

CONFIDENTIAL



Code of Conduct Assessment Report

Belghoria Janakalyan Samity

August 2015

Conducted by:

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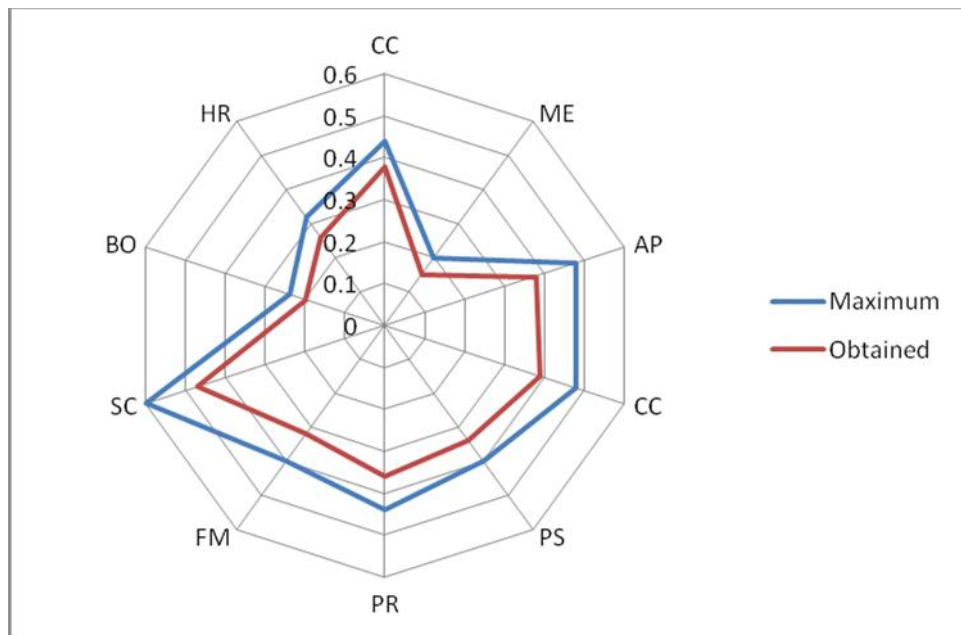
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Belghoria Janakalyan Samity		
Legal Form	Society	About Belghoria Janakalyan Samity
Date Established Initiation of Operations	19 th April 2006	<p>The Belghoria Janakalyan Samity (BJS) has been operating as an NGO-MFI since its inception. As development organization, BJS has been taking various initiatives including providing need based financial services for the upliftment of poor. This year BJS has just stepped in the 10th year of its noble service towards the development of economically and socially deprived people. Belghoria Janakalyan Samity is registered under West Bengal Societies Registration Act XXVI of 1961 under registration number S/1L/36292 on 19th April 2006. BJS uses microfinance as a tool for poverty alleviation and empowerment of women. Its mandate is to support poor community, especially women in attaining self-sufficiency. In order to do this it has adopted a methodology of developing Groups of target women in both rural and urban areas. Belghoria Janakalyan Samity promoted Self Help Group (SHG) consisting of women members and operating in urban, semi-urban and rural areas. However, going forward, BJS has drawn a strategy to expand microfinance activities to poor individual women through Group models irrespective of group size. The organization disburses loans to these members for developing their household income. BJS also provides skill development training, training on Financial Literacy to these Group members and with these trainings clients can expand their micro enterprises into sustainable and profitable units and the amount borrowed from BJS gets better utilized and the clients move towards breaking their poverty shackles.</p> <p>Operational Area & Outreach BJS is currently operating in rural, semi urban and urban areas spread across North 24 Pargans, Jalpaiguri, Alipurduar, Cooch Behar, Murshidabad Districts of West Bengal through 14 Branches. It lends to members through Group charging 18%-26% interest rate with weekly and monthly repayment for a period of one to two years. As on July 30, 2015, BJS had 18,942 individual members and outstanding portfolio of Rs1483.57 Lakhs. It maintains very good loan portfolio quality with PAR 0.05%. The operations of the organization are managed by a workforce of 70 people. BJS inculcates policy guidelines of RBI and all other authorities, quality in its work, due diligence and fair practice which fetched CARE Rating of 'MFI 3+'.</p>
Operational Area	<ul style="list-style-type: none"> North 24 Pargans, Jalpaiguri, Alipurduar and Cooch Behar Districts of West Bengal 	
Services and Products offered	<ul style="list-style-type: none"> Short term and Medium Term Loans Financial Literacy Training 	
Lending Model	<ul style="list-style-type: none"> Individual lending through Group 	
Average Score	Rating	Grade
3.34 (84%)	3.50-4.00	AA
	3.00-3.49	A
	2.50-2.99	BB
	2.00-2.49	B
	1.50-1.99	CC

Composite COCAT Score of BJS in ten parameters:



CC: Code of Conduct, ME- Market Entry, AP-Appraisal Process, CC-Client Comprehensions, PS- Products & Services, P-Pricing, FM-Feedback Mechanism, SC-Staff Conduct, B-Board, HR-Human Resources

Status updates of BJS on key indicators over the last four years:

