

**2013-2014**

# **Annual Report**

Palli Mongal

Karmasuchi (PMK)

# Annual Report

2013-2014

PALLI MONGAL KARMASUCHI (PMK)  
ZIRABO, ASHULIA, DHAKA

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## Message from the Chief Executive

With immense pleasure, I am presenting Palli Mongal Karmasuchi (PMK)'s Annual Report for the year 2013-2014 to share the achievements of the organization. At the very outset, I would like to commend all members of PMK for their dedication to make the year successful in every aspect.

PMK was initiated in 1988 for developing livelihoods through promoting desired changes towards integrated and sustainable development in all around the society, especially in the marginalized community. From that day, PMK continues its journey to development through enjoying the rights of the people, assuring social & economic empowerment. In this background, during the year 2013-2014 PMK worked on different issues specially Microcredit & Microenterprise for empowerment of disadvantaged women.

Like the past few years, the current year also witnessed notable expansion program. We have increased geographical outreach to ----- districts covering -----clients. We have been serving them through --- branches located in different districts. We are earning modest net profits over the years and emerged as a sustainable MFI for a long time. The quality of loan portfolio is good loan recovery rate is 99.50%, operational and financial self-sufficiency is 160% and 148% respectively.

PMK is a leading national NGO in the country in the microfinance industry. The organization is running several programs other than microfinance to upgrade the living standards of the poor and low-income people. These include poverty eradication programs with microfinance and micro-enterprise activities, agriculture, seasonal loans, housing loans and participatory livestock development programs.

Finally, I would like to thank all our staffs, who worked relentlessly to spearhead the program of poverty eradication and development efforts for the under privileged people in our community. I also extend my gratitude to all Executive Committee (EC) members for their prompt decisions, support and cooperation. A special word of thanks goes to all the members, registration authorities, government officials and funding agencies. The community people and the stakeholders at all levels also deserve our thanks for their continued support for the past 25 years.

In fine, I hope that this initiative to publish the Annual Report for the year of 2012-2013 on the overall achievements and challenges of the organization will be of interest to the distinguished readers who are familiar with PMK activities and also to our beneficiaries. I would be happy to have your good suggestions or criticisms if any for improving the performance of PMK.

Kamrun Nahar  
Chief Executive  
Dated, 2013

# Operational Highlights

Operational area profile	As on June 30, 2013	As on June 30, 2012
Districts	10	10
Thana/Upazila	67	67
Unions	626	577
Villages	3,323	3,228
Branches	84	81
Number of samity	6,988	6,698
Members/clients	1,40,878	1,36,681
Borrowers	1,14,441	1,10,451
Number of staff	812	758
Savings balance (BDT in million)	819.71	489.96
Cumulative loans disbursed (BDT in million)	18,822.08	15,257.17
Loans outstanding (BDT in million)	1,982.88	1,661.64
Loan recovery rate	99.50%	99.68%
Operational self-sufficiency (OSS)	160.36%	160%
Financial self-sufficiency (FSS)	134%	148%
Portfolio at risk (PAR)	4.75%	5.73%
Cost per unit of money lent	0.06	0.07

## Timeline

Year	Milestone
1988	Registered as an NGO with the Department of Social Welfare, Government of Bangladesh.
1993	Enlisted as a partner organization of PKSF.
	Registered NGO Affairs Bureau.
	Received fund from Asia Partnership for Human Development (APHD), Hong Kong for Women Development.
1994	Received fund from BILANCE, The Netherlands for Women Development.
1998	Introduced Micro-enterprise (ME) Financing.
	Launched Housing Project with assistance from Bangladesh Bank.
2001	Became a partner of INCOME III Project, CARE Bangladesh.
2005	Started PLDP-II Project in 12 branches in Mymensingh district with PKSF's fund.
	Went to major expansion by opening more branches of PMK.
2006	Established PMK's own office building premises at Zirabo (thana- Ashulia, Upazila- Savar, District- Dhaka).
2007	Enlisted as a partner organization of Anukul Foundation, CARE Bangladesh.
	Registered with Joint Stock Company.
2008	Established a full-fledged training center at Zirabo (thana- Ashulia, Upazila- Savar, District- Dhaka).
	Registration from the Registrar of Joint Stock Companies, Dhaka of PMK under the Society's Act 1860.
	Obtained license from Microcredit Regulatory Authority (MRA).
2011	Listed as 'A' category organization of PKSF.
2012	Started a women hostel for garment workers and other low-income women (for 2000 workers) at Zirabo (Thana- Ashulia, Upazila- Savar, District- Dhaka).
2013	Automation of 72 branches and preparation of a software-based MIS and FIS accomplished. The rest 12 branches will be completed in FY2013-14.

## Governance

PMK believes in good governance. It is governed, managed and administered by a numbers of bodies and committees as per its constitution. The constitution is approved by Social Service Department. It has two kinds of council viz. General Council (GC) and the Executive Committee (EC). Any person interested in the promotion of and engaged in any voluntary activities having objectives for poverty alleviation and/or empowering women is eligible to become a member of the General Council. The size of the General Council is 21, where two beneficiaries/clients are also represented. GC approves budgets, annual reports future action plans and also the appointment of Auditor.

On the other hand, the EC has 7 members elected from GC. Every two years, the General Council members elect the EC by direct votes. The EC comprises a chairman, a vice-chairman, a general secretary, treasurer and three other members. The EC is solely responsible for framing policies and guidelines for running PMK. The Chief Executive Officer is the Head of PMK.

### Internal Control System

The organization has been regularly publishing its annual reports and conducting audited its accounts by external auditor. The reports are delivered to different stakeholders to keep them updated about PMK activities. As per requirement of the government, the NGOs need to submit the audited accounts of any programs or objects.

The internal control system includes use of MIS for decision-making, formalizing

accounting systems, internal auditing and regular internal supervision and pursuance of budgetary practices. PMK has internal audit department with skilled auditors. Internal audit is conducted routinely as well as based on urgency of action. Audit reports forwarded to Chief Executive.

Based on the auditor's report corrective measures and necessary actions are adopted. Every six month, there is a follow-up action in this respect. In doing cash management, PMK estimates demand for money from its branches. It carries out cash planning.

PMK prepares MIS report based on information coming from branches in the field. MIS is computerized and the information system is using software. The head office is fully computerized. The organization has accounts Unit. The unit follows generally accepted accounting principles and maintains cashbook, all kinds of ledgers and passbooks. The Unit regularly produces financial statements. Financial performance is also assessed based on financial ratio analysis. The statements are usually done monthly for PKSF which has been funding its microfinance program for a long time. These are also prepared annually. The accounting staffs prepare budget and business plan for the organization.

An amount of maximum Tk. 4,00,000 can be kept in the branch and any money exceeding this limit, has to be sent to the head office. Head office keeps the money in the general account. Financial statement has to be provided to Executive Committee every three months. Any one either the treasurer or the accountant can jointly sign cheques with the Chief Executive up to Tk. 3,00,000. PMK uses the instruments viz: cheques, cheque issue

register, money requisition form, cash withdraw register, voucher approval, etc. Cheque is issued after voucher approval. At branch level, Branch Manager signs cheques with a Field Officer.

Monitoring is meticulously carried out by staff of internal monitoring department at the field level to monitor the accuracy of the savings and credit information as well as other discipline of the organization. At the field level, clients' passbooks are tallied with ledgers and collection sheets every three months.

