

Micro Credit Program

The Department of Youth Development undertakes various types of program to meet the current requirements of the unemployed youth population. Micro credit program is one of them that plays a vital role to create self employment in different areas. The Department depending on various studies holds on idea that the marginal unemployed youths having credit facilities of the Department are being empowered and able to reduce their poverty by involving themselves in productive activities for socio economic development of the country as well. The department has had two approaches of micro credit delivery among the young people ;

A. Individual approach (self employment program).

B. Group approach (family based program)

Description of individual credit :

The main objectives of the program are to provide credit facilities to the trained youth of the department of youth to create self employment project. The program is spread all over the country (including all the upazillas and metropolitan thanas).

A.a Conditions to get individual credit.

1. The incumbent (youth) should be trained (having skill development training from the department of youth development from any center (district level or from Upazila level) ;
2. After completion of the training, the youth should start a pilot project depending on his knowledge and own resources ;
3. There should be a guarantor in favor of incumbent who will be able to take the responsibility to look after the project and to repay the loan money received by the applicant if the loanee fails to do so. So he is to sign on a 300/- non judicial stamp stating the fact.
4. The guarantor should have the ability to submit the deed, parcha & tax receipt of the land in favor of his guarantee.
5. Government employee can be the guarantor in absence of above type of guarantor
6. Within three years of receiving the training, by fulfilling above conditions a youth can be the applicant to get the credit.

A. What incumbent should do to get the credit?

- i) An youth fulfilling above terms and condition can submit a prayer in white paper (stating his residential address and project address subject to the training, present status of the pilot project, name and address of guarantor relationship with the guarantor and how much money he the needs) to the concerned papilla youth development officer.
- ii) Within three weeks of the submission of prayer the office concerned will provide the information whether the applicant is eligible to get the credit or not. If the answer is positive the incumbent will be asked to buy a prescribed application form by Tk. 20/- only.
- iii) After completing the application form along with all supporting documents he is to submit the application to the papilla office for their next preparation.

B. **Amount, period, grace period, times of loan and mode of payment:**

- i. Incumbent who trained from institutional centre (both residential & non residential)) from district level can apply for Tk. 50000-100000/- irrespective of his investment and project size.
- ii. Incumbent who trained from non institutional training centre i.e. from upozilla level can apply for Tk. 30000-50000/- only irrespective of project size and investment.
- iii. The project period will be of three years for loan amount of Tk. 86000-100000, two and half years for loan amount of Tk. 76000-85000 and two years for loan amount of Tk. 75000 and bellow. He/she will have to return the money by monthly installments with service charges.
- iv. A successful incumbent who has timely repaid his credit are eligible to get another /second time of loan if he proves himself as successful entrepreneur.

- v. Credit money is being sanctioned by concerned committees and given to the incumbent with cross cheque. It means that the incumbent should have to have on bank account through which he/she can be able to cash the money.
- vi. There is a provision grace period ranging from one to three months depending on project nature. Grace period is supposed to be sanctioned by the district & upazilla credit committee. Within the grace period incumbent need not to repay installment & service charge. This time considered as a time to return after investment in the project.
- i. **Personal Savings:** To encourage the micro savings and sustainable development there is a provision to collect 5% money against the sanctioned amount of loan as personal savings and Tk. 50/- per month as monthly savings. The amount of money saved with interest is refundable to the loaners after completion of loan period.

ii. **Service charge:** The rate of service charge is 10% which is calculated by declining method of balance. For example one who receives Tk. 50000/- as credit he is to return the credit money by 24 monthly installments with service charge and by this process one regular loaner is to repay principal amount Tk. 50000 and service charge Tk. 5291.

A.c **Documentation:** One passbook will be issued to each of the incumbent in which all transaction should be recorded during the time of re-payment. The passbook is personal property of a incumbent, which generally need not to be surrendered to any -body without any proper notification.

B. Description of group.

Group member selection:

There is a system of survey on the basis of certain criteria to select the desired family & members of the family. Major selection criteria of a family and members of the family is as follows:

- a. The family having the assets of less than two lac taka, yearly gross income not more than 50000/- and cultivable land less than one acre can be the family for the group member selection. From this type of family the member are selected as group members.
- b. All the member of a family (excluding student, service holder, people's representative) aging from 18-45 years (age may be relaxed in case of family head) can be the member of a group.

B.b Group and center formation:

Preferably five member from a family can constitute a group. If five member are not found to form the group from a family, members from another family (blood related) can be taken to make a the group. Eight to ten group will form a center. There will be a group leader for each group. A president and a secretary will be nominated to locally look after the activity of their members and help the DYD staff to recover the after loan money in due date and time.

B.c Beneficiary training and disbursement of loan:

After the formation of a center, there will be a management and awareness training for five days at center level including all the members of the center.

B.d Credit amount, installment, grace period & group servings.

- * Every member of group will have maximum loan amounting to Tk. 10000/- in the 1st year. After successful completion of repayment of loan of a year (he is supposed to be graduated) member concerned will respectively get Tk. 15000/ and 20000/- as loan for 2nd, 3rd year.
- * Every member of a group is to repay his/her loan within 50 weeks by weekly installment. Service charge will be payable in 51st and 52nd weeks and thus the one year end.
- * The member of a group will be allowed two weeks time as grace period. Within grace period he/she will not repay the installment and service charge but they are to pay their weekly savings @ Tk 20/- (refundable).
- * Each member of the group is supposed to deposit 5% money against their sanctioned amount of loan (refundable).