



Nirdhan Newsletter

Newsletter of Nirdhan Utthan Laghubitta Bittiya Sanstha Limited / January 2022 Edition

**Nirdhan Utthan Laghubitta
Bittiya Sanstha Limited**
(formerly Nirdhan Utthan
Bank Limited)

An MFI Providing Services to the
Poor

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Message from the CEO

Dear Reader,

Greetings!

We are delighted to present you progress highlights for January 2022 together with a brief account of the activities accomplished by the institution during the month.

The reporting month projected continuous expansion in the business activities with slight increase in the business coverage and outreach. The loan investment, savings mobilization as well as numbers of the active and loan clients marked an increase. However, the non-financial indicators related to CSR and CP activities remained at almost same levels as in the past month.

With the continued liquidity crunch in the market, the BFIs have increased their lending rates too high. This has hindered the MFIs in achieving their mission of expanded outreach.



This month through online events, we encouraged all of our branch offices towards managing investible fund enhancing saving and deposit mobilization.

For your reading, we have presented story of Reena Devi, the Enterprising Women who received Dr. Harihar Dev Pant Best Micro-Entrepreneur Award in 2021 (2078 BS) from among the entrepreneurs from the Madhesh Pradesh (Province 2). Hope, you would appreciate the story!

MFIs, through financial inclusion of the poor and deprived families promotes access to basic needs and services such as food, shelter, health and education.

Our work directly contributes to several Sustainable Development Goals (SDGs) including Poverty Reduction, Quality Education, Gender Equality and Decent Work and Economic Growth. Likewise, in joining hands with the development partners, we are committed to contribute on other SDGs as well including Clean Water and Sanitation, and Affordable and Clean Energy through joint project initiatives.

Janardan Dev Pant

**1 NO
POVERTY**



**4 QUALITY
EDUCATION**



**5 GENDER
EQUALITY**



**8 DECENT WORK AND
ECONOMIC GROWTH**



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Progress Highlights

The highlights on Financial Progress, Coverage/Outreach and Non-financial Progress (CSR/CP activities) for the month of Poush 2078 (corresponding mid-December 2021 to mid-January 2022) is presented in the tables below.

<i>Financial Progress (in Billion NPR)</i>	<i>as of 15 Dec 021</i>	<i>as of 14 Jan 022</i>
Loan Disbursed	177.87	180.61
Loan Outstanding	26.56	26.95
Savings & Deposits	16.55	17.05
Note: NPR = Nepali Rupees		



The selected financial indicators that of loan investment and savings mobilization suggest a slight increase in the reporting month. The loan disbursement reached a volume of NPR 180.61 Billion with an increase of NPR 2.74 Billion during the month. The outstanding investment in loan is NPR 26.95 Billion at the close of the month. The savings and deposits reached NPR 17.05 billion, which is an increment of half-a-billion NPR during the month.



<i>Coverage/Outreach (in No.)</i>	<i>as of 15 Dec 021</i>	<i>as of 14 Jan 022</i>
Districts Covered	77 of 77	77 of 77
Local Bodies Reached	543 of 753	543 of 753
Branch Offices	181	181
Centers/SRGs	21,403	21,634
Staff Strength	1,204	1,204
Active Clients	386,514	389,941
Loan Clients	228,831	232,100

The coverage and outreach in terms of the number of Centres/SRGs as well as active and loan clients increased slightly during the month. The number of Centres/SRGs increased by 231 reaching to a total of 21,634. Likewise, the number of active clients increased by 3,427 reaching to a total of 389,941 and the loan clients increased by 3,269 reaching to a total of 232,100.

<i>CSR/CP Activities (in No.)</i>	<i>Nov/Dec 021</i>	<i>Dec 021/Jan 022</i>
Maternity Allowance	277	262
Critical Illness Relief	16	16
Disaster Relief	329	64
Insurance Claim	262	262



The non-financial indicators that of Corporate Social Responsibility and Client Protection activities remained almost at the same level except for Disaster Relief during the reporting month. The Disaster Relief cases went down to 64 as opposed to 329 during the past month. This situation is particularly ascribed to the seasonality of the disasters and processing of the related claims (refer page 3 for financial volume of the CSR/CP activities).

