

Muktii



Free A Poverty Slave



For those that are interested in setting up their own Muktii System, it is advisable to read an in depth account of how Abdul Khalek Quazi set up his system.

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Muktii functions through the Director. He/She is the person that sets up the system and provides the funds to fuel the loans that are distributed to the Recipients.

Regulator's role is to distribute and collect the loans from the Recipients and deal with the administration works of the repayments. He/She acts as a front to the whole system and is who the Recipients go to for a loan proposal.

The system is better detailed through Abdul Khalek Quazi's own account.

"In the local area, I looked for someone I could trust to be the front man of the system (Regulator). Golam Shoffi owned a small shop selling rice at the village bazaar and had taken out a number of loans from me directly. He was honest and, as far as I knew him, he was trustworthy – all of the loans he took were repaid and he had established himself well. As a result, I chose him to become the Regulator. Upon listening to the main components of the project, he accepted. Soon, the people came to know that there was a loan service that was without interest, however, I stated to Golam Shoffi not to accept people who had already taken loans from Microcredit Banks as the money would, in most cases, just filter to these Banks and not enable the people to raise their economic standing.

Soon, people were flooding his stool asking to be put on the list. It is for this reason, that there were so many people who would say that they needed a loan, that I had Golam Shoffi as the first gate to the system filtering through only those who were really in need of a loan to make a shortlist of those potential Recipients. I would then look at this list and deal with each case individually to make sure they were indeed necessary and also work out the technical details of the loan, i.e. what the loan is for, how much periodic profit the person would make so that it could be set out how often the loan was paid.

A common example of loaning is illustrated by one that was given to the villager named Afsar.

Afsar wanted a loan for around 200GBP to buy a milking cow that would produce about 4 kilos of milk a day, which would sell for around 1GBP per kilo. When he sat down to discuss the technical aspects of the loan, he said he wanted to pay 3GPB a week, so about 150GBP in a year and so the loan would last for about one and a half years. But I could see that 3GPB would put quite a strain on his livelihood, so I advised him to pay 2GBP a week, which would be about 100GBP a year and that he produce the rest by selling the cow's first calf. He gratefully accepted (he signed a binding agreement of regulations and specified the details of the loan) paying the first loan in 1 and a half years and has taken out a number of loans afterwards. Now he is doing well; he has built his own house and has been able to make ends meet."

The Director decides how many people they are willing to help and arranges such a loaning system accordingly.

The Director finds a person in the locality of the project to be the Regulator. The Regulator will preferably have a business set in the local market- somewhere where it is easy access to the people. It is vital for them to be reliable and honest as they will be responsible for allowing only the hard working and honest population of the village to draw money from the loaning system. The best way to do this is to go out into the prospective area and do some research into the people that live there.

“I spent a few days in a small village in Bangladesh. My aim was to get to know some of the local people so that I could try and find someone suitable to be a Regulator. I would go into the market and sit in a small tea shop; chatting with the local people, asking them what it’s like to live here, what they did for a living etc –I was looking for someone who knew the village well and could tell me more about the people that lived here. Once acquainted with someone knowledgeable, I told them that what I wanted to do. I asked them if they knew of anyone that would be suitable to help with the running of a charity system. I told them that the person would have to be hard working and honest; able to be responsible for handling peoples loans.

Once I had a list of a few people, I would go to them directly, and if they did seem honest and able to handle the responsibilities I would at first give them a trial loan to support his business to see if he was cut out for dealing with loaned money. If there were no major problems I would offer them to become a Regulator.

Once I had my first Regulator, it was much easier to expand the system. People that were successfully using their loans became viable candidates for becoming Regulators to help in neighbouring villages.”

The Regulator should construct a shortlist of people from those who are requesting a loan. The Director will then individually review each case and decide who is wanted as a Recipient.

The Regulator shall be accountable for collecting the weekly/ monthly repayments of the loans.

Due to the burden of the role of the Regulator, it is advisable to give them some benefit as well. This can be done in keeping the charitable nature of the scheme by allowing them to utilise the repaid money from the Recipients within their own business. However this is only on the condition that the same amount of money is returned after the period.

After the specified period, the Director can again instruct the Regulator to redistribute the money, therefore allowing more Recipients to benefit from the zero interest loans.

The effect of the project will be amplified. The Regulator will be able to improve his business and will, in time, encourage the impoverished to rise from their financial situation.

The given structure of Director to Regulator and Regulator to Recipient creates a pier support system. It should minimise any fears you may have of lending to unknown Recipients. It is advisable to give a composite loan to a number of people in a community: If there are ten people in the

community that are in need of a loan, giving the loan to only five people and putting the other five on a waiting list provides the first five with an added incentive to return the loan as their fellow villagers will encourage them to return their own loan.

“Doing so in my village for 15 years resulted in only 1 person not returning the full loan. They consequently have wasted the ability to get the benefits of this system.”

Muktii is able to function properly through the use of a number of forms. For examples of these forms, go to the Documents Page on the Muktii Website.