



**Annual Report
2009**



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Chairperson's Message

International Network of Alternative Financial Institutions – INDIA (INAFI INDIA) with its core values – Inclusive (Pro Poor), Native (local practices – indigenous), Alternative Facilitative and Innovative, has made a distinct contribution in shaping the microfinance sector by its enabling approach. Five themes – Food security, Gender, MDGs (Millennium Development Goals), Microinsurance and Remittances are practiced not only by its members but also by large number of associate members including banking Network. INAFI adds value to disadvantaged groups by asset creation, debt redemption, self regulation and concrete positive impact on poor people.

Regional chapters are anchored by the founding members in building the capacity of civil society organisations on quality enhancement of SHGs and Federations, evolving Gender policies and developing microinsurance products, MDGs, Remittances. Further Financial inclusion was promoted by facilitating Banking Facilitators (BF) and Banking Correspondents (BC) models with Banks. Members services are offered as per each one's need and demand.

INAFI INDIA with its support from INAFI Asia and other continent's regional units has created a distinct 'niche' in India in shaping the policies and practices of microfinance sector by actively working with Reserve Bank of India (RBI), NABARD, SIDBI, NHB and Nationalised Banks and Insurance companies. It has taken the challenge of eradicating predator lending to poor by working with Banks and State Governments.

Significant contributions are made with the support of Oxfam Novib, Netherlands, The Ford Foundation, New Delhi, and HIVOS, India. Members are playing active role in building INAFI INDIA. More and more efforts would be forthcoming with topical issues of microfinance.

Best wishes

Yours sincerely

M.P. Vasimalai
Chairperson

Foreword

The year 2008 – 2009 marks five full year of operations of Inafi India. It has been as tumultuous as it has been turbulent. The economic crisis has triggered recession which has been painful for many poor people and the institutions serving them. It is challenging the Microfinance sector to respond with innovations to meet the contingencies and hardships faced by the poor clients.

The Indian Financial sector is largely unscathed, thanks to the prudent regulatory frame work thereby microfinance sector is insulated from the global crisis. Yet, an area of grave concern in the sector is the excessive commercialization with many Microfinance institutions charging higher rates of interest for increasing the profits to reward the equity capital. This prompts us to ask whither goes microfinance, with the commercial focus proving counterproductive to the very purpose of microfinance programmes in addressing poverty. Given the fact that health expenditure and interest expenditure of the poor are two major contributory factors for poverty, the sector needs to confront the challenge of exploitative pricing for Micro credit. This is an area of priority for policy advocacy for Inafi India. One of the important ways by which this challenge would be met is to enhance and expand the Business Facilitator/Business Correspondent delivery mechanism to bring more and more poor in to the banking net. In the final analysis, the affordable microfinance services can only come from the banking system and Inafi India is committed to work on this area more intensively in the coming years. To promote and advance this linkage, Inafi India is bringing NGOs and Bankers together in many parts of the country.

In pursuit of development agenda. Inafi India seeks to mainstream MDGs through Microfinance programmes. The focus would be on localizing MDGs with involvement of development stake holders. In fulfilling its mandate of building knowledge and capacities, Inafi India has been devoting greater attention to Microinsurance and Remittances, being the emerging areas. Inafi India seeks to engage more with microinsurance programmes, being basic and fundamental financial service along with savings and credit, as part of the Financial Inclusion Agenda.

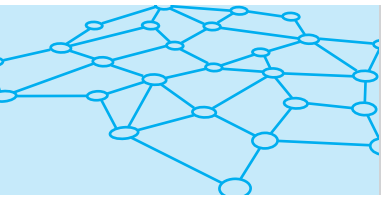
Inafi India acknowledges the good support and encouragement of development partners Oxfam Novib, Hivos and Ford Foundation. While Oxfam Novib has been providing the core support since inception, the programmes with development focus receive support from Hivos and Ford foundation.

M. Kalyanasundaram

Chief Executive

Inafi India

Madurai



Directors' Report

1. MICROFINANCE SECTOR AND MACRO ENVIRONMENT

Your directors are pleased to present the sixth annual report of your company for the year 2008-09. The past year was as tumultuous as it was turbulent. The financial tsunami which swept the world has set the clock back on the economic growth. What started as a housing finance crisis in US quickly transmitted to the banking and snowballing as financial crisis resulting in a severe economy crisis for the whole world leading to recession in developed countries. It has been a reverse process in India with banking sector largely unscathed. However, India also bore the brunt of the world financial crisis with its telling impact on its real sector which would affect negatively the banking and financial sector.

Nevertheless, micro finance sector have emerged relatively unharmed from the financial crisis. The impact of the global crisis is likely to be more complex, deeper and difficult to predict. It is becoming clear that medium and long term effects of world recession are likely to be painful for many poor people and the institutions serving them. So far, there is only anecdotal evidence on how micro finance clients households have been affected by the financial crisis. The dual impact of increased prices and economic slowdown are leading to squeeze on household income, as far instance, rising food prices are driving clients to cut back or withdraw savings and also difficulties / default in repayments. Although it can be said that there is no liquidity or credit crunch in the banking system in supporting SHG bank linkage, the development NGOs on a promotional / enabling mode in building clients systems of SHGs and cooperatives are facing squeeze elsewhere. The financial crisis has had its

damaging impact on the developmental foundations and philanthropies, besides the cuts in the official development assistance of Governments. Many foundations and philanthropies, to their mortification, have seen significant erosion in their investments and corpus due to financial crisis and are reducing budgets for micro finance sector which is essentially affects the development NGOs with micro finance programmes for further expansion and growth. Micro finance eco system which is hit by the farm loan waiver scheme has not had the full pass through effect of the scheme building up expectations with potential negative impact on the repayment culture in the sector. The sector therefore is facing uncertain and unpredictable times in the short and medium term.

Be that as it may, it is gratifying that members of INAFI INDIA are quite focused in pursuit of the development goals through micro finance interventions. Members are aware that INAFI INDIA launched a campaign against micro finance bill culminating in its submission before to Standing Committee of the Finance Ministry. The stand against the bill primarily stems from the perils to the savings of the poor being deposited with small MFI entities and potential threat to the SHG movement itself. The bill has lapsed now. INAFI INDIA is continuously engaged with RBI in policy dialogue through the pre-monetary policy held in April and September 2008. Members will be happy to know that INAFI INDIA has intensified programmatic intervention in micro insurance and Millennium Development Goals.

2. BUILDING KNOWLEDGE AND CAPACITY

INAFI INDIA has been mandated for capacity building of not only members but also of the

sector besides extension of members specific professional services. The repertoire of capacity building programme include MP3 / MP3++, Training of Trainers, Training programme on Micro Insurance and the Road shows. While the Road show showcases the excellence in microfinance to not only the professionals of the members but also the sector, MP3 is a primer programme for the small and upcoming NGOs focusing on principles, practices and perspectives. An advanced version of MP3 called MP3++ has been launched for the upcoming NGOs on a larger outreach mode / upscaling. This course aims at exposing the small NGOs to the networking of SHGs and thereby building federations creating critical client base for introducing micro insurance services. In deference to the demands from the members and other NGOs from North India, an exclusive TOT programme in Hindi has been organized for the benefit of 19 NGOs and MFIs from Rajasthan at Dungarpur during January 2009.

While the Road Show benefited 35 staff members / professionals of network and other stakeholders, MP3++ have reached 75 small NGOs and the TOT has benefited 20 professionals. The National training programme on Micro Insurance has trained 15 professional of staff members.

3. THEMATIC THRUST / INTERVENTIONS

INAFI INDIA has focused on the following thematic areas in advancing development agenda through micro finance interventions.

- a. Micro Insurance
- b. Millennium Development Goals
- c. Financial Inclusion
- d. Remittances
- e. Gender
- f. Social Impact Measurement (SIM)

a. Micro Insurance

INAFI INDIA has intensified its capacity building activities and programmes under Microinsurance and in the process found a new

partner ADA of Luxemburg for capacity building programmes at the global level, which is a significant contribution from INAFI INDIA. Besides our Annual National Training Programme, INAFI INDIA in association with ADA has organised an International training programme specifically focussing on financial indicators for microfinance programmes / institutions.

While 15 development NGOs / MFIs benefited from the national training programmes, the International programme organised with ADA had 17 participants during July 2008 from 8 countries namely India, Bangladesh, Pakistan, Vietnam, Srilanka, Indonesia, Cambodia, Philippines. Inafi India also provided support to Latin America for organising the similar workshop for NGOs in Central and South America.

As a lead agency for Microinsurance INAFI INDIA has put together a consolidated proposal for INAFI global Pilot on microinsurance comprising of 12 pilots, 5 from Africa, 4 from Asia and 3 from Latin America. The process of sounding and getting support for implementing the Pilots is going on by INAFI INDIA and INAFI INTERNATIONAL.

b. Micro finance and Millennium Development Goals

INAFI India took the initiative to introduce the thematic area of MDGs for the INAFI Network as a whole as part of larger pursuit of social agenda through alternative paradigm approach. Following the International workshop organised in 2007 at Bangkok by INAFI India in association with INAFI Asia and INAFI International and other country chapters namely INAFI Bangladesh, INAFI Phillipines, INAFI Nepal and with view to make the Bangkok declaration actionable, INAFI India is working closely with the UN Millennium campaign at Bangkok and brought out the foundation document connecting microfinance with MDGs and shared widely in the global platforms with

the stakeholders. Further, INAFI India also launched the joint campaign with UN Millennium Campaign for India during Feb 2008 at New Delhi.

In fact, it may not be an exaggeration to mention that INAFI's engagement with MDGs brought global attention to the network and its work on poverty reduction with focus on social agenda through microfinance interventions and many development practitioners are now expressing interest to have collaborative endeavors.

To keep up the momentum INAFI India has used the available platforms in India to generate interest and commitment for connecting microfinance programmes to impact MDGs. DHAN foundation, one of the founder members of INAFI has already declared 2009 as year of MDGs for their institution to give focus and fillip to the thrust for impacting MDGs through their multifarious development interventions including microfinance. SKDRDP has devoted their Annual Report focusing exclusively on MDGs. Further, INAFI India has taken steps to mainstreaming MDGs at the various levels of stakeholders i.e governments, banks, educational institutions (impacting youth) through campaign and also seminars.

In sum, the MDG work is in progress and it would be rigorous endeavor of INAFI India to operationalise MDGs with micro finance programmes for developing the tool kit and also bringing out case studies.

c. Financial Inclusion

Financial inclusion has emerged as an important strategy for social economic development through access to affordable financial services. The SHG Bank linkage in Indian context has been playing vital role in promoting financial inclusion in the country. In the past decade or so 20 million households (covering a population of 100 million) have been brought under SHG fold, which effectively brings them under financial inclusion. INAFI India sees a greater role for the network in concert with member

organizations and also alliance with other players and networks.

INAFI India through its member organizations and also in partnership with commercial banks and other networks like INFOS (Indian Network of Federation of Self Help Groups) is advancing the agenda of financial inclusion for greater outreach and also for depth of outreach through advocacy and capacity building. It is noteworthy to mention that INAFI INDIA joined hands with Indian Banks Association and RBI in organizing National Conference on Financial Inclusion through Microfinance during July 2008 at Chennai involving NGOs, MFIs, Commercial Banks, RBI, NABARD. The conference came out with the recommendation to popularize the Business correspondent / Business facilitator models for advancing financial inclusion. The conference also recognized the importance of three key issues for policy and practices – affordability for availing financial services, financial literacy and financial counseling. Nearly 80 development stakeholders participated in the conference.

d. Remittances

Migration of the poor people in search of livelihood opportunities is on the rise. There has been large scale domestic migration within India and the migration of unskilled workers to the Gulf and the South-east Asian countries has also witnessed similar trend. This has led to growing volumes of remittances within and from outside the country. The dependence on the unofficial channels for sending money back home has proved to be risky and there are many incidences of people loosing remittances. The families of migrants also do not have access to micro finance services.

Keeping this in view, INAFI India has taken up remittance services as part of its larger agenda of financial inclusion which is about bringing the excluded population to the banking fold to avail bouquet of microfinance services savings, credit and remittances. INAFI India has organized a National workshop during February 2009 for its members to initiate the process of

identifying projects for remittances. Following the workshop, the process of identifying migration hot spots in India through its member organizations has been initiated. It is a happy augury that some of the members have already identified the hot spots for working on the theme of remittances.

e. Gender

Gender is another development issue which received great attention of INAFI INDIA during the year 2008 –2009. To provide facilitation and direction in the matter of incorporating Gender issue in microfinance interventions, INAFI INDIA found it necessary to evolve a Gender policy for the country network as a whole in due consultation with all members.

Following the consultation workshop with its members organized in 2008 a gender policy document has been brought out for the network as a whole. This has been shared with all the members for further action in their institutions. Based on the expression of interest of the members, INAFI INDIA would be organising workshops and training programmes in the ensuing years.

f. Social Impact Measurement

Members are aware that INAFI INDIA as a part of global initiative of INAFI network is participating in the pilot to develop tools for measuring social impact of microfinance interventions through Grameen Development Services (GDS). While there has been good progress in developing INAFI SIM method, there is a need for refinement of the tools developed so far and INAFI International has sought the support of INAFI INDIA / DHAN Foundation. INAFI network has committed to go for global launch of the SIM tools by January 2010.

In this process, two more members from India namely SKDRDP and DHAN Foundation have come forward to test the SIM tools in different context for better refinement. Further, it has been decided to organise workshops and

training programmes to popularise SIM tools and also to build the capacity of member organisations and also all the stake holders to disseminate the SIM tools for assessing social impact.

4. SELF REGULATION

Members are aware that SR is a niche programme of INAFI INDIA. INAFI INDIA has been advocating the frame work of self regulation for promoting the growth with order and quality and management thereof. It is seen as a touch stone to look at microfinance programmes beyond financial parameters. In the first phase 2003-05, seven member organizations have introduced and piloted self regulation, which enabled the people organizations to look at the quality process of MF programmes from the developmental, institutional and financial perspectives. Encouraged by the response and the results during the first phase, the second phase has been initiated during last year with Hivos support with participation of another six member organizations.

The process workshops for which INAFI INDIA provided content and fund support to the six member organization are being organized with the people organizations promoted by them and this process will be continued in the next year.

5. NETWORKING

In order to articulate the social development agenda for micro finance INAFI India seeks to expand its alliances for a concerted action. The alliance partners for networking for INAFI INDIA intrude other networks and associations, development agencies, academia etc.,

Noteworthy of mention in networking is the working relationship with ADA of Luxemburg. INAFI India as a leading agency for micro insurance has partnered with ADA and BRS of Belgium to organize international workshops in 3 regions. The workshop is on financial indicators for sustainable micro insurance

programme and one such workshop for Asia continent was organized in association with ADA in Chennai during July benefiting 17 leading NGOs MFIs running micro insurance programmes. INFI India is also building alliances with leading academic institutions in India devoted to rural development namely IRMA, Anand this alliance building helps INAFI India programme to get resource support for research and workshop from these institutions.

INAFI India is also trying to work with INAISE, Belgium to promote micro finance as part of the social finance of INAISE network. We will be joining with INAISE network for joint policy advocacy work.

More importantly, INAFI India as the lead agency is promoting joint campaign with UN Millennium campaign for connecting micro finance with MDGs. In this respect INAFI India worked with Asia office of UN millennium campaign in bringing out a defining campaign document on micro finance and MDGs which forms the basis for the future endeavors.

6. RESOURCE MOBILISATION AND UTILISATION

Members are aware that INAFI INDIA supported by the trinity of donors namely Oxfam Novib, Ford Foundation and Hivos. Oxfam Novib has renewed the contract for the grant support to INAFI INDIA for a further period of three years 2008- 2010. INAFI INDIA has been allocated Rs.60 lakhs for the three year period by INAFI International.

