

PRODUCT NOTE: PRAGATI Loan



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This product note is related to the product PRAGATI loan which is offered by Save Microfinance Pvt. Ltd. (Hereafter SMPL) to existing clients who fall under the ambit of microfinance loans.

1) General Guidelines

Below are the basic guidelines for availing of a PRAGATI loan from SMPL.

General Guidelines

- PRAGATI loan would be offered only to women (Married/Widow only) for income generation activity within Urban/Semi-Urban/Rural areas of India.
- Loans extended would be collateral-free and under the Joint Liability Group model.
- PRAGATI loan would be offered to those clients who have graduated (By completing or through foreclosure) from 1st cycle loan and who fulfill all the eligibility criteria as per RBI guidelines and organization policies.
- Any new client added to the existing or newly formed centre would not be eligible for a Pragati loan.
- SMPL would ensure that client is not overburdened and client selection and loan sanction would be done on basis of a credit bureau check and any additional check (If Any).
- Interest Rate charged on the PRAGATI loan would be 24% on a diminishing balance basis.
- Overall indebtedness of client should not be greater than Rs 1,75,000 to avail this loan.
- Two products PRAGATI and PRAGATI SHREE are offered under PRAGATI loans for a tenure of 24 months.
- Clients under JLG lending should mutually agree to pay on behalf of another client of the same group (if she fails to pay due to any emergency)

2) Product Features

Below are the product features of the PRAGATI loan:

Eligible Loan Cycle	2 nd Loan Cycle Only						
Product Name	PRAGATI			PRAGATI SHREE			
Loan Amount (In Rs.)	30,000	35,000	40,000	45,000	50,000	55,000	60,000
Loan Tenure (In Months)	24			24			
Repayment Frequency	Monthly			Monthly			
Rate of Interest (Diminishing Balance)	24%			24%			
Processing Fees	1% +GST			1% +GST			
Insurance (Client+ Guarantor)	Mandatory			Mandatory			
Foreclosure of Loan	Allowed			Allowed			
Geographic Applicability	Applicable for all states with active branches			Applicable for all states except Chhattisgarh			

3) Eligibility Criteria

SMPL has set eligibility criteria as per its internal policy for the disbursement of loans under the PRAGATI loan category. Basic eligibility criteria* are mentioned which should be followed by SMPL staff for the sourcing and disbursement of loans.

	PRAGATI	PRAGATI SHREE
Age	18 to 58	18 to 58
Indebtedness (In Rs)	<= 1.75 Lacs	<= 1.75 Lacs
CB Score	>=550	>=550

	PRAGATI	PRAGATI SHREE
Overdue Amount (In Rs.)	Shall be less than or equal to Rs.1000	Shall be less than or equal to Rs.1000
PAR of the Centre	0(Except Death Cases)	0(Except Death Cases)
HH Income(MFI Client)	<=3,00,000	<=3,00,000
FOIR	<=50%	<=50%
Centre Size (Members in Group)	Minimum 8 Maximum 30	Minimum 8 Maximum 30
Kin Relationship	More than one person from the same family will not be included in the same group	More than one person from the same family will not be included in the same group
Centre Attendance	>=70% of all previous centre meetings.	>=70% of all previous centre meetings
Client Attendance	The average attendance of the client should be >= 70% of all previous centre meetings.	The average attendance of the client should be >= 70% of all previous centre meetings.
Foreclosure	80% of 1 st cycle instalments should be paid by the client.	80% of 1 st cycle instalments should be paid by the client.
Clients having MTL loans	Clients are eligible for a PRAGATI loan after three instalments of availing of the MTL Loan (VRIDHI REIN). The client must have closed their AARAMBH REIN** in such cases before availing of the PRAGATI loan.	Clients are eligible for a PRAGATI loan after three instalments of availing of the MTL Loan (VRIDHI REIN). The client must have closed their AARAMBH REIN in such cases before availing of the PRAGATI loan.
Gap between loans	Minimum of 3 months gap between two loans. The system should not allow if a gap is not maintained	Minimum of 3 months gap between two loans. The system should not allow if a gap is not maintained

* All criteria apart from the above-mentioned criteria must be followed per organization policy.

