

CHAPTER THREE

Micro-Finance Programs

DISA's micro finance programs have the objectives of reducing the poverty of the rural people and also alleviating hidden hunger of children and adolescents.

The major purpose of micro finance programs is to provide financial support to poor women through credit delivery and encourage generating savings. DISA believes that micro-financing to the poor is an essential activity, which is to be supported by a social development package for alleviation of poverty from any community.

DISA covers with micro credit activity 07 districts of Bangladesh with a network of 1150 village organizations under 32 Branches. The number of group members of village organizations (VO) now has increased to 35,132. Out of them, total borrowers are 27,544 up to June 2013. The proportion of women borrowers is 78%. The fund for the program has mostly been available from the Pally Karma-Sahayak Foundation (PKSF), Strome Foundation and different Private Sector Banks. A certain amount has also been drawn from DISA's own fund.

DISA's Micro-Credit program runs with a very integrated automated computerized software. It helps the micro-credit program to run smoothly. This software serves DISA to prepare weekly reports, monthly reports and all other reports that are generated as consolidated report at the Head Office.

Micro Finance Programs of DISA includes a number of component programs to address need of the target population in a coordinated and coherent manner. These component programs are mentioned below:

Progress of PKSF-funded Micro Finance Program

July 2012 to June 2013

Products	Cumulative Loan Disbursement (Tk in million)	FY Loan Disbursement (Tk in million)	No of Member	No of Borrower*
RMC	1339.52	204.56	20571	15672
ME	717.44	242.88	4902	4709
UMC	43.1	25.18	2096	1505
UP	19.40	.72	268	245
ASM	372.64	92.08	2482	2050
SL	326.07	35.93	2861	2861
LRP	1.43	0	7	7
EFFRAP	7.44	00	124	24
Total=	2827.04	601.35	30450	25023

* Some members have taken more than one loan for varied activities

Progress of Micro Finance Program under the SAKTI Project

July 2012 to June 2013

Products	Cumulative Loan Disbursement (Tk in million)	FY Loan Disbursement (Tk in million)	No of Member	No of Borrower
RMC	166.7	166.7	958	618
ME	28.01	28.01	1414	1078
Total=	194.71	194.71	2372	1696

Progress of Micro Finance Program funded by different Banks

July 2012 to June 2013

Products	Cumulative Loan Disbursement (Tk in million)	FY Loan Disbursement (Tk in million)	No of Member	No of Borrower
RMC	30.27	24.93	2391	1617
ME	2.04	2.04	50	50
SL	2	2	72	72
Total=	34.31	28.97	2441	1667

* Some members have taken more than one loan for varied activities

3.1 Different Components of MFP

3.1.1 Rural Micro-Credit (RMC)

RMC provides loan to the people for income-generating activities (IGAs) like small trade, goat rearing, poultry raising, vegetable cultivation, rural transport, aquaculture, etc. The loan ranges from Tk 7,000 to 30,000 per loanee. Also a loanee can receive up to Tk 50,000.00 in some cases. Up to June 2013, micro finance program of DISA distributed Tk.1536.49 million to the program participants.

3.1.2 Urban Micro-Credit (UMC)

UMC is a new component introduced under micro finance program of DISA. UMC provides loan to the urban people for income-generating activities (IGAs) like small trade, peddling goods, goat rearing, poultry raising, vegetable cultivation, transport, aquaculture, etc in the urban area. The loan ranges from Tk 7,000 to 30,000 per loanee. Up to June 2013, micro finance program of DISA distributed Tk 43.1 million under this component to the program participants.

3.1.3 Micro Enterprise (ME)

Micro-Enterprise loan has been started by DISA with the objective of facilitating members to expand their Business. The loanees who have completed 2 loan-cycles of RMC, are eligible for getting ME loan subject to the guarantee from their group members. The size of ME loan is Tk 30,000 to 10,00,000 per loanee. Up to June 2013 Micro Finance program of DISA disbursed Tk 747.58 million.

3.1.4 Ultra Poor Program (UPP)

Basically ultra-poor means the people whose daily energy consumption is less than 1,600 Kcal against the recommended daily need of 2,250 Kcal. Many of them are found begging for their livelihood. Others include people who sell physical labor, cannot take care of children's education, food, clothing, etc. Basically these are the people who have nothing for their livelihood, neither a piece of land, nor any saving. DISA provides loan to these ultra-poor to enhance their income and improve their livelihood status. This program is being operated by DISA in all of its branches. Up to June 2012, Tk.19.40 million has been disbursed under this program.