As regards Hivos funding, the existing contract is for the period upto March 31 with total grant support of 65 lakhs. Ford has since sanctioned general support grant for three year period commencing from July 2009 which has been indicated to be a tie off grant.

During the year 2008-2009 grant amount the tune of Rs.46.28 lakhs has been utilized. INAFI INDIA has received Rs.69.2 lakhs from Oxfam

Novib, Ford and Hivos during the year 2008-2009. Further, membership fee, interest receipts and other sundry income is of the order of Rs.6.33 lakhs. The total income comes to Rs.75.43 lakhs.

7. AUDITORS

The Auditor, M/s Charles & Fernando, Chartered Accountants, Madurai, will retire at the forthcoming Annual General Meeting. Having regard to their quality of inputs and professional excellence, we recommend to the General body for its consideration, the resolution re-appointing M/s Charles Fernando & Co, Chartered Accountants, Madurai, as our auditors for the current year (2008-09) on a suitable remuneration to be decided by the Board.

8. DIRECTORS RESPONSIBILITY STATEMENT (PURSUANT TO SECTION (2AA) OF THE COMPANIES ACT, 1956)

The directors' confirm:

1. That in the preparation of the annual account, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
2. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the company as at March 31, 2007 and the excess of income over expenditure of the company for that period ended on that date.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
4. That the directors have prepared the annual account on a going concern basis.



9. ACKNOWLEDGEMENT

In the first place, active participation and support of member organisations are greatly appreciated.

The board places on record its deep sense of gratitude to Oxfam Novib, Netherlands, Hivos, Netherlands and Ford Foundation, New Delhi and for continued support to your company.

The board also acknowledges support and cooperation of RBI, NABARD, SIDBI and Income Tax authorities, Canara Bank, Auditors in conducting the affairs of the company.

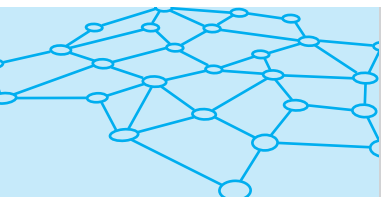
The board acknowledges the efficient work of the core team at national secretariat in running the affairs of the company.

Place: Madurai

Date: 20 July, 2009

For and on behalf of the Board of Directors

Chairperson



Microfinance and Financial Inclusion

1. INTRODUCTION

Financial Inclusion (FI) is enabling access to/delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. Unrestrained access to public goods and services is the sine qua non of public policy of a nation. As banking services are in the nature of public service, provision of banking and payment services to the entire population without discrimination should be the prime objective of the public policy.

The spread of banking facilities, though impressive, has been uneven in the country, throwing up challenges for achieving financial inclusion. In fact, despite impressive growth of branch network in India, the vast sections of the society remain financially excluded and continue to remain away from the formal system and thereby lacking access to affordable financial services including savings, credit and insurance. The banking industry in India has shown tremendous growth in volume and complexity during the last few decades. We have an extensive banking infrastructure comprising 33,411 rural and semi-urban branches of commercial banks over 14,501 branches of RRBs, around 12,000 branches of DCCBs and nearly 1,00,000 cooperative credit societies at the village level. There is at least one retail credit outlet on an average for about 5,000 rural people, which translates into one outlet for every 1,000 households. This is a remarkable and extensive work. Given this network the moot question would be “Are the financial services needs of the rural poor comprehensively met by this network?”

The picture is none too impressive, going by the available data on the number of savings accounts and even assuming that one person has only one account, on an all India basis only 59

per cent of adult population in the country has bank accounts. The unbanked population is higher in the North and Eastern Regions as compared to other regions.

Further, the extent of credit inclusion is even lower at 14 per cent of adult population. The financially excluded sections largely comprise marginal farmers, landless labourers, oral lessees, self employed and unorganized sector enterprises, urban slum dwellers, migrants, ethnic minorities and socially excluded groups, senior citizens and women.

2. MICROFINANCE AND FINANCIAL INCLUSION

Microfinance programmes are intended to reach poor segments of society as they lack access to financial services. It, therefore, holds greater promise to further the agenda of financial inclusion as it seeks to reach out to the excluded category of population from the banking system. The predominant micro finance programme namely SHG bank linkage programme has demonstrated across the country its effectiveness in linking banks with excluded category of poor segments of population. In this process, the role of development NGOs is quite pronounced in providing the last mile connectivity as enablers and catalyst between the SHGs / Village level co-operatives and the banks. This is also supplemented by the MFIs delivering credit.

INAFI INDIA as a network of development NGOs is committed to the financial inclusion. Its member NGOs are involved in promoting financial inclusion through their large micro finance programme of SHG bank linkage. INAFI INDIA and its member NGOs strongly believe in the SHG bank linkage as the key to achieve financial inclusion.

The importance of financial literacy and financial counseling as essential component of the financial inclusion is also recognized. In pursuit of the financial inclusion, there are many issues and challenges both on the access and affordability – the two pillars of the financial inclusion, besides expanding reach to the triad of basic financial services savings, credit and insurance – payment system and the sustainability of the inclusion process are also essential.

3. CURRENT STATUS

Though there has been widespread prevalence of exclusion, it is, however, important to recognize that in the policy framework for development of the formal financial system in India, the need for financial inclusion and covering more and more of the excluded population by the formal financial system has always been consciously emphasized by the Reserve Bank of India and the Central Government not to speak of the initiatives of commercial banks.

4. INITIATIVES OF RESERVE BANK OF INDIA

The Reserve Bank of India in its annual policy Statement of April 2005 recognized the problem of financial exclusion and since then has initiated several policies aimed at promoting financial inclusion. To cite the major initiatives -

- Introduction of a basic 'no frills' Banking account either with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. Several banks have already come out with their schemes.
- A simplified general purpose credit card (GCC) facility to be issued by the Banks without insistence on collateral or purpose, with a revolving credit limit up to Rs.25,000 based on cash flow of the household to enable hassle-free access to credit to rural households.
- Introduction of a Pilot Project for 100 percent Financial Inclusion in the Union Territory of Pondicherry and one district each in all States/Union Territories. On the

basis of the experience gained, the scope for providing 100 percent financial inclusion in other areas/districts would be considered.

- Policy initiative on Business Correspondents and Business Facilitators model for last mile connectivity between the banks and the excluded segment of population
- In order to improve provision of financial services in the North-Eastern region and prepare an appropriate State-specific monitorable action plan, RBI has set up a special committee to advance financial inclusion.

5. CONNECTING PEOPLE WITH BANKING SYSTEM

Through SHG Bank Linkage Programme

Financial inclusion is not just credit dispensation, its about connecting the people with the banking system for availing bouquet of financial services including access to payment system. The critical issue, in the first place, is to connect and the SHG bank linkage programme since the 90s ranks, by far, the major programme initiative without parallel in any part of the world for the financial inclusion. The uniqueness of the SHG Bank Linkage programme lies in the fact that it is not mere delivery of financial services but has an inherent design for promoting financial literacy. As the financial literacy increases, the financial inclusion gets more sustainability and stability in terms of being inclusive on a long haul. With more than 2.3 million SHGs reaching more than 30 million poor households the first small but significant step has been taken in financial inclusion.

The Commercial Banks / RRBs with the policy backup of NABARD have been in the vanguard for advancing financial inclusion through linking with SHGs.

Interestingly, there have been many development interventions on livelihoods, watershed and tribal development in the country with the initiative of development NGOs, which have been furthering the financial inclusion by linking the programme participants with the banking system.

Given the experience so far in promoting financial inclusion through SHG bank linkage there is a need to appreciate and recognize the following

- SHG bank linkage, by far, is an effective instrument for financial inclusion.
- Considering the importance of linkage the bank accounts of SHGs provide the first link for the members of SHG for graduation to individual family accounts in due course. This process need to be respected and encouraged to facilitate informed inclusion process.
- That opening of bank accounts (Savings) is the beginning of beginning of the financial inclusion process, that means to achieve larger end of financial inclusion.
- That the federation of SHGs as an apex body play an effective complementary role to spread the financial inclusion
- To achieve faster spread of financial inclusion, it is vital that the stake holders and in particular commercial banks recognize the need to take the banking services with the technological support to the people rather than waiting for the people to reach out to the banks.

6. TECHNOLOGICAL INITIATIVES FOR FINANCIAL INCLUSION

Technology holds the key to further the process of financial inclusion, more so in the remote and far flung areas. It enhances access to financial services in a cost effective manner and over time with the increasing volume lead to more affordability. The challenge lies in making the technologies more friendly to the illiterate clients from the poor segments of the society, who are normally excluded from the financial system. Some of the initiatives which are currently under way on experimental basis are worth mentioning.

- ATMs with operating instructions in vernacular language facilitating the access for the poor people with reading ability

- ATMs with voice recognition for the illiterates for transactions relating to savings, credit and payment services
- Bio metric enabled ATMs to bring more illiterate poor to the banking fold
- Mobile teller / low cost ATMs in the remote areas
- KIOSK banking using the internet facility

7. ISSUES AND CHALLENGES

- The vast segments of population particularly poor segment of society are out of the formal financial system. The financial inclusion process should take the banking services to the poor rather than poor people coming to the bank for availing the services
- For sustaining the financial inclusion, the financial literacy becomes a very critical component. There is a need to simultaneously focus on the financial literacy part besides the delivery / access
- Penetration of insurance services – Insurance services largely remain as the urban phenomena. It should reach out to the rural and remote areas and to the poor segments of the societies. Micro Insurance Services should remain as an essential part of the financial inclusion process.
- Cost effective technologies and applications in appropriate manner
- Access to payment services through technology
- Regional imbalances in the financial inclusion process is quite visible and there is a need for the microfinance movement to be broadbased in North India to make the financial inclusion more meaningful and inclusive

8. INAFI – BANKERS FORUM FOR FINANCIAL INCLUSION

At the behest of RBI, business facilitators, business correspondents through multiple channels as civil service organizations, NGOs, post offices, farmers' clubs, panchayats, MFIs (other than NBFs), etc. are being deployed to expand the outreach of banks. They are providing the last mile connectivity between

banks and clients – in particular development NGOs and MFIs with social mission. The State Level Bankers Committee (SLBC) is designated as focal point in each state for the inclusion process including spreading financial literacy and counseling.

A couple of conferences on financial inclusion organised during 2007 such as the one by Indian Bank – Dhan Foundation during September 2007 in Madurai came out with the recommendation for a bankers forum with INAFI being a network of development NGOs for effective coordination and facilitation between NGOs and the banks and thereby complementing and supporting SLBCs in this process.

Inafi-India is taking initiative to organize banking forum for Financial Inclusion involving development stakeholders - MGOs / MFIs, Commercial Bank, RBI, NABARD / SIDBI at national, regional / State level and will coordinate with SLBCs .

Micro Finance Federations and Financial Inclusion

Financial Inclusion is about enabling access to / delivery of banking services at an affordable cost to vast sections of disadvantaged poor people. Microfinance programmes are intended to reach poor segments of society as they lack access to financial services. It, therefore, holds greater promise to further the agenda of financial inclusion as it seeks to reach out to the excluded category of population from the banking system. The predominant Microfinance programme namely SHG Bank linkage has demonstrated across the country its effectiveness in linking banks with poor segments of population. In this process, the role of development NGOs is quite pronounced in providing the last mile connectivity as enablers and catalyst between the SHGs / Village level cooperatives and the banks. This is also supplemented by the MFIs delivering credit.

Financial Inclusion is not just credit dispensation. Its about connecting the people

with the banking system for availing bouquet of financial services including access to payment system. The critical issue, in the first place, is to connect and the SHG bank linkage programme since the 90s ranks, by far, the major programme initiative without parallel in any part of the world for the financial inclusion. The uniqueness of the SHG Bank Linkage programme lies in the fact that it is not mere delivery of financial services but has an inherent design for promoting financial literacy. As the financial literacy increases, the financial inclusion gets more sustainability and stability in terms of being inclusive on a long haul. With more than 2.3 million SHGs reaching more than 30 million poor households the first small but significant step has been taken in financial inclusion.

Federations for Sustaining Inclusion

For expanding and sustaining the linkages the promoting development NGOs of the SHGs are networking the groups into federations comprising of 100 - 200 SHGs depending upon the context for greater connectivity among the communities and for the power of scale. Federations being the people bodies with SHGs, its members have started playing effective role in reaching out to more poor people in promoting nurturing groups, providing training and facilitating bank linkage process.

What is more, as the federation brings together considerable number of SHGs, there is advantage of scale for promoting Microfinance services. The experience shows that federations of SHGs have become a powerful platform to promote financial inclusion in enabling access to savings, credit and microfinance services and provides space for linkage with payment system also. In fact, this is the next stage of graduation for the millions of women members of SHGs to get connected holistically for all the four basic financial services through the banking systems. An interesting case study in urban and rural context depicted below highlights the experience of Dhan Foundation and the key role of federations of financial inclusion.

Case Study – I

Tirupathi Federation of Dhan Foundation in urban context

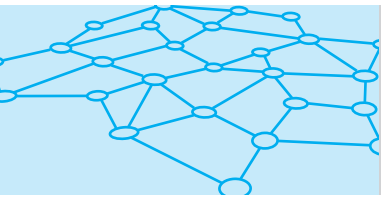
Dhan Foundation began its work in slums of Tirupathi for promoting SHGs in 1991. Today the microfinance programme of Dhan Foundation namely Kalanjiam Community Banking has culminated in networking more than 700 SHGs with membership of little over 10,000 Women. Not only the women members of the SHGs but also their family members have been linked with the bank system through the SHGs and Federations. Besides more than 10,000 members having savings bank account through SHGs they have money members have availed credit at an affordable interest rate not exceeding 12% from the bank. The savings outstandings of the Tirupathi Federation is of the order of Rupees 742 Lakhs, the credit level has reached 1231 lakhs. As far as, microinsurance services are concerned 9741 women members are enjoying the Life Insurance cover.

Cast Study – II

Gangai Federation in Rural location near Madurai

Yet, another federation but in a rural context promoted by Dhan Foundation 6 years ago has grown from strength to strength with 223 SHGs with a membership of 3680. Currently all members of SHGs are enjoying bank linkage through SHGs for savings account, more than 80% have credit linkages. The current outstanding savings is 265 lakhs and credit portfolio is 565 lakhs. The federation is also piloting a mutual insurance programme with more than 2000 members enjoying Life Insurance cover and more than 1000 members accessing health insurance services through federation.

These two federations promoted by Dhan Foundation stands as a symbol of furthering financial inclusion through networking SHGs under federated model.



In pursuit of development

Connecting Microfinance with Millennium Development Goals

INAFI envisions a world in which the poorest of the poor are able to attain a life of dignity through basic living standards including food security, health, education and a decent livelihood. INAFI visualizes a world where the poor have the capacity to direct their own development path by enhancing their skills and opportunities through access to financial services. The INAFI's single most important guiding principle for microfinance intervention is to address poverty from holistic development perspective.

Which means microfinance is a cog in the larger wheel of development. The network members would be looking beyond microfinance to address the other issues of poverty – social, cultural etc. In fact, network members are challenged by the microfinance programmes to respond to the locations specific development issues and problems which have a debilitating effect on the microfinance programmes such as usury or social exclusion issues etc. The alternative paradigm of microfinance gets reinforced with practitioners using the opportunity provided by microfinance to weave social sector and other development programmes around microfinance. This alternative paradigm of INAFI fits in well with the poverty school approach visa-a-vis the minimalistic financial intervention only.

