

Bangladesh Gazette

Extra Copy

Published by the Authority

(Unofficial Translation)

Monday, January 17, 2011

(The following is an unofficial English version of the MRA Rules 2010 and in case of any difference in the meaning between the two the original Bangla version will prevail)

Microcredit Regulatory Authority

Notice

Dated: December 19, 2010

SRO No. 394-Law/2010 – In accordance with the power delegated under the Microcredit Regulatory Authority Act, 2006 (Law 32 of the year 2006), clause 51, the Authority does hereby promulgate the following Rules as per the prior approval of the government:

1. **SHORT TITLE** – These Rules will be known as **Microcredit Regulatory Authority Rules, 2010**.
2. **DEFINITIONS** – Unless there is anything repugnant to the subject or context, the following terms used in these Rules will have the following meaning ascribed to each of them below:
 - (1) **“Act”** means the Microcredit Regulatory Authority Act, 2006 (Act 32 of the year 2006);
 - (2) **“Depositor”** means the depositor as per the definition under section 2(3) of the Act;
 - (3) **“Authority”** means the authority as per the definition under section 2(5) of the Act;
 - (4) **“Client”** means the client as per the definition under section 2(7) of the Act;
 - (5) **“Chartered Accountant”** means the chartered accountant as per the definition of Bangladesh Chartered Accountant Order, 1973 (P.O. No. 2 of the year 1973), paragraph 2 (1) (B);
 - (6) **“Council of Directors”** means the Council of Directors as per the definition under section 2(12) of the Act;
 - (7) **“Capital”** means the own fund of the microcredit organization not having any claim by any internal or external person, project or organization;
 - (8) **“Insurance”** means the insurance services extended by the microcredit organization exclusively covering the various risks for its Clients;
 - (9) **“General Body”** means the general body of the microcredit organization;
 - (10) **“Certificate”** means the certificate as per the definition under section 2(19) of the Act;
 - (11) **“Service Charge”** means the service charge as per the definition under section 2(20) of the Act;
 - (12) **“Samity”** means the association formed by the Clients under the microcredit program run under the supervision of the microcredit organization;

Microcredit Regulatory Authority Rules, 2010

- (13) "**Asset based Security**" means a security recoverable from a microcredit organization that is issued by an entity or organization recognized by law and is registered with the Securities and Exchange Commission;
- (14) "**Microcredit**" means the microcredit as per the definition under section 2(22) of the Act;
- (15) "**Microcredit Organization**" means the microcredit organization as per the definition under section 2(21) of the Act;
- (16) "**Microcredit Activities**" means the continuous activities related to the microcredit and deposit services for the clients under the supervision of the microcredit organization, and the Insurance services will also including.

3. LICENSE ISSUING PROCEDURE

- (1) In order to obtain a license a person will have to apply to the Authority in the prescribed form specified in Annexure A.
- (2) Upon receipt of application mentioned in sub-clause (1) the Authority will evaluate the information provided with the application and upon satisfaction will request for payment of the License Fee mentioned in section 15 of the Rules.
- (3) The Authority will issue the license in the form specified in Annexure B within 10 (ten) days of receipt of the license fee from the applicant as mentioned in sub-clause (2).
- (4) If the application is rejected the Authority will notify the applicant in writing within 30 (thirty) days of rejection.

4. CONDITIONS OF LICENSE, ETC. – The following will be the conditions of the License:

- (a) The licensed organization must adhere to the law and all the rules of this Microcredit Authority Rules 2010;
- (b) The licensed organization will not be able to run its Microcredit Activities outside the area of operation permitted by the registration authority;
- (c) The full addresses of the Head Office and Branch Offices of the organization must be informed to the Authority;
- (d) Any change of address of the Head Office must be notified to the Authority in advance;
- (e) Changes in the address of the Head Office or Branch Offices must be notified to the Clients and all other relevant parties;
- (f) The licensed organization will have to pay annual fees as specified in section 15;
- (g) The licensed organization must provide all information as required by the Authority and extend all co-operation in carrying out any inspection and investigation by the Authority.

5. TEMPORARY SUSPENSION OR WITHDRAWAL OF LICENSE, ETC.

- (1) If deemed necessary by the Authority in the interest of the Depositors or the general public, the Authority may temporarily suspend the license of an organization for a maximum period of 12 (twelve) months through a written instruction after granting the relevant organization an opportunity of hearing;
- (2) Notwithstanding sub-clause (1) above, if serving a notice as mentioned in sub-clause (1) is deemed by the Authority to stand a risk of hampering the interest of the general public, it may temporarily suspend the license of the organization for a maximum period of 12 (twelve) months without granting the organization any opportunity of hearing;

Microcredit Regulatory Authority Rules, 2010

- (3) A notice asking for explanation must be issued to the relevant organization within 7 (seven) days of issuing instruction of temporary suspension of license mentioned in sub-clause (2);
- (4) After receipt of the notice mentioned in sub-clause (3), if the Microcredit Organization provides an explanation which is considered satisfactory by the Authority, it will withdraw the instruction of temporary suspension of license of the relevant organization;
- (5) During the period of effectiveness of temporary suspension of license mentioned in sub-clauses (1) and (2), if the Authority is convinced that it is necessary to ensure efficient management of the relevant organization in the interest of the general public or the Depositors, it will direct the relevant organization to take the necessary steps in this regard;
- (6) If the Microcredit Organization is not satisfied with the instruction of temporary suspension of license mentioned in sub-clauses (1) and (2) it may appeal to the Authority for reconsideration within 30 (thirty) days of issuance of the said instruction. The decision taken by the Authority in response to such an appeal will be considered final.

6. CANCELLATION OF LICENSE

- (1) The Authority may cancel the license for the following reasons:
 - a) Violation of the terms and conditions mentioned in the license;
 - b) Liquidation of the Microcredit Organization or closure of its microcredit activities;
 - c) Providing false or confusing information or documents for obtaining the license;
 - d) Running the business in a manner that hampers the interest of the Depositors;
 - e) Failure to comply with the directives given under section 44(2) of the Act; and
 - f) Conviction of the organization for any guilty act under the law.
- (2) Opportunity of providing explanation must be granted through written notice to the relevant organization within a period not exceeding 15 (fifteen) days before cancellation of the license under sub-clause (1).
- (3) The cancellation of license must be informed to the relevant organization in writing.
- (4) Upon cancellation of license under sub-clause (1), the relevant organization will not be allowed to carry out any microcredit activity, without the consent of the Authority, other than those granted by the Authority with the objective of closure of the financial activities of the organization.
- (5) The closure of activities as per sub-clause (4) will not adversely affect the rights and claims of any person over the organization or the rights and claims of any organization over any person.

