

“Business Facilitator Model of NEDFi”

1. Introduction

With the aim to bring inclusive economic development as well as to accelerate the Corporation’s momentum to increase its outreach to cover every nook and corner of the north-eastern region, NEDFi has introduced a new service partnership model called ‘*Business Facilitator Model of NEDFi*’.

Interested parties, who are eligible and willing partner with NEDFi to help and facilitate the local entrepreneurs in availing assistance from NEDFi, are invited to apply for becoming the ‘*Business Facilitator*’ of NEDFi.

The detail feature of the partnership model is explained below.

2. Name of the model

The name of the service partnership model shall be known as “**Business Facilitator Model of NEDFi**” (herein referred as ‘**the Model**’).

3. Objective

The objective of introducing this service partnership **Model** are as follows:

- To increase the outreach of NEDFi’s small ticket size loans / schemes under MSE department, except the ‘NEDFi Micro Lending Scheme’ (which is implemented through Business Correspondents), within the loan limit of up-to Rs.50 lakh, in terms of both in nos. of small entrepreneurs as well as in geographies across the north-eastern region.
- To leverage the network and expertise of partner intermediaries in scouting the entrepreneurs as well as post-loan monitoring and follow-up services.
- To generate the awareness about NEDFi’s schemes and bridge the gap between the Corporation and the entrepreneurs from rural and far-flung areas.

4. Schemes to be covered under the model

All the schemes of NEDFi, except ‘NEDFi Micro Lending Scheme’ (since it is implemented through Business Correspondents), which are implemented by MSE department of NEDFi, will be covered under ‘Business Facilitator Model of NEDFi’ subject to the maximum loan amount up-to Rs.50 lakh.

The **Model** will also be implemented under co-lending mode with the BFs as co-lender in wherever case is possible. However, NEDFi's share of loan amount, interest rate and other terms etc. shall be decided at the time of appointment or commencement of co-lending, whichever is applicable.

5. Implementation of the model

MSE & MF Department of the Corporation will implement the model.

6. Implementation approach

The **Model** aims to increase outreach of NEDFi's small ticket-size loans / schemes under MSE department to far-flung areas across the region. For this, NEDFi would require the services of organizations / body corporate who understand the local economic environment and geographies to facilitate the process. Therefore, NEDFi will identify such organizations / bodies who have the capacity and are intending to provide services to NEDFi and will appoint them as Business Facilitator (BF) of NEDFi.

7. Business Facilitator:

The Business Facilitator (herein referred to as '**BF**'), means "*the organization / body corporate, which fulfils the eligibility criteria as mentioned hereafter in point no.8 and appointed by NEDFi for providing facilitation services*".

8. Eligibility criteria and appointment of BF

The eligibility criteria are:

- i) The intermediaries may be a Society/ NBFC-MFI/NBFC/ Company/ Co-operative society/ Sec.8 of Companies Act 2013 / Farmers Producers Company / Trust/ Cooperative Banks / Charter Accountants firms.
- ii) The intermediary as well as none of its promoters / directors / executive members should be a defaulter or blacklisted by any bank or organization or agency.
- iii) The intermediary should have adequate working station, in own premises / home / rented premises.
- iv) The intermediary should have adequate infrastructure such as Computer (desktop/ laptop) with internet connection, printer, own conveyance, and un-interrupted phone line/ mobile phone.

The eligible intermediaries, who are intended to become a BF should apply to NEDFi as per the application format as mentioned in Annexure-I.

Upon approval for appointment of the organization as BF, a Letter of Appointment (LOA) along with a Term Sheet shall be issued to the Organization.

Upon acceptance of the LOA and Term & Conditions, a service Agreement will be signed between NEDFi and the concerned organization. Thereafter, the BF can start providing services.

9. Services of BFs

The services of BFs will be:

- Creating awareness about NEDFi's schemes and credit counselling to potential borrowers.
- Identification of borrowers, collection of loan applications along with required documents, collection of KYC documents and verification of primary information / data and forward/submission to nearest NEDFi office.
- Help NEDFi officials in conducting site visits, collecting additional information, executing legal documentations etc.
- Post sanction monitoring and follow-up for recovery. For recovery, NEDFi may also handover NPA accounts, which are not sourced by the concerned BF, from time to time. However, in no case, cash handling shall be done by BFs.
- One BF can operate in multiple locations by appointing different Service Provider Executives.