The deepening engagement with microfinance programmes has brought home the message that microfinance goes beyond finance and compels attention and action from a larger development perspective. This enabling alternative paradigm seeks the engagement of microfinance

programmes beyond credit schemes as a judicious blend of finance and development for addressing many dimensions of poverty. This unique framework in which microfinance drives specific development outcomes creates a remarkable opportunity for the achievement of the MDGs related to education, health and the environment. The pursuit and success of such an alternative framework hinges on the large swathe of social capital being built through microfinance programmes.

In keeping with this commitment to an integrated development approach, INAFI sees a natural interconnection between microfinance and the MDGs. The work of INAFI members coincides firmly with realising the MDGs. The goals, indeed, are part of the agenda of INAFI members in the holistic development perspective.

Direct and Indirect linkages between Microfinance and MDGs

Microfinance brings together communities of the unorganized poor, building their social capital and networks. Building and sustaining social capital requires faith and affirmative action within the alternative paradigm of microfinance, whereby building the capacity of communities to direct their economic and social development is given primary importance and focus. This social capital then sets the stage for other interventions in primary education and health including child mortality, maternal health, HIV/AIDS, malaria and other communicable diseases. Promoting awareness, literacy and leadership among women from poor communities, microfinance paves the way for the empowerment of women, thereby combating gender inequality.

MDGs and Microfinance

MDGs	Microfinance
Goal 1: Eradicate extreme hunger and poverty	<p>Access to alternative microfinance institutions</p> <ul style="list-style-type: none"> • Diversifies the livelihood opportunities of poor people making them more resilient to adverse negative shocks • Allows the poor to plan for unanticipated and future expenses • Enhances equitable distribution of national economic growth • Provides an alternative mechanism for poverty reduction
Goal 2: Achieve universal primary education	<p>Microfinance can lead to an increase in family income and therefore enhance opportunities for children to participate in full time education</p> <ul style="list-style-type: none"> • Increases household budget to cover out-of-pocket school fees such as books, uniforms and transportation • Reduces the economic need to keep children out of school and in income-generating activities
Goal 3: Promote gender equality	<p>Enhancing of women's access, control and ownership of resources</p> <ul style="list-style-type: none"> • Increases women's participation in income-generating activities and decision making at the household and community
Goal 4,5 & 6: Health related goals - Reduce child mortality, improve maternal health and combat HIV/AIDS, malaria and other diseases	<p>Reducing household income constraints can enable the marginalized and disadvantaged population to address other health issues exacerbated by poverty</p> <ul style="list-style-type: none"> • Provides financial access to education, prevention and treatment measures for HIV/AIDS, malaria and other infectious diseases • Enhances child and maternal health by providing access to health care services and resources • Provides access to health care insurance and protection • Improves availability of potable water
Goal 7: Ensure environmental sustainability	<p>Microfinance can help to improve environmental sustainability when it</p> <ul style="list-style-type: none"> • Includes education in rural resource management which can enhance the sustainability of income generating activities and natural resources
Goal 8: Global partnership	<p>Alternative microfinance institutions provide a new channel for global collaboration for poverty reduction</p>

Microfinance and its positive impact on the MDGs

If the global campaign against poverty and hunger is to be successful, microfinance must be at the centre of the campaign. However, the global MDG agenda should adopt the following universal principle of microfinance.

The poor and the poorest have a right to be serviced affordably, appropriately, and accessibly.

Microfinance is neither a charity nor solely a commercial enterprise but rather a business endeavour with compassion and sustainability. Microfinance programmes ensure sustainable access to financial services at affordable prices and appropriate timing. This principle provides a framework for sustainable development and livelihood with the opportunities to improve the standard of living and quality of life for the poor and marginalized population. These opportunities have positive impact for other development issues, such as increasing access to basic health services and education.

Furthermore, microfinance allows women's access, control and ownership of resources and therefore promotes empowerment of women.

INAFI hosted an International Conference on Microfinance and Millennium Development Goals 2007 @ Bangkok in March 2007 and took stock of the members' works in connecting Microfinance with MDGs. The conference provided an opportunity to INAFI INDIA and its members to reinforce their commitment to deepen this work and to work with UN Millennium Campaign.

The UN Millennium Campaign and INAFI share a mission and value to work towards achieving and exceeding the MDGs. Through microfinance programmes, INAFI can help provide greater opportunities for the poor and marginalized communities to improve their quality of life. Simultaneously, the UN Millennium Campaign continues to advocate for pro-poor policies and strive to strengthen

people's capacity to define their livelihood and social welfare. Both organizations have strong synergy to enhance greater participation and commitment of governments, civil society, the private sector as well as other stakeholders to promote microfinance programmes for the achievement of MDGs by 2015.

Common Strategies to Achieve MDGs and Microfinance Programmes: The Way Forward

- Globally, the UN Millennium Campaign and INAFI see a remarkable opportunity to capitalize on the economic and social potential of mainstreaming MDGs into Microfinance framework. The joint campaign seeks to promote global partnerships with various development actors – governments, civil societies, donors and philanthropies. The campaign will focus on enabling access to the resources of microfinance to the most marginalized populations. Civil societies should advocate and campaign at the grassroots level to sensitize local governments and orient them through SMART tracking of MDG achievements (Specific, Measurable, Achievable, Realistic and Timely indicators). INAFI and UN Millennium Campaign shall launch a three pronged action plan to integrate microfinance and MDGs.
- INAFINDIA will prepare and publish an annual Country report on the State of Microfinance and MDGs

In order to provide the momentum to accelerate the process of linkage between MF and MDGs, Inafindia launched a cobranding document with UN millennium campaign ASIA office Bangkok in New Delhi in Feb. 2008. This defining document sets out the broad contours of linking Microfinance programmes different MDGs, there by indicating the path for actionable programmes.

The Inafi International conference held in Bangkok in Mar. 2007 has come out with a declaration which reaffirms the commitment of

Inafi towards broader development Goals for Microfinance Programmes and declaration is reproduced hereunder for the benefit of development stakeholders.

INAFI INTERNATIONAL (CONFERENCE) ON MICROFINANCE AND MILLENNIUM DEVELOPMENT GOALS – 2007

Bangkok Declaration

RECOGNIZING ITS ROLE in contributing to poverty eradication globally through the advancement of microfinance and social development, INAFI, a global network of more than 300 institutions spread over Asia, Latin America and Africa, declares its vision of “a world free from poverty” and assigning itself a mission to becoming a “leading microfinance network globally”, it further united itself around the following core values: I for innovation, N meaning Native or Indigenous, A for Alternative, F for Facilitation or Enabling and Financial Viability, and I for Inclusive or Holistic and Diversity.

COGNIZANT of the fact that, 1.2 billion or 28% of the developing world's population live in extreme poverty or with less than a dollar a day in 1990, (MDG Report 2006) and do not have access to adequate food, and further living in a world with widespread deprivation to health care and universal primary education, where 15,000 children die each day, 10.5 million children die before their 5th birthday in 2004, and 3 million have died of HIV/AIDS in 2005 alone.

MINDFUL of the millennium commitment of nations under the Millennium Development Goals (MDGs) of halving poverty, those living under a dollar a day, by 2015 and of the MDGs 8 goals, 18 targets, 48 indicators particularly the goals and targets for health, education, gender equality and empowerment of women.

AND AWARE of its contributions of reaching out to 25 million poor constituents out of the 100 million outreach of microfinance, and of its

various interventions in health and education and other social development approaches in Africa, Latin America and in Asia;

CONSCIOUS of the January 18, 2002 Bangkok Declaration of INAFI that outlined Social Development, Self regulation and Policy Advocacy as key elements of its strategy; and of the Mombasa Charter adopted in the 4th International Assembly in Mombasa, Kenya in 2002, outlining the following as INAFI's roadmap: broad range of microfinance services to address large scale poverty, opening up innovations and new frontiers; and establishing cooperation and linkages for broader impact.

TAKING STOCK of the richness and depth of its tradition and experience, its being an alternative financial system, with demand driven, pro poor, indigenous and innovative microfinance and social development practices (including the ++ tradition);

NOW AGAIN, COMING TOGETHER in this conference, collectively, INAFI further commits itself to contribute to meeting the goals of the MDG of reducing the proportion of people living in extreme poverty by half in 2015 including its goals in health and education , and in promoting the equality of genders, forcefully we unite and in solidarity we declare;

- 1.0. To reach 50 million (25 million to 50 million) of poor living under 2 dollars until 2010, as its contribution to the MDGs and the challenges, ensuring that no poor is left out including the hard core poor. In this important mission, INAFI recognizes the importance of capacity building of members in integrating microfinance with the MDGs, and the development of specific action plans towards this end; Further, in carrying this task, we recognize the importance of policy advocacy at the national, regional and global levels,
2. 0.To expand and deepen the range of financial services beyond micro-credit, in particular, micro-insurance as a hedge against the risks and vulnerabilities of the poor;

- 2.1 To orient and navigate microfinance services with clear focus on development outcomes, in terms of the social sector development –health to include maternal and child health care, water and environmental sanitation, and education to include, specialized education, business development approaches and social entrepreneurship;
- 3.0 To mainstream gender equality at various levels, empowering women in the process, at INAFI governance structure and management system, at constituent (client level) level's own governance, in their households and governance in their communities,
- 4.0 That primary education is a common or public good, a basic universal human right and that states have an inherent role, hence, we resolve to advocate at various levels that this shall be a priority of all states and shall not be compromised,
- 4.1 That current, and context based interventions and specialized and focused programs in social sector development be further advanced, utilizing microfinance as a platform,
- 4.2 To sensitize governments through advocacy to build and expand partnerships and allocate resources with NGOs working in social sector development (health and education),
- 5.0 Promotion of microfinance services and social development in marginalized and disadvantaged regions in the world (regardless of ideology, religion and belief as much as possible) and build social cohesion, inclusion and global solidarity of the poor,
- 6.0 As a way of life, and as a continuing development tool, promote and conduct necessary academic researches and studies that will lead to new frontiers and innovations and product packages appropriate to the continuously changing development scenario.
- 6.1 To promote the use of modern technology in the conduct of micro –financial services for maximum efficiency and effectiveness; and the use of modern communication for better coordination and sharing,
- 7.0 That in doing microfinance and social development (or microfinance with the ++) we recognize that grant is still necessary, not only in the start up stage of microfinance service provision (in the social infrastructure requirements of organizing and mobilizing), but also in capacitating, skills building and specialized schooling including financial literacy of constituents. Hence, we affirm to engage and educate funders and development partners in this respect.
- 8.0 To develop and promote microfinance social impact measurement tools within and outside INAFI in capturing the development impact to ensure that microfinance is contributing to improved quality of lives of constituents across the world.
- 9.0 Finally, we resolve to continuously forge global partnerships like the millennium campaign, with government and development agencies, converge with regional and national initiatives for development towards greater and larger development impact, we, delegates from India, Bangladesh, Nepal, Philippines, Pakistan, Sri Lanka, Africa and Latin America, to the INAFI International Conference on Microfinance and Millennium Development Goals – 2007, held at the Asian Institute of Technology (AIT), in Bangkok, Thailand, on March 12 – 13, 2007, hereby commits to this Declaration.



Building Perspectives and Capacity of Members and Sector

INAFI INDIA, being a network of microfinance practitioners, works at two levels – at the member and sector levels. At the member level, it provides professional services either individually or collectively building their capacity and perspectives and at the sector level, it works for creating enabling environment for the growth and development of the sector.

1. POVERTY REDUCTION THROUGH MICROFINANCE – PRO-POOR INITIATIVES/POLICIES

Having committed to poverty reduction through microfinance as its mission, INAFI INDIA has been launching / taking several initiatives within the network and without. The initiative includes advocacy, capacity building programmes, policy charm offensive, policy research etc.

INAFI INDIA has launched / reinforced following initiatives to advance the goal of poverty reduction through microfinance

- Affordable microfinance services
- Housing financing for poor
- Composite insurance products for multiple risks
- Debt swap through microfinance for relieving the poor from the exploitative debt burden:

1.1 Affordable Microfinance

Microfinance programmes in India face the challenge of exploitative lending practices in the name of sustainability. Such practices result in vicious cycle trapping the poor in perpetual poverty. Keeping this foremost concern in Indian context, INAFI India has launched a campaign for affordable microfinance involving

all the development stake holders particularly the commercial banks which is the key supply stream of credit for the clients in India.

The campaign seeks to appreciate and advance microfinance as development finance. The stakeholders are of the view that development finance does not mean that financial operations shall have to be subsidized. By the same token, it shall not brook unbridled commercialization. In other words, microfinance shall be run as a sustainable business covering the cost and risk at a reasonable price. De-regulation doesn't mean freedom to charge interest rates, which are clearly exploitative and that Laissez faire is not licence for usurious practices. Laissez faire calls for greater responsibility and restraint. It is incumbent on all the stakeholders to ensure that micro credit delivered to the poor is affordable. Access alone will not help. The role of mainstream financial system being the predominant source of lendable resources is paramount in this respect.

The campaign launched by Inafindia seeks to develop a banker's forum exclusively for microfinance for exchange of information and operational issues including keeping a price watch on the interest rate on the microfinance. It will act as a whistle blower for exorbitant rates.

1.2 Housing Finance For Poor

Housing for Poor has emerged as a major challenge for the nations particularly India in addressing poverty. Housing is a basic human need, which ranks very high in the hierarchical needs and the campaign 'Shelter for All' is in response to the major challenge. Enabling poor

to have a house of their own is also to fulfill the constitutional guarantee of the right to life, which includes right to shelter.

According to the Census of India 2001, of the 71% of the population of India living in rural areas, only 41% live in pucca or permanent houses. On the whole, rural households have access to 'some source' of water while less than 23% have access to sanitation. Whereas in respect of urban housing scene in India there are more than two lakh urban households without any shelter and as many as 45% are living in just single room house, nearly five persons in a room in a state of extreme over crowding, besides absence of the basic services. As per the National Housing and Habitat Policy 1996, 90 % of the shortage is of the poor and low income households and it is estimated that the shortage in terms of income groups is 60% for Economically Weaker Sections (EWS) and 30% in the Low Income Group (LIG) categories. The Economically Weaker Sections and Low Income Group not only constitute major share of shortage but also disadvantaged in terms of access to conventional housing finance. Housing finance market has matured in the country with dropping of interest rates and the tax benefits that go with the loan.

Share of commercial banks extending housing finance has risen from 2.4% in March 1990 to 11% in March 2005. The disbursement by HFIs and PSBs amounted to Rs.13409 crores in 1990-2000 and this has increased to Rs.53679 crores in 2003-04 which by any yard stick is a tremendous growth. Those who seek housing finance from formal financial institutions should have tangible proof for assessment of income with proof on the salaries drawn from the employer or income tax assessments. They should also have ownership deed of the land that can be mortgaged. Of the workers in country only 28 million are employed in the organized sector and the rest are engaged in informal /unorganized sector occupations, who constitute bulk of the poor. The share of poor in housing finance market is dismal considering

the target group in question can not access housing finance because they can not fulfill conventional eligible criteria in terms their (informal) employment status and title to the land which can be mortgaged. This situation has resulted in their continued dependence on informal sources of finance.