Key Indicators Institutional Reporting	Apr 2011- Mar-12	Apr 2012- Mar-13	Apr 2013- Mar-14	Apr-2014- Mar 2015
Number of Groups	843	817	860	991
Total number of Clients	10987	9522	11156	15272
Total number of Active Clients (loanee)	9305	9014	10,650	14,380
Share Capital (Rs. In Lakhs)				
Total Loan outstanding (Rs. In Lakhs)	544.11	577.11	770.24	1,049.68
Average Loan Outstanding (in Rupees) per client	5848	6042	7232	7665
Total External Loan outstanding (Rs. in Lakhs)	498.87	549.68	721.24	1410.68
Rate of Interest charged (by the NGO/MFI)	18- 26%	18- 26%	18- 26%	18- 26%
Rate of Interest (other MFI, FI)	Upto 26%	Upto 26%	Upto 26%	Upto 26%
Repayment Rate (Internal)	99.97%	100%	100%	99.99%
Repayment Rate (External)	100.00%	100.00%	100.00%	100.00%

No of Villages	222	193	199	205
No of Districts	2	2	3	4
No of States	1	1	1	1
No. of Branch Offices	10	10	10	12
No. of Field staff / credit officers	24	20	21	31
Portfolio at Risk (>60 Days)	0.16%	0%	0.03%	0.05%

Key Notes:

BJS is able to maintain a steady growth in Loan Outstanding wherein the number of members acquired by the organization has been declined in the year 2012-13. Consciously, the organization has been working in the areas where limited MFIs are operating. Along with its microfinance portfolio, the organization is providing other services like training on micro-enterprise with the support of NABARD, Leadership Development Program, Financial Literacy through full time trainer, health awareness program for its women members. Cancer Screening Test camps were arranged with the help of Chittaranjan National Cancer Institute. BJS started Targeting Hard Core Poor with the financial and technical support of Bandhan. It evidences that BJS is very much concerned about the well being of its clients.

Highlights:**Strengths:**

- Adopted the Unified Code of Conduct by Sa-Dhan & MFIN and customized as per the BJS mission, vision, values and displayed in all branches & HO.
- In addition to its micro-credit products, the NGO-MFI also offers non-financial products aligned with its mission
- 100% participation of Board members in last 3 board meetings and women representation in Board is 43%. The Board and top management has adequate development and microfinance experience.
- Robust Internal Audit and monitoring mechanism for present level of operation.
- Pricing information verbally as well as written, communicated to clients.
- Staff is dedicated and have a good rapport with the clients
- Pricing data is transparent, information available publicly in branches.
- Dedicated Customer Care Helpline for client feedback, issues/ complaints addressed on priority basis.
- Training given to staff on good conduct, core values and also indicate inappropriate conduct.
- Employee friendly HR policy exists in BJS.
- Many social interventions are carried out for the welfare of the needy people and addressing their primary needs, through the support of Nabard and Bandhan.

Areas to Strengthen:

- Client drop-out survey / interview are conducted. However that needs to be analyzed regularly and follow-up may be taken as per the suggestions / recommendations of the study. .
- Though Board discusses on aspects relating to Code of Conduct, no compliance report is presented in Board meeting.
- Credit Plus activity may be conducted regularly as there is demand from client side.
- More focus may be given for clients' education especially in the rural and smaller branches.

Loan Products:

Particulars	Preronal	Ananya	SHILPI	Education	Water & Sanitation
Clientele	Women	Women	Women	Women	Women
Utilization	Income generation activities	Income generation activities	Artisans	Education for children of the members	Drinking Water and Sanitation
Loan size (Rs.)	5,000 to 15,000	16,000 to 30,000	10,000 to 30,000	5,000 to 30,000	10,000 to 30,000
Loan tenure	Up to 1 Year	Up to 2 Years	Up to 2 Years	Up to 2 Years	Up to 2 Years
Guarantor	Group	Group	Group	Group	Group

Particulars	Preronal	Ananya	SHILPI	Education	Water & Sanitation
Repayment	Weekly/ Monthly	Weekly/ Monthly	Weekly/ Monthly	Weekly/ Monthly	Weekly/ Monthly
Interest rate	26% reducing	26% reducing	26% reducing	20% reducing	20% reducing
Insurance with LIC	0.5% of the loan	0.5% of the loan	0.5% of the loan	0.5% of the loan	0.5% of the loan
Processing fee	1%	1%	1%	1%	1%
Security deposit / risk contribution	Nil	Nil	Nil	Nil	Nil

Progress made by BJS between two Code of Conduct Assessments:

Sl No.	Suggested Areas for improvement by the 1st CoCA-Dec'2012	Follow-up Actions taken by BJS as on the 2 nd COCA-Aug'2015
1	Follow up on the Pre-Service Orientation/ Induction of new staff with formal training on client comprehension and code of conduct based with dedicated modules and case studies.	Formal training programs for staffs on different subjects including Code of Conduct are being organized especially since last one year. All the new employees including the fresher are given proper orientation. The trainings are of two days' duration and held on bi-monthly basis.
2	Internal Audit checklist should have code of conduct compliance indicators	BJS has included a few indicators on Code of Conduct in its Internal Audit Checklist and use that while undertaking internal audits of the branches
4	Mechanisms to assess client awareness on a regular basis to be incorporated	The assessment of client awareness is done as part of the monitoring system & FL training.
5	Client targeting criteria exist but tools for poverty targeting are not used.	Along with clients targeting criteria BJS is also capturing clients' data by using 10 indicators of PPI tool. However, the captured data need to be systematically analyzed and follow-up actions taken on that.
6	Strong MIS software for client data protection	BJS has started developing its own in-house software system to use that as its MIS software.