10. Service fee for BFs

The service fee will be purely on commission basis as well as on assignment basis, whichever is applicable, as mentioned in the table below:

Sl. No.	Type of service	Commission rate
1	Success fee against the loan sourced by the BF	For every loan sanctioned, 50% of the processing fee will be paid as success-fee. 50% of the payable amount will be paid on the execution of the loan agreements and remaining 50% will be paid at end of 18 th month from the

		date of 1 st disbursement subject to the account status remains standard. In case, the account become NPA at the end of 18 th month, the remaining payable amount will be forfeited.
2	Recovery commission against the standard loan accounts sourced by the BF.	1.5% of the interest received will be paid, which is payable on monthly / quarterly.
3	Recovery commission against the NPAs, which are sourced by the BF.	1% of the recovered amount will be paid, which is payable on monthly / quarterly. However, the eligible NPAs under this category will be identified separately and approved by the GM-MF & MSE. The payment of commission against the recovery from the rest of the NPAs will remain same as that of the standard account, as mentioned above in point no.2.
4	Recovery commission against the other NPA, which are not sourced by the BF but handed over by NEDFi for recovery.	(i) 10% on interest recovered; and (ii) 5% on principal recovered.
5	Assignments for Project site verification / land record verification of the projects, which are not sourced by the BF, but assigned by NEDFi from time to time.	All-inclusive fee of Rs.500/- per assignment if it is within the 10 km radius from the base office of BF. If it is beyond 10 km radius, an additional running charge of Rs.6 per km will be reimbursed against the distance exceeding 10 km.
6	Organizing Business Meet/ Training / Awareness Generation Camp/ Business Development Camp etc.	Rs.2000/- per programme as honorarium.
7	Reimbursement of Head Office / Branch Offices visit, overnight stay and other emergency assignments etc. However, such reimbursement will be applicable, only when the travelling and assignments are carried out on the instructions from NEDFi.	i. To and fro bus fare will be reimbursed on actual basis. ii. Rs.1500/- (Rupees one thousand five hundred) only, all inclusive on overnight stay, for HO visit. iii. Rs.600/- (Rupees six hundred) only all inclusive, on overnight stay at the places other than HO. iv. Rs.150/- per day will be reimbursed as food allowance if the assignment involves traveling of more than 8 hours.

11. Implementation procedure

The implementation process of the Model will be as described below:

A. Appointment of BF:

- Any organization, which fulfills the eligibility criteria and intended to become a BF of NEDFi shall apply to NEDFi by mentioning the intended area of operation.
- The concerned officer of NEDFi, will examine the proposal and do the due diligence of the applicant. Based on the findings of the due diligence, the officer will recommend to the Competent Authority, either to approve or reject the application.
- Subject to approval of the Competent Authority, Letter of Appointment (LOA) along with terms sheet will be issued and on acceptance of the terms and conditions, a service Agreement will be signed between NEDFi and the applicant. Subsequently, the applicant will be considered appointed as the BF of NEDFi.

B. Responsibilities of the BF:

Subsequent upon the acceptance of LOA and its terms and conditions, the BF shall start operation. The following are the main services to be provided by the BF:

- Creating awareness about NEDFi's schemes and credit counselling to the potential borrowers.
- Identification of potential clients, helping them to fill-up loan application form, and gathering required documents etc.
- Collection of loan applications / proposals, KYC documents, preliminary verification of primary information / data.
- Assisting NEDFi officials in conducting site visits, due diligence, collecting additional information, executing loan documentations etc.
- Post-loan monitoring to ensure proper utilization of loan, providing demand advice timely, follow-up to ensure timely renewal of insurance s and follow-up for recovery. However, in no case, cash handling will be done by the BF.
- The BF is strictly prohibited from:
 - (i) Handling cash such as recovery from the borrowers for and on behalf of NEDFi.
 - (ii) Charging any fees to the customers either directly or indirectly for services rendered by them on behalf of NEDFi.

- For the monitoring and controlling purpose, the BFs will have to submit performance report to NEDFi on quarterly basis. The reporting format will be developed by MSE & MF Department.

C. Sanctioning and disbursement to be done by NEDFi:

- The concerned officers of NEDFi will carry out the due diligence and appraise the proposals sourced by the BF. If found satisfactory and in compliance with the NEDFi's schemes and loan policy, it will be placed before the appropriate credit committee for sanctioning.
- Legal documentations with the ultimate borrowers sourced by the BF and subsequent disbursement, shall be done as per the Corporation's' operational procedure.

D. Monitoring and recovery:

The BF will carry out the post-loan monitoring and follow-up recovery follow-up of the loan accounts sourced by the concerned BF to ensure:

- The proper utilization of the loans and proper implementation of the project.
- Providing demand advice to the borrower timely to enable them to make timely repayments of the installments.
- Not to downgrade the loan accounts.

E. Other follow-up and recovery services:

From time-to-time, on mutually agreed basis, NEDFi may handover NPA accounts for follow-up and assisting NEDFi in carrying out various recovery initiatives. The scope of work under this will be:

- Regular follow-up for recovery.
- Delivery of demand advice and other letters issued by NEDFi.
- Delivery of legal notices to such borrowers / guarantors.
- Assisting NEDFi in executing various legal initiatives.