The issue of housing in rural and urban poses different challenges. A close analysis of the habitat conditions in rural India points to two kinds of issues that are at the centre of the rural habitat problematic. These are in relation to isolated treatment of habitat and livelihood issues and in relation to overall inadequate policy attention to habitat conditions of rural areas. The role of government has largely been limited to 'grant based schemes' such as the Indira Awas Yojana, which is under implementation for rural poor for over 15 years and the amount of subsidy is not adequate to construct a fully built structure as per the guidelines, invariably leading to a situation where the beneficiaries have to depend on informal sources for additional funds, which is a severe drain on their resources. The Ministry of Housing and Urban Poverty Alleviation has launched part subsidy scheme VAMBAY, but the off take is limited to southern states. Many state governments are not in a position to take loan based schemes for populist reasons besides their inability to service the loans. Grant based scheme also limited to a certain category of poor - those who do not fall under the category of below poverty line or do not belong to the communal composition prescribed in the guidelines. The poor who do not fit into the eligibility criteria prescribed have limited options for construction or upgrade or repair their house for lack of access to institutional finance but forced to depend on money lenders who charge usurious rates of interest draining away their meager resources and severely diminish their capacity to meet essential expenditure and to save for the future.

The response by the governments to needs of the rural households in terms of policy has been rather fragmented. The current National

Housing and Habitat Policy of 1998 is a combined policy for rural and urban areas and it assumes that the nature of the issues and therefore their solutions are same for both urban and rural areas. It undermines the close and direct correlation between habitant and livelihoods of the people. A house serves as a place of work in rural areas where livestock is reared, agri-produce is stored and packed, and boat engines are kept while not in use and nets mended. Construction of houses itself and production of building materials and components such as roofing tiles, masonry blocks, door and window frames have been successfully tried as business ventures in rural markets. Access to a pucca house with basic amenities and livelihood infrastructure promotes economic resilience and security among rural households and counters migration.

Microfinance institutions, which have emerged in the late 1980 and 90s have tried to fill the void on account of inaccessibility to institutional finance to the poor are far too less and very few have ventured into housing finance and their ability to handle long term finance such as housing has not been fully explored to evolve a strategy to interface with main stream housing finance institutions, Finance Ministry, Reserve Bank of India and its subsidiary NABARD have been instrumental promoting access micro credit mainly for income generation purposes to the poor through SHG linkages with commercial banks and its foray into housing finance for the poor still has not been fully explored.

Housing finance market has grown mainly on account of dropping interest rates and the tax benefits accorded. However, poor do not enjoy access to such a housing finance market even the prevailing market rates of commercial bank and housing finance institutions are not affordable for the poor. The supply side holds the key as the cost of borrowings depends on their pricing policy and fiscal support seems inevitable from affordability perspective.

1.2.1. Promotion of Housing finance for Poor: Policy Round Table with National Housing Bank

NHB is a development financial institution, which is involved in promotion development housing and inter alia, NHB is grappling with the challenge of promoting the housing for the poor. In this respect, it is worth mentioning about the Swarna Jayanti Rural Housing Finance Scheme of NHB for rural areas. NHB is also concerned with the objective of making available housing credit at affordable interest rate particularly from the mandate of financing SHGs for housing.

Against this back drop, INAFI INDIA is organized a policy round table involving National Housing Bank Microfinance NGOs and MFIs during June 2007 at New Delhi. The policy round table deliberated on the following issues.

- National policy framework for poor covering new houses, repairs, renovation, upgradation etc. including habitat development in rural and urban areas
- Housing credit and its pricing including positive subvention from Central Budget
- Policies and procedures including redefining security norms and flexible repayment schedule, incremental housing
- Homestead for livelihoods
- Low cost housing design and modeling
- Promoting SHG Bank Linkage for housing
- Integrating with other Central and State development programmes such as NREG, JNNURM, grand based housing schemes etc.
- Role of NGOs, MFIs etc.

For that the round table came out with the following recommendations.

- Bringing out a compendium with success story / best practices for Housing Finance for poor
- Evolving policy framework for housing finance through SHG – SHG – NHB

linkage programme for Housing (Similar to the SHG bank linkage)

- Preparing the prudential guidelines for housing loans for poor

The round table provided good opportunity for the NGOs and MFIs to link up with NHB as also sensitizing providing information and knowledge about the issues involved in housing finance for poor and way forward process for action by the sectoral players.

1.3 Composite insurance products to address multiple risks of poor

Micro Insurance services are very critical for the poor to compromise the savings and credits to address various risks and vulnerabilities. Access to insurance services with affordability has become the major issue in providing insurance services. In this perspective, the risk products currently available are quite segmented and not bundled as a single product to cover many risks.

Working in concert with member organizations, INAFI India has been advocating bundled composite products for quite some time with regulatory authorities. It is a matter of gratification that conceding the logic and strong rationale for such a product, the regulatory authorities have specifically and exclusively designed composite insurance products for delivery through single window covering multiple risks of life, health and assets. This product has enabled access with affordability for the clients.

1.4 Debt swap through microfinance for relieving the poor from the exploitative debt burden

In pursuing alternative paradigm of microfinance, the development practitioners running microfinance programmes are challenged by microfinance not only in bringing to the fore the critical issues in a given context, but also compel them from the poverty perspective to address. One of the challenges in the Indian context as is largely prevailing

elsewhere too is the high state of indebtedness of the poor arising out of usurious lending practices.

It is not so much debt per se, but the price paid for the debt, which makes them poorer. The predatory lending practices of indigenous moneylenders charging usurious rate of interest have been perpetuating the legacy of poor's debt bondage.

The issue of usury has been there for long. This continues to remain as a significant causal factor in compounding the problem of poverty. The present scenario continues to be one of grave concern as the issue seems to be intractable. Thanks to microfinance intervention there are encouraging and positive signs of addressing this problem.

Interestingly, Governments and Corporates talk about reducing the debt burden by restructuring through retirement of high cost debts and many corporates/state Governments have already done so. The question is, now, who will talk about for those who need it most. The issue is not new but we need to revisit, renew and reinvigorate our approaches.

Keeping the above imperatives in view, Inafi India took the initiative to bring this topical issue troubling the practitioners and clients to the centre stage of policy debate in the country.

Following national workshop organized in 2004 and 2006, which was well attended by many stakeholders including clients, bankers, NGOs, Governments and civil societies, INAFI has launched another policy offensive on this issue. Significantly enough, the policy approach suggest strongly recommends running pilots in usury hot spots to address the problem of exploitative lending through microfinance. RBI has also given a policy directive to the bank through its priority sector lending guidelines (Directed lending strategy) for deploying microfinance for swapping usurious loans.

INAFI seeks to be in pursuit with commercial banks and the member organizations to start initiatives on pilot programmes.

2.0 ENABLING MEMBERS

2.1 Microfinance roadshow- exposure to excellence in microfinance

Road shows have been organized to expose the members of the network to excellence in microfinance interventions in South and Western India. Diverse models and approaches are at work in these areas and about 50 programme staff and officers of the member organizations could get the opportunity for a glimpse of principles, concepts of various microfinance programmes in South and Western India. They had exposure at DHAN Foundation, SIFFS, Myrada, Mulkanoor Cooperative Society, BAIF Development Research Foundation, Sewa Bank. The participants could also learn about the institutional structures and systems, MIS for monitoring.

The road show has exposed the participants to various kinds of successful micro enterprises in different context and broadens their horizon to adopt and adapt similar enterprises to suit their context of work. Another important learning for the participant is the various types of bank linkage with mainstream financial institutions and apex financial institutions for providing credit support.

2.2 Capacity Building for Impact Assessment

Microfinance programmes are making rapid strides in reaching large number of poor and has now started attracting substantial investments for Government, Donors, etc. It did make significant impact in the lives of the poor through its socio-economic programmes. As the sector grows, there is a need to understand and look at the impact of microfinance in order to keep focus on overarching goal of poverty reduction.

By studying the impact of microfinance on the people and communities they seek to support. NGOs can measure their effectiveness in fulfilling their goals, including that of poverty alleviation. This information may be useful to the NGO in terms of affirming or challenging its own strategy. It may improve their understanding of why certain positive or negative impact occurs.

Impact assessment is an institutional responsibility, which facilitates microfinance NGOs for a better understanding as to whether the 'quality of life' of its target population is improving or not. It also helps to assess whether the resources are effectively contributing to the original goals of alleviating poverty and improving livelihoods.

Keeping the above in view, INAFI INDIA took the initiative to organize an experiential learning programme for the programme officers of the members to exposure to the principles and concepts of impact assessment of microfinance. The programme also provided learning opportunities for designing impact assessment study, understanding the various indicators, tools and methodologies with particular focus on the SMART indicators.

2.3 Microfinance and Livelihoods

Member NGOs of INAFI INDIA network are working in different contexts with different programme interventions. Each one has a unique programme in which they excel. This presents greater opportunity to the network to organize lateral learning programmes. In this regard, BAIF Development Research Foundation well known for its livelihood intervention with micro finance has been a resource institution for exposing and training INAFI members professionals on livelihoods through micro finance interventions.

Accordingly learning and knowledge building workshop on micro finance and livelihoods has been organized by INAFI INDIA at Dhruva, BAIF, Gujarat during May 2009. The participants could learn from the experience of

BAIF in promoting horticulture based livelihood systems focusing on orchard fruit crops namely mango and cashew in the tribal belts and waste lands.

2.4 Trainer's Training programmes in Hindi: Building capacity of Micro finance NGOs and Institutions in Rajasthan and Gujarat

Building Human Resource for managing the program is very critical for sustaining quality program. Building the perspectives of the professional on not just purely financial aspects but also in terms of holistic development aspects for poverty reduction is the major challenge faced in capacity building by the NGOs. As part of the mandate for the capacity building, INAFI is taking the initiative in organizing a training programme for the training professionals from its member organizations and also non members from the sector to build the internal training systems in their organizations.

Objectives of the programme

- To build the perspectives and enhance the clarity of the training professionals of member organizations about Microfinance sector
- To expose the participants to different training pedagogy in Microfinance context
- To build the skills for designing training programmes relevant for their context.
- To enrich the content and knowledge of the participants
- To provide necessary training inputs to participants on financial products

In meeting this objective, the programme would seek to focus on the following areas:

- i. Building people's organizations(organizing the unorganized poor)
- ii. Principles of microfinance
- iii. Financial management
- iv. Delinquency management

- v. Product development
- vi. Systems and MIS
- vii. Resource mobilization and Linkage with mainstream financial institutions
- viii. Pedagogy

Following the good response to the 'TOT' programme organized during 2007 – 08 and in deference to the demands from the members and other NGOs from North India, an exclusive TOT programme in Hindi has been organized for the benefit of 19 NGOs and MFIs from Rajasthan at Dungarpur during January 2009.

2.5. Building Systems and Providing Member Services

Professional services in IT applications financial and MIS systems and also designing of micro insurance programmes are provided. Similarly technical support for product development particularly on livelihoods is given to the members for revolving innovative credit products. Self regulation practices implemented with the network support focused on quality standards by 6 members of the network which is basically focused on not only financial standards but also the institutional standards more importantly development standards. Which means the focus of the micro finance programmes will be on the development aspects to address various dimensions of poverty reduction through micro finance.

By organizing the various capacity building activities mentioned above, INAFI INDIA aims to bring about necessary policy and practice changes at the member organization level in a highly intensive participative approach. Through the instrument of road shows and professional services for members, INAFI INDIA could encourage the members to adopt the best practices such as focus on savings and differential savings product, group formation and group processes, system related issues like handling of cash and management by the NGO staff, bank linkage processes, good accounting standards and external auditing, process etc. The

feed back received from the participants of the road show clearly indicate that the best practices observed during the road show and capacity building programmes are being gradually introduced and internalized. Developing demand driven products for the members have been initiated and 3 products covering 3 different needs namely business, housing and consumption (festival) have been developed.

As part of its advocacy efforts INAFI India is closely working with Reserve Bank of India (being the central bank). With view to promote affordable micro finance with the clients INAFI India has been seeking for soft lines of credit as a stimulate package to NGOs and MFIs to keep the interest affordable to ultimate clients.

2.6 Training on Risk Mitigation and Management through micro insurance

Micro Insurance services have demonstrated the effectiveness in addressing poverty by directly reducing the risks and vulnerabilities. Poverty is not only a matter of deprivation but vulnerability too. Poor are prone to many risks – disaster, health related, exploitation. Although it is acknowledged that savings and credit services have been providing opportunities for the poor for their livelihood promotion and pursuing the new opportunities for improving the quality of life, the risk of vulnerabilities / risk arising from disasters run them down and perpetuate the poverty cycle. There is an urgent need to address vulnerability through the micro insurance service. Without insurance services, the effectiveness of microfinance programmes in addressing poverty remains in doubt. A package of microfinance services including insurances customized at the client level needs to be delivered.

There have been very few attempts of organizing microfinance services for the poor and a proven business model has not been evolved. The insurance service provided by the mainstream companies is essentially regulatory driven and these companies have also not evolved the viable insurance schemes for the

poor. This brings to the fore the necessity and urgency of innovations for product development in insurance services. A few INAFI INDIA members have started experimentation. INAFI INDIA would seek to share the learnings of the experimentation with its members and also would enable the members to go for innovative insurance products. In doing so, INAFI INDIA also recognizes the importance of informal / localized / traditional solutions for risk mitigation and management based on mutuality rather than a cut and dried product having regard to the exigencies of affordable pricing and widely acceptable benefits for the clients.

Against this backdrop, a national training programme on Micro Insurance has been organized at Madurai during June 2009 with resource support from Asian Knowledge Centre for Mutual Insurance (ASKMI) of Tata-Dhan Academy for the professionals of member organizations and also the other NGOs from the sector benefiting 20 members/NGOs.

2.7 Self - Regulation – Process Is the Product :

As a network of enabling microfinance NGOs INAFI INDIA has chosen self regulation as a tool and value to promote and manage growth and development. Essentially it involves developing a framework standards as a touchstone to test the quality of the microfinance programmes promoted by member organizations. The main objective is to build the capacity of member institutions in self regulation practices with a view to enable the people institution such as SHGs and Cooperatives to accept, adopt and practice self regulation methods for furthering self management as a part self reliance process.

To enable this process of guiding the self-regulation practices in the people institutions, the network has evolved a tool kit involving process rigor for greater appreciation on self-internalization among the leaders and members of the people institutions.

The tool kit series have been evolved to enable the following:

- 1) Member organizations need to set the processes for adopting self-regulation practices by the people institutions.
- 2) The leaders and the members of the people institutions are to be oriented to why and how of adopting self-regulation
- 3) To facilitate this process, inception workshops are to be organized at the different levels of people organizations – Federations, Clusters, Groups etc, involving the people staff, leaders and members
- 4) The processes are to be gradual starting at the Federation level and moving down as the case may be and the suggested standard framework may be kept as a reference/bench mark, and a fresh framework evolved and refined to suit the context through participative process
- 5) Monitoring workshops shall be organized at the member level to review the progress and to apply suitable corrective measures.

Having regard to the organizational capacity of the member organizations and also the contextual peculiarities, the pace of process has obviously not been even and the network is closely monitoring with member organizations to intensify the work. Members like DHAN Foundation have made substantial strides and the practice is in advanced stage in selected federations. What is important is the self regulation process moves on for the benefit of the people institutions.

2.7.1. Self Regulation in People Institutions

To enable the people institutions to practice self regulation its imperative that leaders of the institutions such as SHGs, Federations, Cooperative Societies, etc., should be sensitized and trained to disseminate to the members at large and also ensuring adoption and compliance. In this regard the guiding principles and norms of SR practices are to be evolved through consultative process and for this purpose INAFI has organized convention

women leaders of SHG / cooperative federations during September 2007 in association with INFOS network.

The convention has enabled the leaders to deliberate on the approaches to foster self regulation and also in developing SRO framework to ensure self regulation practices.

Approaches to fostering self regulation in Pos

1. Evolving norms for Pos

The POs have to evolve norms for their various components that include super ordinate goals, structure, strategies, staff systems, style and skills, before practising self regulation process.

2. Promotion of nested institution

The primary people organisation may create secondary organisations for their development like clusters, and federations. But, they have to adhere to the norms of the secondary organisation that they have evolved in order to build their own strength.