### Board/Executive Meetings

Three board meetings were held during the reporting year. The dates include 27-08-2012, 30-01-2013 and 20-04-2013. The meetings reviewed the progress of overall PMK's activities, adopted a number of decisions and provided important guidelines. Some notable decisions are that include change in the constitution, opening up new branches and automation of 12 more branches in addition to 60 branches that are running, group insurance of staffs, and use of Welfare Fund.

### Annual General Meeting (AGM)

The 14th annual general meeting was held on 22-09-2012. The meeting reviewed the activities of the organization, approved the annual report and the budget. The agenda included the following:

- Review of last meeting and its approval.
- FY 2011-12: draft annual report submission and discussion.
- FY 2010-11: audited report submission and discussion.
- FY 2011-12: appointment of Auditor

- FY 2012-2013: draft budget submission and discussion.



### Legal Status

PMK is a non-political, non-profit national level NGO. It is registered under the following agencies of the government:

- i. Social Service Department, the People's Republic of Bangladesh, Registration No. 02218, dated 27-11-1988.
- ii. Foreign Donations (Voluntary Activities) Regulation Act 1978 with NGO Affairs Bureau, Registration No. 709, dated 27-05-1993.
- iii. Registered with Joint Stock Company, Registration No. 1860, dated 03-09-2007.
- iv. Obtained License from Microcredit Regulatory Authority (MRA), License No. 00862-00387-00312, dated 29-07-2008.

### Staff Meetings

Regularly staff meetings held in the head office and branches on monthly basis according to chalked-out plans. Discussions are held in a free and congenial atmosphere and in a participatory way. The meetings discussed critical field level problems and the needed solutions. Also target and achievement were discussed as per annual target plan.



# Institutional Overview

## Background

PMK is a leading national level developmental organization located in headquartered at Zirabo, Ashulia, Dhaka. It was initiated by the voluntary efforts of a group of local men and women. It was registered formally in 1988 with the Directorate of Social Service and later in 1993 with NGO Affairs Bureau to receive foreign donations. PMK was initiated with the inspiration and leadership of Ms. Kamrun Nahar, the present Chief Executive of the organization. Ms. Nahar received cooperation and all out support from her spouse Mr. Dewan Abdul Mannan who is a philanthropist and an established businessman.

## Vision

A society, which is economically productive and equitable, socially just, environmentally sound and effectively democratic.

## Mission

Participatory sustainable development provided institutional support to the poor (particularly women).

## Objective

The overall objective of PMK is to alleviate the poverty of the poor and very poor families and empower the women on social and economic aspects.

## Development Perspective

PMK dreams of a society free from starvation, malnutrition, oppression and exploitation, poverty and ignorance where every individual will be able to live in peace and harmony and enjoy the rightful share of the resources belonging to the society. It believes that participatory leadership, stimulation of human capital towards self-actualization, institutional development and utilization of local resources can ensure social justice and rural development. Its vision and mission are embedded on the conviction that the important needs of the people is not charitable relief but self-respect and self-reliance, in a way they develop their ability for their personal, social, educational, economic and legal advancement, which will ultimately lead to social and economic empowerment.

## Major Activities

To bring self-reliance among the powerless poor women is to promote their socio-economic status and facilitate in establishing their human rights. The reason is that they themselves can plan and implement different socio-economic and environmental activities. PMK provides the following board services:

- Financial intermediation through microfinance.
- Micro enterprises.

- Microfinance support for poultry and livestock development.
- Microfinance support for agricultural development.
- Microfinance support for housing.
- Consumer credit.

**PMK executes the following programs:**

- Financial services that includes savings, credit and insurance.

NEED (Necessity of Enterprise for Enhanced Development) and MEL (Micro Enterprise Loan) program.

- Primary health care.
- Promotion of environmental and social forestry.
- Disaster management.
- Participatory livestock development project.



## Microfinance Program

Employment and income generation is one of the important objectives of PMK, which been initiated with the aim of offering scope and opportunities of self-employment for the landless men and women group members. In this context, PMK provides financial support in the form of credit at affordable interest rates, terms and conditions. Necessary skill development training is provided to ensure better income through proper utilization of credit.

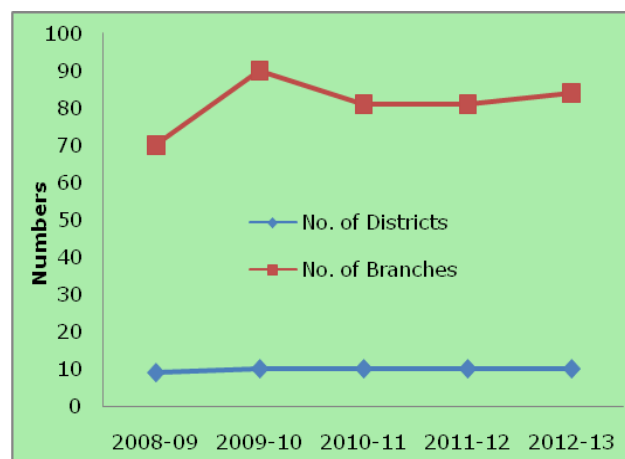
### Geographical Outreach

PMK operates in 10 districts comprising 3,323 villages. The districts are: Dhaka, Gazipur, Narsingdi, Tangail, Manikgonj, Narayangonj, Mymensingh, Kishoregonj, Munshigonj and Comilla. It is running a total of 84 branches, of which 46 are benchmarked for carrying out activities with PKSf fund. During the last 5 years, the number of branches increased more than double. It, however, rose from 81 in 2011-12 to 84 in 2012-13.

**Table-1: Geographical outreach**

Year	No. of Districts	No. of Upazilas	No. of Unions	No. of Branches
2008-09	9	61	472	70
2009-10	10	64	493	90
2010-11	10	65	512	81
2011-12	10	67	577	81
2012-13	10	67	626	84

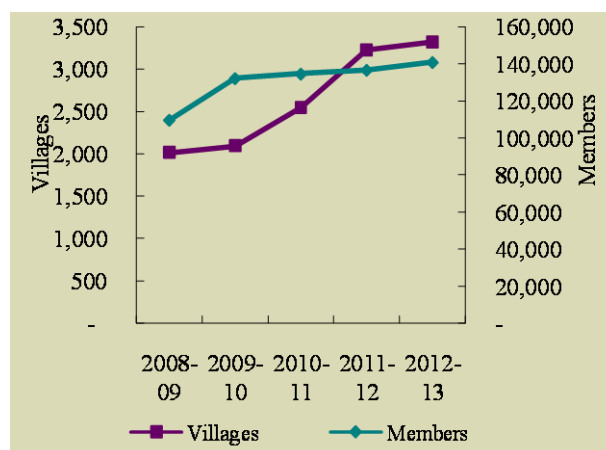
**Figure-1: Geographical coverage**



### Client Outreach

The number of members increased from 1,36,681 in 2011-12 to 1,40,878 in 2012-13 showing 1.03 times rise. The number of borrowers made a steep rise from 1,10,451 in 2011-12 to 1,14,441 in 2012-13 resulting in 1.04 times increase. PMK has decided to go slow in terms of increasing its clientele outreach in future to maintain quality of services as it has been doing since long ago.

