

S. No.	Saving Amount Per Month (NRs.)	10 Years' Saving Scheme		15 Years' Saving Scheme	
		Actual Deposited Amount (NRs.)	Total Pension Amount (NRs.)	Actual Deposited Amount (NRs.)	Total Pension Amount (NRs.)
1	50.00	6,000.00	9,000.00	9,000.00	18,000.00
2	100.00	12,000.00	18,000.00	18,000.00	36,000.00
3	150.00	18,000.00	27,000.00	27,000.00	54,000.00
4	200.00	24,000.00	36,000.00	36,000.00	72,000.00
5	400.00	48,000.00	72,000.00	72,000.00	144,000.00

#### 4. Center Fund Savings :

This is a mandatory savings where clients need to deposit 5% of loan amount while taking new loan. If a client has already started Muktinath Pension Savings, in that case it is not mandatory to deduct on loan amount. The deducted amount can be withdrawn only at the time of leaving the bank or after completion of fifth cycle of general loan whichever earliest.

#### 5. Upakar Savings :

This is common account of the center where center member deposit tiny amount (NRs. 5.00) in each meeting to meet common expenses for center. Penalties and fines charged by clients upon themselves (e.g. penalty for being late for centre meetings), other incomes and donation received to the center are also deposited in the same account. This account is operated by center chief and vice center chief's joint signature. The collected money can be used for common purpose of the center.

#### 6. Festival Savings :

This is voluntary savings where a client can deposit her money to celebrate certain festival. When a client starts saving in this account, she cannot withdraw deposited money until the festival arrives. Normally this savings is continued for less than one year. Client can continue her deposit for next festival also.

#### 7. Fixed Savings :

Fixed savings can be deposited for fixed period of time. Normally, clients can get more return on this savings deposit. Client have to borrow the deposited amount if she needs money before maturity of the deposit.

S. No.	Product Type	Minimum Saving Amount (NRs.)	Interest Rate
1	Group Savings	100.00	7%
2	Personal Savings	1.00	7%
3	Muktinath Pension Savings	50.00-400.00	As per scheme
4	Center Fund Savings	5% of Loan Amount	7%
5	Upkar Fund Savings	5.00	7%
6	Festival Savings	100.00	7%
7	Fixed Savings	10,000.00	10%-11.5%

### CLIENT PROTECTION SCHEMES

#### Insurance Linked to Loan

MNBBL has signed agreement with National Life Insurance Company to offer a life insurance policy "Saral Amrit Life Insurance Policy" to MNBBL's clients. The insurance premium amount depends up on the loan amount and age of borrower. Under this policy loan amount from NRs. 25,000.00 to NRs. 500,000.00 can be insured. When insured person dies, the insured amount will be refunded to the beneficiary after deducting the outstanding loan and interest amount of the deceased borrower.



#### Livestock Insurance

The livestock purchased by MNBBL loan is insured with Deposit and Credit Guarantee Corporation Ltd. The borrower needs to pay 3% of disbursed loan amount as annual premium. The insurance is valid for one year. The insurance can be extended for next year by paying the aforementioned premium. When the insured livestock dies, the beneficiary gets 80% of the insured amount as compensation.

#### Deposit Insurance

As per the central bank's directives, all the deposit amount up to NRs. 200,000.00 has been insured with the Deposit and Credit Guarantee Corporation Ltd.. Bank has paid 0.10% of deposit amount as premium and updates it regularly.

#### Muktinath Social Security Program:

This Program aims at providing credit plus services as social responsibility of microfinance program. At the time of natural calamities when the clients are in vulnerable position, the compensation provided by the bank will

give them some relief and boost up their confidence by taking only one percent of loan amount as fee. The purposes of social security programme are as follows:

- ▶ Protect microfinance clients in critical situation created by natural disasters,
- ▶ Develop clients behavior as proactive rather than reactive in such conditions,
- ▶ Support clients during maternity to take nutritional diet for better health,
- ▶ Protect clients from the loss of valuable assets at the time of distress,
- ▶ Preserve the social capital among microfinance members.