3. Democratic decision making

Each member in POs has a right to participate, contribute and involve in decision making process. The POs would create a conducive environment to enable the members to exercise their rights. This will inculcate self regulation practice among all the members in POs.

4. Capacity of staff and leaders

Training on governance and management of POs should be given to staff and leaders by the promoter organisations. Leaders of POs should have the capacity to review the performance of the staff, and staff should have the skill of giving training on governance to people leaders. This would result in bringing self regulation among leaders and staff in POs.

5. Building Ownership

The members have to participate in all organisational events like review meetings,

AGBM, and future search process of POs. This will enrich ownership of the organisation among the members.

6. Non-negotiables for POs

Organisational events such as monthly meetings, GBM, executive committee meetings, working groups meetings, planning and review meetings and auditing are non negotiables for any kind of people organisations. These mechanisms would enable the self regulation process.

7. Prioritising Development issue

Each POs have to prioritise the development issues prevailing in their operational areas. Then they have to plan and design programmes for effective implementation. Only then they could retain focus on members' interests.

8. Standards to be ensured

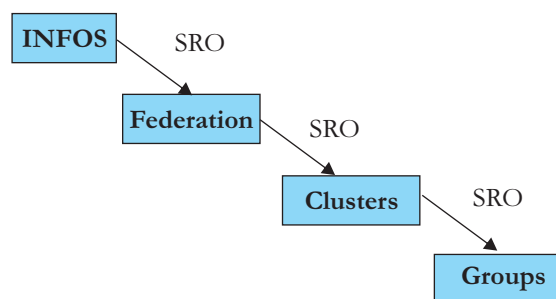
Each POs should draw a road map and set the standards for governance, financial and social development aspects according to their age and contexts. For achieving the standards, each year they have to come out with an annual plan.

9. Empowerment of Members

Organizations, which have a high level of member-accountability, generally tend to share power with their members. The members tend to be more knowledgeable about the day-to-day processes of the organisation and are more able to participate in the decision-making processes. However, members are themselves not in a powerful position to demand member-accountability from the organisation. It rests on the willingness of the organisation to create processes which will provide greater opportunities for members to take part in the decision making processes. It is expected that through such power sharing processes the members will themselves be able to take over the development activities and sustain them without any external support. Members will thus be able to help themselves and will not have to seek external interventions for their own survival and development.

Evolving SRO for POs

The self regulation practice would be facilitated by the SROs as indicated below for People institutions



Groups would be enabled by clusters; clusters in turn by the federation and INFOS would enable its member federation for practising self regulation.

2.7.2 Self-Regulation Process – Enabling by Member Organizations

INAFI INDIA has taken up the self regulation processes with 6 member organization's in the second phase. Following network level workshop in 2007 wherein the chief executives and the operational executives of all these member organizations participated set the stage to initiate the process for creating awareness, understanding at the operational level in select locations or federation of these 6 member organizations.

In order to facilitate these member organizations in evolving framework of standards for self regulations and also the frame work of SRO these member organizations have been enabled to take-up process workshops with the field staff and also the people leaders of the SHGs / Co-operatives.

Enabling from network include developing a tool kit for these members for process workshops and also provide support in facilitating the members in the next year (2008-09) whereby member institutions will take the process to people institutions to develop specific standards for different contexts.

3.0 Enabling the Sector

3.1 MP3 programme (Micro Finance – Principles, Practices and perspectives) for Small NGOs:

In the Indian context, SHG model has emerged as a predominant microfinance programme. This unique Indian initiative of SHG model has turned out to be the fastest growing cost effective model in enabling 20 million poor families to access sustainable financial services from the banking system, through a network of over 1 million Self Help Groups (SHGs). The sector is characterized by a few large microfinance programmes and a huge number of small NGOs who are having small outreach or have just initiated microfinance programme. There is a need to provide good orientation and capacity building for facilitating the expansion of small NGOs programme and managing the growth thereof.

INAFI INDIA, being a network of microfinance practitioners sees a great role for building the capacities of such NGOs for development orientation in designing and implementing microfinance programmes. In a two part programme, the focus will revolve around emphasizing the enabling method of microfinance, which involves not only promoting SHGs but networking them as federations at the local level. This primer programme focuses on Principles, Practices and Perspectives with accent on building perspective knowledge and clarity on the different models of microfinance and the effectiveness of the model from poverty reduction perspective.

An advanced version of MP3 called MP3+ Plus has been launched for those upcoming NGOs on a larger outreach mode / up scaling and this course aims at exposing the small NGOs to the networking of SHGs and there by building federations and also to the micro insurance services.

During the year under review, 4 programmes have been conducted across the country benefiting more than 100 small NGOs.

3.2 Participation in Significant Microfinance Events:

INAFI INDIA being a network of microfinance practitioner has rich diversity in terms of microfinance intervention strategy content etc. It is involved in policy advocacy and work with Government, the regulatory institutions, mainstream financial institutions, donor agencies, etc. In view of its role in advancing microfinance programmes in India and its philosophy of alternative paradigm, the network has been participating either at its own initiative or invitation in many National / International events. It has been invited to share its work and its expertise in microfinance in National / International Workshops, Seminars, etc. INAFI INDIA has been part of the following important microfinance events during the year 2006.

a. **INAFI INDIA as a part of RBI delegation to study microfinance programme in South Africa and Brazil**

An Indian delegation led by senior policy makers of RBI comprising of senior bankers, representatives of microfinance sector including INAFI INDIA visited South Africa and Brazil for ten days for studying and understanding the microfinance programme in South Africa and Brazil and also to pick up relevant best practices that could be adopted in India. The international exposure programme has been unique learning experience with respect to regulation of micro finance sector and issues involved in regulation such as pricing and access to savings. More importantly it is worth mentioning that banking correspondence model with huge network in Brazil holds good lessons towards achieving finance inclusion.

The visit also provided an opportunity to INAFI INDIA to articulate the alternative paradigm of microfinance with focus on development issues affecting poverty. The members work in utilizing microfinance programme for addressing various development concerns has been highlighted during the visit.

Further, INAFI INDIA's niche initiatives such as self regulation for growth with order, asset building, debt swap process, affordable microfinance have been shared with South Africa and Brazil, central bank authorities as well as MFIs and micro entrepreneurs

b. Digital Video Conferencing on SHG model organized by US consulate Chennai

US Consulate Chennai has organized a digital video conference on self help groups and micro finance with two panelist from USA and other two from India. The two panelists from USA are Mr. Jeffrey Ashe, Manager of Community Finance, Oxfam America, Mr. Pete Crear, Chief Executive Officer, World Council of Credit Unions and the two panelists from India are Mr. M.P. Vasimalai, Executive Director, DHAN Foundation, Mr. M. Kalyanasundaram, Chief Executive, International Network of Alternative Financial Institutions (INDIA)

Video conference has been good opportunity to share the history and the experiences of micro finance movement in USA and India and helped in learning from each other experiences. The video conference has focused on the following aspects:

1. The history of Microfinance in the United states and in India.
2. Functioning of the microfinance movement in the U.S and in India.
3. Linkages between and role of SHGs/NGOs/financial Institutions and the Government in India and in the U.S.
4. Microfinance as development finance – investment for building the client system.
5. Microfinance not as a charity but as a sustainable business at affordable cost.

The conference has been unique in the sense that the SHG model with accent on development going beyond microfinance has been positioned with the US panelist which augurs well for the dissemination of the SHG concept.

3.3 Gender in Microfinance:

Gender is another development issue which received great attention of INAFI INDIA during the year 2008. To provide facilitation and direction in the matter of incorporating Gender issue in microfinance interventions, INAFI INDIA found it necessary to evolve a Gender policy for the country network as a whole in due consultation with all members.

Towards this end, INAFI INDIA has organised a consultation workshop on Gender in microfinance programmes involving all its members in January 2008. Workshop provided the opportunity to develop a common understanding among the members in addressing Gender issue through microfinance programmes and also in suggesting framework for operationalisation. Further, members also contributed to the developing elements of Gender policy of INAFI INDIA network as a whole.

Sequel to this, INAFI INDIA brought out Gender policy document for the network as a whole. This has been shared with all the members for further action in their institutions. Besides Dhan Foundation which has since evolved institutional policy, work is in progress in a few members for evolving a policy. Based on the expression of interest of the members, INAFI INDIA would be organising workshops and training programmes in the ensuing years.

3.4 Micro Pension

Micro pension is seen as ultimate product in micro finance services to provide income security to the poor. As this is a frontier area in micro finance, there is need for sensitization / awareness and dissemination of knowledge about the pension products. INAFI INDIA also recognizes that micro pension for the poor being unorganized sector with irregular flow of income brings different challenges in terms of designing products and sustaining the pension programme on long term basis.



Keeping in this view, INAFI has been working in concert with Pension Development Network of Netherlands for Piloting a Micro pension programme in India. A Micro Pension workshop has been organized for the benefit of around 50 stakeholders including NGOs and MFIs during May 2008 at Chennai in association with the Pension Network of Netherlands and World Granny, Amsterdam.

3.5 Social Impact Measurement (SIM)

In keeping with its triple bottom line approach INAFI Network has been exhorting its members and sectoral players on measuring the

impact of micro finance programmes on people planet and profit. In order to support and guide its members and also to influence the sector INAFI Network has launched a pilot to develop SIM tools which are user friendly with the grassroots level to measure the impact of micro finance interventions. The tools are being piloted by a few of its members and in India Grameen Development Services (GDS) and DHAN foundation are involved. More importantly, INAFI INDIA is also looking at integrating / orienting SIM tools with MDG Goals and indicators.



Policy Notes

Inafindia is engaged in Policy dialogue with RBI, NABARD, IBA to promote enabling policy framework for the development focused Microfinance programmes particularly SHG-Bank linkage programme. The policy notes setting out the suggestions and recommendations of Inafindia are furnished here under for the information of development stakeholders

Policy Context:

Microfinance services are growing by leaps and bounds across the country through SHG Bank linkage programme and also through the MFIs who are directly delivering credit services to the clients. Microfinance programmes hold the key in advancing Financial inclusion as it seeks to bring the excluded category of population, largely poor, to the banking system. Financial inclusion sets store by two key principles – the Access and Affordability. There is a growing concern about microfinance programmes outside the banking fold i.e. Microfinance Institutions have been pricing their product exorbitantly. Besides this concern for affordability, the sector is also concerned about promotion of financial inclusion including financial literacy and counseling.

In this regard, two initiatives of Government of India will have far reaching impact on the microfinance sector and 250 million clients it seeks to reach out. Conceptually, the initiative on the financial inclusion both on the development and technology front will have immense positive impact, although the process of financial inclusion needs careful, guided and calibrated implementation for a sustained financial inclusion. Which goes beyond opening bank account and the triad of services - savings, credit and insurance need to be easily accessible and available at an affordable price? Against this

backdrop, Inafindia has suggested to RBI the following Policy responses.

Financial Inclusion and Affordable Micro Finance

Need for regulatory surveillance

SHG Bank linkage programme is complemented by Microfinance Institutions in providing credit services. Of late there is a spurt in growth of Microfinance Institutions encouraged and supported by the private equity funds, largely coming from Foreign sources. While the banking system keep the lending rate just about PLR or even sub PLR for SHGs for micro credit dispensation, there are some states which even go for interest subvention, as for instance in Andrapradesh. On the other side, barring a few exceptions the interest rates charged by microfinance Institutions are hovering above 30% with plus charges and the effective rate is even higher.

This has been clearly brought out by the study conducted by College of Agriculture Banking, Pune, Reserve Bank of India titled “Report on Costs and Margins of Micro Finance Institutions”. Support for this kind of interest rate are sometimes even orchestrated in some forums on the plea of sustainability. It is a matter of concern that the development concerns of Microfinance programmes are lost in the debate of financial sustainability. Given the emerging scenario and also the development and social issues involved in Microfinance programmes it is time RBI put in place a regulatory surveillance mechanism in concert with SLBC / Lead Banks to avoid unpleasant situation even leading to public frown. Another policy step is for a regulatory directive to the NABARD and Commercial Banks for a due

diligence of MFIs from pricing angle for the credit services. They could stipulate rate caps which may be dynamic for the credit lines given to the MFIs.

Spreading Financial Inclusion – Commercial Banks as HUB

Reserve Bank has recently provided operational guidelines to Commercial Banks in that SLBC is the converging point for the Financial Inclusion & Literacy. The Reserve Bank and Commercial Banks are contributing to Microfinance Development and Equity Fund of NABARD besides Government of India setting up funds for this purpose. The funds are deployed at NABARD for promotion and development. Looking from operational aspect Commercial Banks would be a better bet being operationally responsive and sensitive to this issue. Therefore, the Reserve Bank could deploy the funds for Financial Inclusion with the Commercial Banks – respective SLBC for greater promotion of Financial Inclusion.

Financial Inclusion – Lead bank as focal points

The Lead Bank dispensation is around for long and there is increasing realisation that it has outlived its utility. It is now merely reduced to a kind of data gathering centre doing more guesstimates and less estimates of credit plans. All the same, it has been playing the critical coordination role for the banking system in the district besides being the sounding board. There is no question about relevance and usefulness of the office of the lead bank structure. Redefining the role in the changed context of the financial inclusion as a national priority of financial system is the issue.

From this perspective, it is compelling that lead bank office should assume responsibility for financial inclusion in each district. It should emerge as financial inclusion focal office in the district and involve itself in promotion / development, sustainability both from the client and technology perspective. By extension, it will also be assuming or coordinating or

spearheading financial literacy and financial counselling process to build up virtuous financial eco system in the long haul.

Policy context:

Microfinance is essentially development finance and emerged as an important instrument to address poverty. Access to Microcredit and other financial services have made significant impact on the lives of the poor. It is different from the traditional way of financing and compels such an approach from the perspective of Financial Inclusion, as for instance, we are talking about zero balance no frills account for savings, and Business facilitator / Business correspondent models for access and affordability. Similar unorthodox approaches are called for, if, we are to bring excluded poor under the Microfinance hold and thereby financially included. This policy note to RBI looks at some of the new ways of promoting Microfinance to serve the agenda of Financial Inclusion.

Need to Redefine the Concept of Capital in the Context of Microfinance Sector

There are two streams of delivery channel in India for Micro credit and other financial services. The predominant being SHG bank linkage and the other channel MFIs chipping in as complement to the banking system. That Microfinance institutions are attracting the attention of the Commercial Banking System is a positive development and banks are opening lines of credit to MFIs. This is a welcome evolution as main stream funds flow to the sector. Among the MFIs we have both 'for-profit' and 'not-for-profit' types. Many 'not-for-profit' MFIs have either guarantee capital (virtual capital) or very low capital base depending upon the legal form. Banks being what they are, they look at the capital in the conventional sense and reckon as important criteria to assess the loan requirements.

In the context of micro finance, social capital is of critical importance and the number of clients

that MFIs serve matter rather than the pure capital or equity that we traditionally look at. Strong social capital with significant savings portfolio shall be the determining criteria for assessing loan requirements. Savings First Approach in Indian Micro Finance Programmes – SHG Bank linkage has mobilized substantial local resources from poor themselves. It may be recalled that H R Khan Committee of RBI has recommended that savings of the poor with SHGS / village cooperatives shall be treated as quasi capital (like tier II capital) for the purpose of assessing the quantum of capital. There is, therefore, a need for policy re-orientation in Commercial Banks that if Federations of SHGs / MFIs are otherwise strong in Governance, Management, Systems and Professional capacities the capital should not be a constraining factor for Commercial Banks to open or enhance the credit lines.