F. Review of performance of BF:

- The performance of BC will be reviewed on regular basis in terms of business target achievement, portfolio quality, compliance with terms and condition of engagement and future business plan etc.
- Based on outcome of the review, the competent authority will take the appropriate decisions in terms of:
 - ❖ Continuation / discontinuation of engagement.
 - ❖ Revision of area of operation, if applicable.
 - ❖ Revision of commission rate.
 - ❖ Any other, which the management of the Corporation deem necessary.

G. Statutory warning:

The BF should ensure that the BF and / or its staff should always adhere to the terms and condition stipulated in the LOA and should not involve in / commit / carry-out any such activities which may affect / tarnish the reputation and image of NEDFi.

If the BF violates the terms and conditions of the LOA and found to be involved in/ committed / carried-out any such activities which affects / tarnishes the reputation and image of NEDFi, appropriate legal action will be initiated against the BF. All the cost incurred by NEDFi towards taking-up the legal action shall have to be borne by the BF.

12. Other support services

Strengthening of the BFs through various capacity building supports is necessary. This will help the BFs' efficiency, which will ultimately help NEDFi to achieve its goal for reaching out to more entrepreneurs. Therefore, NEDFi shall provide capacity building supports to the BFs from time to time, such as:

- (i) Various in-house orientation training and refreshers programs.
- (ii) Exposure visits.
- (iii) Time to time handholding support and guidance, networking support and any other support, which the management of NEDFi deem fit to provide for strengthening of the BFs.

13. Other conditions

Any other conditions, which are not mentioned in this policy, but deemed fit by the Competent Authority, may be incorporated either in general or on case-to-case basis and will be governed by relevant policies of the Corporation.

THE APPLICATION FORMAT
“For Business Facilitator (BF)”

(Note: The applicant organization must prepare the proposal as per this format and submit with all the required information / enclosures.)

A. ORGANIZATIONAL DETAILS:

1	Details	
1.1	Name of the applicant Organization	:
1.2	Registered address	:
1.3	Contact details of Corporate office	:
1.4	Contact details of local office: (If the organization is registered outside northeast):	:
1.5	Legal form of the applicant:	:
1.6	(a) Registration details & Validity (if any)	:
1.7	Details of Managing Director/ CEO / Secretary of the Organization (with Bio-data and KYC details)	:
1.8	Brief about the organization	:
1.9	Detail capital / equity structure of the organization:	:
1.10	No. of staff	
1.11	Operational area (with details of branch network)	

1.20. List of members of the Board of Directors / Executive Committee (with KYC details):

Sl. No.	Name of the Executive members	Address in Full with contact details	Designation	Occupation & Experience

1.12. Details about the activities/ business in last three years:

Name of the activity / business	Association with other organization / agency (if any)	Turnover	Impacts / Remarks

Note: To be given year-wise in separate tables.

C. DETAILS OF PRESENT PROPOSAL

3.	Details
3.1	A brief about the proposal for BF
3.2	Expected impact and benefits
3.3	Project area
3.4.	Details of branch network in the proposed operational area

Declaration

I/ We hereby certify that:

- a. All information furnished by me/ us above in this Application along with other papers/ documents enclosed are true and correct to the best of my/ our knowledge and belief.
- b. I/We confirm that the organization and none of the promoters/ directors/ Trustees has/ have any overdue or have entered into any restructuring or OTS with any banks/Financial Institutes (FI)/ other institutions etc. except as indicated in the application.
- c. There are no arrears of statutory dues and no government enquires/ proceedings/ prosecution/ legal action are pending/ initiated against the organization/ promoters/ directors/ Trustees except as indicated in the application;
- d. I/We also confirm that I/ None of the promoters or directors or Trustees have at any time declared themselves as insolvent.
- e. I/We have no objection if NEDFi furnishes the information submitted by me/ us to other agency as may be deemed fit in connection with consideration of my/ our application.
- f. I/We have no objection to NEDFi/ its authorised representatives making necessary enquiries/ verification (including in CIBIL are any other credit information agencies data base) while considering my/our application.
- g. I/We undertake to furnish all other information that may be required by NEDFi in connection with my/ our application.
- h. Also I/we declare that NEDFi has the sole right to cancel the proposal without our prior notice.

Encl.: As listed below

Place:

(Signature with official stamp)

Date:

Name & Designation of Chief Executive

Note: All the pages should be signed and sealed by the authorized signatory.

List of enclosures to be submitted

1. A formal covering letter in the letter head of the organization.
2. Copy of Memorandum of Association & Bye-laws / Article of Association
4. A copies of the registration Certificate of the institution (Valid / renewed)
5. Annual reports / Annul activity reports of the last three years
6. Audited financial statements of last three accounting years.
7. KYC details of the organization (i) Copy of PAN card (ii) Address proof
8. Copies of Income Tax return of last three years
9. 10. KYC details of all the Board of Director / Executive members along with a copy of recent passport size photographs

(Note: Please check that all the photocopies are clear, visible and self-attached. Also ensure that all the pages in the entire proposal are duly signed. Also ensure all information are filled properly and re-checked before submitting the proposal.)