Non-Financial (CSR and CP) Activities

Nirdhan has several initiatives ensuring its Corporate Social Responsibility and Client Protection that include Maternity Allowance, Critical Illness Relief and Disaster Relief. Likewise, it has facilitated micro-insurance services for member clients. A summary of the initiatives undertaken during the month of Poush 2078 (corresponding mid-December 2021 to mid-January 2022) are presented in this section (*please refer page 2 for month-wise break-up of the CSR/CP activities*).

Maternity Allowance

Maternity period is a very sensitive period for the mothers as they need nutritious food for themselves and in keeping the infant healthy. To support this cause, Nirdhan provides NPR 1,600 up to two time delivery as maternity allowance.

Nirdhan distributed maternity allowance to 262 members during this period amounting to a total of NPR 419,200 to its clients through different branches.

Critical Illness Relief

Critical Illness Relief with a value of NPR 5,000 per case covers illnesses including cancer, major organ damage, major heart disease and other major illnesses as specified in the Critical Illness Relief Manual.

Nirdhan provided Critical Illness Relief to 16 members during this period amounting to a total of NPR 80,000.



Disaster Relief

This relief is made available to the members affected by natural calamities such as flood, landslide, earthquake, tornado, fire etc. The relief amount is dependent on the severity of the damage caused to the members and their household.

During this period, Nirdhan distributed disaster relief to 64 members amounting to NPR 174,000.

Distribution of Compensation

Nirdhan distributes compensation amount in the event of death or accident of its member clients as well as to their family members who are covered under the micro-insurance service facilitated by Nirdhan.

Nirdhan settled 262 claims during this period amounting to a total of NPR 21,793,000 through different branches.

CAPACITY BUILDING Enhancing Saving and Deposit

The occasional scarcity of investible fund is one of the key issues that are being faced by the Microfinance Financial Institutions (MFIs) in Nepal. The sizeable portion of the investible fund come as the borrowing from other Bank and Financial Institutions (BFIs). With liquidity crunch in the market, the BFIs have increased their lending rates as high as to 13.5%, which has hindered the MFIs in their mission of expanded outreach. In this scenario, Nirdhan held online consultation sessions with all of its 181 branch offices towards managing investible fund enhancing saving and deposit mobilization during the month of Poush 2078 (corresponding mid-December 2021 to mid-January 2022).

In total, five groups were formed for the online consultation grouping together the branch offices within the purview of two regional offices each.

The two-hour long consultation for each group was targeted to all staff, especially Accountants and Assistants in the branches.

The consultation was focused on the burning issue of the current times – Why enhancement of saving/deposit in the institution is important?



The presentation touched on the institutional portfolio quality, income from and expenses of loan investment, and scenario on doing business with funds borrowed from BFIs at prevailing interest rate. A clear need on enhancing saving and deposit was established.

The staff were oriented on various ways in enhancing the saving and deposit and the proactive initiatives that each one of them could undertake towards this end.

Some policy level improvements and operational guidelines were also outlined so as to encourage the staff as well as the clients in this effort.

The online consultation comprised of the presentations from the head office and subsequent plenary discussion was concluded with the key message that institutional self-sufficiency is the pre-requisite for the career progression of the staff.



SUCCESS STORY Enterprising Women – Reena Devi

Resident of Khutwa, Prasauni Rural Municipality Ward 4, Reena Devi was born as the third child in a low-income, deprived family with three brothers and three sisters in Sahadeva, West Champaran, Bihar of India. At her maternal home, she faced much difficulty even in managing daily meals. She states that she could not avail the formal education during childhood given the social tradition of restricting women and girls within the household. As the wrong practice of child marriage was prevalent, she was married at an early age of 16 years to Shiva Pandit Kumhar of Khutwa following the social tradition.