Code of Conduct Assessment Report for BJS:

Summary of the study

The overall grade obtained by BJS is **A**, with a composite score of **3.34**, which indicates that the organization has good appraisal systems, transparent pricing policies, employee friendly HR policies to ensure alignment and adherence to a developed Code of Conduct. The client comprehension across BJS is excellent with defined Code of Conduct practices followed throughout the operations. BJS is charging less in comparison to other home grown MFIs and also provides training on Leadership Development and Financial literacy to these Group members and with these trainings clients can expand their micro enterprises into sustainable and profitable units and the amount borrowed from BJS gets better utilized and the clients move towards breaking their poverty shackles.. With the support of Bandhan, BJS is implementing Targetting Hard Core Poor project for livelihood promotion. A full time trainer was hired to conduct training program and refreshers for staff as well as clients. More could be done to provide credit plus services like training on micro enterprise promotion, health check up facilities to more number of clients. Its mission of alleviating poverty and enabling the economically deprived to achieve self sustenance has been clearly articulated by the top management and disseminated amongst the staff.

The results of the ten broad assessment categories are summarized in the following table. Detailed analysis is provided in the body of the report.

Comparative scoring of BJS between two Code of Conduct Assessments:

		Baseline Results of BJS		
Assessment Area	Score (out of 4.00)	Score (out of 4.00)		Key Elements of evaluation
	Dec 2012	Aug. 2015		
Code of Conduct	3.18	3.45		<ul style="list-style-type: none"> • Design • Visibility/ Dissemination • Training (Staff) • Refresher • Awareness (Staff) • Awareness (Client)
Market Entry	3.00	3.25		<ul style="list-style-type: none"> • Criteria for identification • Procedure • Saturation • Due diligence

		Baseline Results of BJS		
Assessment Area	Score (out of 4.00)	Score (out of 4.00)	Key Elements of evaluation	
	Dec 2012	Aug. 2015		
Appraisal Process	2.96	3.13	<ul style="list-style-type: none"> • Client data collection • Repayment capacity • Debt thresholds • Loan History • Processing time • Approval • Verification 	
Client Comprehension	3.13	3.42	<ul style="list-style-type: none"> • Client Review Time • Explanatory Channels • Awareness • Disclosure of prices & terms • Rights and obligations • Training (Staff) 	
Products and Services	2.85	3.35	<ul style="list-style-type: none"> • Design & appropriateness • Review • Diversity • Convenience • Linkages 	
Pricing	2.95	3.45	<ul style="list-style-type: none"> • Competition • Transparency • Fees • Security Deposits • Prepayment • Default 	
Feedback Mechanisms	3.00	3.25	<ul style="list-style-type: none"> • Existence • Training (Staff) • Client awareness • Usage • Checking • Staff Resources • Client Exit Interviews/ Drop-out surveys 	

		Baseline Results of BJS		
Assessment Area	Score (out of 4.00)	Score (out of 4.00)	Key Elements of evaluation	
	Dec 2012	Aug. 2015		
Staff Conduct	2.83	3.20	<ul style="list-style-type: none"> • Rule Book • General training • Induction • Evaluation • Review of conduct • Incentive/ Disincentive • Recovery/ defaults 	
Governance	3.33	3.50	<ul style="list-style-type: none"> • Responsibility • Member experience/ exposure/ reputation in MF • Composition • Role • Code of Conduct Compliance Report • Member attendance in meeting 	
Human Resource	3.31	3.50	<ul style="list-style-type: none"> • Field staff experience/ exposure in MF • Recruitment • Staff Exit • Complaint Redressal 	
Overall Score	3.05	3.34		

Values BJS Treasures	Code of Conduct
<p>P – Privacy of client information</p> <p>O – Outstanding quality of Service</p> <p>L – Loyal in Fair Practice</p> <p>I – Integrating Social Values into Operations</p> <p>T – Transparency</p> <p>E – Effective Feedback Mechanism</p>	<p>Integrity</p> <p>Quality of Services</p> <p>Fair Practice</p> <p>Privacy of Client Information</p> <p>Integrating Social Values into operations</p> <p>Feedback Mechanism</p>

CoCAT Results- Summary of Findings:

CoCAT revealed the following major observations and priority areas under each component.