** In no condition, the client can have two main product loans active simultaneously. (AARAMBH and PRAGATI)

*** PRAGATI loan will not be given to an individual client post-pre-closure/completion of loan where no client has availed MTL (VRIDHI REIN)/other clients are not ready to take any loan further.

4) Instalment and Charges

Below are the details related to installment and insurance charges to be levied against PRAGATI loan products:

Product name	Product code	Loan Amount (INR)	IR(FY 2022-23)	Tenure (In Months)	EMI Frequency	LPF (INR)	Insurance Charges	Instalment
PRAGATI	PRAGATI-0224	30000	24%	24	Monthly	354 (300+54)	660 (330+330)	1590
PRAGATI	PRAGATI-0224	35000	24%	24	Monthly	413 (350+63)	770 (385+385)	1860
PRAGATI	PRAGATI-0224	40000	24%	24	Monthly	472 (400+72)	880 (440+440)	2120
PRAGATI SHREE	PRAGATI SHREE-0224	45,000/-	24%	24	Monthly	531(450+81)	990 (495+495)	2380
PRAGATI SHREE	PRAGATI SHREE-0224	50,000/-	24%	24	Monthly	590 (500+90)	1100 (550+550)	2650

Product name	Product code	Loan Amount (INR)	IR(FY 2022-23)	Tenure (In Months)	EMI Frequency	LPF (INR)	Insurance Charges	Instalment
PRAGATI SHREE	PRAGATI SHREE-0224	55,000/-	24%	24	Monthly	649 (550+99)	1210 (605+605)	2910
PRAGATI SHREE	PRAGATI SHREE-0224	60,000/-	24%	24	Monthly	708 (600+108)	1320 (660+660)	3180

5) Repayment

All the products under the PRAGATI loan have a monthly repayment frequency. Below are the details related to repayment applicable for all the loan products under AARAMBH REIN.

Repayment frequency	
Monthly (Between 2nd to 13th of the month) divided into 2 parts:	
Part-1	Part-2
2nd to 7th of the month, in case of any holiday in between this period, the collection would be preponed on 1st of the same month	10th to 13th of the month, in case of any holiday in between this period, the collection would be preponed on 8th and 9th of the same month
Note- 1st, 8th, and 9th would be kept vacant for preponed collection/ Sourcing and Disbursement.	

6) Foreclosure/Pre-closure/Prepayment of Loan

All the loan products under the loan are eligible for foreclosure of the loan. Foreclosure of loans should be done as per organizational policy. No penal charges would be charged from the client for foreclosure of the loan.

As per SMPL policy, the client should complete 80% of installments of her loan tenure to be eligible for a higher cycle loan.

7) Process Flow

Timeline	Process Owner	Process Flow	Tool	Activity Area
Day 1	CRO	CRO will discuss details of the PRAGATI loan with clients & will conduct CB	Physical Presence	Center Meeting
Day 1	CRO/BM	Pre-closure of Loan (if it is a pre-closure case)	Physical Presence	Centre/Branch
Day 1	CRO	A consent letter will be signed by the clients	Physical Presence	Center Meeting
Day 1	CRO	Loan Application	Tab	Center/Outside
Day 1	BM	Loan Sanction	Web	Branch
Day 1	BM	Sanction Kit Printout	Web	Branch
Day 1	BM	Fund Request	Web	Branch
Day 2	Finance	Fund Mapping	Web	HO
Day 2	BM	Disbursement	Web	Field/Branch
Between 7 to 21 days of disbursement	CRO	LUC	Tab	Field
As and when it occurs	CRO	Center Meeting	Tab	Center

8) Risk Assessment

Risk	Applied	Control (system/Manual)	Enforcement	Effectiveness	Further check
Basic CB rule including CB score	All	System	System	System Audit	Report
Basic Pricing & Other Regulatory Norms	All	System	System	System Audit	Report
House Hold Assessment	All	System & Manual	System & Manual	System Audit & Training	Report & Branch Audit Report
Client Income & Risk Profile (S1 to S5)	All	Manual	Manual by BM/CRO	Training and Communications	To be part of the Branch Audit Report
KYC documents	All	System & QC Screen	System	Training	Monthly QC Audit at HO
Bank account	All	System & QC Screen	System	Training	Monthly QC Audit at HO
Gap Between Two Loans	All	System	System	System Audit	Report
EMI Schedule	All	System & Manual	System & Manual	System Audit	Report