7. FORMATION OF THE GENERAL BODY AND ITS FUNCTIONS

- (1) Every Microcredit Organization will have a General Body for its management.
- (2) The General Body will comprise of a minimum of 15 (fifteen) and a maximum of 31 (thirty one) members nominated from among the entrepreneurs of the organization out of which at least 2 (two) will be female members.
- (3) The members of the General Body will be at least 18 (eighteen) years of age.
- (4) A person will not be able to hold membership of the General Body of more than 5 (five) Microcredit Organizations simultaneously.
- (5) The General Body will finalize and approve the policies formulated by the Council of Directors for the Microcredit Organization.

Microcredit Regulatory Authority Rules, 2010

(6) The General Body will approve in its meeting the budget prepared by the Council of Directors and will employ external auditors for annual audit.

(7) The General Body will accept, examine and approve the audited accounts of the organization in its annual general meeting.

8. FORMATION OF THE COUNCIL OF DIRECTORS AND ITS FUNCTIONS

(1) Every Microcredit Organization will have a Council of Directors for its management.

(2) The tenure of the Council of Directors will be for three years and it will comprise of a minimum of 5 (five) and a maximum of 10 (ten) members including at least 2 (two) female members.

(3) The members of the Council of Directors will be elected from among the members of the General Body.

(4) A chairman will be elected from among the members of the Council of Directors who will also be the chairman of the General Body by virtue of designation.

(5) A person will not be able to hold membership of the Council of Directors for more than three consecutive terms.

However, new members will be elected for the Council of Directors in a manner so that the number of the members does not be below half of the total number of members of the Council of Directors.

Also, in case of a member not completing the term of the Council of Directors, the said member will be deemed to have been the member for the entire term of the Council of Directors.

(6) The Council of Directors will formulate policies that are not conflicting to the laws and regulations governing the Microcredit Organization.

(7) The Council of Directors will formulate budget for the operations of the Microcredit Organization and present it for approval in the annual general meeting of the General Body.

9. CHIEF EXECUTIVE OFFICER

(1) Every Microcredit Organization will have a Chief Executive Officer (CEO) who will be the full time prime executive officer of the organization.

(2) The CEO of the Microcredit Organization will be entitled to salary and allowances as per the specified pay scale of the organization.

(3) The CEO will carry out his duties and responsibilities, as drawn by the Council of Directors, within the jurisdiction of the rules and regulations of the organization.

(4) The CEO will not enjoy salary and allowances or other financial benefits separately from the various projects of the organization.

10. RESTRICTIONS FOR THE CHAIRMAN AND CEO – Parents, children, spouse and siblings will not be able to hold office of the Chairman and the CEO at the same time and will not also be joint signatories of the bank account of the same organization.

11. MEETINGS

(1) The General Body and the Council of Directors of the Microcredit Organization will determine the procedures of its meetings in accordance with the principles laid down in these Rules.

(2) The time and place of the meetings of the General Body and the Council of Directors will be decided upon by the Chairman.

Microcredit Regulatory Authority Rules, 2010

There must be at least one meeting of the Council of Directors in every quarter.

- (3) The Chairman will preside over the meetings of the General Body or the Council of Directors, as the case may be, and in his absence the members present will nominate a person from amongst themselves to preside over the meetings of the General Body or the Council of Directors as the case may be.
- (4) Presence of two-third of the members of the relevant Council of Directors or the General Body will be required to complete a quorum in the meetings. However, in the case of adjourned meetings no quorum will be necessary.
- (5) Extraordinary meetings will be called at the request of the majority members of the Council of Directors.
- (6) Resolutions will be adopted upon majority votes of the members present in the meeting. In the event of a tie, the person presiding the meeting will have the right to cast an additional tie breaking vote.
- (7) Honorarium may be provided to the members of the General Body and the Council of Directors for attending the meeting.
- (8) The CEO of the Microcredit Organization will act as the secretary in the meetings of the General Body and the Council of Directors by virtue of the position of the CEO.

12. MANAGEMENT AND ORGANOGRAM OF THE MICROCREDIT ORGANIZATION

- (1) The Microcredit Organization will have an organogram which will be approved by the Council of Directors and the General Body.
- (2) The approved organogram mentioned in sub-clause (1) will have to be submitted to the Authority.
- (3) The Microcredit Organization will arrange to employ necessary staff for its operations.
- (4) The Microcredit Organization will issue appointment letters to its temporary and permanent staff specifying the terms and conditions of employment before their joining of work.
- (5) The Microcredit Organization will have an employment policy specifying the procedures related to joining of work, holidays, termination, resignation and all other matters related to the employment of its staff.
- (6) The Microcredit Organization will have a well defined pay scale and all the regular employees will be entitled to salaries and other financial benefits according to the pay scale.

13. MAINTENANCE OF ACCOUNTS AND OTHER PROCEDURES

- (1) Every Microcredit Organization will follow the law, this Regulation, other government rules and regulations and the basic principles of asset-liability management in maintaining the accounts of the organization.
- (2) The Microcredit Organization will not fund long term assets with short term liabilities.
- (3) At least 70% (seventy percent) of the Clients must be borrowers.
- (4) In case of closure of the Microcredit Organization the Depositors will have the highest priority in the settlement of claims.
- (5) The Microcredit Organization will carry out its operation in accordance with the timeline provided by the Authority from time to time.

Microcredit Regulatory Authority Rules, 2010

- (6) Every Microcredit Organization will publish the terms of reference and policies of its internal audit in an abstract form.
- (7) Every Microcredit Organization will publish the procedures related to its Microcredit Activities and deposit management in an abstract form.
- (8) The Microcredit Organization will decide upon the amount of the credit to be extended to its Client by taking into account the usage of the fund by the Client, the ability to repay and the amount of loans taken from other sources by the Client.
- (9) All accounts related to the Microcredit Activities of the Microcredit Organization must be preserved separately.
- (10) The bank account of every Microcredit Organization will be operated under the joint signatures of two employees approved by the relevant Microcredit Organization.
- (11) The Microcredit Organization will publish, in an abstract form, the procedures of its financial management of Bad Debt Reserves, loan classification, loan write-off etc. in accordance with these Rules.
- (12) In amending any of its policies the Microcredit Organization will follow the directives provided by the Authority from time to time.
- (13) Every Microcredit Organization will carry out its Microcredit Activities through its own staff and under its own supervision.