1. Code of Conduct	Score : 3.45
Key Elements: Design, Visibility, Training, Refreshment, Awareness	
a. Design	
<ul style="list-style-type: none"> The aspects mentioned in the Unified Code of Conduct of Sa-Dhan and MFIN have been incorporated in the BJS Code of Conduct which is also customized on the institutional values, mission and expectations. 	
b. Visibility	
<ul style="list-style-type: none"> Code of Conduct is displayed in all branch offices. It is comprehensive and in English and Bengali and included in most of the documents like Operational Manual and HR policy. 	
c. Training	
<ul style="list-style-type: none"> Exclusive staff as trainer has been recruited by the organization. There has been an exclusive training programme conducted on Code of Conduct for the staff at all levels. However, for the new staff joining as Credit Officer they are briefed during on-the-job training about the Code of Conduct and its aspects by Branch Manager as well as Regional Manager. 	
d. Refresher	
<ul style="list-style-type: none"> Refresher training programs are being conducted for staff members on 3rd Sunday of each month where in along with other sessions code of conduct is being discussed. 	
e. Awareness (Staff and Client)	
<ul style="list-style-type: none"> More than 95% staffs have very good understanding of overall code, details and expectations. During the meeting with branch staff, maximum members were aware of the Code of Conduct and its aspects. More than 90% clients have very good understanding of overall code, details and expectations. The awareness level of the urban clients, groups availing all products of BJS, group leaders is much better than the members of smaller Branches in rural area. 	

2. Market Entry	Score : 3.25
Key Elements: Identification, Procedure, Saturation, Due Diligence	
a. Identification	
<ul style="list-style-type: none"> The target segment is women who are in low-income group, who has limited own capital, who do not have access to mainstream finance by banks and also specially those women who are economically and socially deprived. It has specific rules that qualify the target population (income level, assets, opportunities, among others) to start their operations in new area. 	
b. Procedure	
<ul style="list-style-type: none"> Last couple of years, the CEO in due consultation with Board members started its operation in Jalpaiguri, Alipurduar and Cooch Behar where limited MFIs are operating. Belghoria Janakalyan Samity (BJS) follows a uniform procedure for market entry - general community survey, random household visits; evaluation formats exists to evaluate new market along with the potentiality of the area / village with sources of income, percentage of women employment, transportation facilities, political information, presence of Banks, educational institution, literacy level of the population and information on <i>panchayats</i>. 	
c. Saturation	
<ul style="list-style-type: none"> During the market identification procedure, Belghoria Janakalyan Samity (BJS) does identify the number of MFIs working in the potential market and accordingly takes a decision based on the number of MFIs operating in the area. 	
d. Due Diligence	
<ul style="list-style-type: none"> BJS has got an internally developed simple and relevant due diligence procedure. The due diligence process especially for new area is done by at least 3 departments of Belghoria Janakalyan Samity (BJS) – Branch Manager, Regional Manager and Operations Manager and final approval is given by the Chief Executive Officer in due consultation with Board members based on the area survey report. 	

3. Appraisal Process	Score : 3.13
Key Elements: Client Data Collection, Repayment Capacity, Debt Thresholds, Loan History, Processing Time, Approval, Verification	
a. Client Data Collection	

3. Appraisal Process	Score : 3.13
<p>Key Elements: Client Data Collection, Repayment Capacity, Debt Thresholds, Loan History, Processing Time, Approval, Verification</p>	
<ul style="list-style-type: none"> In Belghoria Janakalyan Samity (BJS), once the interested women who are willing to be a member of the group as well as organization, Credit Officer arranges a 4-day 'Group Orientation Program' in a suitable place. On the 4th day, Branch Manager conducts a "Group Recognition Test" among the interested women. Then a Group is formed with the interested women who passed in "Group Recognition Test". There is use of peer verification across groups, information collection from neighbors / household members. However, only primary information about the member is captured in the database along with the KYC documents. Cross-verification from group members is also done. A No Objection Certificate and guarantee on the borrowed amount is taken from the member's guardian during the procedure for member's admission. This information are being kept in the file and also captured in the MIS for further analysis and loan disbursement. 	
<p>b. Repayment Capacity</p>	
<ul style="list-style-type: none"> Repayment Capacity is assessed during the individual primary evaluation & CGT by CO; critically evaluated during GRT by BM and RM on door-to-door basis; information collection on household incomes, expenditures, assets and liabilities is also done. All data has been coded for further analysis. 	
<p>c. Debt Thresholds</p>	
<ul style="list-style-type: none"> Debt thresholds limits are calculated on the basis of the level of income or expenditure of the family and indebtedness. The loan products are well designed with ranges in different cycles in commensurate with RBI guideline. The NGO-MFI has been tied up with High-Mark and Equifax to avoid over-indebtedness. Now RBI has doubled the debt thresholds for individual client. 	
<p>d. Loan History</p>	
<ul style="list-style-type: none"> Loan history of the client also captured in the loan application form and it is checked and kept available during and throughout the appraisal process. 	
<p>e. Processing Time</p>	
<ul style="list-style-type: none"> It was observed through the interaction with the staff members and clients in the field that the loan processing time is 1-2 weeks of time. 	
<p>f. Approval</p>	

3. Appraisal Process	Score : 3.13
Key Elements: Client Data Collection, Repayment Capacity, Debt Thresholds, Loan History, Processing Time, Approval, Verification	
<ul style="list-style-type: none"> After all the due diligence in the field, all the loan applications are presented and discussed in the Branch office and gets approved accordingly. Branch Manager plays key role in loan approval and decision making. 	
g. Verification	
<ul style="list-style-type: none"> Regional Managers are working very closely with Branch and keeping an eye on all aspects of Branch activities. Separate Audit team exist in the organization who conducts internal audit of two days for all the branch offices on a surprise basis. Audit team verify loan documents, all client enrolment documents, transaction related documents, staff behaviour w.r.t. code of conduct, bank documents and conducts the field audit by attending 4-5 group meetings in one visit and also does the loan utilization check during their field visit. Audit team submits their compliance report to concerned branch office with copies to all concerned in the head office. 	