**Figure-2: Members outreach**



**Table-2: Year-wise member outreach**

Year	Total Villages	Total Groups	Total Members
2008-09	2,013	6,418	1,09,650
2009-10	2,092	6,568	1,32,184
2010-11	2,546	6,613	1,34,598
2011-12	3,228	6,698	1,36,681
2012-13	3,323	6,988	1,40,878

**Target Clients of PMK**

PMK has two kinds of target clients, who are categorized as poor and the poorest. Clients are cent percent women. They are identified in terms of the following criteria:

**Poor:** Families having 0.15 to 0.75 acres of land or an annual cash income not exceeding BDT 15,000 – 40,000, can earn or afford food for more than four months but less than eight months in a year with own production/ income resources.

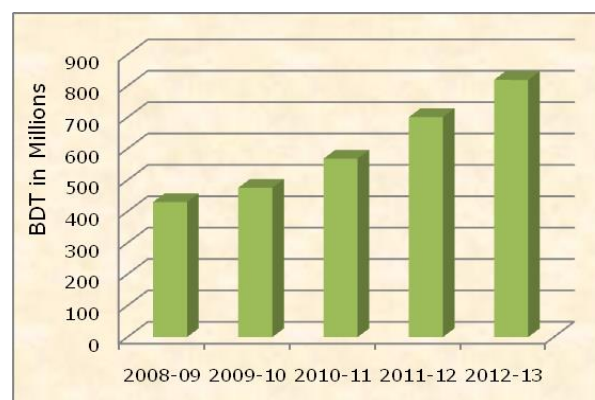
**Poorest:** Asset less families less than 0.15 acres of land or less than BDT 15,000 cash income annually, cannot afford food more than three months of a year by own income or resources.

**Products and Services****Savings Products and Features:**

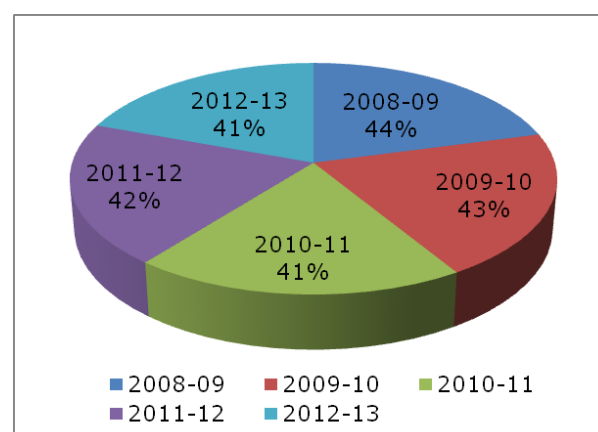
PMK has three savings products that include mandatory savings, voluntary savings and monthly savings. The total net savings rose from BDT 700.90 million in 2011-12 to BDT 819.71 million in 2012-13 resulting in 1.17 times. The average savings per client has increased 1.13 times from Tk 5,128 to Tk 5,819 during the last year.

**Table-3: Trend of savings growth**

Year	No. of Members	Net Savings (BDT in million)	Average Annual Savings (BDT)
2008-09	118,254	430.50	3,640
2009-10	132,184	475.80	3,600
2010-11	134,598	568.70	4,225
2011-12	136,681	700.90	5,128
2012-13	140,878	819.71	5,819

**Figure-3: Trend of savings growth****Table-4: Savings performance**

Savings balance against portfolio			
Year	Savings Balance (BDT in million)	Portfolio (BDT in million)	Savings % against portfolio
2008-09	381.01	865.14	44
2009-10	475.71	1,112.43	43
2010-11	578.54	1,404.98	41
2011-12	700.91	1,661.83	42
2012-13	819.71	1,982.89	41

**Figure-4: Savings balance against portfolio**

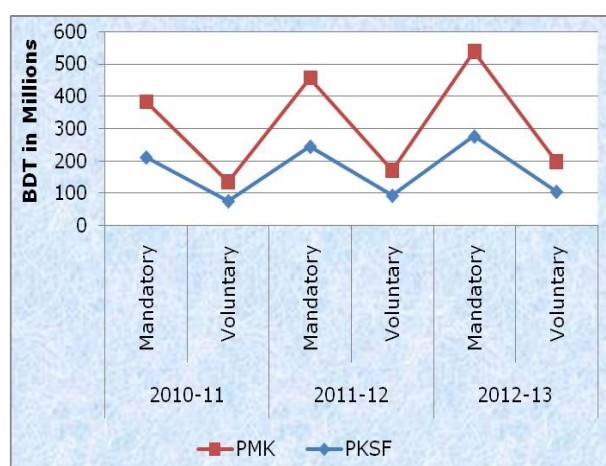


**Table-5: Category-wise savings balance (three years)**

Source	2010-11		2011-12		2012-13	
	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary
PKSF	212,601,547	77,253,782	245,979,240	94,127,400	277,390,271	106,304,807
PMK	170,630,336	57,739,201	210,949,771	76,899,712	261,506,172	91,892,142
<b>Total</b>	<b>383,231,883</b>	<b>134,992,983</b>	<b>456,929,011</b>	<b>171,027,112</b>	<b>538,896,443</b>	<b>198,196,949</b>

### Mandatory Savings

Normally each member deposits BDT 20 each week as mandatory savings, which is refundable when one member withdraws her membership once for all. Interest is paid for mandatory savings as per MRA regulation, which is @ 6% per annum.

**Figure-5: Category-wise savings balance**

### Voluntary Savings

Depositing amount of voluntary savings is open for all members. One can deposit any amount within her eligibility in different weeks. This means that it is not mandatory to deposit in all weeks. On the other hand, members can withdraw any amount at any time from her deposited voluntary savings amount just leaving BDT 100 as balance in the account. Interest is paid for voluntary savings @ 6% per annum.

In both cases of mandatory and voluntary savings, interest is added to the accumulated savings twice a year i.e. at the end of June and December respectively.



### Monthly Savings

Monthly savings is a long-term deposit savings product. Members can open account for the period from 5 years or 10 years. The amount is deposited in installment which is BDT 100 or its multiple per month. Interest that is paid for monthly savings is 7% for 5 year-period and 12% for 10 year-period.

### Loan Products and Features:

PMK is mainly microcredit-based organization. PKSF fund, PMK own resources and Anukul Foundation fund are the main sources of fund for PMK's loan programs. The PKSF program has 7 components viz. Rural Microcredit (RMC), Urban Microcredit (UMC), Micro-enterprise Lending (MEL), Ultra-poor

(UL-Poor), Poultry Livestock Development Program (PLDP-2), Livelihood Restoration Program (LRP), Seasonal Loan (mainly agriculture and beef fattening purpose) and Emergency Flood Restoration and Recovery Assistance Program (EFRRAP). On the other hand the Non-PKSF components include RMC and UMC. Notably, PMK with its own fund runs 4 loan products that include Rural Microcredit (RMC), Urban Microcredit (UMC), Micro-enterprise Lending (MEL) and Housing Loan.

branches cover 79,783 clients that include 63,607 borrowers. The savings under PKSF program stood at BDT 439.24 million as of June 2013. The cumulative disbursement of loan amounted to BDT 9,964.75 million. The loan outstanding of PKSF loans now stand at BDT 963.38 million. The Non-PKSF branches include 38. These branches have 61,095 clients that include 50,834 borrowers. The clients saved BDT 380.47 million. The cumulative loan disbursement stood at BDT 8,857.33 million. The loan

**Table-6: Program Financing as on 2012-13**

Financing source	Upazilla	Union	Village	Groups	Members	Borrowers	Cumulative loan Disbursement (in million)	Loan Outstanding (in million)	Savings balance (in million)
PKSF	36	258	1,737	4,010	79,783	63,607	9,964.75	963.38	439.24
PMK	31	368	1,586	2,978	61,095	50,834	8,857.33	1,019.51	380.47
<b>Total</b>	<b>67</b>	<b>626</b>	<b>3,323</b>	<b>6,988</b>	<b>140,878</b>	<b>114,441</b>	<b>18,822.08</b>	<b>1,982.89</b>	<b>8,19.71</b>



Necessity of Enterprise for Enhanced Development (NEED) is one specialized loan product of PMK's own fund for that is exclusively enterprise loan. For taking any loans, the clients should have savings 5%-10% against loan amount proposed. A client cannot avail of microcredit loan and NEED loan together.