14. OFFICE OF THE MICROCREDIT ORGANIZATION, ETC.

- (1) Every Microcredit Organization will send the full addresses of its head office and all branch offices to the Authority.
- (2) The Microcredit Organization will formulate a branch expansion policy and send it to the Authority.
- (3) The Microcredit Organization will be able to change the address of its head office upon prior approval from the Authority. In the case of a branch office the changed address must be informed in writing to the Authority within one month of the change.
- (4) The Microcredit Organization will inform any change in the addresses of its head office or branch office in writing to all the relevant parties including the Clients.

15. LICENSE FEE, ETC.

- (1) The license fee and annual fee of the Microcredit Organization will be as follows:

SL. No.	No. of Borrowers		License Fee (Taka)	Annual Fee (Taka)
1.	More than	10 Lakh	5 Lakh	25 Thousand
2.	More than and up to	1 Lakh 10 Lakh	2 Lakh	15 Thousand
3.	More than and up to	25 Thousand 1 Lakh	25 Thousand	10 Thousand
4.	Up to	25 Thousand	10 Thousand	5 Thousand

Microcredit Regulatory Authority Rules, 2010

- 16. RIGHTS OF THE CLIENTS** – the rights of the Clients of the Microcredit Organization will be as follows:
 - (a) To get micro credit, microcredit enterprise loan, disaster management loan and Insurance services if available as specified by the Microcredit Organization;
 - (b) To know the applicable procedures clearly, in writing or verbally, in order to avail the services offered by the Microcredit Organization;
 - (c) If the client has no outstanding loans he will have the right to withdraw his deposit, in part or full, and will also be able to withdraw his name as a client;
 - (d) To participate in various training and awareness creation programs of the Microcredit Organization;
 - (e) To claim the benefits of insurance policies subject to fulfilment of stipulated conditions;
 - (f) To receive documentary evidence of all transactions from the Microcredit Organization;
 - (g) To earn interest on deposits as stipulated by the organization; and
 - (h) Receive information related to deposit and loan balance from the relevant branch office on any working day.
- 17. DUTIES OF THE CLIENTS** – the following are the duties of the Clients of the Microcredit Organization:
 - (a) Deposit the amount stipulated by the relevant organization, ensure entry in the passbook and obtain signature from the designated employee of the Microcredit Organization and also to ensure that loan and Insurance related transactions are recorded properly in the appropriate pass book;
 - (b) Make timely payments of loan instalments and Insurance premium as per specified terms and to encourage other Clients also to do the same;
 - (c) Abide by law and order of the Samity and spontaneously co-operate with the Microcredit Organization by attending the meetings of the Samity and participating in its operational programs;
 - (d) Be fully aware of the terms and conditions of the services before availing any service offered by the Microcredit Organization;
 - (e) Actively participate in the demand based training courses and awareness programs of the Microcredit Organization;
 - (f) Efficiently invest the granted loan amount into stipulated income generating activities and thereby increase own profit desirably; and
 - (g) Refrain from taking loans from one or more sources which the Client cannot utilize profitably.
- 18. SOURCES OF FUND OF THE MICROCREDIT ORGANIZATION**
 - (1) The sources of fund for the Microcredit Organization will be as follows:
 - a) Grants received from the members of the General Body under a well defined contract;
 - b) Approved national or international grant having clear documentary proof and the organization willing to accept such grant must be registered with the Bureau of NGO Affairs;
 - c) Deposits received from the Clients;
 - d) Loans obtained under official contracts from legally recognized local financial institutions and organizations;

Microcredit Regulatory Authority Rules, 2010

- e) Loans from foreign sources subject to permission obtained from the relevant government agencies;
- f) Funds received through securitization from recognized financial institutions subject to permission from the Authority;
- g) Funds received from the capital market subject to permission from the Authority;
- h) Loans obtained from a person other than the Client under a well defined contract.

(2) The loans under sub-clause (1)h) must not carry an interest rate higher than the interest rate payable to Clients and Depositors on their compulsory deposits and the person from whom loan is obtained must not be parent, child, spouse or sibling of any employee of the Microcredit Organization.

(3) Sub-clause (2) will also be applicable for interest on loans obtained from the members of the General Body.

(4) The Microcredit Organization will maintain all deeds and documents of the funds obtained and preserve it at its head office.

19. RESTRICTIONS ON USES OF FUNDS OF MICROCREDIT ORGANIZATIONS

(1) The funds of the Microcredit Organization:

- a) will not be usable for any purpose other than its operational activities specified under the rules and regulations and specified heads of expenditure; and
- b) will not be used for extending loans or grants to any external person or organization or to any member of the General Body or Council of Directors of the Microcredit Organization; However, if the member of the General Body or Council of Directors is a Client of the Microcredit Organization, this rule will not be applicable.

20. RESERVED FUND

- (1) Every Microcredit Organization will create a reserve fund using 10% (ten percent) of its total income surplus.
- (2) In order to use the reserve fund mentioned in sub-clause (1) the decision will have to be taken in the meeting of the Council of Directors as per section 30 (2) of the Act.
- (3) The reserve fund will be maintained in a bank account of a specified scheduled bank under the supervision of the head office of the relevant Microcredit Organization.

21. USAGE OF SURPLUS INCOME – every Microcredit Organization will use the surplus income generated at the end of each year in the following manner:

- (a) Deposit 10% (ten percent) of the surplus fund to the Reserve Fund account;
- (b) After depositing to the Reserve Fund account, the remaining fund may be utilized for the Microcredit Activities; and
- (c) Use the fund for other programs to alleviate the poverty of the Clients subject to approval from the Authority.

Note: “Surplus income” in this context is used to mean accumulated surplus or profits.

22. ACQUISITION OF MOVEABLE AND IMMOVABLE ASSETS BY THE MICROCREDIT ORGANIZATION

- (1) The Microcredit Organization may acquire fixed assets in conformity to its total assets.
- (2) All moveable and immovable assets must be acquired in the name of the Microcredit Organization.

Microcredit Regulatory Authority Rules, 2010

- (3) In case of sale of immovable assets of the Microcredit Organization, it will have to obtain permission from the Council of Directors.
- (4) In the event of liquidation or closure of the activities of any Microcredit Organization, the registration authority will take decision about the movable and immovable assets of the organization.

23. INCOME AND EXPENDITURE OF THE MICROCREDIT ORGANIZATION

- (1) Every Microcredit Organization will have the following heads of income:
 - a) Income from the Service Charges of the loan portfolio;
 - b) Income from rationally specified entry fee of the members of the Samity;
 - c) Profits from sister concern organizations;
 - d) Interest earnings from deposits and long term savings from the bank;
 - e) Interest earnings from house loans and transport loans extended to employees;
 - f) Approved grants from national and international sources;
 - g) Income from recovery of loan written-off or sale of any other asset; and
 - h) Income heads specified by the Authority.
- (2) The expenditure heads of the Microcredit Organization will be as follows:
 - a) Salaries and allowances of employees;
 - b) Honorarium paid to members of the Council of Directors for attending meetings;
 - c) Honorarium paid to members of the General Body for attending annual general meetings;
 - d) Office rent of the Microcredit Organization;
 - e) Administrative expenses;
 - f) Bad Debt Reserve;
 - g) Audit expenses;
 - h) Expenses related to legal suits and proceedings;
 - i) Interests paid on loans taken from other person or organization; and
 - j) Other expenditure specified by the Authority.