Incentive Package for Responsible Micro Credit

INAFI INDIA has been emphasizing that Microfinance service should be affordable and from this perspective 'not-for-profit' approach is more appropriate where emphasis is just on cost coverage. It would welcome a policy stance from the Central Bank on this count.

Be that as it may, Microfinance sector needs a stimulus package, of course, with strings attached to promote affordable Microcredit like other sectors which enjoy soft support or interest sops explicitly or implicitly. It would do a world of good to the sector and the constituency it serves, if soft lines of credit at 6% are provided to not for profit MFIs to incentivise them to keep interest rate aligned with the PLRs or lower rates specified by commercial banks. This should be a conditionality for MFIs to access soft lines.

ECBs under Automatic Approval

Earlier NGOs and MFIs had access to ECBs under automatic approval route. During last year for ECB of any amount, prior approval is

necessary in terms of the Central Bank guidelines. The policy of prior approval, RBI informed, has been due to the exigencies of forex and liquidity management.


Now in the changed scenario, it is suggested that automatic approval route can be restored to avoid delay.

Lending with Internal Appraisal and not External Rating

Rating in our scheme of things is statutory for those financial institutions who seek to mobilize public deposits. There is a strong logic for this requirement – of a 'third eye' opinion from a disinterested party. The policy directive especially from NABARD to commercial banks with grant backup to go for rating of micro credit institutions before starting lending relationship is a matter of concern. There seems to be mix up in distinguishing between appraisal and rating.

Rating may not be appropriate nor required for microfinance institutions / micro credit institutions who are involved only in extending credit services (borrowing from mainstream and lending to the clients – SHGs, etc.) and not permitted / authorised to extend savings services. After all, the commercial banks system and even RRBS have been funding many commercial entities, which are more complex and also our mainstream banking system has a good history of dealing with institutions undertaking poverty lending. They have over the years evolved and nearly perfected an excellent, incisive and comprehensive appraisal system for appraisal of projects, programmes and lending institutions like NBFCs, etc. Further, funding the rating from micro finance development and equity fund would be seen as diversion of resources from more important and priority areas in microfinance sector.

It is therefore suggested that like the IBA common guidelines for educational loans to the commercial banking system, a common appraisal system with guidelines could be



evolved under the banner of IBA rather than rating as suggested by NABARD to commercial banks.

Policy Context:

The Government initiative of providing relief to the distressed and poverty stricken farmers and those engaged in agricultural activity could end up in not achieving the purpose unless the follow through steps are logically put in place. The debt waiver is to address the debts from the formal financial system. The relief may not be complete without addressing the debt burden from informal system of exploitative lending. In this scenario of ferment in the sector, the challenge for the policy makers is to seize the moment and further the initiatives to a fruitful end.

From debt waiver to debt swap:

Piloting: It is widely recognized and accepted that relief through debt waiver to be wholesome; there is a need to address the burden of exploitative lending from money lenders of the informal financial system. It has also been brought out by many studies that farmers are deeply mired in informal debts. Considering this situation, it is imperative that the debt swap initiative should follow debt waiver scheme. There is nothing new about the debt swap policy perspective, given that RBI has been quite proactive in policy pronouncements and exhorted the commercial banks to undertake the debt swap process for the poor and downtrodden. Yet, the translation in terms of action is quite lukewarm and few and far between.

Against this back drop, there is a need to take the policy initiative to pro action. In doing so, there is a realisation that the debt swap is a complex issue, which is not just addressed by buying informal debts by the banks. It goes

beyond credit and has to be comprehensive combining financial with administrative and legal measures and with deterrent actions wherever necessary. There have been a few successful cases wherein SHG and its federations with the blend of these strategies have been able to address usury. There is a need for demonstration of such debt swap strategy in usury hot spots to learn and get experienced to mainstream this process through the commercial banking system. RBI could signal its intent to the commercial banks to initiate such piloting attempts across the country in concert with State Government and civil societies / NGOs. A modus vivendi workshop could be organized in the College of Agricultural Banking to share the experiences so far across the country through SHG bank linkage programme and to set in motion the policy and implementation process.

Debt waiver for SHGs: It is difficult to gloss over the fact that the debt waiver scheme will bring unintended negative impact on the financial eco system. One such larger impact will be on the SHG programme with the disruptive consequence of debt waiver scheme can be clearly anticipated in the group dynamics and cohesion. SHGs comprise of diverse mix of people drawn from different walks of life - small and marginal farmers, labourers, petty traders, vendors, who are drawn mostly from the poor segments of society. The SHGs in rural and semi urban areas are associated with agricultural activities directly or indirectly one way or other. Any discrimination in terms of extending the benefit of waiver to the SHGs in rural and semi urban areas would have a disastrous impact on the group functioning and its continued existence. It may even stir social hornets nest. There is therefore a need for careful examination of this issue of extending waiver to SHGs.

Facilitating Financial Inclusion – Business Correspondents

Note Submitted by INAFI INDIA to the Working Group of RBI

INTRODUCTION

Conceptually, the policy initiative on Business Correspondent / Business Facilitator is to take the banking services to the doorsteps of the excluded segments of the population for greater financial inclusion. The large segments of population which remain excluded are largely indigent and illiterate and the micro finance programmes have been seeking to reach out to them and in a way, has been serving the ends of financial inclusion. The development NGOs who are promoting SHG bank linkage have been the key social intermediary and they have been doing business facilitation model for more than a decade, though this is sought to be formalized with the banking system now. The emerging MFIs can also be said to be chipping in in a small way, though one need to reckon that they are also building their credit portfolio of their clients. Yet, one cannot help saying that the banking system as a whole has not responded enthusiastically to formalize even the BF arrangements with the NGOs and MFIs with whom they have been already dealing with.

The business correspondent model on the other hand carries more risk due to cash handling and even after more than three years of policy initiative has not taken off due to several reasons and impediments. This note of INAFI INDIA seeks to place suggestions before the working group of RBI on Business Correspondent based on the experience of its members and its general observation from the field.

SUGGESTIONS

1. **BC yet to percolate down :** BC still remains at HO, at best zonal level of banks and it has not been adequately disseminated even within the banking system. It doesn't seem to have received the priority for policy direction and action in the banks, barring a

few exceptions. Many banks websites do not project this policy initiative. Similarly the agenda of BC has not been pushed in the SLBC / DCC forums adequately nor there has been awareness programmes through these forums for NGOs.

Large scale orientation / training programmes within the banking system down to the branch level need to be operationalised. Similarly, RBI / NABARD / SLBC / DCC need to organize orientation / training programmes for development NGOs / MFIs at the state and district levels and it goes without saying that there are good number of nationally well known resource NGOs who can also undertake this training. The financial inclusion fund should be utilized for awareness / orientation programmes both for the bankers and NGOs. Operationally, it looks desirable to keep the funds of financial inclusion with SLBCs for this purpose instead of NABARD.

Further the cost of building awareness, literacy of the financially excluded communities can not be met from the limited commission income from banks. The grant support should come from financial inclusion promotion fund which is placed with NABARD

2. **Inadequate Compensation:** It is generally felt among the NGOs in the micro finance sector that the reward – remuneration is not adequate and does not cover the cost of operation of NGOs which makes them lukewarm or withdrawn. The initial start up cost till the volumes are built up need to be worked out keeping this viability factor for the NGOs and adequate compensation package be offered (like new branch opening and the cost factor involved till viability is achieved through volumes

overtime) again, financial inclusion fund should be utilized for the purpose.

3. **Promotional Cost** : Financial inclusion to be successful in reaching the excluded poor segments of population and large scale need to consider the promotional cost incurred by NGOs in building client systems – be it SHGs or cooperatives. To cut a larger swathe in the country, perhaps, financial inclusion agenda need to be dovetailed with SGSY programme from the perspective of promoting larger client systems of SHGs and federations with social intermediation by NGOs. This could also serve as a ground for determining viability scale or size for the BC to be effective.
4. **Entry Barriers**: Even where a few BCs has emerged in the country it remains non starter owing to entry barriers stipulated by banks like insisting on caution / security deposits which the NGOs could not marshal. Here again, we need to tap imaginatively financial inclusion

promotional fund, if at all such security deposits are considered so much essential.

5. The transaction limit of Rs.10,000/- per client per day brings an operational constraint and burden in advanced microfinance programmes where savings and loan transactions per client are much higher.
6. **Cost of Technology**: This is another factor which has been a impediment for expanding the BC model and need to be studied in depth and solutions worked out for a way forward.
7. Attitudinal changes need to be brought about in the banking systems especially at the branch level and to this extent a great deal of sensitization need to be organized.
8. **Cash handling**: BCs are wary of cash handling owing to the risks involved in varying degrees in different part of the country. Besides a system of cash collection route, transit insurance cover need to be organized.

Developing Micro Finance Sector INAFI INDIA Policy Round Table with IBA

1) INTRODUCTION

Micro finance is emerging as an important segment of financial / banking sector given its key role in financial inclusion for poor thereby addressing their poverty. Over the past decade, access to organized micro finance services has been making positive difference in the lives of poor. Micro finance is essentially development finance and it is quite different from the traditional way of financing and calls for unorthodox approach, as for instance, we are popularizing zero balance no frills account for savings and business facilitator / business correspondent models for access and affordability. Given the economic profile of micro finance clients, innovative products and financial packages in savings, credit and

insurance are necessary for meaningful and lasting financial inclusion. INAFI INDIA, a network of microfinance NGOs involved in developing the micro finance sector would like to place the following policy suggestions to IBA.

2) FINANCIAL INCLUSION THROUGH BUSINESS FACILITATORS / BUSINESS CORRESPONDENT ; UNIFORM GUIDELINES

It has been more than 2 years since RBI has issued enabling guidelines for allowing NGOs / MFIs and Civil Society Organisations to act as business facilitators / business correspondent. Barring a few banks, the response of commercial banks including some leading banks has been lukewarm. Even where banks have

initiated BC/BF model, the package has been inadequate and unattractive. In order to speed up the BC / BF implementation in the banking system, IBA need to go for common guidelines with broad acceptance among the banks to give impetus to BC/BF. It may be noteworthy to recall the IBA's exemplary work in evolving common guidelines for education loans which has received tremendous public acclaim. The BC / BF common guidelines must be posted in the IBA website for increasing public awareness.

One of the main impediment for adopting BC model has been the risk involved in handling cash and transfer from BCs to commercial banks. An umbrella transit risk cover for cash need to be organized.

3) CREDIT FACILITIES TO MICRO FINANCE SECTOR

3.1. Need to redefine the concept of capital in the context of microfinance sector

MFI's are coming of age as a strong complement to the banking system to deliver micro credit services and also as a channel of delivery for savings insurance and other financial services. Among the MFI's, we have both 'for-profit' and 'not-for-profit' types. Many 'not-for-profit' MFI's have either guarantee capital (virtual capital) or very low capital base depending upon the legal form. Banks being what they are, they look at the capital in the conventional sense and reckon as important criteria to assess the loan requirements.

In the context of micro finance, social capital is of critical importance and the number of clients that MFI's serve matter rather than the pure capital or equity that we traditionally look at. Strong social capital with significant savings portfolio shall be the determining criteria for assessing loan requirements. Savings First Approach in Indian Micro Finance Programme; SHG-Bank Linkage has mobilized substantial local resources from poor themselves. It may be recalled that H R Khan Committee of RBI has recommended that savings of the poor with SHGS / village cooperatives shall be treated as


quasi capital (like tier II capital) for the purpose of assessing the quantum of capital. Which reinforces the need to redefine concept of capital in the context of micro finance sector. There is, therefore, a need for policy re-orientation in Commercial Banks that if Federations of SHGs / MFI's are otherwise strong in Governance, Management, Systems and Professional capacities the capital should not be a constraining factor for Commercial Banks to open or enhance the credit lines.

3.2. Producer companies of micro finance clients – need for value chain gap financing

The emerging trend with regard to business development among the microfinance clients is the promotion of producer companies and developing aggregator model for scale advantage. This creates value chain depending upon the produce / commodity and the need for financing several points in value chain arises as the aggregation goes along the chain to build the scale. There is a felt need and this gap exists and traditional financing under trading scheme of lending does not seem to be appropriate what with collaterals and also pricing at commercial rate well above PLR which is unaffordable for this kind of business. There is a need to evolve innovative flexible credit packages under the value chain model under the category of micro finance at the PLR or a par below PLR.

4) RATING OF MICRO FINANCE INSTITUTIONS NOT A SUBSTITUTE FOR STRONG INTERNAL APPRAISAL SYSTEM

Rating in our scheme of things is statutory for those financial institutions who seek to mobilize public deposits. There is a strong logic for this requirement – of a 'third eye' opinion from a disinterested party. The recent policy directive especially from NABARD to commercial banks with grant backup to go for rating of micro credit institutions before starting lending relationship is a matter of concern. There



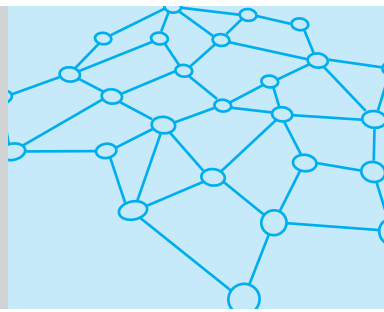
seems to be mix up in distinguishing between appraisal and rating.

Rating may not be appropriate nor required for microfinance institutions / micro credit institutions who are involved only in extending credit services (borrowing from mainstream and lending to the clients – SHGs, etc.) and not permitted / authorised to extend savings services. After all, the commercial banks system and even RRBS have been funding many commercial entities, which are more complex and also our mainstream banking system has a good history of dealing with institutions undertaking poverty lending. They have over the years evolved and nearly perfected an excellent and comprehensive appraisal system for appraisal of projects, programmes and lending institutions like NBFCs, etc. Further, funding the rating from micro finance development and equity fund would be seen as diversion of resources from more important and priority areas in microfinance sector.

It is therefore suggested that like the IBA common guidelines for educational loans to the commercial banking system, a common appraisal system with guidelines could be evolved under the banner of IBA rather than rating.

5) Financial Literacy

It is recognized that for effective and sustainable financial inclusion financial literacy is one of the key component. Well informed public and clients would be in a better position to avail of the financial services from the banking system. While mass / visual print campaign may be part of the IBA strategy to generate awareness about the financial literacy, focused work is required through right blend of medium of communication to reach out the masses. IBA and INAFI INDIA with involvement of its members could go for piloting financial literacy programmes in a few blocks to find and come out with effective and long term approach.