A total of 46 branches are covered under PKSF lending program. These

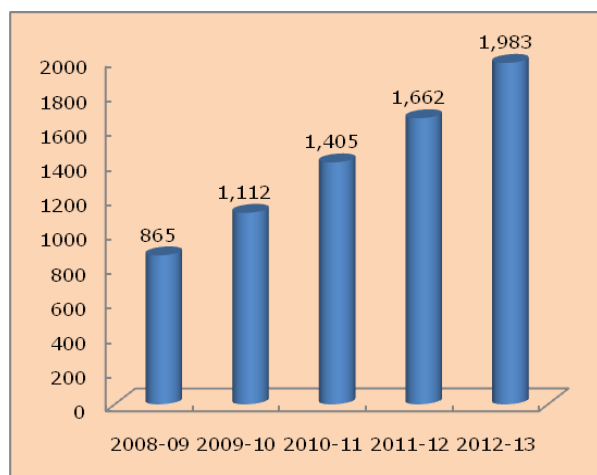
outstanding stood at BDT 1,019.51 million.



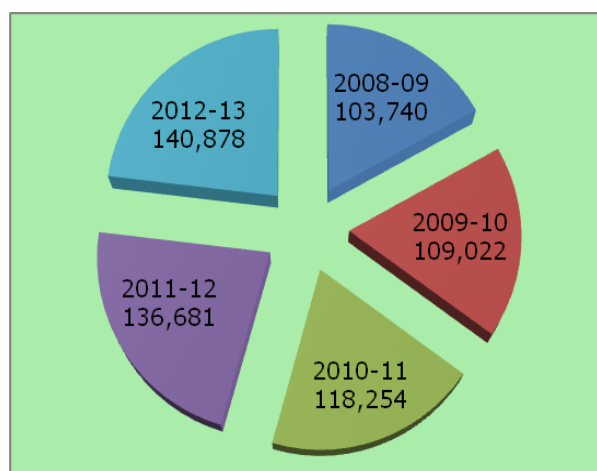
**Table-7: Portfolio and member increase**

Year	Portfolio (BDT in million)	No. of Members	Members Increase
2008-09	865.00	103,740	10,151
2009-10	1,112.00	109,022	5,282
2010-11	1,404.78	118,254	9,232
2011-12	1,661.64	136,681	18,427
2012-13	1,982.88	140,878	4,197

**Figure-6: Portfolio position  
(BDT in Million)**



**Figure-7: Members position**



### Micro-credit

Loans are categorized as rural micro-credit (RMC) and urban micro-credit (UMC). Interest on loans is charged on declining balance. Normally in rural areas, loan starts from BDT 5,000, while the urban micro-credit (UMC) starts from BDT 10,000. Loan ceiling increases by BDT 2,000 or more every year. Rate of interest is 25% per annum and loans are payable on weekly basis in 45 installments. The ultra poor is provided loan from BDT 1,000-5,000 with 20% rate of interest per annum. EFRRAP loan provided to members up to

BDT 3,000 with 8% interest per annum. Repayments are collected in weekly installments.

### Micro-enterprise Lending (MEL)

The MEL clients are general members. Loan size is minimum BDT 30,000 and it can be extended up to BDT 10,00,000. Rate of interest is 25% per annum. The enterprises should be manufacturing and service oriented, employment generating and environment friendly. These generally include activities like grocery shops, small trading, poultry, sweet meat, dairy, fish culture, handicrafts, cattle fattening, mini garments, etc. Loan is repayable in one year in weekly installments. Loans are given from both own fund and PKSF sources.



MEL program is being carried out in 10 districts. The number of borrowers was 21,151 in 2012-13 as opposed to 19,229 in 2011-12 resulting in 10% rise. The loan outstanding was BDT 1,028.22 million in 2012-13 compared to BDT 898.54 million in 2011-12. The outstanding increased by 14%. In 2012-13, 70 branches handled this loan compared to 56 branches in the preceding year. The loan recovery rate was 99.50% in 2012-13. On average, a



microenterprise will generate 3 direct wage based employments.

**Table-8: At a glance of micro-enterprise lending loan (MEL)**

Operational profile	2011-12	2012-13	Incr-ease
Districts	10	10	-
Thana/Upazila	35	35	-
Unions	157	173	16
Villages	951	1007	56
Branches	77	77	-
Samittee	3,704	3,774	70
Members	20,170	22,589	2,419
Borrowers	19,229	21,151	1,922
Savings balance (BDT in million)	302.48	367.48	65
Cumulative loan disbursed (BDT in million)	4,217.26	6,223.35	2,006.09
Loan outstanding (BDT in million)	898.53	1,028.22	129.69
Loan recovery rate	99.80%	98.78%	-1.02%



### **Necessity of Enterprise for Enhanced Development (NEED)**

PMK has started this program in FY2004-05. The program operates in 3 districts. There are 4,164 NEED members that include 4,006 borrowers. The current loan outstanding is BDT 359 million. These include relatively large scale of housing, poultry, dairy, mini garments,

grocery, trading, handicrafts, etc. It is expected that on average an enterprise will create five direct employments. Loans are given to individual clients outside the group methodology. Loan size is BDT 30,000 and above, regardless of rural and urban settings. Maximum loan size may be BDT 10,00,000. Rate of interest is maximum of 27% per annum declining as MRA regulation. Loan period are one/two/three year(s) with monthly repayment schedule. The loan recovery rate is 99.28%.