24. DISBURSEMENT AND REALIZATION OF MICROCREDIT LOANS

- (1) The Microcredit Organization may offer loans to the members of the Samity, either individually or collectively as a group.
- (2) In case of group loan a contract must be signed among the group members of the Samity.
- (3) The size of micro enterprise loans will not be greater than half the size of the total loan portfolio at any given time.
- (4) The employees of the Microcredit Organization will not be entitled to any loans other than housing loans, car loans, contingency loans or medical loans for serious illness as approved by the Authority and against the salary or provident fund of the employees.
- (5) No member of the General Body or Council of Directors will be entitled to any loans. However, this regulation will not be applicable if the member of the General Body is a Client of the relevant Microcredit Organization.
- (6) Loans extended to the members may be realized in weekly, fortnightly or monthly instalments.

Microcredit Regulatory Authority Rules, 2010

- (7) The Authority must be informed about the details of the duration, interest rate and repayment schedule of all loans of the Microcredit Organization.
- (8) Discriminatory Service Charges cannot be applied to different Clients of the Microcredit Organization belonging to the same type and obtaining loans for similar purposes.

25. INSURANCE SERVICES

- (1) The Microcredit Organization may offer Insurance services to its Clients.
- (2) For the Insurance services mentioned in sub-clause (1) the Microcredit Organization will provide to the Authority a complete description of the service, the applicable fees or premium to be realized from the Client and the settlement of claims and the financial solvency of the Microcredit Organization.

26. SERVICE CHARGES ON LOANS

- (1) The rate and procedure of determining Service Charge must be set according to the policies formulated on the basis directives, related to the rate of Service Charges and procedures, provided by the government and the Authority from time to time.
- (2) The Service charge set as per sub-clause (1) must be informed to the Client and the charged rate cannot be higher than the declared rate under any circumstances.
- (3) In case of prepayment of the entire outstanding loan by any Client, a rational rate of rebate must be allowed to the relevant Client.

27. TYPES OF DEPOSIT AND DURATION

- (1) The Microcredit Organization may receive the following deposits:
 - a) Compulsory deposit that will be collected at a uniform rate subject to unanimous agreement by the Clients of the Samity and which will be included in writing in the resolution book of the Samity;
 - b) Voluntary deposit that will be collected from consenting Clients at a uniform rate in the open meetings depending upon the nature of the Samity of the organization; and
 - c) Term deposits collected from the Clients under a written contract for a specified period upon which interest will have to be paid at the specified rate.
- (2) In general the total deposit balance of any Microcredit Organization will not exceed 80% (eighty percent) of the principal loan outstanding at any given time.

28. CONDITIONS FOR VOLUNTARY DEPOSIT – the Microcredit Organization may collect voluntary deposit from the Clients under the following terms and conditions:

- (a) The organization must have a minimum of 5 (five) years of experience in conducting microcredit operations;
- (b) It should have documentary evidence of running the operation profitably for the last 3 (three) years;
- (c) Accumulated loan recovery rate must be at least 95% and current loan recovery rate must be at least 90% during the past 5 (five) years;
- (d) It should maintain liquidity of deposits as specified in section 34(1); and
- (e) The total voluntary deposit will not be more than 25% of the total capital of the organization.

Microcredit Regulatory Authority Rules, 2010

29. CONDITIONS FOR TERM DEPOSIT – the Microcredit Organization may collect term deposit from the Clients subject to prior approval of the Authority under the following terms and conditions:

- (a) the organization must have a minimum of 10 (ten) years of experience in conducting microcredit operations;
- (b) It should have documentary evidence of running the operation profitably for the last 5 (five) years;
- (c) Collection of loans during the past 10 (ten) years must be at least 95% for accumulated loans and 90% for current loans;
- (d) It should maintain liquidity of deposits as specified in section 34(1); and
- (e) The total term deposit will not be more than 25% of the total capital of the organization.

30. RETURN OF DEPOSIT

- (1) If the expenses of any Microcredit Organization is more than its income for three consecutive years, or it incurs loss, or violates any conditions of sections 28 and 29 it must discontinue its optional deposit and term deposit collection programs at once.
- (2) In case of discontinuation of the voluntary deposit and term deposit programs by an organization as mentioned in sub-clause (1) the relevant Microcredit Organization must immediately return the voluntary deposit and term deposit along with interest to its Clients.

31. WITHDRAWAL OF DEPOSIT AND ADJUSTMENTS

- (1) A Client may withdraw his entire deposit subject to repayment of all outstanding loans of the Microcredit Organization.
- (2) A Client may withdraw his deposit from the Microcredit Organization by giving a written notice of 7 (seven) days, and would be entitled to interest on the deposit amount according to the contract.
- (3) If a Client withdraws his term deposit before maturity, he will be entitled to a minimum interest at the rate set for voluntary deposit instead of the rate set for the term deposit.
- (4) The Microcredit Organization may adjust loan default amounts against the deposit of the Client.

32. DETERMINATION OF INTEREST RATE ON DEPOSIT

- (1) The Microcredit Organization will set the interest rate on deposit by the Clients consistent with the maximum annual Service Charge applicable to microcredit loans.
- (2) Every Microcredit Organization must declare the applicable rate of interest on deposits in advance and must not pay interest at a lesser rate under any circumstances.
- (3) Monthly interest will be calculated on average balance determined on the basis of balances of the deposit at the beginning and end of every month.