4. Client Comprehension	Score : 3.42
Key Elements: Client Review Time, Explanatory Channels, Disclosure of Price and Terms, Rights and Obligations, Staff Training	
a. Client Review Time	
<ul style="list-style-type: none"> In BJS, the client review time is more than 2 weeks since the terms and conditions of the products and services offered by BJS are mentioned during the GOP (Group Orientation Program) and GRT, post which the loan is sanctioned. There is use of verbal explanation, written documentation to inform the members. 	
b. Explanatory Channels	
<ul style="list-style-type: none"> In BJS, there are numerous channels and sessions used to educate and explain loan pricing information including processing charges, interest rates, among others. There is use of verbal explanation, written documentation along with other materials to inform the members. 	
c. Awareness	
<ul style="list-style-type: none"> During the field visit, it was found that 90% of the clients have a fair idea / knowledge of the rate of interest (reducing rate of interest), the upfront processing fee of 1% of the loan amount and 0.5% insurance premium of the loan amount. Within literacy limits, maximum clients are aware of the cost of loan. 	
d. Disclosure of Price and Terms	
<ul style="list-style-type: none"> The price and terms of the loan are clearly disclosed to all the clients during their personal form filling, GOP, GRT, disbursement and group meetings (whenever there is a change / modification). Full and thorough, both verbal and written materials are supplied to the client. 	

4. Client Comprehension	Score : 3.42
Key Elements: Client Review Time, Explanatory Channels, Disclosure of Price and Terms, Rights and Obligations, Staff Training	
e. Rights and Obligations	
<ul style="list-style-type: none"> • Identification of group leader is done by the group members whereas BJS staff acts as a facilitator. The roles and responsibilities of the group leader and clients / members are discussed during the group meetings. The client is given loan if and only if she agrees for the terms and conditions and there is no scope for any other negotiation or discussion. 	
f. Staff Training	
<ul style="list-style-type: none"> • Separate modules are developed by BJS and explained to all the staff with examples and guidance for interaction with the clients, roles and responsibilities of all staff levels and do's & don'ts to be followed by the staff while interacting with the clients. 	

5. Products and Services	Score : 3.35
Key Elements: Design and Appropriateness, Review, Diversity, Convenience, Linkages	
a. Design and Appropriateness	
<ul style="list-style-type: none"> • The products were designed on the basis of clients' needs and requirements. All BJS products have now been modified as per guidelines issued by RBI. Hence, many features of the products are similar but the major differences are in terms of size, tenure and purpose. There are six loan products including education loan and loan for water and sanitation for which BJS charges 20% interest on reducing balance. Both the education loans are similar except loan size hence it may be considered as single product. 	
b. Review	
<ul style="list-style-type: none"> • Review of existing loan products and services are done on an annual basis and accordingly the product features has been modified. The products were last reviewed in May 2014 and changes done in their product accordingly. 	
c. Diversity	
<ul style="list-style-type: none"> • Six of the loan products have diverse features in terms of loan size, repayment tenure and purpose but are similar in features like target clientele (availed by female clients only), and Group as the Guarantor. But both the education loan has similarities except loan amount and tenure. 	
d. Convenience	
<ul style="list-style-type: none"> • BJS loans are highly convenient which was also shared by clients during the client visits. Loan process of the group members is done on weekly basis in group meeting. But disbursement of loan is being done in the Branch Office after a pre orientation to clients on the products and usage of the loan. Collection is done in the group meeting. 	

5. Products and Services	Score : 3.35
Key Elements: Design and Appropriateness, Review, Diversity, Convenience, Linkages	
e. Linkages	
<ul style="list-style-type: none"> There is only one linked products with the loan to client i.e., micro-insurance provided to the client in collaboration with LIC of India. 	

6. Pricing	Score : 3.45
Key Elements: Competition, Transparency, Fees, Security Deposit, Prepayment, Default	
a. Competition	
<ul style="list-style-type: none"> Pricing of the loan product of BJS is very competitive, and the institution has occasionally reduced interest rates. The institution has kept the interest rates at 26%, reducing to adhere with the norms of RBI. For education and water & sanitation loan, the NGO-MFI is charging 20% reducing. But the collection is being done on EMI basis. 	
b. Transparency	
<ul style="list-style-type: none"> Pricing of BJS products are transparent; information is available publicly in the branch offices, and is accurate when compared to institutional documents. BJS shares data with MIX. 	
c. Fees	
<ul style="list-style-type: none"> Only one fee is collected by BJS from their clients called as Loan Processing Fee. The processing fee is 1%, as per the RBI norms. 	
d. Security Deposit	
<ul style="list-style-type: none"> BJS earlier used to charge security deposit from their client against their loan which they have discontinued after the RBI guidelines. 	
e. Prepayment	
<ul style="list-style-type: none"> There is no penalty on prepayment. During client interview, it came to our knowledge that clients are aware about it. 	
f. Default	
<ul style="list-style-type: none"> Very few cases of defaults have been observed in the field. No penalty for default collected against the unpaid day; only collecting the scheduled instalment. The group members arrange the instalment amount and repay to the staff in case an individual fails to repay. Staff behaviour during default management is normal as told by delayed payment clients. 	