- 1) **Outstanding loan and interest waiver:** When a borrower dies, the outstanding loan and interest is waived to reduce family burden on the loan.
- 2) **Funeral assistance:** If borrower's husband dies, the bank provides NRs. 1,500.00 as funeral assistance to the mourn family.
- 3) **Maternity Expenses Service:** The clients who have completed at least one cycle of general or business loan are eligible for maternity expenses service for the first two deliveries. This service amount is NRs. 1,000.00 which will be provided at the clients' home within 11 days of delivery.
- 4) **Calamities Relief Service:** When a client loses her physical property due to natural calamities like landslide, flood, fire and lightening, this service is provided based on loss of assets. This service is provided from NRs. 2,000.00 to 5,000.00 as immediate relief to the affected member.

### CAPACITY BUILDING

Bank strongly believes that capital only will not enhance socio-economic status of clients. So, bank has established a separate training unit under the microfinance department.



The training unit coordinates on delivering need based capacity building related activities (leadership and skill development) to client and staff members on regular basis.

*For more detail*  
Please contact nearest MNBBL office  
or  
visit at [www.muktinathbank.com.np](http://www.muktinathbank.com.np)



## A GLIMPSE OF MICROFINANCE PROGRAMME



**मुक्तिनाथ विकास बैंक लिमिटेड**  
**MUKTINATH BIKAS BANK LIMITED**

Central Office  
Microfinance Department  
Prithvi Chowk, Pokhara, Nepal  
Tel. No. : +977-61-538039,  
Fax No.: +977-61-524192  
Email: [mfd@muktinathbank.com.np](mailto:mfd@muktinathbank.com.np)  
Website: [www.muktinathbank.com.np](http://www.muktinathbank.com.np)

## INTRODUCTION

Muktinath is a popular Nepali word which literally means the “God of Salvation”. The bank’s name was derived to prove the meaning by uplifting poor people from their current status to respectful social and economic status.

Muktinath Bikas Bank Limited (MNBBL) is a “B” class Development Bank licensed by Nepal Rastra Bank (Central Bank of Nepal) providing general banking services to every segment of the population. MNBBL is the first development bank in Nepal which has downscaled its operation to serve low income people. MNBBL is taking an initiative to provide microfinance services to poor people from April 2008 (Baisakh 2065).

MNBBL has a separate Microfinance Department which manages microfinance activities of the bank. Under the microfinance department, there are microfinance service delivery units (Desk, Unit and Sub-branch offices) which provide microfinance retail services including credit, savings, remittances and social security schemes to the target clientele.

### VISION

To uplift socio-economic status of people through financial services.

### MISSION

Become a leading sustainable organization to provide various financial services to the needy targeted people for positive changes in their living status.

### GOAL

MNBBL’s goal is to serve at least 60,000 clients by mid July 2015 with maintaining high morale among all stakeholders while providing need based quality financial services (credit, savings, remittance and social security program).

### OBJECTIVE

Collect idle capital scattered in the informal sector and invest in industry, business, agriculture and service sector to increase productivity and self-employment through customer friendly service delivery mechanism in urban, semi-urban and rural area.

## TARGET CLIENTELE

MNBBL exclusively focuses to the poor women in its microfinance programme. Only one member from one household will be eligible for the programme. By

creating homogenous group, each member will consider herself as of equal stature and can have influence over other members to create peer support and peer pressure. By having members only from the local community it will enable the group sustainability and mutual trust among group members.

## OPERATIONAL MODEL

MNBBL has been providing its microfinance services in three different modalities. They are:

- i. **Modified Grameen Model**
- ii. **Joint Liability Group Model**
- iii. **Individual Lending Model**



Generally, in Modified Grameen Model, groups are formed of five women members who meet on a monthly basis for microfinance transactions. Centers are established with at least two groups to six groups. Loans are disbursed on the basis of group guarantee. Group members are liable to pay the loan and mandatory savings installments if one group member fails to pay.