Members and their Microfinance Profile





ACTION FOR SOCIAL ADVANCEMENT

General Profile

Address and contact details	:	Action for Social Advancement (ASA), E-5/A Girish Kunj, (Above State Bank of Indore, Shahpura) Arera Colony, Bhopal 462016.
Telephone	:	0755-2427369
Fax	:	0755-4057925
E-mail	:	asa@asabhopal.org
Web/URL	:	www.asaindia.org
Legal status of organization	:	“Public Trust” and Society under Bombay Public Trust Act 1950”
Year in which microfinance Activities started	:	Year 2001-02
Name of CEO	:	Mr. Ashis Mondal
Focus / Objectives of Organization	:	Livelihood security through participatory action at community level and through natural resource management
Area of operation	:	States of Madhya Pradesh, Bihar, Jharkhand and Orissa.
No. of states	:	04
No. of blocks	:	113
No. of villages	:	938
Microfinance intervention approach	:	Enabling Model

Microfinance Programme Profile **Peoples Organization - Self Help Groups (As on March 2009)**

Total No. of groups / Cooperative societies	:	1006 SHGs
Of which		
No. of women's groups / Cooperative societies	:	822
No. of men/ mixed groups/ Cooperative societies	:	184
Total No. of Federations	:	05

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	: 100.21 lac
No. of Products	: 01

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilized from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	145.00 lac
Loan amount outstanding as on March 2009	135.90 lac
Average loan size per member	0.04 lac
Average loan size per society / SHG	0.35 lac
Service charges/ Interest rate	24% Reducing
Recovery rate	98%

III. Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdue	04	0.68
Portfolio at risk	0	0
Bad debts/Loss assets	0	0

IV. Micro Insurance:

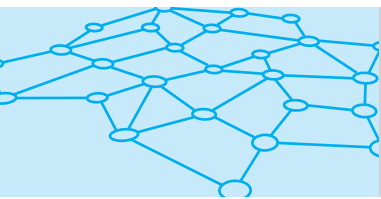
- a) Number of clients covered under micro insurance : 4492
- b) Type of cover : Life

V. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : -
- b) Office / Support staff : -
- c) Part time / Consultancy : -

VI. Capacity Building / Training Programs

1. Management Development Programme for Professionals
2. Thematic Appreciation Programme for Microfinance
3. MIS and Systems
4. Funds and Liquidity management
5. Lending Policies and Products



AGA KHAN RURAL SUPPORT PROGRAMME

General Profile

Address and contact details	:	Aga Khan Rural Support Programme 9-10, 10th Floor, Corporate House Opp. To Dinesh Hall, Off Ashram Road, AHMEDABAD – 380 009
Telephone	:	91-79-55312451 / 61 91-79-27540421
Fax	:	91-79-55312471
E-mail	:	mail@akrspi.org
Web/URL	:	–
Legal status of organization	:	Sec 25 Company
Year in which microfinance Activities started	:	1983
Name of CEO	:	Mr. Apoorva Oza
Focus / Objectives of Organization	:	To create enabling environment for Empowerment of rural communities
Area of operation	:	Natural resource management
No. of states	:	Two
No. of blocks	:	23 Blocks
No. of villages	:	590 Villages
Year in which microfinance Activities started	:	1995
Microfinance intervention approach	:	Enabling model

Microfinance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups of which	:	1470
No. of women's groups	:	661
No. of men's groups	:	258
No. of mixed groups	:	551
Total No. of Federations	:	19

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	Rs. 110 lakhs
No. of Products	:	3

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	Rs. 90 lakhs
Loan amount outstanding as on March 2009	Rs. 1 261 lakhs
Average loan size per member	Rs. 1854
Average loan size per society	Rs. 18000
Service charges/ Interest rate	24% p.a
Recovery rate	97%

Credit Products

- Consumption
- Income Generating activities
- Housing
- Medical
- Social

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	Negligible	
Portfolio at risk	-	-
Bad debts/Loss assets	-	-

III. Insurance

Yet, to be introduced

Talk to AKRSP and Microinsurance position

IV. Financial Resources (as on 31st March 2009)

Savings	:	Only by Peoples Organization promoted by
Corpus	:	—

Bank Linkage	:	With Peoples' organization
Donors	:	–
Borrowings	:	–

V. Human Resources for Microfinance intervention

a) Field Professionals/ Staff	:	15
b) Office / Support staff	:	1
c) Part time / Consultancy	:	1

VI. Capacity Building / Training Programs :

1. Exposure visit for the staff and members – 2 days, once in every six months in order to orient them with the successful models, methodologies, interventions adopted by other NGO's
2. Accounts training for the SHG leaders and members – 3 days – twice a year.
3. Leadership training, one day – once in six months.



BAIF DEVELOPMENT RESEARCH FOUNDATION

General Profile

Address and contact details	:	BAIF Bhavan, Dr.Manibhai Desai Nagar Warje, Pune 411058
Telephone	:	91-20-25231661
Fax	:	91-20-25231662
E-mail	:	baif@vsnl.com veenahalwe@baif.org.in
Web/URL	:	www.baif.org.in
Legal status of organization	:	Public Trust Registered under the Bombay Public Trust Act 1950
Year in which microfinance Activities started	:	1990
Name of CEO	:	Dr. Narayan .G. Hegde
Focus / Objectives of Organization	:	Multidisciplinary Livestock development programme, Water resource Development, & Tree Based Farming, Tribal Rehabilitation, Community health, Women Empowerment, Renewable energy & Environment
Area of operation	:	Maharashtra, Gujarat, Karnataka, Uttar Pradesh, Rajasthan, Madhya Pradesh, Andhra Pradesh, Uttaranchal, Bihar, Jharkhand, Orissa, West Bengal
No. of states	:	12 states
No. of blocks	:	383
No. of villages	:	45000
Microfinance intervention approach	:	Enabling & Delivery

Microfinance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	9123
No. of women's groups / Cooperative societies	:	6688
No. of men/ mixed groups	:	2435
Total No. of Federations	:	418

In addition to the above there are various other people's organizations like village committees, Water User groups, Cooperatives etc. promoted around specific activities as part of programme strategy.

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	13.08 crores
No. of Products	:	Regular & Voluntary

II. Credit Operations As On March 2009

Cumulative credit availment by programme participants over the years	
- Delivery model (Rs.4.01 crores during the year)	Rs.9.94 crores
- Enabling model: Self Help Groups	Rs 23.09 crores
Loan amount outstanding as on March 2009	Rs 13.00 crores
Average loan size per member	Rs 5000 - Rs 10000/-
Service charges/ Interest rate	12%
Recovery rate	97%

III. Micro Insurance :

Access provided to the following covers in various areas:

Life Insurance

Asset insurance

Health insurance

IV. Capacity Building / Training Programs

The trainings are need based.

1. Skill development
2. Livelihood Training
3. Record keeping ,Audit
4. Self Help Groups – Concept ,Promotion & formation
5. Workshops on Peoples Organisation ,Microfinance, Livelihood promotion through Credit etc. for Non Profit Organisations from all parts of the country
6. Management Development Programme for Professionals



DHAN FOUNDATION

General Profile

Address and contact details	:	18, Pillaiyar Koil Street S. S. Colony, Madurai – 625010. Tamilnadu, INDIA
Telephone	:	91-452-2610794/2610805/2300460
Fax	:	91-452-2602247
E-mail	:	dhan@md3.vsnl.net.in
Web/URL	:	www.dhan.org
Legal status of organization	:	Indian Trust Act (1882)
Year in which microfinance Activities started	:	1990
Name of CEO	:	M. P. Vasimalai
Focus / Objectives of Organization	:	Micro-finance through Community Banking Programme, Tankfed Agricultural Development Programme, Information technology, Development Management Education, Rainfed Farming and Panchayat Development Programme
Area of operation	:	Tamilnadu, Karnataka, Madhya Pradesh, Kerala, Pandichery, Maharashtra, Orissa, Rajasthan, Assam, Jharkhand, Andhra Pradesh
No. of states	:	11
No. of blocks	:	161
No. of villages	:	7615
Microfinance intervention approach	:	Enabling Model

SHG Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups	:	25549
No. of women's groups/ Cooperative societies	:	25549
No. of men/ mixed groups/ Cooperative societies	:	-
Total No. of Federations	:	99

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies .

The relevant data as on 31.3.2009 are : 136.80 Crores

No. of Products : Multiple and Purpose oriented

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	351.70 Crores
Loan amount outstanding as on March 2009	196.19 Crores
Average loan size per member	5500/-
Average loan size per society / SHG	1.5 lakhs
Interest rate	As charged by Banks
Recovery rate	95%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	-	-
Portfolio at risk	2%	-
Bad debts/Loss assets	-	-

III. Micro Insurance :

Micro Insurance services have covered as many as 6,12,000 people. While life insurance cover is predominant, health, crop, livestock, cover are also offered.

IV. Human Resources for Microfinance intervention

- a) Field professionals : 107
- b) Office / Support staff : 136
- c) People staff in People organization: 1315

V. Capacity Building / Training Programs

Dhan Foundation as a resource institution in the development sector for enabling models of Microfinance Programme is offering following types of programmes to its professional and also to its sector.

1. Management Development Programme for Professionals
2. Thematic Appreciation Programme for Microfinance
3. MIS and Systems
4. Funds and Liquidity management
5. Lending Policies and Products
6. Seminars / Workshops on Thematic issues – Self-regulation etc.
7. Capacity building / exposure programmes for NGOs from all parts of the country



GRAMEEN DEVELOPMENT SERVICES

General Profile

Address and contact details	:	Grameen Development Services B-1/84, Sector B, Aliganj Lucknow – 226 024 Uttar Pradesh
Telephone	:	91-522-2334112, 91-522-2334432
Fax	:	91-522-2330640
E-mail	:	gdsho@rediffmail.com gdslko@gmail.com
Web / URL	:	www.gdsindia.org
Legal status of organisation	:	Registered as a Society under the Societies Act, FCRA and Income Tax Department under Section 12(a) &80.
Year of establishment	:	1993
Year in which microfinance Activities started	:	1996
Name of CEO	:	Mr. S.K. Dwivedi
Focus / Objectives of Organisation	:	Social and economic empowerment of poor particularly women through Livelihood promotion, Institution building and entitlement realization.

The mission of the organization is to create alternative and sustainable systems of livelihood for the poor and disadvantaged that would lead to their economic and social empowerment, in the context of an unequal but changing global and local environment. Particular emphasis will be given to poor regions within India and issues of women's empowerment.

Area of operation	:	UP, Bihar and Rajasthan
No. of states	:	3
No. of blocks	:	21
No. of villages	:	680
Microfinance intervention approach	:	Enabling & delivery

Microfinance Programme Profile
Peoples Organisation - Self Help Groups/ Federations (As on 31st March 2009)

Total No. of groups of which	:	1458 SHGs
No. of women's groups	:	All are women's groups
No. of men/mixed groups/cooperative societies	:	-
Total No. of Federations	:	22

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups themselves. The relevant data as on 31.03.2009 are

Total community Savings : Rs 1, 84, 86,553.00

No. of Products

II. Credit Operations As On 31st March 2009

	To SHGs
Total loan amt. Availed / mobilized from comm.. bank/FI for the year 2008-09	Rs 1,15,55,700 Lakhs
Loan amount outstanding as on 31.03.2009	Rs 2,06,68,772 Lakhs
Average loan size per member	Rs. 2400.00
Average loan size per group	Rs. 14,100
Service charges/ Interest rate	2%
Recovery rate	80%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdue	-	-
Portfolio at risk	-	-
Bad debts/Loss assets	-	-

III. Micro Insurance:

- a) Number of clients covered under micro-insurance – 998
- b) Type of cover – Life

IV. Financial Resources (As on 31st March 2009)

Savings	:	Only by Peoples organisation promoted by GDS
Corpus	:	Rs 1.97 lakhs
Bank linkage	:	With peoples' organisation - Rs 206.00 lakhs
Donors	:	-

V. Human Resources for Micro finance intervention

- a) Field Professionals/ Staff : 37
- b) Office / Support staff : 11
- c) Part time / Consultancy : 20(volunteers)

VI. Capacity Building / Training Programs

- Thematic Appreciation Programme for Microfinance – Has developed a module on “Training of Trainer in Microfinance” was organized, in collaboration with INAFI – India. Already organized one training for NGOs in North India (including INAFI members) from 11th – 15th December 2007 at Lucknow.
- MIS and Systems – Participated in INAFI International's project on 'Social Impact Measurement’
- Seminars / Workshops on Thematic issues – Self – regulation etc.- Regularly organizes self – regulation workshops with SHG federations.
- Capacity building programmes on improved agriculture practices and linkages with the mainstream institutions.
- Livelihood promotion facilitation through processes of livelihood idea identification, feasibility and market analysis and linkage building for improved livelihoods.



INTEGRATED VILLAGE DEVELOPMENT PROJECT

General Profile

Address and contact details	:	Integrated Village Development Project 201-A, Gandhi Nagar, Krishnagiri Tamil Nadu - 635001
Telephone	:	91-4343 – 236420, 232129
Fax	:	91-4343 - 237632
E-mail	:	kulandei_francis@rediffmail.com
Web/URL	:	-
Legal status of organization	:	Registered under societies act
Year in which microfinance Activities started	:	1989
Name of CEO	:	Mr. KULANDEI FRANCIS
Focus / Objectives of Organization	:	Women empowerment
Area of operation	:	Tamilnadu
No. of states	:	One
No. of blocks	:	11
No. of villages	:	1500
Microfinance intervention approach	:	Enabling

Microfinance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups	:	6669
No. of women's groups	:	6669
No. of men/ mixed groups/ Cooperative societies	:	Nil
Total No. of Federations/clusters	:	28
Total No. of members/clients	:	1,12,294

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves.

The relevant data as on 31.3.2009 are

Total community Savings	:	Rs. 134.00 crores
No. of Products	:	Regular products

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	Rs. 136 crores
Loan amount outstanding as on March 200 9	Rs. 106.00 crores
Average loan size per member	Rs. 40000/-
Average loan size per society / SHG	Rs. 4 lakhs
Interest rate	Actual Bank interest rate is given to members
Recovery rate	99%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	43	Rs.30 lakhs
Portfolio at risk	-	-
Bad debts/Loss assets	-	-

III. Micro Insurance :

- a) Number of clients covered under microinsurance : 1 lakh
 b) Type of cover : Life security scheme of IVDP

IV. Remittances/Payment Services if any

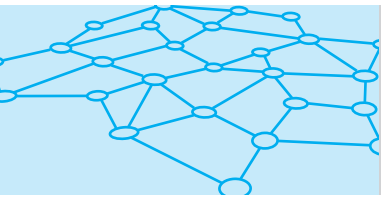
No. of clients, covered :Nil
 (specify either through Bank,)

V. Human Resources for Microfinance intervention

- a) Professional at Head office / central Office for Microfinance Operations :10
 b) Field professional/staff :46
 c) Office / Support staff :24
 d) Part time :200

VI. Capacity Building / Training Programs

S.No	Name of the Training	No. of Participants
1.	SHG enhancement & management	16303
2.	Sanitation Training to Animators	5518



KUTCH MAHILA VIKAS SANGATHAN

General Profile

Address and contact details	:	Kutch Mahila Vikas Sangathan (KMVS) 15/A, 'Amidhara', Revenue Colony, Himmatnagar, Bhuj, Kutch, Gujarat - INDIA. PIN: 370001.
Telephone	:	91-02832-222124 / 223311
Fax	:	91-02832-251914(Attn:KMVS)
E-mail	:	kmvsbhuj@gmail.com
Web/URL	:	NA
Legal status of organization	:	Registration under the Trust and Society Act in the year of 1989 having the Registration No. P.T.C. No: F/160/Kutch and Society R.No: Guj./4/89
Year in which microfinance Activities started	:	January-1994
Name of CEO	:	Ms. Alka Jani / Preeti Soni
Focus / Objectives of Organization	:	<ol style="list-style-type: none">1. Question various forms of socio economic and political oppression.2. Comprehend the basis of these forms of suppression and oppression.3. Act upon information, training, knowledge and their skills accessed by them to both establish their position as active change agents in their communities with the objective of improving their socio economic situation.4. Establish, access, and control over resources as well as decisions regarding themselves, their families, work and environment.5. Increased capabilities to make informed choice with self-esteem and dignity.

Activity

1. Savings & Credit programme.
2. Handicraft production.
3. Legal awareness, education and support.
4. Media Advocacy through radio programme and newsletter.

