasons the request of the CO should be approved postponed/ disapproved.

1. ....
2. ....
3. ....

\_\_\_\_\_  
Signature  
Name of Appraiser  
Designation:  
Date:

\_\_\_\_\_  
Signature  
Name of Appraiser  
Designation:  
Date:

**2. Recommendations from Water Resource Management Committee**

Based on the field investigation and credit history of each applicant ..... meeting .....dated .....of WRMC found it sound to recommend for seed money/IGA amount Rs .....from RVWRMP, DMC/DDC on following terms and conditions:-

- 1 The above mentioned amount of Rs .....should me made available in .....installments.
2. Interest rate should be.....%. The CO should pay principal amount to WRMC along with interest in installment basis. The repayment schedule is given below:-

Date									
Amount									
Date									
Amount									

**3. Decision of the District Management Committee (DMC)**

.....meeting of DMC held on .....(date), found the seed money proposal of ..... COs of VDC, recommended by WRMC sound and hence to approve the seed money or DMC did not find the request sound enough for funding due to the following reasons and so decided to postpone/disapprove the request.

**Reasons:** .....

**Signature of Chairperson**

**Date .....**

**Part –III: Disbursement of Seed Money/IGA support fund**

Received a sum of Rs .....( in words.....) today dated .....with cheque no.....for seed money/IGA support fund from WRMC of VDC .....on the following terms and conditions:-

**Terms and Conditions**

1. Interest rate .....
2. Repayment Schedule

Date									
Amount									
Date									
Amount									

3. The above mentioned amount Rs.....will strictly be disbursed to the applicant member.
4. The amount collected from the clients member will be deposited in WRMC account no.....at .....or cash to .....
5. We all bear the responsibility for the full utilization and repayment of this amount.

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On behalf of CO

Signature  
 Name.....  
 Designation.....  
 Name of CO.....  
 Address.....

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On behalf of WRMC

Signature  
 Name .....  
 Designation.....

**Witnesses**

1. ....of .....WN.....VDC.....diistrict.
2. ....of .....WN.....VDC.....diistrict.

Proposal for Seed Money/IGA/Post Construction Support Form

District:

- 1. Type of IGA undertaking:
- 2. .Number of COs benefited:
- 3. Number of member benefitted:            in which (Male...female...)( Dalit..., Janjati, ...others....)( POP.....Poor..... Nonpoor...)
- 4. Amount Approved by DMC Rs.....5. Meeting No..... 6. Date.....

5. Details

S.N	Name of Community Organization	Address	Type of IGA/enterprise	Amount requested by WRMC	Amount approved by DMC	Beneficiary							Remarks	
						Gender		Wealth Ranking			Ethnicity			
						W	M	POP	P	NP	D	J		O

Note:  
W dnotes for women, M for male, POP for poorest of poor, P stands for poor, NP for Non-poor, D stands for dalit, J for Janjati, O for others.

\_\_\_\_\_  
Signature of WRA  
Name

\_\_\_\_\_  
Signature of DMC Chairperson  
Name:

## **2. Endorsement Process from RVWRMP, PSU Dhangadhi**

2.1 Comments of Micro Credit/Finance Specialist

2.1 Comments from account officer

3. Endorsement of Seed Money/IGA Activities from Team Leader