**Table-9: At a glance of NEED program**

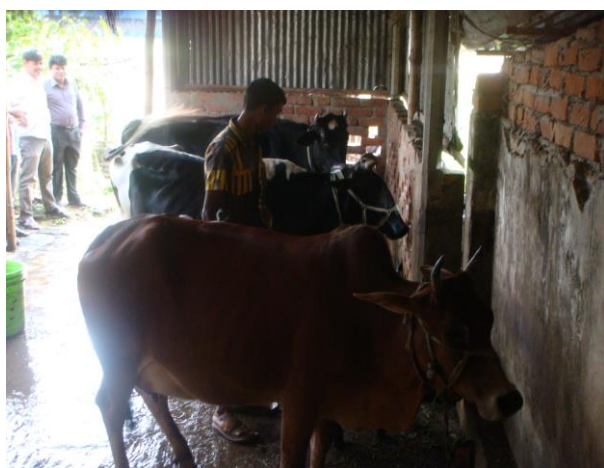
Operational profile	2011-12	2012-13	Incr-ease
Districts	3	3	-
Thana/Upazila	11	11	-
Branches	21	28	7
Members	4,164	4,992	828
Borrowers	4,006	4,859	853
Staff	70	91	21
Savings balance (BDT in million)	86.08	111.11	25.03
Cumulative loan disbursed (BDT in million)	1,704.87	2,475.76	720.89
Loan outstanding (BDT in million)	359.24	471.77	112.53
Loan recovery rate	99.28	99.56	0.28
Member: Field Officer	85	83	-2
Loan outstanding: Field Officer (BDT in million)	6.53	8.21	1.68

### **Poultry Livestock Development Program (PLDP-II)**

The Asian Development Bank (ADB) is the major fund provider for development of livestock in Bangladesh. ADB is financing the second PLDP. ADB and PKSf signed on the project implementation agreement on February



10, 2004. The project goal is to reduce poverty in two districts (157 sub-districts/upazilas) of Northwest Bangladesh by increasing the opportunities and access for the rural poor to the development activities. Some of the major activities of the project are to increase the income generation and employment creation from livestock related enterprises suitable for the landless poor rural households headed by women and build individual and community capacity to manage enterprises. The project specifically targets the ultra poor to support their asset development and social mobilization. The duration of the project is from July 2004 to June 2010. PKSF has primarily selected 15 NGOs for the implementation of the project.



PMK is working in seven upazilas through five Area Offices that are located in the district of Mymensingh. These include Muktagacha, Fulbaria, Haluaghat, Mymensingh Sadar, Fulpur, Dhobarua and Gafargaon. The project started in July 2004 as per schedule. But the actual field level activities started from January 2005. PLDP-II program covers 443 villages in seven Upazilas. There are 18,141 members in the program that include 15,608 borrowers. The members have saved

BDT 33.3 million. The cumulative disbursement was made to the tune of BDT 663.4 million. The current loan outstanding is BDT 80.4 million. The loan size is BDT 5,151 with 25% rate of interest. Loans are repaid in 46 weekly installments in one year. The loan recovery rate is 96.57%.

### Seasonal Loans

Seasonal loans are given for producing seasonal business that includes cow fattening, etc. Loan size ranges from BDT 2,000 – BDT 50,000. Loans are given to the clients at 27% declining interest rate with 9 months repayment period. Loans are collected in weekly installments. A total of BDT 67.8 million was disbursed to 4,860 borrowers. The current loan outstanding is BDT 8.95 million with practically no overdue. The loan recovery rate is 99.9%.

The number of borrowers stood at 756 in 2012-13 as opposed to 239 in 2011-12 showing more than 3.16 times higher. The outstanding loan was BDT 6.98 million in 2012-13 compared to BDT 2.37 million in 2012-13 resulting in 4.61 times increase. The seasonal loans were extended to three districts during the year compared one district in the preceding year. A total of 11 branches handled the seasonal loans compared to three branches in the last year. The loan recovery rate was 99.99% during the year.

### Housing Loans

The general members are entitled to housing loans. Those who are living below the poverty line are indeed facing serious problems in housing. The assetless and landless people generally live in huts or thatched houses. It is difficult to live in such houses with the family members. Sometimes they have to live with pet animals. PMK wants

improvement of this situation. PMK has provided housing loans to 515 clients in 78 villages in seven districts. Cumulatively an amount of BDT 116.88 million was disbursed that includes BDT 40.66 as loan outstanding. The total amount of loan recovered was BDT 76.22 million. The rate of loan recovery was 99%.

### Livelihood Restoration Program (LRP)

Under this program interest free loans are provided to the clients who are affected with natural disasters like flood, drought, harsh winter, etc. Loans are given for one year. Average loan size is of BDT 3,000. A total of BDT 0.807 million was disbursed to 2,743 clients. The currently loan outstanding is BDT 0.14 million. The cumulative loan recovery rate is 99.98%.

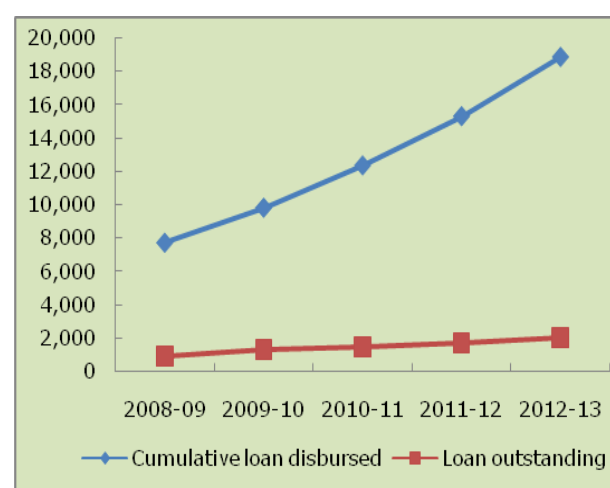


### Total loan disbursement, recovery and outstanding

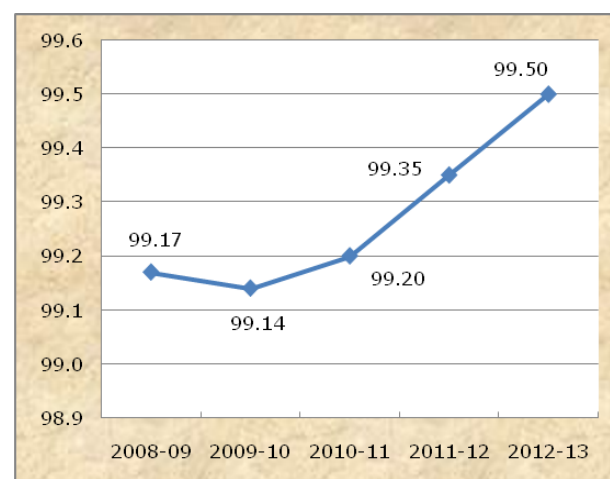
The cumulative disbursement of loan stood at BDT 18,822.08 million (BDT

9,964.75 million from PKSf and BDT 8,857.33 million from non-PKSf) in 2012-13. The loan outstanding was at BDT 1,982.89 million (BDT 963.38 million with PKSf resource and BDT 1,019.51 million with non-PKSf fund) in 2012-13.

**Figure-8: Cumulative loan disbursement and outstanding (BDT in Million)**



**Figure-9: Yearly loan recovery rate (%)**



**Table-10: Year-wise loan disbursement, outstanding and rate of recovery**

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Number of outstanding borrowers	100,463	105,407	108,886	110,451	114,441
Cumulative loan disbursed (BDT in million)	7,672.05	9,773.61	12,313.05	15,267.54	18,822.08
Loan outstanding (BDT in million)	872.63	1,249.90	1,404.78	1,661.64	1,982.88
Recovery rate (%)	99.17	99.14	99.20	99.35	99.50



## Success Story: One

Ms Karima Begum lived in Nalgaon village of Kapasia upazila under Gazipur district. With husband Hadi, father-in-law and mother-in-law all lived together. They indeed lived from hand to mouth. Karima wants her husband to do something together for their self-reliance. But they could not find out any better work because for every work gathering money was the main barrier. At last, they decided to start a broiler farm with credit and accordingly did it. But they could not succeed anymore. Most of the time they had incurred loss. One main reason is their credit sales. Wholesalers always received higher price against chicks, feed, etc. on credit sale. One afternoon, Karima knew about PMK's samity from one neighbor who was a PMK's samity member. She came to know that it is easy to receive loan from PMK samity and that rate of

interest is also less than village money-lenders, no security is needed against loan and terms and conditions are also friendly for the poor. Karima discussed all these with her husband and other family members. Finally, they decided to take loan from Rajabari branch of PMK. First time they received loan BDT 20,000. Then every year their loan ceiling was increased and now they have loan from PMK amounting BDT 300,000. Gradually, Karima and her husband established a mini-poultry farm where four poultry shades are set up. Another two shades are under construction. 2000 matured layer hen (pullet) are giving eggs regularly. On an average, Karima collects 1,350 eggs regularly and daily income stands BDT 500 to BDT 700. Now they have no miseries in their family. They are passing happy days. They have a dream to establish themselves in their society.