33. PRESERVATION OF INFORMATION ON DEPOSIT – every Microcredit Organization will manage and preserve the deposit of the Clients in the following manner:

- (a) Every Client must be provided with a pass book for the deposit that will include the specimen signature authenticated by the employee collecting the deposit amount, or his representative as the case may be, and an attested passport size photograph with the seal of the Microcredit Organization and an attested copy of national ID card, if available;
- (b) The pass book provided as mentioned in paragraph (a) must include the complete address of the relevant Microcredit Organization, description and dates of the opening balance, deposits,

Microcredit Regulatory Authority Rules, 2010

withdrawals, and closing balance separately. In the case of Samity entries must be made in the group pass book specifying the description of the collections and payments of deposits to every member of the Samity in the format of individual pass books;

- (c) All types of deposit information must be maintained client wise in subsidiary ledgers;
- (d) Withdrawal of deposits must be entered in the pass book of the Client and signed by the authorized employee, or his representative as the case may be;
- (e) Separate collection sheets must be used for different Samities and the sheets must include information about the beginning balance, deposit collected, withdrawal and ending balance for all the members;
- (f) Cash books must be maintained in the branch offices showing collection and withdrawal information and separate ledgers must be maintained for each type of deposit and subsidiary ledgers for every Client showing information about each type of deposit;
- (g) The branch offices must have a register of collections and withdrawals of deposit that must be updated daily;
- (h) The head office of the Microcredit Organization must maintain monthly accounts of each type of deposit, the number of Clients and amounts.

34. USAGE OF DEPOSIT FUNDS AND MAINTENANCE OF LIQUIDITY

- (1) Every Microcredit Organization must maintain 15% liquidity fund of its entire compulsory, voluntary and term deposit, or whatever name assigned to the deposit funds, in the savings account of a scheduled bank of the branch offices.
- (2) Liquidity fund may be maintained in the form of minimum 5% in cash and the remaining portion as fixed deposit.
- (3) The Microcredit Organization may not take any loans against the fixed deposit mentioned in sub-clause (2) and should instantly produce receipts of fixed deposits as evidence during inspection by the Authority.
- (4) Every Microcredit Organization will maintain an investment register that will include the description of the investments along with a clear description of every investment.
- (5) With the change of deposit balance the liquidity fund must also be adjusted accordingly on a half yearly basis and the Authority must be informed in writing.
- (6) After setting the fund aside in order to maintain the liquidity fund as mentioned in sub-clause (1) the remaining portion of the deposit can only be utilized for microcredit portfolio investment.

35. RESTRICTIONS ON THE USAGE OF DEPOSIT FUNDS – no Microcredit Organization will use the deposit fund for purchase of any moveable or immovable asset or to meet any expenses.

36. PRESERVATION OF RECORDS

- (1) The Microcredit Organization will preserve all documents, deeds and records of its branch offices for a minimum of 5 (five) years and its head office for a minimum of 10 (ten) years.
- (2) Every Microcredit Organization must update and maintain the current registers of all its offices.

Microcredit Regulatory Authority Rules, 2010

37. CONFIDENTIALITY OF INFORMATION OF THE MICROCREDIT ORGANIZATION

- (1) No Microcredit Organization will divulge the information of its Clients to the general public. However, in the case of Samities the information may be presented to other members of the Samity.
- (2) Notwithstanding anything mentioned in sub-clause (1) the Microcredit Organization must furnish any information as requested by the Authority.

38. INSPECTION, INVESTIGATION AND AUDIT OF THE ACTIVITIES OF MICROCREDIT ORGANIZATION

- (1) The Authority may inspect any Microcredit Organization at any time and audit and investigate its records and information.
- (2) If specific complaints are received against any Microcredit Organization, the Authority may, after inspection of the said organization, undertake or instruct additional investigation and special audit programs over and above those mentioned in these Rules, depending upon the gravity of such complaint.

39. RULES RELATED TO THE BUDGET, FINANCIAL AND MANAGEMENT ASPECTS OF MICROCREDIT ORGANIZATION

- (1) The financial year of the Microcredit Organization will be from July 1 to June 30.
- (2) Before the end of every financial year the Microcredit Organization will prepare annual budgets for the next year for all its projects separately and for the organization as a whole.
- (3) The budget prepared by the Microcredit Organization must have breakdown of head wise expenses.
- (4) The Microcredit Organizations must get approval of the budget from the Council of Directors at the beginning of the financial year and copy of the approved budget must be presented at the Annual General Meeting for final approval, after which it must be sent to the Authority within the first month of every financial year.
- (5) The Microcredit Organization will prepare its financial forecast for the next year on the basis of the annual budget.
- (6) The Microcredit Organization will preserve program wise and project wise books of accounts and all related records.
- (7) The Microcredit Organization will duly follow the expenses allocation policies related to assets jointly used for multiple programs or projects.

40. CLASSIFICATION OF ACCOUNTS

- (1) The transactions of the Microcredit Organization must be recorded in separate registers depending upon the type.
- (2) Individual account must be opened for different types of accounts in the general ledger.
- (3) The income and expenditure of the Microcredit Organization must be recorded under separate heads of accounts in the ledger and similar accounts heads be grouped together.
- (4) A well defined chart of accounts must be maintained and updated at the head office and branch offices of the Microcredit Organization.

Microcredit Regulatory Authority Rules, 2010

41. MAINTENANCE OF REGISTERS AND RECORD BOOKS

(1) Single- or multi-tier Microcredit Organizations must maintain the following registers or record books, whatever it is called:

Single tier Microcredit Organization 1	Multi-tier Microcredit Organization 2		Samity Level 3
Record book / Register of the Organization	Record book / Register at the Head Office	Record book / Register at the Branch	Record book / Register of the Samity
1. Cash and Bank Book	Cash and Bank Book	Cash and Bank Book	Record book / Register of the Samity
2. General Ledger	General Ledger	General Ledger	Loan Pass Book
3. Client based subsidiary ledger (loans, deposit and Insurance)	Client based subsidiary ledger (loans, deposit and Insurance)	Client based subsidiary ledger (loans, deposit and Insurance collection sheet)	Deposit Pass Book
4. Loan Distribution Book (Master Roll)	Consolidated Loan Distribution Ledger (Branch wise)	Loan Distribution Book (Master Roll)	Insurance Pass Book
5. Loans Due and Realization Register	Consolidated branch level Loans Due and Realization Register	Loans Due and Realization Register	
6. Deposit return / adjustment register	Consolidated branch level deposit return / adjustment register	Deposit return / adjustment register	
7. Cheque issue register	Cheque issue register	Cheque issue register	
8. FDR register	FDR register	FDR register	
9. Fixed Asset register	Fixed Asset register (Head Office and branch office)	Fixed Asset register (branch wise)	
10. Dues register	Dues register (branch wise)	Dues register	
11. Advance register	Advance register	Advance register	
12. Pay register	Pay register	Pay register	
13. Write off and other necessary registers	Consolidated branch wise write off and other necessary registers	Loan write off register and other necessary registers	
14. Fully depreciated asset register	Fully depreciated asset register	Fully depreciated asset register	
15. Bad Loans register	Bad Loans register branch wise	Bad Loans register	

Microcredit Regulatory Authority Rules, 2010

42. RECONCILIATION STATEMENT – the Microcredit Organization will prepare a bank reconciliation statement for the balance of the “bank” column of their respective cash books at the head office and branch levels at the end of every month for reconciling the mismatch with the bank statement.