Mr. Bhola Prasad Gupta, Ward Chairman of Prasauni Rural Municipality of Bara District handing over Dr. Harihar Dev Pant Best Micro-Entrepreneur Award to Mrs. Reena Devi from among the entrepreneurs in the Madhesh Pradesh (Province 2) in 2021 (2078 BS)

Now, she has been an example that one could succeed and prosper if loan facility is utilized properly. She has been able to establish herself as a commercial entrepreneur through her skill, hard-work and dedication as well as support from Nirdhan, ensuring direct employment for six persons (4 family members and 2 outsiders) in her business spanning across buffalo farming, vegetable farming, clothes store and grocery shop.

Situation at the outset

She could not gain the happiness after marriage as she expected. As she was the second daughter-in-law in the new family, she had to shoulder all the responsibilities including

taking care of the kitchen of the five member family including her spouse, father- and mother-in law, and brother-in-law and also the farm work. Her spouse and father-in-law had no outside income source and it was difficult managing the family livelihood year-round with farming in two Katha arable land. There was no option but to engage in wage labour at lower wages. She states that they had to work often in lieu of interest payment to the moneylenders as they had to take loan at higher interest rate at times of difficulty or when someone is sick in the family. As the days passed-by, she became mother of two children. She was then very much worried due to multiple obligations including the family livelihood, marriage of the brother-in-law, upbringing the children and ensuring their education.

Search for the support

In 2000, as she was contemplating in managing her livelihood, she learnt from the neighbor's hearsay that Nirdhan staff are there forming groups. She states that they could not believe that Nirdhan would be providing group-based, collateral-free loan for those with skill and willing to pursue production-oriented, income-generating business but without capital as they used to borrow money at higher interest rates from the moneylenders. As she went on exploring, she trusted the hearsay and made plans in consultation with her spouse. However, she states that it became very difficult to advance the work in the groups as the social tradition barred women in coming out of the household and work with outsiders. The village men objected them as pledging women by those who found their earning inadequate.



SUCCESS STORY **Enterprising Women – Reena Devi** continued ...

She ignored the villagers' comments as she thought that would not resolve her problems and got affiliated with Nirdhan forming a Centre of five groups. Now, those who made comments earlier have also joined the groups. She is happy on this development. She first took the group loan of NPR 15 thousand in 2002 and purchased a buffalo and paid back the loan installment from the income. She stated that, the business helped in managing family livelihood and thus she garnered courage in generating more income with increased loan portfolio. She kept on availing subsequent loan facilities in different cycles including NPR 20 thousand, NPR 30 thousand, again NPR 30 thousand, NPR 40 thousand respectively and she became the owner of four milch buffalos at a time.

Situation at the conclusion

On the other hand, she sent her son in a ceramic pots making training conducted with Nirdhan assistance for ensuring his employment as he was grown-up. After completion of the training by her son, she availed the eighth loan of NPR 40 thousand and operated the ceramic pot making business. In the process, she further availed NPR 50 thousand loan in 2007 and NPR 200 thousand micro-enterprise loan in 2013 for business expansion. In the same year, she made a well-constructed house with business income.

In 2017, she availed NPR 500 thousand loan and systematized and expanded further her ceramic industry with the name of Shivashakti Ceramic Industry catering to the nearby markets including Kalaiya, Birgunj, Parwanipur

and Narayangarh. With the business income, she has acquired one Bigha (6,772.41 Square Metres) arable land. In 2019 she further availed NPR 700 thousand micro-enterprise loan and NPR 125 thousand group loan. She states that the commercial buffalo farming generates monthly income up to NPR 150 thousand and the son is keeping accounts of his business himself. She further states that her children could not continue their education beyond higher secondary level despite of her emphasis.

She has been an example that one could earn well in the homeland as well. She has been providing employment to two persons besides the family members managing the buffalo farming and ceramic industry with proper utilisation of the loan facility. She now owns two motorbikes, one pickup van, 12 buffalos, the ceramic industry and about one Bigha (6,772.41 Square Metres) land including the residential land.

Reena Devi credits Nirdhan for her success. She states that, "When I was in difficulty even in managing the livelihood, Nirdhan proved the God as I looked for a stone."

She shares with all sisters that Nirdhan has established her current societal status through encouragement and support in doing the business.

Contributor: Kiran Kumar Harijan, Branch In-charge, Branch Office Prasauni, Bara