A group member of UP component is busy in net making

3.1.5 Seasonal Loan (SL)

Bangladesh is an agro-based country. Hence livelihood of most of the people here is related with agriculture. As they do not have any saving of required capital to invest, they need money in various seasons for cultivation of different crops and for farming. DISA provides loan to the farmers for cultivation of vegetables, fruits, cow fattening, etc. Up to June 2013 DISA disbursed Tk 326.07 million as loan, to the program participants.

3.1.6 Emergency Flood Restoration and Recovery Assistance Program (EFFRAP)

DISA started this project in 2007. EFFRAP is a special project to help the people affected by natural disasters, especially to cope with the adverse situation due to flood. A group member can take a loan from EFFRAP an amount of Tk 1,500 to 3,000. EFFRAP loan is given in emergency needs for taking precaution from disasters, during and after the disaster. Up to June 2013, DISA disbursed TK.7.44 million as EFFRAP loan.

3.1.7 Agriculture Sector Micro Credit (ASM)

DISA runs the Agriculture Sector Micro Credit (ASM) program to provide loan in four sectors: a) agriculture loan b) Non-agriculture, c) agriculture product purchase and, d) Special agriculture activity. Objective of this program is to develop the agriculture sector of our country and modernize the agriculture system. One can take a loan of an amount of Tk 5,000 to 50,000 from this program. Up to June 2013, DISA disbursed Tk.272.64 million as ASM loan.

3.1.8 Group Members Savings of Micro Finance Program

DISA maintains two types of saving programs namely General and Special. The general saving is minimum Tk.20 per week for each member of RMC group. They are also allowed to deposit their special savings. Members can withdraw their special savings whenever they are willing. DISA has been successfully operating both the general and the special saving programs for last 19 years. Savings helps the poor during unexpected situations. On the other hand, saving mobilization also helps the Organization (DISA) to be sustainable, because it is also used as the revolving loan fund.

Recently DISA has initiated its voluntary savings project. DISA employees, their family members, VO members and their family members can deposit a fixed amount every month and get return as per organization policy after 10 years with a good benefit.

3.1.9 Security and Welfare Fund of Group Members

The special feature of DISA micro finance program is security and welfare fund. Every member deposits Tk.50 during loan receipt and gets insurance of Tk. 5,000, if the member dies during the loan recovery period. If member's husband dies, his family gets Tk 3,000. The ultra poor members do not have to pay the initial Tk.50 to get any loan but they also get the same benefit.

Terms and Conditions of DISA's Loan Services

Sl No	Description	RMC	ME	UP	ASM	SL	LRP	EFFRAP
01	Group Size	15-50	15-50	15-15	20-50	N/A	N/A	N/A
02	Meeting Provision	weekly	weekly	weekly	weekly	N/A	N/A	N/A
03	Service Charge	12.5%	12.5%	10%	24% reducing duration	24% reducing duration	4%	4%
04	Installment for 10000 Taka loan	weekly Tk 250	weekly Tk 250	weekly Tk 250	Depends on duration	Depends on duration	Depends on duration	Depends on duration
05	Realizable number of installment	45	45	44	Single Repayment	Single Repayment	Single Repayment	Single Repayment
06	Provision against risk premium, after members death	Tk 5000 will be written of	Tk 5000 will be written of	Tk 3000 will be written of	N/A	100% Taka will be written of	N/A	N/A
07	Loan size	Tk 10000 to 29000	Tk 30000 to 10,000.00	Tk 3000 to 9000	Tk 5000 to 50000	Tk 5000 to 50000	Tk 500 to 2000	Tk 500 to 2000
08	Loan Duration	1 year	1 year	1 year	6 months	6 months	4 months	4 months
09	Loan processing Fee	Tk 20	Tk 20	N/A	Tk 20	Tk 20	N/A	N/A
10	Minimum Saving for 1 st Loan	10% of succession amount	10% of succession amount	N/A	10% of succession amount	N/A	N/A	N/A