43. GENERAL RULES IN PREPARATION OF FINANCIAL STATEMENTS

- (1) The Microcredit Organization will prepare its program wise and consolidated financial report and use the financial statement along with the financial report of the previous year so as to present a comparative picture and send the report to all relevant parties so that the user of the report may have clear information about the financial status of the organization.
- (2) The financial report of every Microcredit Organization must be signed by its Chairman, Chief Executive Officer and Accountant.
- (3) The Microcredit Organizations will prepare the following annual financial statements and send it to the Authority within 30 (thirty) days of the end of each financial year:
 - a) Balance Sheet;
 - b) Income-expenditure statement;
 - c) Cash Flow statement;
 - d) Statement of change in capital fund;
 - e) Portfolio statement.
- (4) The Microcredit Organization will include the following in its financial statements with necessary notes where applicable:
 - a) Any changes in the accounting policies of the Microcredit Organization;
 - b) All types of lending services in its Balance Sheet on the basis of the status of Principal outstanding along with deductions written off;
 - c) In case of any memorandum of understanding or contract executed with any other organization, the relevant financial attachments regarding the financial, technical or operational issues;
 - d) Clear information related to reserve fund;
 - e) Detailed information about surplus fund;
 - f) The following information related to deposits:
 - (a) Deposit returns;
 - (b) Deposit balance adjusted with loan balance of the members; and
 - (c) Interest paid on the basis of interest rates and types of deposit;
 - g) The following information related to donations and grants:
 - (a) Amount of donations and grants in capital fund;
 - (b) Receipt of revenue donations and grants in every financial year shown as income and expenses statement;
 - (c) Book value of grants received in kind, and if the book value cannot be ascertained at the time of receipt, at market value;
 - (d) List of sources of donations and grants in the “notes to the account”;
 - h) Method of Service Charge calculation, rate of Service Charge applied and detailed explanation of the effective annual rate of Service Charge on loans.

Microcredit Regulatory Authority Rules, 2010

- (5) Determine the depreciation of assets of the Microcredit Organization following the method described in the income tax ordinance, 1984 (ordinance 36 of the year 1984).
- (6) The Microcredit Organization will determine the interest expense on the deposit of the Client on accrual basis and will record it in the pass book of the Client every year.
- (7) The Microcredit Organization will show the collected Service Charge on various types of loan separately and consolidated.

44. CLASSIFICATION OF LOANS AND PROVISIONING

- (1) The Microcredit Organization will classify loans as "Regular", "Watchful", "Sub-standard", "Doubtful" and "Bad Loan" on an annual basis.
- (2) After classifying loans as mentioned in sub-clause (1) the Microcredit Organization will maintain provision at the following rates:

Loan Classification	No. of Days Outstanding	Percentage of Principal
Regular	Loans with no overdue instalments	1%
Watchful	Loan default duration between 1 and 30 days	5%
Sub-standard	Loan default duration between 31 and 180 days	25%
Doubtful	Loan default duration between 181 and 365 days	75%
Bad Loan	Loan default duration above 365 days	100%

- (3) The Microcredit Organizations must classify loans and maintain bad debt provision on the basis of loans outstanding as on June 30 and December 31 every year.
- (4) Provision for bad debts will be considered as expenditure in the income and expense statement of the Microcredit Organization.

45. ASSETS OF MICROCREDIT ORGANIZATION ETC.

- (1) All assets of the Microcredit Organization will be in the name of the organization.
- (2) The description of the moveable and immovable assets of the Microcredit Organization must be recorded in the register.
- (3) Assets depreciated fully must be recorded in a separate register and if sold, must be marked as sold in the register.
- (4) Measures must be taken regarding non-saleable fully depreciated assets according to the decision of the Council of Directors.
- (5) In the event that any asset of the Microcredit Organization is required to be mortgaged or leased, prior permission must be obtained from the Council of Directors and the relevant financing institution, if there is any.

46. INTERNAL AUDIT OF ACCOUNTS

- (1) Internal audit must be performed following the approved directives of the Authority and according to the organization's own rules.
- (2) The Microcredit Organization may, under special circumstances, appoint a chartered accountant firm, or a person with experience and training on microcredit management, as internal auditor on a permanent or temporary basis for the purpose of carrying out internal audit. However, the

Microcredit Regulatory Authority Rules, 2010

same person or firm must not be appointed both for internal and external audit of the organization.

- (3) The auditor appointed as mentioned in sub-clause (2) must submit the audit report every 6 (six) months to the Chief Executive Officer who, in turn, will present the report in the meeting of the Council of Directors after eliminating discrepancies in the report, if any.

47. EXTERNAL AUDIT

- (1) The Microcredit Organization must carry out audit by a chartered accountant firm enlisted by the Authority.
- (2) The Microcredit Organization must complete the audit mentioned under sub-clause (1) within 3 (three) months after the end of every financial year according to terms and conditions approved by the Authority.
- (3) After completing the audit of the Microcredit Activities and the programs of all the projects, the Microcredit Organization must get approval of the audit report in the annual general meeting.
- (4) The audited financial report of the Microcredit Organization must be submitted to the Authority within three months after the end of the financial year.
- (5) After approval of the audited report the Microcredit Organization will publish the annual report along with the financial report.

48. SUBMISSION OF STATEMENTS, REPORTS, RETURNS ETC.

- (1) The Microcredit Organization must submit half yearly reports to the Authority specifying the management and operational process, working area, number of branches and location, number of Clients, number of Borrowers, loan outstanding and types of loan etc. according to the format prescribed by the Authority.
- (2) The report mentioned in sub-clause (1) must be submitted to the Authority within 30 (thirty) days after the end of every six months.
- (3) If the deadline of submission of the report mentioned in sub-clause (1) is changed, the Authority will, from time to time, inform the organizations in writing through a circular.
- (4) The Authority may ask the Microcredit Organization to submit specific reports or returns if required for any research work related to microcredit or for providing specific information to the government.

49. PROCEDURE OF NOTIFICATION FOR IMPOSITION OF ADMINISTRATIVE FINES

- (1) If the Authority decides to impose administrative fine under section 37(1) of the Act on a guilty person or organization, it will serve a notice, clearly mentioning the cause of the fine, and allow 15 (fifteen) days to the relevant party to explain why the administrative fine will not be imposed upon the person or organization.
- (2) The relevant person or organization will submit a written response to the Authority within 15 (fifteen) days of receipt or issuance of the notice, as the case may be.
- (3) After due assessment of the written response mentioned in sub-clause (2), the Authority will inform the relevant person or organization about its decision in writing within 30 (thirty) days of receipt of the response.
- (4) All correspondence under this section including acknowledgement of receipt of notices must be done through registered post.