7. Feedback Mechanisms	Score : 3.25
<p>Key Elements: Existence, Staff Training, Client Awareness, Usage, Checking, Staff Resources, Client Exit Interviews / Drop out Surveys</p>	
<p>a. Existence</p>	
<ul style="list-style-type: none"> In BJS, two different mechanisms exist for the client feedback – one is helpline number (non toll free) and the other one is the complaint box kept at the branch offices. 	
<p>b. Staff Training</p>	
<ul style="list-style-type: none"> Training is provided in client relations in different formats. Staff induction and training of BJS is of higher quality in comparison to its counterparts. It has well furnished training hall at Branch level with modern equipments and full time trainer to conduct refreshers for staff. 	
<p>c. Client Awareness</p>	
<ul style="list-style-type: none"> Clients are well-versed in critical feedback and know that it is their right and obligations to express a complaint; they can identify the branch manager and can locate the office. All the clients interviewed were aware about the helpline number. 	
<p>d. Usage</p>	
<ul style="list-style-type: none"> Clients have shared that there were no complaints and that they are aware of the contact numbers. Hence, there is limited usage. 	
<p>e. Checking</p>	
<ul style="list-style-type: none"> Dedicated systems are in place within the organization across all the branch offices. There is a clear process to ensure that complaints are processed and resolved. After receiving a call from the client regarding any feedback / complaint, the staff (at HO level) circulates the same to all senior management staff, operations head and concerned staff. The concerned staff / department need to discuss with the complainant and should respond within 24 hours. The complaint need to be resolved within a week. 	
<p>f. Staff Resources</p>	
<ul style="list-style-type: none"> Though full responsibilities have not assigned to a dedicated staff for grievance redressal, however, for client feedback mechanism, there is adjunct responsibility of head office staff. 	
<p>g. Client Exit Interviews/ Drop out Survey</p>	
<ul style="list-style-type: none"> In BJS, Client Exit Survey / Interview are conducted on an ad hoc basis. The CEO has done analysis of the findings. However, this need to be formalised and proper systems need to be developed in order to capture the reasons for the exit / dropout and action undertaken accordingly. 	

8. Staff Conduct	Score : 3.20
<p>Key Elements: Rule Book, General Training, Induction, Evaluation, Review of Conduct, Incentive / Disincentive, Recovery / Default</p>	
<p>a. Rule Book</p>	
<ul style="list-style-type: none"> • Rule book is available in the head office and all the staff are aware of the rules mentioned in the book. The rule book of BJS clearly mentions the staff conduct, written penalties associated with broad types of misbehaviour. Rule book clearly specifies to the field staff that how to behave in the field, how to interact with the clients, dress code among others. 	
<p>b. General Training</p>	
<ul style="list-style-type: none"> • BJS has been conducting separate training program for the field staff to orient them towards the conduct in the field, good and bad conduct with clients, leadership and motivational trainings among others. 	
<p>c. Induction</p>	
<ul style="list-style-type: none"> • All the staff, especially the Credit Officers, undergoes 4 day's Pre-Service Orientation before joining. Final joining depends on the quality of the Pre-Service Orientation done along with a written report. If it is done successfully the Credit Officers are allocated a branch for joining and subsequently on the job training commences with field visits along with a Senior Credit Officer and Branch Manager. Branch Manager/Regional Manager also gives informal raining on (on their roles, responsibilities and operational). 	
<p>d. Evaluation</p>	
<ul style="list-style-type: none"> • Field staffs are evaluated on an annual basis and salaries are paid based on the performance. There are harsh punishments, like termination, if staff is found to be behaving in any unaccepted manner. At the same time, there exist rules for promotion and increments. 	
<p>e. Review of Conduct</p>	
<ul style="list-style-type: none"> • Evaluation of the field staff as well as branch personnel is done by their supervisors and endorsed by the higher authorities. The HR dept. is using a comprehensive evaluation sheet to review the conduct. 	
<p>f. Incentive / Disincentive</p>	
<ul style="list-style-type: none"> • Incentive and disincentives is based on both portfolio quality and outreach of the Credit Officer and critically evaluated during the appraisal process. During the performance review for the field staff, the portfolio quality, outreach, accountability, conduct, discipline and behavior are measured to calculate the incentives and disincentives. Most of the MFIs are giving incentives every month on the basis of client acquisition and portfolio quality etc. But BJS incentivized their staff by giving promotion or increment on annual basis after annual performance appraisal. BJS does organize a annual staff picnic for get together and to strengthen inter personal relationships. 	
<p>g. Recovery / Default</p>	