## Success Story: Two

Ms Hamela Khatun lived with her husband and children in a slum of Azampur under Uttara thana of Dhaka district. Poverty could not leave her anymore. Hamela Khatun has a strong desire to do something for self-reliance. Finally, she decided to collect Jhut (rejected cloths) from nearby garments and used these for making hats. But to do this they needed capital. One Field Officer of PMK met with Hamela and discussed about PMK's loan facilities. Hearing everything Hamela did not wait too long. She admitted herself into one samitee of Azampur Branch. Took loan a loan of BDT 30,000 at first. Days went

on. Hamela proved herself as an active worker as well as owner of mini hat making factory. After ten years, now she has a loan of BDT 200,000 from PMK and her total capital stood at BDT 1,500,000. There are 11 sewing machines and 15 waged workers in her factory. Hamela not only established herself, she created job opportunity for other 15 persons as well. Buyers come regularly and give orders. Some product also goes abroad through buyers. Now there is no poverty in her family. Two sons are studying in school. She has a dignity in her community.



## Human Resource Development (HRD)

### Training, Workshops and Seminars Organized

Human resource development (HRD) is considered as an important issue by PMK. This is essential to help develop productivity of the staff, their analytical skills, building positive attitudes, effective management and operational skills. The HRD also addresses building capacity of the clients. PMK has training programs both for the beneficiaries and the staff. The efficiency of the staff eventually will lower the costs of services and that the beneficiaries can do their money management properly. Because of these training, the staffs have been able to utilize their experiences in their respective professional fields to boost their effectiveness and efficiency. As a result, PMK is in a position to provide quality services to its beneficiaries and clients. This has also helped the organization on the way of attaining and sustaining financial self-sufficiency.

**Table-11: Training Courses Participated**

Name of Course	Batches	Participants
Microfinance Operations & Management	11	200
Small Entrepreneurship & Loan Program Management	13	316
On-the-Job Refreshers Follow-up Course	2	37
Group Dynamism Savings & Credit Management	1	20
SME Program Management	2	45
Orientation on NEED Housing	1	16
Microfinance Operational Software	2	24
Pre-Service Orientation (PSO)	13	234
<b>Total</b>	<b>45</b>	<b>892</b>



### Staff Training

PMK is committed to develop all staffs through providing different training. During the year, the organization conducted training for 807 staff that included 47 batches. The courses included pre-service orientation (16 batches) savings and credit management (9 batches), software operation (4 batches), micro-enterprise & lending (10 batches), microcredit operation and management (3 batches) and on-the-job refreshers (5 batches).



PMK's own training venue was also used for PKSF sponsored training where staffs from different partner organization participated. This year 384 staffs from PKSF's different partner organizations participated in different



trainings viz. Microcredit Operation and Management, Micro-enterprise and Loan Management, Software Operation, Savings and Credit Management, Pre-service Orientation, On-the-jobs refreshers, etc. The organizations from where staffs were nominated for training are TMSS, SSS, UDDIPAN, PMUK, Sajida Foundation, POPI, JCF, BASA, SDI, DORP, SUSS Training, SUS, GKT, Sojag, VERC, VEDO, BERDO, Page Comilla, HEED Bangladesh, ASPADA, Samajic Seba Songodhon, PBK, Annesa Foundation, Parasmony, RRF, ARAB, RIC, BEES, CCDA, NGF, PSF, DBS, BDSK SAP Bangladesh, DDJ, OSACA, CDIP, CARSA, ESDO, ATTOBISWAS, GBK, DBS, ASOD, UJDPS, RDRS, DLS, PDIM, BASTAB, PSF, ETC.



### Training Facilities in PMK

PMK has set up beautiful training facilities for internal and external use. Its training room has sitting arrangement for 30 participants. There is also dormitory for 30-40 persons. The facilities of the training venue include:

- Multi-media projector
- Desktop computer
- Laptop computer
- Hand microphone

- Photocopier
- Internet facility
- Telephone and fax
- Library
- Separate rooms for group discussions



### Arrangement for Workshops, Seminars, etc.

In addition to internal use, outside organizations can also rent venue for organizing workshop, seminars, board meetings and training programs.

There are facilities for entertainment that include:

- Games
- Musical instruments
- Color TV
- Magazines and reports
- Newspapers



**Dining Facility**

PMK has excellent and spacious dinning facility for 40 persons. Cooking is done here by well experienced chefs. Pure water, fresh fruits and vegetables are always available. Skilled boys are engaged in providing service.

**Strong Generator for Power Supply**

There is no problem if electricity goes off. There is a strong generator for uninterrupted power supply.

**Security**

Round the clock security guards are available in the campus. Everything remains secure and in safety.





## Other Income Generating Program

### Women Hostel Built for Local Garment Workers

The nearby areas of PMK have more than 100 large garment factories. It is well known that the garment workers who are indeed low-income women come from various poverty stricken areas of the country. In local areas, there is an acute problem of accommodation. The workers usually come from relatively far off places where they live. They face a lot of inconveniences while returning homes at night braving risks of life.

PMK has taken an initiative to help soothe their accommodation problems

for 2000 garment workers and other low-income women employees. In this context, PMK has already completed a 6-storey building in 2012 that has come into operation in 2013. The construction began in 2007.

The Hostel has 220 rooms with 880 seats. There are 176 toilets/washrooms. Now there are 103 inmates living there.

This hostel has an office, information desk, store room, kitchen room, canteen and common room for entertainment and games. There is provision for health service for the garment workers. The kith and kin of the garment workers have opportunities to stay there for a while. There is a standby generator to supply electricity during power off time and load shedding.



Women Workers' Hostel



## Development Partners

PMK's donors have extended substantial cooperation to the organization. Their support helped PMK to stand on its own feet. The notable partners in the past include the following:

### Past Partners

- The Australian High Commission
- The Royal Dutch Embassy
- Bilance, the Netherlands
- Asia Partnership for Human Development (APHD)

### Present Partners

- Palli Karma-Sahayak Foundation (PKSF)
- ANUKUL Foundation

### Affiliation

PMK is affiliated with the following organizations as partners or members:

- Credit and Development Forum (CDF).
- The International Network of Alternative Financial Institutions (INAFI).
- Federation of NGOs in Bangladesh (FNB).