3.2 Graphical Data Analysis of MFP 2004-05 to 2012-13

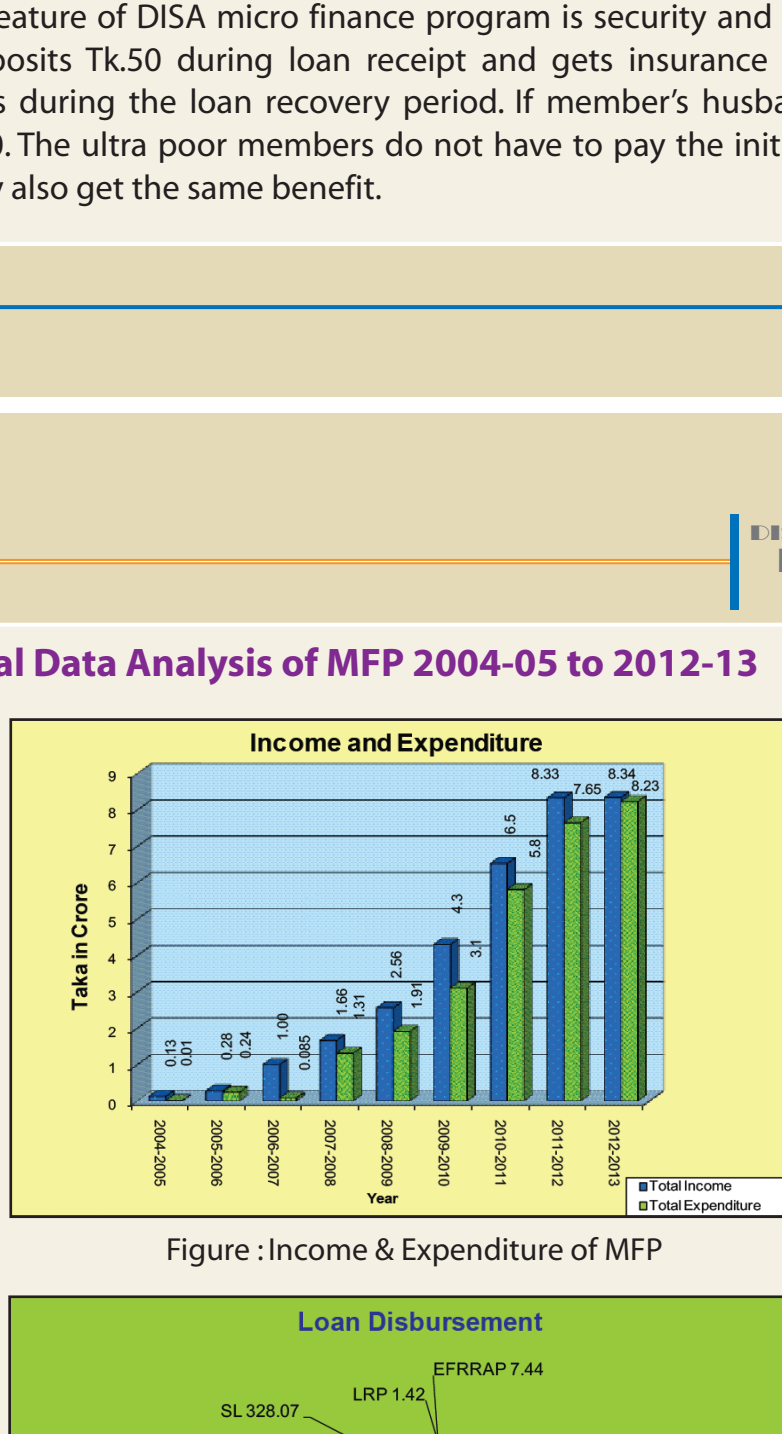


Figure : Income & Expenditure of MFP

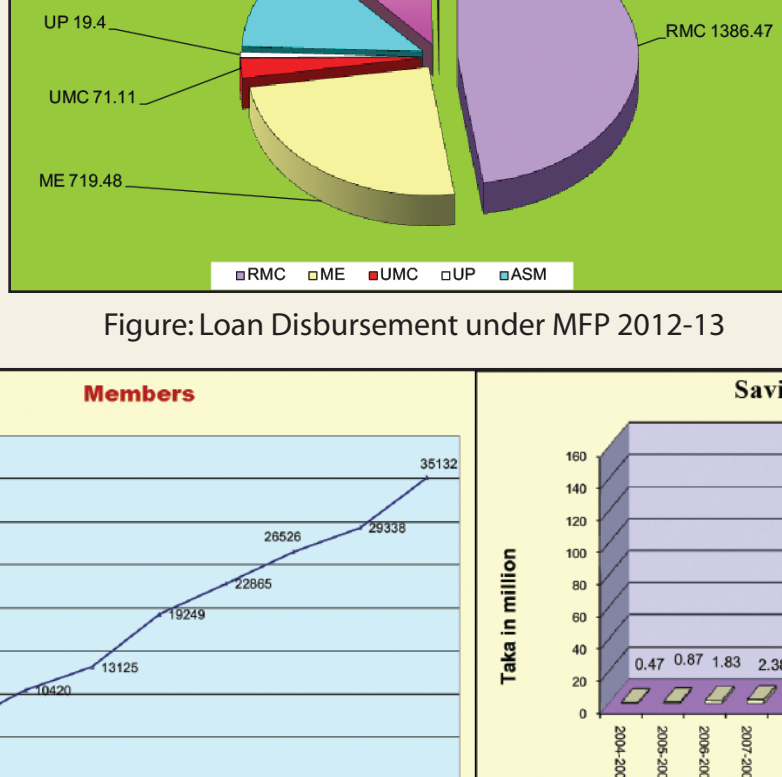


Figure: Loan Disbursement under MFP 2012-13

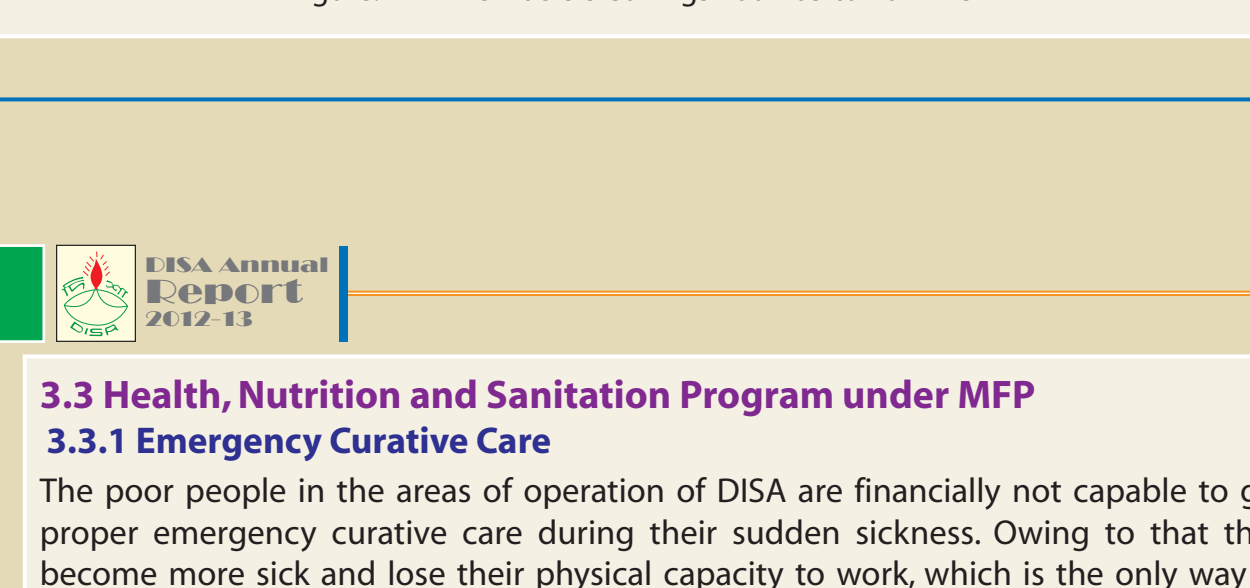


Figure: MFP Members & Savings 2004-05 to 2012-13

3.3 Health, Nutrition and Sanitation Program under MFP

3.3.1 Emergency Curative Care

The poor people in the areas of operation of DISA are financially not capable to get proper emergency curative care during their sudden sickness. Owing to that they become more sick and lose their physical capacity to work, which is the only way to support their livelihood. In this way, the poverty level of their households becomes worse. But emergency financial support for required curative care from the health installations of the Government or of the non-government agencies may help them to overcome the difficulty to survive and consequently contribute for nation building.