8. Staff Conduct	Score : 3.20
Key Elements: Rule Book, General Training, Induction, Evaluation, Review of Conduct, Incentive / Disincentive, Recovery / Default	
<ul style="list-style-type: none"> In operation manual of Belghoria Janakalyan Samity (BJS), broad guidelines for collection in case of defaults are mentioned. No specific parameters or procedures are defined in the operation manual for the recovery /defaults; no Turnaround Time (approximate) is mentioned in the operation manual for collection of the defaults. 	
9. Governance	Score : 3.50
Key Elements: Responsibility, Experience/ exposure/reputation in MF, Composition, Role, Code of Compliance report, Members' attendance in meeting	
a. Responsibility	
<ul style="list-style-type: none"> BJS has got a very proactive Board. The functional responsibilities are broadly defined in by-laws and business rules, individual board members assigned and undertake committee functions on a regular basis. Board of BJS is very vibrant, each individual member are assigned their work through committees and are performed accordingly. 	
b. Experience/ exposure/ reputation in MF	
<ul style="list-style-type: none"> The board of BJS has diverse experience in banking, credit rating and other developmental programs. Almost all the board members of BJS have good experience in the microfinance sector. Mira Debnath representing in the board as the representative of clients. 	
c. Composition	
<ul style="list-style-type: none"> The composition of Belghoria Janakalyan Samity (BJS) Board consists of seven members, Mr. Satyabrata Chakraborty, President; Mr. Sumit Banerjee, Vice President; Mr. Biswajit Das, Secretary and Chief Executive Officer; Ms. Kakali Halder, Treasurer; Mr. Ranjit Kumar Dutta, Member; Ms. Mary Mukherjee, Member; and Ms. Mira Debnath, Member. The BJS Board has got good women representation (3 female members out of 7) 	
d. Role	
<ul style="list-style-type: none"> Roles of individual members of Board are very clear on policy setting; all strategic decisions are taken by the board. Board takes the field related issues very seriously. The complaint / suggestions received from the customer through helpline number / complaint registers are sent to all the board members. Different committees (within the board) are responsible for different aspects. Regular operational decisions related to financial statements, cost transparency, disclosures, among others are the responsibility of Mr. Biswajit Das, Secretary and CEO of Belghoria Janakalyan Samity. 	
e. Code of conduct compliance report	
<ul style="list-style-type: none"> Discussions are held on the aspects of Code of Conduct during the board meetings. Grievance Redressal Committee reviews Code of Conduct compliance on a quarterly basis and presented in the board. There is no clear cut compliance report to be presented to board on code of conduct. 	

9. Governance	Score : 3.50
Key Elements: Responsibility, Experience/ exposure/reputation in MF, Composition, Role, Code of Compliance report, Members' attendance in meeting	
f. Members' attendance in meeting	
<ul style="list-style-type: none"> 100% of the board members were present in the Board meeting (last three). On an average the attendance is 85%. 	

10. Human Resources	Score : 3.50
Key Elements: Field staff experience/ exposure in MF, Recruitment, Staff Exit, Complaint Redressal	
a. Field staff experience/ exposure in MF	
<ul style="list-style-type: none"> Majority of the staffs of BJS are well experienced in the field operation, COs are experienced and having good exposure of MF. Many of the staffs have been working in the organization since its inception. On an average, more than 3 years of experience of the team involved in field level operations. 	
b. Recruitment	
<ul style="list-style-type: none"> BJS has a separate HR department manned by HR Officer and controlled by CEO who looks after the recruitment process and other HR related aspects. They are governed by the well defined and comprehensive HR policy. Recruitments are done by publishing the requirements with the job profile in job websites, local newspaper and word to mouth, for field staff. Proper recruitment process followed for each level of staff – written and personal interview. Recruitment is conducted with proper reference checks. 	
c. Staff Exit	
<ul style="list-style-type: none"> Staff exit interview conducted for all the staff. However, analysis of the same is being done on adhoc basis. Staff leaving the organization voluntarily are provided with all exit related supports and facilities. 	
d. Complaint Redressal	
<ul style="list-style-type: none"> Complaint redressal mechanism exists in the organization, dedicated systems are in place, there are clear processes to ensure that complaints are processed, considered and resolved. CEO and HR personnel get opportunity to meet the staff at least once in a month during training program. This platform is being used to redress the grievances of staff if any. 	

Compliance to RBI Guidelines:

The major aspects of the RBI guidelines and its compliances by BJS are mentioned below:

- a) Interest on loans: Post the RBI guidelines, BJS have reduced its interest rates on the products to 26% per annum on a reducing basis and 20% per annum on education and sanitation loan on a reducing basis.
- b) Loan pricing to include processing fee (not exceeding 1 percent of the gross loan) interest charge and insurance premium (to be paid directly to the insurance provider): BJS is currently charging 1% loan processing fees as per the RBI guidelines issued. Moreover, the insurance charges recovered from the clients are paid directly to Life Insurance Company of India.
- c) No penalties for delayed payments, security deposit or margin money to be taken upfront: BJS have barred the prepayment charges post RBI guidelines and now collect prepayment without any charges.
- d) 85 percent of MFI assets being under agriculture, micro and small enterprises: More than 85% of their portfolio is under micro, small and medium enterprises. However a small portion of the loan portfolio is under education and water & sanitation portfolio.
- e) Lending to borrowers whose household income does not exceed Rs1,00,000 (in rural areas) and Rs160,000 (in urban areas): Calculating the household income in rural and urban areas is a debatable since they do not have fixed monthly income. Their income is seasonal and dependant on several factors. However, BJS puts all efforts to verify the household income and adheres to RBI guideline on household income.
- f) Total indebtedness of borrower not exceeding Rs1,00,000: BJS strictly follows this guideline and does not lend to members who have loans from 2 or more MFIs and Rs1,00,000 as the total loan outstanding. This is mentioned in their Code of Conduct and followed across all levels.
- g) Tenure of loan not being less than 24 months: All the loans larger than Rs15,000 have a tenure of 24 months and loans below Rs15,000 have a tenure of 12-24 months, as desired by the clients.
- h) Collateral: As per RBI guidelines the NGO-MFI does not take any loan collateral. ACCESS-ASSIST's review of loan documents and interaction with borrowers revealed no violation of this guideline.

