



# Before we borrow money

## Terms to remember 3: 3Cs and Loan Agreement



### Character

"Character" means your honesty and reliability to pay back the loan. It is determined from your previous loan record and personal background.




### Capacity


"Capacity" means how much loan you can comfortably pay back. Your income flow and any legal obligations which may interfere with repayment of the loan are looked into.

### Capital

"Capital" means your current available assets, such as real estate, savings or investment that could be used to pay back the loan if your expected income should be unavailable.



Those 3Cs are the criteria that the co-operative apply when we lend money. Besides the 3Cs, please read the **Loan Agreement** carefully, if it is provided by the co-operative. It should explain all the terms and conditions regarding your loan.



# After we borrow money

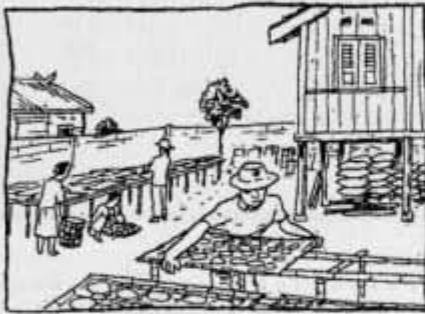
## Terms to remember 4: Ensuring Your Repayment



What should I do to ensure the loan repayment?



Simply speaking, you try to increase your income and to keep expenditure as low as possible. The following is my advice.



If you make the best use of the borrowed money keeping cost-effectiveness in mind and work hard, you can increase agricultural productivity and income.



You need to keep a record of money flow on spending and income. Spending includes agricultural equipment and necessities for your daily life, while, income is what you get from selling the products.



It is quite helpful to know the market price of your products and the right time for selling. It is also important to keep the marketing cost of your products as low as possible.



Whenever you have difficulty in paying your installment, you should immediately ask the person in charge at the co-operative.



## Remember when you borrow money

- Choose a money lending institution which offers low interest rate, such as farmers' co-operative and NGOs.
- Determine how much you are going to borrow according to how easily you can pay it back.
- Plan the schedule of repayment suitable to your income plan.
- Always keep a record of your expenditure and income.



## Guide for Utilisation

This booklet is a prototype version meant for local adaptation. Users are encouraged to modify the contents, reflecting local conditions such as currency, money lending institution, interest rate, borrowing period and repayment schedule.

Title: Micro-Credit - Things to Remember when Borrowing Money

Target: Neo-Literate learners at self-learning level

Theme: Knowledge of Micro-Credit

Objectives:

- To raise awareness of key issues about Micro-Credit
- To let the learners know the safe and wise way of borrowing money
- To encourage the learners to plan a loan management before and after borrowing money

## Application:

- Before distributing the booklet, discuss with learners whether they have experienced lack of money and how they managed the situation.
- Encourage them to talk about their knowledge and experience with Micro-Credit.
- Distribute the booklet to the learners and ask them to read through it.
- Lead a discussion on their findings about Micro-Credit in the booklet.
- Ask them to fill in the sample worksheets, and to prepare their own worksheet.

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