In order to show the way of rendering emergency health care support to the sick people in the areas of operation of DISA, the agency initiated an action to extend financial support in the form of a short term loan as required to such unfortunate people for getting emergency medical care and other support services. The criteria followed for selecting such people were as follows:

- Regular member of the MFP
- Spouse and child of the regular member of the MFP

The experience learned by DISA is that earliest, adequate and on time emergency financial assistance helped the sick persons to recover and survive quickly to join the work back. This led them to repay the loan early and support their livelihood. As a strategy to keep social pressure for recovery of such loan, DISA involved the community leaders, educated people and local government representatives during delivery of the assistance and for monitoring repayment of such loan. The strategy was found effective, which inspires DISA to continue the initiative.

Under this program, during July 2012 to June 2013, DISA provided health services to 35 persons including 16 VO members and 19 spouses of VO members. A total of Tk 2,13,600 with maximum amount Tk.70,000 to an individual was given for the emergency health care. Common emergency health problems were road accident, neurological breakdown, coronary attack, physical disability, urinary complication, orthopedics problem and other fatal diseases.

A Micro Credit Group member and her husband are receiving cash money against Medical Facilities from Sr. Manager, Micro credit program of DISA.

DISA covers with micro credit activity 07 districts of Bangladesh with a network of 1150 village organizations under 32 Branches. The number of group members of village organizations (VO) now has increased to 35,132. Out of them, total borrowers are 27,544 up to June 2013. The proportion of women borrowers is 78%. The fund for the program has mostly been available from the Pally Karma-Sahayak Foundation (PKSF), Strome Foundation and different Private Sector Banks. A certain amount has also been drawn from DISA's own fund.

DISA's Micro-Credit program runs with a very integrated automated computerized software. It helps the micro-credit program to run smoothly. This software serves DISA to prepare weekly reports, monthly reports and all other reports that are generated as consolidated report at the Head Office.

Micro Finance Programs of DISA includes a number of component programs to address need of the target population in a coordinated and coherent manner. These component programs are mentioned below:

Progress of PKSF-funded Micro Finance Program

July 2012 to June 2013

Products	Cumulative Loan Disbursement (Tk in million)	FY Loan Disbursement (Tk in million)	No of Member	No of Borrower*
RMC	1339.52	204.56	20571	15672
ME	717.44	242.88	4902	4709
UMC	43.1	25.18	2096	1505
UP	19.40	.72	268	245
ASM	372.64	92.08	2482	2050
SL	326.07	35.93	2861	2861
LRP	1.43	0	7	7
EFFRAP	7.44	00	124	24
Total=	2827.04	601.35	30450	25023

* Some members have taken more than one loan for varied activities

Progress of Micro Finance Program under the SAKTI Project

July 2012 to June 2013

Products	Cumulative Loan Disbursement (Tk in million)	FY Loan Disbursement (Tk in million)	No of Member	No of Borrower
RMC	166.7	166.7	958	618
ME	28.01	28.01	1414	1078
Total=	194.71	194.71	2372	1696

Progress of Micro Finance Program funded by different Banks

July 2012 to June 2013

Products	Cumulative Loan Disbursement (Tk in million)	FY Loan Disbursement (Tk in million)	No of Member	No of Borrower
RMC	30.27	24.93	2391	1617
ME	2.04	2.04	50	50
SL	2	2	72	72
Total=	34.31	28.97	2441	1667

* Some members have taken more than one loan for varied activities

3.1 Different Components of MFP

3.1.1 Rural Micro-Credit (RMC)

RMC provides loan to the people for income-generating activities (IGAs) like small trade, goat rearing, poultry raising, vegetable cultivation, rural transport, aquaculture, etc. The loan ranges from Tk 7,000 to 30,000 per loanee. Also a loanee can receive up to Tk 50,000.00 in some cases. Up to June 2013, micro finance program of DISA distributed Tk.1536.49 million to the program participants.

3.1.2 Urban Micro-Credit (UMC)

UMC is a new component introduced under micro finance program of DISA. UMC provides loan to the urban people for income-generating activities (IGAs) like small trade, peddling goods, goat rearing, poultry raising, vegetable cultivation, transport, aquaculture, etc in the urban area. The loan ranges from Tk 7,000 to 30,000 per loanee. Up to June 2013, micro finance program of DISA distributed Tk 43.1 million under this component to the program participants.