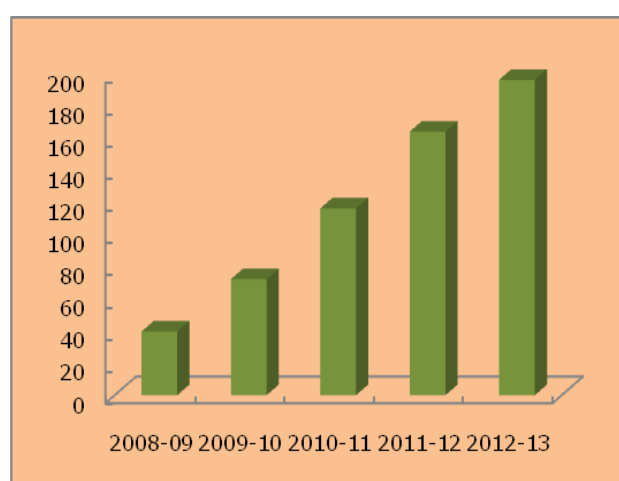


# Financial Performance

## Profitability and Sustainability

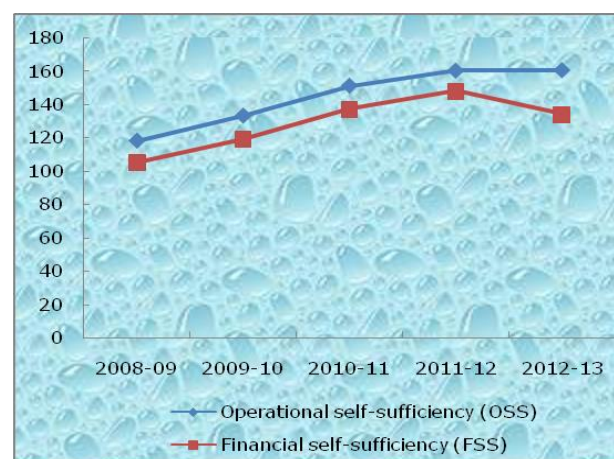
PMK has earned net profits of BDT 196.64 million in 2012-13 and BDT 164.33 million in 2011-12 resulting in 20% rise.

**Figure-10: Net profit  
(BDT in Million)**



The return on performing assets which is the portfolio yield is 26.32% in the current year compared to 24.93% in the preceding year FY 2011-12. The return on assets (ROA) is 7.75% compared to 10.80% in the preceding year. The return on equity (ROE) is 19% in the current year compared to 20% in the preceding year. The operating expense ratio is 11.56% compared to 11.54% in the preceding year. The operational self-sufficiency (OSS) is 160.30% and the financial self-sufficiency (FSS) is 134% as opposed to 160% and 148% in the preceding year respectively. The sustainability fell during the year due to increased loan loss provisioning and high staff salary increase due to salary revision.

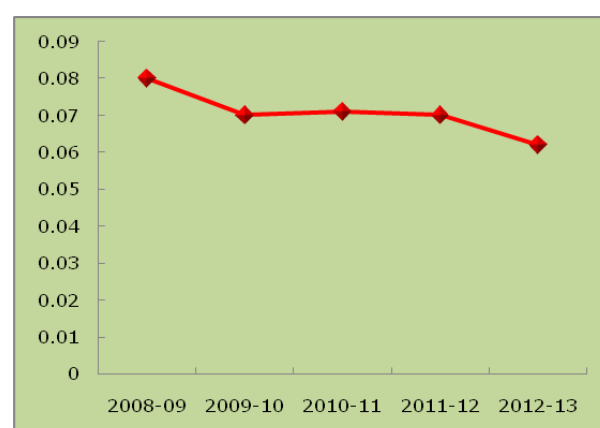
**Figure-11: FSS and OSS**



## Efficiency and Productivity

Cost per borrower was BDT 1,965 during the year compared to BDT 1,238 in 2011-12. Cost per unit money lent was BDT 0.06 in the year compared to BDT 0.07 in 2011-12 showing an increase in cost efficiency. The training and development cost ratio computed against operating expenses was 0.0016% as opposed to 0.0035% in 2011-12.

**Figure-12: Cost per Unit of Money Lent  
(BDT)**



## Portfolio Quality

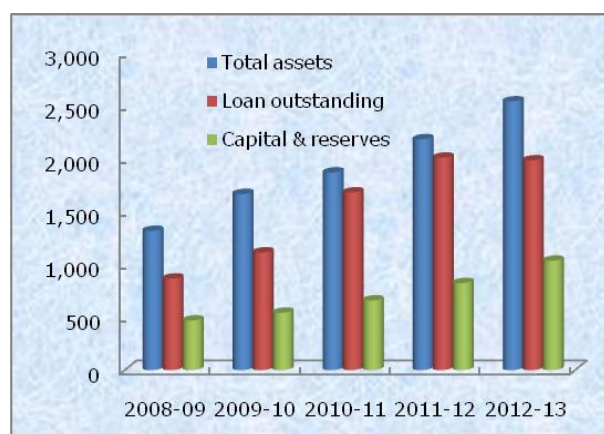
The portfolio quality was 4.75% in the year compared to 5.73% in 2011-12 which shows a marked increase in the quality of portfolio.

## Growth of Assets and Equity

### Assets Growth

The total asset of PMK has been constantly increasing over the years. It stood at BDT 2,540.37 million in 2012-13 compared to BDT 2,182.50 million in 2011-12 resulting in 16.40% increase. The loan outstanding has been decreasing. It stood at BDT 1,982.88 million at year end as opposed to BDT 2,008.12 million in 2011-12 showing a nominal decrease of 1.27%.

**Figure-13: Growth of Assets, Loan Outstanding and Capital & Reserves (BDT in Million)**



### Equity Growth

The capital and reserves that form equity has been increasing over the years. It rose to BDT 1,033.69 million in 2012-13 from BDT 822.96 million in 2011-12 resulting in 25.61%, which is a significant increase.

### Financial Structure

The capital adequacy ratio for the current year was worked out at 36.99% as opposed to 33.10% in 2011-12. The fixed asset versus total assets ratio has been figured out at 13.17% in FY 2012-13 compared to 16.14% in 2011-12. The financial cost ratio was at 3.58% as opposed to 3.42% in the preceding

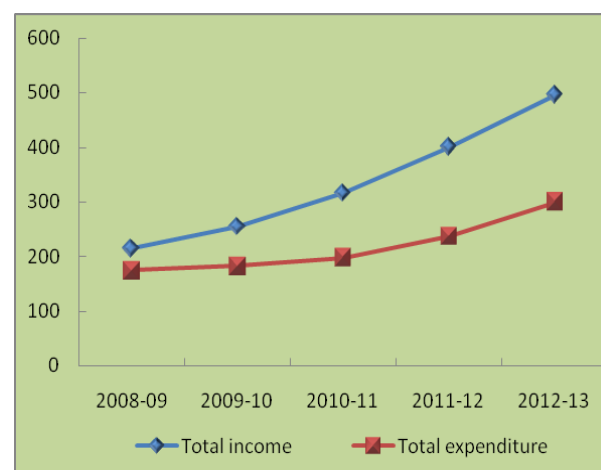
year. The deposit versus loan outstanding is 41% compared to 38% in the preceding year. The debt-equity ratio in the year is 1.45% as compared to 2% in the preceding year.

### Income and Expenditure

The income of PMK is rising over the years. The total income of PMK was BDT 495.73 million during the year that included interest income of BDT 479.73 million as opposed to BDT 400.22 million and 382.24 million respectively in 2011-12. Overall, income has risen by 23.86% while the interest income has increased by 25.50%.