Overall, BJS is compliant on the RBI guidelines issued. Revised RBI guideline has been circulated among staff members.

Conclusion:

- Belghoria Janakalyan Samity has achieved a composite CoCAT score of **3.34** with an overall grade of **“A”**, indicating that the organisation is growing. Although there is strong institutional performance in key areas, there is room to provide technical assistance with a view to strengthening systems. BJS is in its 10th year of operation, which is a critical time for NGO-MFI to strengthen its operations and to provide more need based services to its client base.
- In addition to its micro-credit products, the NGO-MFI offers diverse non-financial products like training on financial literacy, training on micro enterprise promotion, leadership development and awareness on health, hygiene and sanitation aligned with its mission. Targeting Hard Core poor is one more interventions which need to be amplified to reach all the hard core poor in its operational area. 5636 clients around 40% of its borrowers have been participated in various trainings and awareness programs organized by the organization. This shows the commitment the board and top management have to work towards their mission and vision of poverty alleviation.
- With present legal entity, there are constraints to increase the outreach and resource base of the organization. Organization should gear its activities to have suitable legal entity and to make its services available to more and more needy households. Formal institutional processes followed by BJS that govern client interactions, correspondence between social and financial missions and adherence to code of conduct are of higher order. BJS needs to maintain it and work on the following few areas to improve that further and establish itself as a strong organization in its operational area.

Average Score	Rating	Grade
3.34	3.50-4.00	AA
	3.00-3.49	A
	2.50-2.99	BB
	2.00-2.49	B
	1.50-1.99	CC
	1.00-1.49	C

The current CoCAT score of **3.34 (Aug'2015)** obtained by BJS has been progressively better than its previous score of **3.05**; got during the last CoCAT; administered in December'2012. BJS has been able to enhance its scoring in all the broad components of CoCAT this time. This substantiates the fact that BJS has been making concerted efforts to improve further in its adherence and compliance to the parameters and principles of the Code of Conduct

Annexure 1: Number of Client Interviews across Branch Offices

S. No.	Name of Branch	Number of Clients
1	Basirhat	12
2	Baduria	32
3	Taki	13
4	Katiahat	19
5	Gobardanga	28
Total		104

Annexure 2: Code of Conduct Assessment Tool (CoCAT)**Introduction**

The Code of Conduct Assessment Tool (CoCAT) is a comprehensive instrument used to measure the development and implementation of policies that best serve the client. Starting with the Code of Conduct, CoCAT determines whether written procedures have been generated in accordance with the mission and vision of the institution. Through a careful analysis of internal documents and conversations with staff members, CoCAT seeks to analyse the alignment between theory and reality, checking at all levels to see how well policies align with practice. Where possible, CoCAT tries to quantify the parameters to remove subjectivity.

CoCAT has been developed to address some of the ideas that are implicit in Social Performance and Client Protection, but to do so in a structured manner with set parameters that have to be fulfilled. One of the major tenets of this tool is analysing the quality of service provided by the staff, and the quality of delivery offered to the client. Ultimately, the tool is used to identify important policies that could strengthen practices, enhancing the relationship between customer and institution.

CoCAT has ten broad assessment components which are further disaggregated into 58 elements. The ten broad components are: *Code of Conduct, Market Entry, Appraisal Process, Client Comprehension, Products and Services, Pricing, Feedback Mechanisms, Staff Conduct, Board and Human Resources.*

Each component is made up of between 4 and 7 elements. Each element has been allocated a **Weight** that ranges from 1% to 3% of the total score. The components are weighted according to the sum of their constituent elements. These elements are given a **Score** from “1” (Lacking) to “4” (Excellent). In case an element is not applicable, it is removed from the overall rating and the weights are adjusted accordingly.

CoCAT helps to:

- Generate baseline information on institutional conduct and the relationship between staff and clients
- Build a practical, experiential profile of the institution’s methodology
- Understand the formal institutional processes that govern client interactions
- Analyse the institutional mentality and correspondence between social and financial missions
- Provide detailed information on best practices being followed by the institution

Methodology

CoCAT is administered in a participatory manner and is a multi-stage process:

1. Collection of primary and secondary data: Website, Annual reports, Audited financial statements; Institutional manuals (HR, Operations, IA), Training materials; 3rd party ratings, etc.
2. Structured discussions: Board, Senior Management, Head office staff, Field personnel
3. Field visit: Branch office discussions with field personnel, meetings with clients, observation of different stages of the operational process

CoCAT is largely based on observation of behavior, conduct, and practices. Although the premise is the existence of a Code of Conduct, the tool is really meant to monitor compliance with the principles laid out by the organization. If broad principles are missing from the institution's consideration, these will be identified. Other standards may be written, but may not be turned into any meaningful practice. CoCAT differentiates between each of these, and provides a comprehensive portrait of the institution's ability to focus on its clients, serving them ethically and responsibly.