Microcredit Regulatory Authority Rules, 2010

- (5) If the notice mentioned under sub-clause (4) is duly sent in advance to the proper address through registered post with acknowledgement due, it will be deemed to have been properly served upon the recipient after thirty days from the date the notice is submitted to registered post.

Microcredit Regulatory Authority Regulation, 2010

Annexure A

[Clause 3(1)]

Serial No.:



**Microcredit Regulatory Authority
62/3, Purana Paltan, NSC Tower (11th Floor)
Dhaka-1000.**

Executive Vice Chairman
Microcredit Regulatory Authority
62/3, Purana Paltan
National Sports Council Tower
Dhaka.

Application for License

Dear Sir,

In order to carry out Microcredit operations in Bangladesh as a Microcredit Organization, I / We do hereby apply, as per Article 16 of the Microcredit Regulatory Authority Act, 2006 (Law 32 of the year 2006) for obtaining License from your office with necessary supporting documents, being registered under sub-clause _____ mentioned in clause 2(21) of the Act.

Sincerely yours

Signature :

Name :

Designation :

Name of Organization :

Address :

Phone No. :

Mobile No. :

Fax :

E-mail :

Form: MRA ()



Microcredit Regulatory Authority
62/3, Purana Paltan, NSC Tower (11th Floor)
Dhaka-1000.

Application for License for carrying out Microcredit Activities

A) General Information:

1) Name of the applying organization (in English and Bangla) and address:			
i) Name of Organization (name and language under which it has been registered)			
ii) Information about registered office		Address:	
		Phone No.:	
		Mobile No.:	
		Fax:	
		E-mail:	
iii) Information about proposed Head Office (if different from registered office)		Address:	
		Phone No.:	
		Mobile No.:	
		Fax:	
		E-mail:	

2) Registration information about the applying organization:			
Name of Registration Authority	Registration No.	Date of Registration	Date of Expiry (if any)

B) Financial Information:

1) Bank name and branch used for transactions:			
Bank Name	Branch	Account Operating Officer Name	Designation of the Officer

Source	Taka Received 1	Ratio in respect of Total Fund 2	Cost of Fund % 3	Weighted Cost of Fund 4 = (2 x 3)	Remarks
i) Donation					
a. Foreign (please mention specific source)					
b. Local					
i) Entrepreneur					
ii) Others					
ii) Loan					
a. Foreign (please mention specific source)					
b. Local					
i) Entrepreneur					
ii) Other Individual					
iii) Commercial Bank					
iv) Financial Institution					
v) Other Microcredit Organization					
vi) Government Program					
vii) Other local sources (please mention specific source)					
Total					

3) Deposit Information :	
Proposed Deposit Schemes	Proposed Interest Rate

4) Loan Information :	
Proposed Loan Programs	Proposed Service Charge Rate

5) Proposed number of branches and location :	
Branch Name	Location

C) Information Regarding Microcredit Activities:

1) Proposed date of commencement of Microcredit operation:

2) Plan for Microcredit activities:		Projection After Commencement of Operation			Remarks
Description		First Year	Second Year	Third Year	
No. of clients	Female				
	Male				
	Total				
No. of borrowers	Male				
	Female				
	Total				
Principal loan outstanding at field level (Taka)					
Member Savings (Taka)					
No. of branches					

D) Head Office / Registered Office Information:

1) Usage of office space (please tick [v] the appropriate box):

Rented (if rented please provide following additional information)

Duration of proposed Rent Agreement:

Proposed monthly rent:

Ownership (if ownership please provide following additional information)

Holding No.:

Khatiyan No.:

Mouza:

Thana:

District:

2) Other immovable property of the organization:

Property Size (decimal)	Holding No.	Khatiyan No.	Mouza	Thana	District

E) Management Information:

1) Information about the members of the General Body (please attach the bio data of each member according to the format attached [“Format 1”] along with an attested photograph):

Name	Designation	Father's Name	Mother's Name	Spouse Name	Address

2) Financial involvement of the members of the General Body with the organization:

Name	Amount of Donation	Loan to Organization (if any)		Borrowing (if any)	
		Amount	Interest Rate	Amount	Interest Rate

3) Is any member of the Organization / General Body / Council of Directors convicted or under trial under any criminal case or any other suit of the country? (if yes please specify details):			
Case No.	Type of Suit	Name of the Court	Duration of Conviction (if any)

4) Involvement of the members of the General Body with other NGO / business organization:			
Name	Name and address of NGO/Business Organization	Nature of Involvement (Ownership / Membership / Employment)	

5) Name and address of members of the Council of Directors:			
Name	Address	Occupation, Designation and Name of Organization	

6) Information about the active / proposed Chief Executive Officer:					
Name	Date of Birth	Nationality	Academic Qualification	Experience of Microcredit Activities (years)	Date of Joining

F) Employee Information:

	Male	Female	Total
Proposed Microcredit Activities (estimated)			
Activities other than Microcredit			
Total			

G) Other Information:

1) Please furnish the following information if the organization has any sister concern:				
Name of the Sister Organization,	Address, Phone, Fax and E-mail	CEO name in case of separate legal entity	Head Office	Share in proposed Microcredit Organization

[Note: "Sister Concern" means an organization set up for profit in which partial or complete ownership, authority and control of the proposed microfinance program exists.]

2) Please state the following information about other programs of the organization:						
Name of Program	Working Area	Source of Fund	Share of the Organization		CEO name in case of separate legal entity	Address, Phone, Fax and E-mail of the Organization
			Taka	%		

[Note: "Other Programs" mean an organization set up not for profit in which partial or complete financial assistance, authority and control of the proposed microfinance program exist.]

3) Has external audit been carried out previously (please tick [V] the appropriate box):
<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes:
Date of the last external audit:
Name of the audit firm:
Address, phone, fax, e-mail etc.:

4) Has an application for license ever been rejected by Microcredit Regulatory Authority? (please tick [V] the appropriate box):
<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes:
Date of rejection:

It is hereby declared that all information furnished above is correct and if subsequently found to be false or misleading, legal action may be taken.