In Joint Liability Group Model, MNBBL has named it as Business Groups. Five to ten businesswomen or entrepreneurs from neighboring area can form a business group. The group meets themselves and submits meeting documents and collected loan installments and savings to the bank. Based on their group cohesion and business growth bank lends to the group member on group guarantee. Bank staff closely monitors the group members.

Individual loans are disbursed only in collateral basis. These loans are larger in size compared to group based loans. Individual loan is provided to entrepreneurs as micro enterprise loan.

Each of the lending methodology is designed to create high credit discipline thorough peer pressure and peer support.

## OPERATIONAL AREA

MNBBL currently operates in three districts (Syangja, Kaski and Tanahun) of Western Development Region and is set to expand its services to seven more districts of Western & Central Development Region. MNBBL is focusing its microfinance services to rural and underserved households who are striving for but lack access to financial services.

MNBBL has planned to extend financial services to all households of its working area. It has already covered most of the VDCs of Syangja, Kaski and Tanahun districts.



## PRODUCTS & SERVICES

### LOAN PRODUCTS

MNBBL has developed loan products based on demand of borrowers. Following are the current loan products offered by the bank:

#### 1. **General Loan:**

This is the basic loan for MNBBL microfinance clients. This loan is provided for income generating activities only. When a new client enrolls in the microfinance program, she is eligible for this loan.

#### 2. **Business Group loan :**

Business Group Loan is especially designed loan product for small group (Joint Liability Group) members who are running small business and need working capital for the same.

#### 3. **Goodwill Member Loan :**

This loan is an incentive loan to the clients. Those members who have maintained good track record and completed at least one cycle of general loan are eligible to borrow Goodwill Member Loan. This loan facility is provided to promote the existing business.



#### 4. **Micro Enterprise Loan :**

This product is designed for startup business and enhancement of microenterprises. Collateral is mandatory for microenterprises loan. The client who has completed one cycle of general or business loan are eligible for Micro Enterprise loan.

#### 5. **Dairy Product Loan :**

This product is designed for milk production through cow & buffalo farming. This loan can be disbursed to group based and individual clients.

S. No.	Loan Type	Loan Size (NRs.)	Loan Duration	Interest Rate	Service Charge
1	General Loan	1,000-100,000	1-1½Yrs.	20%	1 %
2	Business Group Loan	25,000-100,000	1-2 Yrs.	20%	2%
3	Goodwill Member Loan	Up to 100,000	1-2 Yrs.	20%	2 %
4	Microenterprises Loan	Up to 300,000	1-3 Yrs.	18%	2 %
5	Dairy Product Loan	Up to 100,000	1-2 Yrs.	20%	1 %

### SAVINGS PRODUCTS

Bank is providing two types of savings products. Mandatory savings is a regular savings that a client needs to deposit till she remains member of the bank. These products will help clients to develop saving habit. Voluntary savings products are designed to safeguard clients’ excess money as deposit for future use.

#### 1. **Group Savings:**

This is mandatory saving where client need to deposit specified amount during each center meeting. This product aims to establish a saving habit to clients and form capital after extended period of time. The deposited amount can be withdrawn only at the time of leaving membership of the bank.

#### 2. **Personal Savings :**

Personal Savings is a voluntary savings. A client can open personal savings account with minimum NRs. 100.00. The deposited amount can be withdrawn as per requirement.

#### 3. **Muktinath Pension Savings :**

This is a voluntary savings product which requires continued deposit by members at a fixed rate of amount for long term. This savings can be used for children’s higher education, marriage and for old age uses. Currently, bank is offering two schemes on this product. In exceptional case, if client drops out from the membership of the bank before the committed time period then the bank provides 5% interest on the deposited amount.