

## QARDAN HASANA REPAYMENT CAPACITY ASSESSMENT

Date: 28/11/2025

Version 1.1

### 1. Purpose

To ensure responsible, fair, and sustainable lending by assessing the repayment capacity of applicants based on consistent, measurable, and purpose-specific criteria for Qardan Hasana.

### 2. Scope

Applicable to all mauze committees, field Committee members, approving authorities, and all the Qardan Hasana Purpose.

### 3. Core Principles

- **Purpose alignment** – Qardan Hasana purpose must match eligibility and required documents.
- **Affordability first** – applicant must demonstrate repayment ability.
- **Purpose justification** – at least one **purpose-specific criterion** must be met.
- **Simple but powerful assessment** – use minimal but reliable data.
- **Consistency** – standard process across all locations.
- **Documentation** – mandatory proof for decision-making.

### 4. Repayment Capacity Criteria

Criteria	Why Essential	What to assess	How it will help
<b>Net Monthly Surplus (NMS)</b>	Ensures borrower has adequate money left after regular living and business expenses; prevents financial stress.	<ul style="list-style-type: none"> <li>• Identify all income sources (salary, business, family contribution).</li> <li>• Deduct essential household &amp; business expenses.</li> <li>• Verify with bank statements/passbook patterns.</li> <li>• In case of start-ups projected income, cash flow plan, and backup income</li> </ul>	<ul style="list-style-type: none"> <li>• Shows real ability to repay EMI comfortably.</li> <li>• Higher surplus = stronger repayment ability.</li> <li>• Low surplus = higher chance of delayed/missed payments.</li> </ul>
<b>Repayment-to-Income Ratio (RIR)</b>	Protects borrower from being overburdened by EMIs; ensures repayment load is within a safe limit.	<ul style="list-style-type: none"> <li>• Verify monthly income.</li> <li>• Add all existing EMIs.</li> <li>• Add proposed new EMI.</li> <li>• Calculate repayment burden as % of income.</li> </ul>	<ul style="list-style-type: none"> <li>• Low RIR = borrower has enough free income → safer to give Qardan.</li> <li>• High RIR = borrower already stretched → risky.</li> <li>• Helps set maximum permissible EMI.</li> </ul>

## QARDAN HASANA REPAYMENT CAPACITY ASSESSMENT

Date: 28/11/2025

Version 1.1

<b>Income Stability Score (ISS)</b>	Stable income ensures the borrower can repay continuously without interruption; stability often matters more than the amount.	<ul style="list-style-type: none"> <li>• Check job/business continuity (years).</li> <li>• Identify if income is fixed, seasonal, or irregular.</li> <li>• Review bank credits, ITR, payslip, business cash flow for 6–12 months.</li> <li>• for start-ups business age may be <b>0–3 months</b>; therefore: Check promoter's prior work/business experience, verify skill/competency in proposed business, assess feasibility report and basic demand validation.</li> </ul>	<ul style="list-style-type: none"> <li>• Stable income → predictable repayment.</li> <li>• Unstable income → risk of missed instalments.</li> <li>• Helps decide if EMI needs adjustment or guarantor strengthening.</li> </ul>
<b>Financial Discipline Score (FDS)</b>	Past financial behaviour is one of the strongest predictors of future repayment behaviour.	<ul style="list-style-type: none"> <li>• Review previous Qardan repayment discipline.</li> <li>• Check bank statements for savings habit, spending behaviour, unnecessary withdrawals, debt dependence.</li> <li>• Assess budgeting and responsible spending patterns.</li> </ul>	<ul style="list-style-type: none"> <li>• High FDS = borrower is reliable and disciplined.</li> <li>• Low FDS = repayment may be irregular even if income is sufficient.</li> <li>• Reduces behavioural default risk.</li> </ul>
<b>Guarantor Strength</b>	Provides a safety net and backup repayment source; reduces institutional credit risk.	<ul style="list-style-type: none"> <li>• Verify guarantor income &amp; stability.</li> <li>• Assess guarantor reliability, discipline, and community standing.</li> <li>• Confirm guarantor understands full responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong guarantor = risk reduces significantly.</li> <li>• Supports repayment for new earners, seasonal earners, or low-income households.</li> <li>• Ensures accountability.</li> </ul>
<b>Purpose-Specific Assessment</b>	Ensures the qardan is genuinely needed and used for its intended purpose; avoids misuse and strengthens community impact.	<p><b>Business:</b> Verify surplus/deficit, ITR, other sources of income and viability.</p> <p><b>Education:</b> Confirm admission and fee schedule.</p> <p><b>Medical:</b> Validate urgency &amp; treatment estimate.</p> <p><b>Housing:</b> Verify repair need &amp; cost.</p> <p><b>Deeni/Personal:</b> Verify legitimacy of purpose.</p> <p><b>Women Upliftment:</b> Confirm training/equipment need &amp; income potential.</p>	<ul style="list-style-type: none"> <li>• Ensures loan is appropriate for the need.</li> <li>• Guarantees amount matches real requirement.</li> <li>• Ensures funds create value, not burden.</li> <li>• Strengthens social benefit and proper utilisation.</li> </ul>

**Note:** Education and Medical/Health Qardan may be extended even in cases where the applicant's repayment capacity is assessed as inadequate existent. This exception is permitted due to the urgent and essential nature of such needs. Approval for such cases shall be granted by the local Mauze Committee based on merit. If the Mauze Committee believes the applicant is unable to repay under any circumstance, the case may be formally referred for Enayat consideration.

**7. Committee member Workflow (Step-by-Step)**

1. Collect documents
2. Extract required fields
3. Calculate in the formulated template
4. Verify purpose-specific requirement
5. Committee member submits assessment
6. Committee reviews & approves
7. Sanction letter issued

\*\*\*\*\*  
\*\*\*\*\*