With the rise of volume of activity, the expenditure is also going up. The expenditure amounted to BDT 299.10 million during the year as opposed to BDT 235.89 million in 2011-12 resulting in 26.80% increase. The main reason of rise of expenditure is staff salary increase, loan loss provisioning, increased interest payment to PKSF, staff traveling cost, etc, among others.

**Figure-14: Income and Expenditure (BDT in Million)**





### Five years selected financial variables

(Figure in million)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Total assets	1,316.50	1,665.19	1,868.14	2,182.50	2,540.37
Loan outstanding	865.13	1,112.43	1404.78	1661.64	1,982.88
Capital and reserves	469.08	542.11	658.63	822.96	1,033.69
Total income	213.80	253.71	315.55	400.22	495.73
Interest income	177.81	288.83	292.21	382.24	479.73
Total expenses	174.14	181.37	197.03	235.89	299.10
Net profit	39.66	72.33	116.52	164.33	196.64
Financial expenses	33.86	35.80	35.00	52.57	64.49
Operating expenses	119.09	130.49	62.58	60.72	123.21
LLP	76.47	34.37	111.49	112.50	11.3
Cost per unit money lent (Tk.)	0.08	0.07	0.07	0.07	0.06

### Three years at a glance of financial performance

Particulars	2010-11	2011-12	2012-13
<b>Financial Structure (%)</b>			
Capital/Asset Ratio	28.05	33.10	36.99
Debt/Equity Ratio	2.04	2.00	1.45
Deposits/Loan Outstanding Ratio	36	38	41
Fixed assets/Total Asset	17.90	16.14	13.17
Loan Loss Provision (LLP) Ratio	12.60	14.77	6.00
Financial Cost Ratio	2.97	3.42	3.58
<b>Profitability and Sustainability (%)</b>			
Portfolio Yield	23.08	24.93	26.32
Return on Assets	6.25	10.80	7.75
Return on Equity	17.69	20.00	19.00
Operational Self-sufficiency (OSS)	151	160	160.30
Financial Self-Sufficiency (FSS)	137	148	134
Operating Expense Ratio	16.34	11.54	11.56
<b>Efficiency and Productivity (%)</b>			
Cost per borrower in Taka	1,863	2,142	1,965
Cost per unit of money lent	0.071	0.070	0.062
Training & development cost ratio	0.0036	0.0035	0.0016
<b>Portfolio Quality (%)</b>			
Portfolio at Risk (PAR)	7.06	5.73	4.75

## Executive and General Committee

### Executive Committee

#### Chairman

**Md. Monjur Ali**  
Businessman

#### Vice-Chairman

**AKM Shirajul Islam**  
Private Service

#### Secretary General

**Kamrun Nahar**  
Chief Executive, Palli Mongal Karmasuchi (PMK)

#### Treasurer

**Suraiya Shoaib**  
Educationist (Rtd.)

#### Members:

**Shaheda Husain Choudhury**  
Social Worker

**Moslema Jahan**  
Private Service

**Nasreen Sultana**  
Private Service

### General Committee

#### Chairman

**Md. Monjur Ali**  
Businessman

#### Vice-Chairman

**AKM Shirajul Islam**  
Private Service

#### Secretary General

**Kamrun Nahar**  
Chief Executive, Palli Mongal Karmasuchi (PMK)

#### Treasurer

**Suraiya Shoaib**  
Educationist (Rtd.)

#### Members:

**Dewan Abdul Mannan**  
**Jahan Ara Haque**  
**Shaheda Husain Choudhury**  
**Moslema Jahan**  
**Rafiqul Islam Chowdhuri**  
**Monowara Begum**

**Nasreen Sultana**  
**Nazmul Gani**  
**AKM Khalilur Rahman**  
**Md. Hedayetul Islam**  
**Sakhina Begum**  
**Nasrin Bhanu**

**M H Bahar**  
**Johora Talukder**  
**Md. Sahaj Uddin**  
**Afroja Najnin**  
**Peyara Begum**

## Senior and Mid Level Professionals

1. **Ms. Kamrun Nahar**, Chief Executive
2. **Md. Nurul Islam Pramanik**, Director
3. **Md. Humayaun Kabir**, Deputy Director
4. **Maloy Kumar Sarker**, Deputy Director
5. **Md. Kamruzzaman Khan**, Deputy Director (NEED-Housing)
6. **Hurun Nahar**, Assistant Director (NEED-Housing)
7. **Md. Nazim Uddin**, Program Manager
8. **Syed Akmal Hossain**, Finance Manager
9. **Mostaq Ahmed**, Finance Manager
10. **M.A. Jalil**, Program Manager
11. **Md. Enayet Karim**, Program Manager
12. **Md. Mosharaf Hossain**, Program Manager
13. **Md. Tariqul Islsm**, Program Manager
14. **Md. Mainul Hasan**, Chief Auditor
15. **Md. Rezaul Karim**, Manager Admin and HRM
16. **A.K.M. Khalilur Rahman**, Manager-Logistic & Construction
17. **Md. Abdul Mazid**, Deputy Program Manager (NEED-Housing)
18. **Md. Babul Hossain**, Deputy Finance Manager
19. **Md. Md. Akter Hossain**, Deputy Program Manager
20. **Md. Ruhul Amin**, Deputy Program Manager
21. **Riyad Mahmud**, Training Coordinator
22. **Md. Shamiul Bashir**, Deputy Program Manager (NEED-Housing)
23. **Harun-or-Rashid**, Deputy Program Manager
24. **Md. Ziaur Rahman**, Deputy Program Manager
25. **Md. Shafikur Rahman**, Deputy Program Manager

# **Financial Statements**

## AUDITORS' REPORT

We have audited the annexed Consolidated Balance Sheet of **Pall Mongal Karmosuchi (PMK)** as at June 30, 2013 together with the Consolidated Income and Expenditure Account, Consolidated Receipts and Payments Account and Cash Flow Statement for the year ended on that date. The preparation of these financial statements is the responsibility of the organization's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a true and fair view of the state of affairs of **Palli Mongal Karmosuchi (PMK)** as at June 30, 2013 and of the results of its operations for the year ended on that date.

We also report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification there of.
- b) In our opinion, proper books of accounts as required by law have been kept by the organization, so far, as it appeared from our examinations of those books.
- c) The financial statements dealt with by the report are in agreement with the books of accounts.

Place: Dhaka  
Dated: ....., 2013

Shahadat Rashid & Co.  
Chartered Accountants



## **Consolidated Balance Sheet**

As at June 30, 2013

Place: Dhaka  
Dated: ....., 2013

Shahadat Rashid & Co.  
Chartered Accountants

**Consolidated Income Expenditure Accounts**  
For the year ended June 30, 2013

Place: Dhaka  
Dated: ....., 2013

Shahadat Rashid & Co.  
Chartered Accountants

**Consolidated Cash Flow Statements**  
For the year ended June 30, 2013

Place: Dhaka  
Dated: ....., 2013

Shahadat Rashid & Co.  
Chartered Accountants



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Phone: 02-9138734, 01716-96658, 01714-52231  
Email: pmkbdho@gmail.com

**Liaison Office:** Concord Arcadia Shopping Moll, Block # J, North Side (5<sup>th</sup> Floor), Plot # 1 & 2, Road # 4 Dhanmondi R/A, Dhaka-1205, Bangladesh