Signature :

Designation :

Organization Name :

Date :

Compulsory Attachments with the Form

The following documents or deeds must be attached with the application:

1. Copy of Resolution of the General Body of the organization for license.
2. Attested Certificate of Incorporation or Registration Certificate, as the case may be, with Articles of Association and Memorandum of Association.
3. Declaration stating that the constitution of the organization does not include any legislation contradictory to the Microcredit Regulatory Authority Act, 2006 (Law 32 of the year 2006) or any related rules, regulations or directives.
4. Attested copy of the Constitution of the organization.
5. Bio-data of the members of the General Body according to the prescribed format provided in "Format-1" duly signed, along with 1 (one) copy of attested photograph not more than 6 (six) months old.
6. Attested copies of National ID Card of the members of the General Body having Bangladeshi nationality, and attested copies of the first seven pages of the passport of the members having foreign nationality.
7. List of active members of the General Body approved by the Authority.
8. List of active members of the Council of Directors approved by the Authority.
9. Organogram of the organization.
10. Copy of the rental agreement or ownership deed of the Head Office.
11. Copy of the existing branch expansion policy, if any,.
12. If the organization has been audited before, copies of audited consolidated financial reports of all Programs for the past 3 (three) years.
13. Projected statements of income and expenditure and balance sheet for the first 3 (three) years of operation of the microfinance activities according to the formats shown in "Format-2" and "Format-3".
14. If funds provided by an entrepreneur or any other individual, copy of the agreement between the entrepreneur or individual and the organization.
15. Declaration by the entrepreneurs that the loan or grant provided for the microcredit organization has been from their legal sources of income.

Note:

- Please attach additional sheets of paper where required while filling up the form
- All documents submitted must be attested by the Chief Executive Officer / Secretary of the organization.

MRA:



Microcredit Regulatory Authority, Dhaka

Application No.: _____

Certificate No.: _____

Name and Address of applying Organization:

Name and Address of receiving Organization:

Date of Issue: _____

Written By: _____

Checked By: _____

Certificate No.:



MRA:

Microcredit Regulatory Authority, Dhaka

License for Operating Microfinance Program

License is hereby issued against the application submitted by

for operating
microcredit activities, under the terms and conditions mentioned overleaf,
in accordance with the authority bestowed under clause 16, sub-clause 3 of
Microcredit Regulatory Authority Act, 2006 (Law 32 of the year 2006).

Under Directive of the Authority

Executive Vice Chairman

Dated: _____

Executive Vice Chairman

Microcredit Regulatory Authority Regulation, 2010

Annexure B

[Clause 3(3)]

Page 2

Terms and Conditions of Certificate

1. The licensed organization must follow the Act and the rules under the Act.
2. No licensed organization will be able to conduct microcredit activities outside the working area permitted by the Authority.
3. The Authority must be informed about the addresses of the Head Office and the branches.
4. The Authority must be notified beforehand in the case of change of address of the Head Office.
5. Change of address of the Head Office and branches must also be notified to the clients and all other concerned parties.
6. After receiving the license the licensed organization must pay annual fees as specified by the Authority.
7. The entitlement of the microfinance organization cannot be transferred partially or fully.
8. The microfinance organization must submit any information required by the Authority and co-operate with the inspection and investigation activities carried out by the Authority.
9. The Authority must be immediately notified in writing in case of failure to meet up liabilities as per Article 44 of the Act.

Microcredit Regulatory Authority Regulation, 2010

Format-1

(Attachment 5 of Schedule A)

Specimen Bio Data

- 1) Name:
- 2) Father's Name:
- 3) Mother's Name:
- 4) Spouse Name (where applicable):
- 5) Address
 - a) Present Address:
 - b) Permanent Address:
 - c) Phone, mobile, fax, e-mail:
- 6) Date of Birth:

7) Academic Qualification:		
Name of Examination	Name of Institute	Board / University

8) Association with other Microcredit Organizations:		
Name of Organization	Address	Type of Association

- 9) Nationality:
- 10) Religion:
- 11) National ID No.:
- 12) Passport No. (if any):
- 13) TIN No. (if any):
- 14) Signature and Date:

Microcredit Regulatory Authority Regulation, 2010

Format-2

(Attachment 13 of Annexure A)

Name of Organization

Statement of Income and Expenditure (Estimated)

(Taka)

Notes	Subsequent to Commencement of Operation		
	First Year	Second Year	Third Year
Income			
1. Service Charge			
2. Grant			
3. Sale of Pass Book and Forms			
4. Admission Fees			
5. Income from Investment	1		
6. Interest from Banks			
7. Other Income	2		
8. Total Income (sum of SL. No. 1 - 7)			
Expenses			
Financial Expenses			
9. Interest on Savings	3		
10. Interest on Loans / Borrowings	4		
11. Total Financial Expenses (SL. 9 + 10)			
General and Administrative Expenses			
12. Salaries and Allowances			
13. Office Expenses (Rent, Electricity bill, Telephone bill, Stationary etc.)			
14. Depreciation			
15. Training and Development			
16. Honorarium to member of General and Executive Body	5		
17. Audit Fee			
18. Other Expenses	6		
19. Total General and Administrative Expenses (sum of SL. No. 12 -18)			
20. Total Operational Expenses (SL. 11 + 19)			
21. Total Income from Operation (SL. 8 minus SL. 20)			
22. Bad Debt Provision			
23. Net Earnings (SL. 21 minus SL. 22)			
24. Transfer to various funds and reserves (other than Accumulated Income)	7		
25. Transfer to Accumulated Income (SL. 23 minus SL. 24)			

Signature of CEO / Authorized Executive

Name of Signatory

Designation

Date

Microcredit Regulatory Authority Regulation, 2010

Format-3

(Attachment 13 of Schedule A)

Name of Organization

Balance Sheet (Estimated)

(Taka)

	Notes	Subsequent to Commencement of Operation		
		First Year	Second Year	Third Year
Assets				
1. Cash in Hand				
2. Cash at Bank				
3. Short term Investment (FDR)				
4. Loans to other Microcredit Organizations				
5. Loans to Members - Bad Debt Provision				
6. Other Loans	1			
7. Other Investments	2			
8. Land and Building net of Depreciation				
9. Other Fixed Asset net of Depreciation				
10. Other Assets	3			
11. Total Assets (sum of SL. No. 1 - 10)				
Liabilities and Equity				
Liabilities				
12. Member Deposits				
13. Loans from PKSF				
14. Loans from Housing Fund				
15. Loans from other government sources (please specify name of the source)	4			
16. Loans from other Microcredit Organizations				
17. Loans from Commercial Banks				
18. Other Loans	5			
19. Other Liabilities	6			
20. Total Liabilities (sum of SL. No. 12 - 19)				
Equity				
21. Donor Funds	7			
22. Cumulative Surplus				
23. Other Funds	8			
24. Total Equity (sum of SL. No. 21- 23)				
25. Total Liability and Equity (SL. 20 + 24)				

Signature of CEO / Authorized Executive

Name of Signatory

Designation

Date

Under Directive of the Authority

Mohammad Yakub Hossain
Deputy Director