3.1.3 Micro Enterprise (ME)

Micro-Enterprise loan has been started by DISA with the objective of facilitating members to expand their Business. The loanees who have completed 2 loan-cycles of RMC, are eligible for getting ME loan subject to the guarantee from their group members. The size of ME loan is Tk 30,000 to 10,00,000 per loanee. Up to June 2013 Micro Finance program of DISA disbursed Tk 747.58 million.

3.1.4 Ultra Poor Program (UPP)

Basically ultra-poor means the people whose daily energy consumption is less than 1,600 Kcal against the recommended daily need of 2,250 Kcal. Many of them are found begging for their livelihood. Others include people who sell physical labor, cannot take care of children's education, food, clothing, etc. Basically these are the people who have nothing for their livelihood, neither a piece of land, nor any saving. DISA provides loan to these ultra-poor to enhance their income and improve their livelihood status. This program is being operated by DISA in all of its branches. Up to June 2012, Tk.19.40 million has been disbursed under this program.

A group member of UP component is busy in net making

3.1.5 Seasonal Loan (SL)

Bangladesh is an agro-based country. Hence livelihood of most of the people here is related with agriculture. As they do not have any saving of required capital to invest, they need money in various seasons for cultivation of different crops and for farming. DISA provides loan to the farmers for cultivation of vegetables, fruits, cow fattening, etc. Up to June 2013 DISA disbursed Tk 326.07 million as loan, to the program participants.

3.1.6 Emergency Flood Restoration and Recovery Assistance Program (EFFRAP)

DISA started this project in 2007. EFFRAP is a special project to help the people affected by natural disasters, especially to cope with the adverse situation due to flood. A group member can take a loan from EFFRAP an amount of Tk 1,500 to 3,000. EFFRAP loan is given in emergency needs for taking precaution from disasters, during and after the disaster. Up to June 2013, DISA disbursed TK.7.44 million as EFFRAP loan.

3.1.7 Agriculture Sector Micro Credit (ASM)

DISA runs the Agriculture Sector Micro Credit (ASM) program to provide loan in four sectors: a) agriculture loan b) Non-agriculture, c) agriculture product purchase and, d) Special agriculture activity. Objective of this program is to develop the agriculture sector of our country and modernize the agriculture system. One can take a loan of an amount of Tk 5,000 to 50,000 from this program. Up to June 2013, DISA disbursed Tk.272.64 million as ASM loan.

3.1.8 Group Members Savings of Micro Finance Program

DISA maintains two types of saving programs namely General and Special. The general saving is minimum Tk.20 per week for each member of RMC group. They are also allowed to deposit their special savings. Members can withdraw their special savings whenever they are willing. DISA has been successfully operating both the general and the special saving programs for last 19 years. Savings helps the poor during unexpected situations. On the other hand, saving mobilization also helps the Organization (DISA) to be sustainable, because it is also used as the revolving loan fund.

Recently DISA has initiated its voluntary savings project. DISA employees, their family members, VO members and their family members can deposit a fixed amount every month and get return as per organization policy after 10 years with a good benefit.

3.1.9 Security and Welfare Fund of Group Members

The special feature of DISA micro finance program is security and welfare fund. Every member deposits Tk.50 during loan receipt and gets insurance of Tk. 5,000, if the member dies during the loan recovery period. If member's husband dies, his family gets Tk 3,000. The ultra poor members do not have to pay the initial Tk.50 to get any loan but they also get the same benefit.

Terms and Conditions of DISA's Loan Services

Sl No	Description	RMC	ME	UP	ASM	SL	LRP	EFFRAP
01	Group Size	15-50	15-50	15-15	20-50	N/A	N/A	N/A
02	Meeting Provision	weekly	weekly	weekly	weekly	N/A	N/A	N/A
03	Service Charge	12.5%	12.5%	10%	24% reducing duration	24% reducing duration	4%	4%
04	Installment for 10000 Taka loan	weekly Tk 250	weekly Tk 250	weekly Tk 250	Depends on duration	Depends on duration	Depends on duration	Depends on duration
05	Realizable number of installment	45	45	44	Single Repayment	Single Repayment	Single Repayment	Single Repayment
06	Provision against risk premium, after members death	Tk 500						