		5. Natural resource management.
		6. Reproductive health projects.
		7. Training of women in Panchayat.
		8. Human and Institutional Development
		9. Endogenous Tourism Project
		10 Campaigns on Property Rights for Women
Area of operation	:	Kutch district of Gujarat State
No. of states	:	1
No. of blocks	:	5
No. of villages	:	257 Villages and 10581 women's members.
Microfinance intervention approach	:	Enabling Model

Microfinance Programme Profile

Peoples Organization - Self Help Groups/ Federations (As on March 2009)

Total No. of groups/ Cooperative societies	:	Mundra and Nakhtrana cooperative societies.
No of groups	:	300
No. of women's groups / Cooperative societies	:	7000
No. of men/ mixed groups/ Cooperative societies	:	-
Total No. of Federations	:	2

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	Rs 4452577
No. of Products	:	3

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilized from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	Rs 2.38 lakhs
Loan amount outstanding as on March 2009	Rs 55.60 lakhs
Average loan size per member	Rs 5000 to 15000
Average loan size per society (Monthly)	Rs 2 lakhs to 3 lakhs.
Service charges/ Interest rate	12 to 24 %
Recovery rate	80 to 90 %

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lakhs)
Overdues	-	-
Portfolio at risk	-	-
Bad debts/Loss assets	-	-

III. Micro Insurance:

- a) Life insurance cover arranged with BIRLA SUN LIFE

IV. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : 11 rural field staff (women)
b) Office / Support staff : 3 staff members (accountants) (with Cell at KMVS)
c) Part time / Consultancy : -

V. Capacity Building / Training Programs

1. Management Development Programme for Professionals : 1
2. Thematic Appreciation Programme for Microfinance: -
3. MIS and Systems
4. Funds and Liquidity management:
5. Lending Policies and Products
6. Seminars / Workshops on Thematic issues – Self-regulation etc.:



MODERN ARCHITECTS OF RURAL INDIA

General Profile

Address and contact details	:	# 1-8-499, Behind Ekasila Park, Balasamudram HANAMKONDA-506 001.A.P.INDIA
Telephone	:	0870-2555343
Fax	:	-
E-mail	:	sanghatitha12@rediffmail.com
Web/URL	:	-
Legal status of organization	:	AMC/WGL/DCO/2005/689
Year in which microfinance	:	
Activities started	:	Since 2002
Name of CEO	:	MURALI
Focus / Objectives of Organization	:	

Objectives

- Promote self reliant and sustainable primary cooperative societies of the poor communities.
- Achieve self-sustainability of the organization to provide continued MF services to the client population.
- Mobilize financial resources and infrastructure from mainstream lending institutions and govt. Agencies for providing affordable, efficient and sustainable micro finance services to the members.
- Increase incomes and livelihood opportunities for local communities from sustainable use of local resources and alternative income generating activities.
- Incorporate technical and other related training to ensure effective credit utilization.
- Development and application of appropriate MIS systems and documentation.
- Develop appropriate management policies and human resource development plans to enhance organizational efficiency in achieving its social and economic objectives.
- To develop networking, linkages with state, National and International organizations and increase its lobbying capacity to influence, MF policies and programmes of govt. and International agencies.

Area of operation	:	Warangal Dist (Andhra Pradesh)
No. of states	:	1
No. of blocks	:	12
No. of villages	:	212
Microfinance intervention approach	:	Enabling and delivery

Microfinance Programme Profile
Peoples Organization - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	2084
No. of Women's groups / Cooperative societies	:	2074
No. of men's groups / Cooperative societies	:	10
Total No. of Federations	:	01

Microfinance Services:

I. Savings Mobilization

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	86,60,605
No. of Products	:	01

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilized from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	10,93,87,000
Loan amount outstanding as on March 2009	5,76,22,943.1
Average loan size per member	3326
Average loan size per society	22,16,267
Service charges/ Interest rate	16%
Recovery rate	98%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	13	15.67
Portfolio at risk	4	4.55
Bad debts/Loss assets	0	0

III. Micro Insurance:

Number of Clients covered under micro insurance: 10030

Type of cover – life and asset

IV. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : 23
- b) Office / Support staff : 6
- c) Part time / Consultancy : 1

V. Capacity Building / Training Programs

1. MIS and Systems

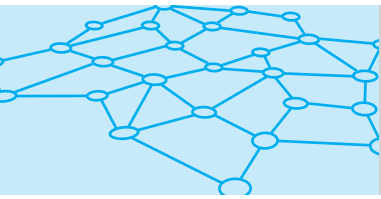
MACS Managers of Sanghatitha were provided with critical inputs on generation of reports through MIS and management systems t both MACS and Sanghatitha level.

Sanghatitha key staff members have attended a training program on MIS and internal audit system conducted by Manaveeya.

Sanghatitha CEO and external Auditor have attended workshop on internal and external auditing standards organized by Manaveeya.

2. Funds and Liquidity management

22 MACS Managers were provided inputs on funds management at MACS level as part of their regular review meeting process.



MYRADA

General Profile

Address and contact details	:	SANGHAMITHRA RURAL FINANCIAL SERVICES 2, Service Road, Domlur Layout BANGALORE - 560 071 : KARNATAKA
Telephone	:	080-25353166 / 25352028 / 25354457
Fax	:	080-25350982
E-mail	:	myrada@vsnl.net.in sanmitra@sancharnet.in
Web/URL	:	www.sanghamithra.org
Legal status of organization	:	Registered u/s 25 of companies Act 1956
Year in which microfinance Activities started	:	2000
Name of CEO	:	R. D. Gadiyappanavar
Focus / Objectives of Organization	:	<ul style="list-style-type: none">● To work with the poor● To reinforce their efforts to rise, and remain, above the poverty line● To prove that the poor are bankable● To provide credit, on interest or otherwise, to groups of poor persons who come together on the basis of affinity, both in rural and urban areas, with the support of SHIPs (Self-Help groups Promoting Institutions)● To create replicable models in the area of financial services for the economically poor and socially exploited sections of society in rural and urban India● To support the rural and the urban poor to overcome poverty of all kinds (economic poverty, poverty of values and poverty of relationships with people and organizations) through capacity building, skill development and attitudinal changes● To encourage and collaborate with people and institutions with objectives similar to those of Sanghamithra

- To collaborate with governmental and non-governmental and non-governmental organizations, to bring about changes in public policies and practices in favour of the poor and the deprived, particularly in the areas of economic, fiscal and social administration.

Area of operation	:	Karnataka, Tamilnadu, Andhra Pradesh
No. of states	:	Three
No. of blocks	:	45 branches
No. of villages	:	4400
Microfinance intervention approach	:	Enabling and delivery

Microfinance Programme Profile
Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	21,262
No. of women's groups / Cooperative societies	:	20,836
No. of men/ mixed groups/ Cooperative societies	:	426
Total No. of Federations	:	Nil

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	Nil
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II. Credit Operations As On March 2009

	To SHGs (Amt. in lakhs)
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	Rs. 14,128.29
Loan amount outstanding as on March 20 09	Rs. 4,660.61
Average loan size per member	Rs. 0.26
Average loan size per society	NA
Service charges/ Interest rate	15%
Recovery rate	95%

No. of Products	:	two (General & Housing loan)
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Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	-	-
Portfolio at risk	520	2,51,22,869
Bad debts/Loss assets	-	-

III. Micro Insurance :

- a) Number of clients covered under microinsurance - Nil
- b) Type of cover – life, health or asset - Nil

IV. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : 64
- b) Office / Support staff : 20
- c) Part time / Consultancy : Nil

V. Capacity Building / Training Programs

1. Management Development Programme for Professionals
2. Training on MIS and Systems
3. Training on Funds and Liquidity management
4. Training on Microinsurance



NAV BHARAT JAGRITI KENDRA

General Profile

Address and contact details	:	Nav Bharat Jagriti Kendra At: Amrit Nagar P.O. Korrah Dist: Hazaribag - 825301
Telephone	:	91-6546 – 263332
Fax	:	91-6546 – 263332
E-mail	:	nbjkco2@rediffmail.com satishgirija@gmail.com
Web/URL	:	www.nbjk.org
Legal status of organization	:	Society
Year in which microfinance Activities started	:	1993-94
Name of CEO	:	Satish Girija
Focus / Objectives of Organization promote development as a growth and self	:	To educate, organize and empower the rural poor to liberating force aimed at social justice, economic reliance
Area of operation	:	Bihar & Jharkhand
No. of states	:	Two
No. of blocks	:	31
No. of villages	:	1694
Microfinance intervention approach	:	Enabling and delivery

Microfinance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	2377
No. of women's groups / Cooperative societies	:	1994
No. of men/ mixed groups/ Cooperative societies	:	383
Total No. of Federations	:	Nil

Micro Finance Services

I. Savings Mobilization : Nil

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings : Rs. 26470439/-
No. of Products : 01

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	2.95 crores
Loan amount outstanding as on March 2009	5.10 crores
Average loan size per member	4400
Average loan size per society	N.A.
Service charges/ Interest rate	12.5% (Flat) & 24% (Reducing)
Recovery rate	98.02%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	110	9.92
Portfolio at risk	55	5.00
Bad debts/Loss assets	Nil	Nil

III. Micro Insurance :

Number of clients covered under micro Insurance – 700

Type of cover – Life

IV. Human Resources for Microfinance intervention

a) Field Professionals/ Staff : 50
b) Office / Support staff : 4
c) Part time / Consultancy : N.A.

V. Capacity Building / Training Programs

Capacity building programs are periodically arranged on MIS and System, portfolio management, lending policies and products by different organisation Such as Sa-Dhan, Inafi, Bird, Basic, Apmas etc. and we try to participate in the program.

Training and capacity building is an integral part of our programme. We are associated with different network organization which conducts training on different topic of Micro Finance. Our professionals take part in those training. Apart from these we conduct internal training for the capacity building of our staffs. Exposure is also a frequent activity for us and time to time all the staffs gets the opportunity to be the part of it. We have participated in so many Capacity building programme and exposure visit of Inafi. We hope Inafi will continue to bring awareness in the field of Micro Finance by arranging such programmes.



PEOPLE'S EDUCATION AND DEVELOPMENT ORGANIZATION

General Profile

Address and contact details	:	(People's Education and Development Organization-PEDO) Village and Post-Mada, Pin Code-314001 Via & District- Dungarpur (Rajasthan)
Telephone	:	91-2964-261128/ 261287
Fax	:	91-2964-261287
E-mail	:	jvs_mada@yahoo.co.in
Web/URL	:	www.pedo.mada.org
Legal status of organization	:	Registered under society act 1958 (Rajasthan)
Year in which microfinance Activities started	:	1988
Name of CEO	:	Mr. Devilal Vyas
Focus / Objectives of Organization	:	Vision: Self-reliant rural communities striving for sustainable livelihood with value based development orientation. Mission: To strengthen value based people's institution to utilization existing resource for poverty alleviation and environment up-gradation.
Area of operation	:	-
No. of states	:	1 (Rajasthan)
No. of blocks	:	6 (5 in Dungarpur Dist, 1 in Banswara Dist)
No. of villages	:	496
Microfinance intervention approach	:	Enabling Model

Microfinance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups of which	:	1527
No. of women's groups	:	1527
No. of men/ mixed groups/ Cooperative societies	:	-
Total No. of Federations	:	13

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	661 lakhs
No. of Products	:	1

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	Rs. 908 lakhs
Loan amount outstanding as on March 2009	Rs. 1242 lakhs
Average loan size per member	Rs. 4500
Average loan size per group	Rs. 84,600
Service charges/ Interest rate	18%
Recovery rate	91%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	-	8.33
Portfolio at risk	-	4.04
Bad debts/Loss assets	-	-

III. Micro Insurance:

Not yet initiated

IV. Human Resources for Microfinance intervention

a) Field Professionals/ Staff	:	130
b) Office / Support staff	:	10
c) Part time / Consultancy	:	1

V. Capacity Building / Training Programs

Staff

- Vision building / concept
- Promotion of livelihood activities: twice in a year
- Self-management of group / cluster / federation - twice in a year
- Product development and credit policy - once in a year
- Financial management- twice in a year
- Computerization of accounts- Once in a year
- Auditing - once in year
- Scaling-up the program- new staff - 3 months training

SHG/ Cluster / Federation

- Six monthly camps in each group
- Orientation on product and credit policy- once in a year
- General body meeting in policy decision- twice in a year
- Budget workshop- once in a year
- Training of weak group and weak leaders- once in a year



PEOPLES RURAL EDUCATION MOVEMENT

General Profile

Address and contact details	:	Peoples Rural Education Movement Mandiapalli village, Post- Rangeilunda Via- BERHAMPUR-760007, Orissa
Telephone	:	(91-680)2242266
Fax	:	(91-680)2242401
E-mail	:	preoffice_1@sify.com
Web/URL	:	www.prem.org.in
Legal status of organization	:	1984 under the Societies Registration Act
Year in which microfinance	:	
Activities started	:	1992
Name of CEO	:	Mr. Jacob Thundyil
Focus / Objectives of Organization	:	<p>PREM's mission is to create a new social order in which the present unorganized and marginalized people have a say in decision making, where education creates awareness and develops skills and fosters the growth of talents, where culture is ever creative, where men and women are totally liberated from all dehumanizing and oppressive forces and where the decisions of individuals and communities are based on the values of social justice, equalities, truth, freedom and the dignity of human life.</p> <ol style="list-style-type: none">1. Formation of people's organizations at village, panchayat, district and state level.2. Education of children for gainful and creative engagement.3. Promotion and protection of women's rights and interests.4. Rural health programme.5. Control and management of natural resources.6. Active participation in the democratic institutions.7. Promotion and protection of forest and Sea ecology.8. Creation of alternative credit system.9. Research, Training and Advocacy in support of the marginalized people.10. Promotion of income generating activities.11. Intervention in natural calamities.12. Promotion of Agro and Agro based activities

		13.Promotion micro credit activities.
		14.Promotion of health insurance.
Area of operation	:	4 States (Orissa , Chatishkar , Andhra Pradesh, Jharkhand)
No. of blocks	:	20
No. of villages	:	1950
Microfinance intervention approach	:	Enabling Model

Microfinance Programme Profile
Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	2575
No. of women's groups / Cooperative societies	:	2571
No. of men/ mixed groups/ Cooperative societies	:	4
Total No. of Federations	:	45

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	361 lakhs
No. of Products	:	3

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	171 lakhs
Loan amount outstanding as on March 20 09	900 lakhs
Average loan size per member	5000/-
Average loan size per society	250000/-
Service charges/ Interest rate	24%
Recovery rate	98%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	-	9.8
Portfolio at risk	-	9.8
Bad debts/Loss assets	-	-



III. Micro Insurance:

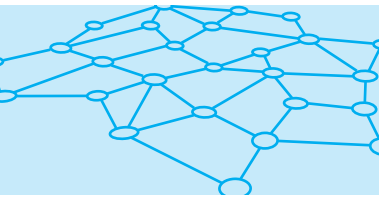
- a) Number of clients covered under micro insurance – 8600
- b) Type of cover – Life

IV. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : 96
- b) Office / Support staff : 5
- c) Part time / Consultancy : 10

V. Capacity Building / Training Programs

1. Training programme on Microinsurance
2. Exposure visit to Microfinance programmes in South India.



PRAGATHI SEVA SAMITHI

General Profile

Address and contact details	:	PRAGATHI SEVA SAMITHI #2-6-45/3, Sri Shanthi Nagar Colony, Road No. 2, Circuit House Road, Hanamkonda-Warrangal-AP
Telephone	:	0870-2540851,2550659
Fax	:	0870-2540979
E-mail	:	pragathiss@yahoo.com pragathimfi@yahoo.com
Web/URL	:	www.pragathiss.org
Legal status of organization	:	Registered under societies Act
Year in which microfinance Activities started	:	1995
Name of CEO	:	Mr. G. JOHN GADDALA
Focus / Objectives of Organization	:	To organize poor women to build sustainable and self managed micro credit institution of their own so as to ensure cheap adequate and timely access of credit services. To empower women and enhance their capacities so that they can actively participate in all development activities with their family village and larger society. To strive towards achieving community health and well being of women and children.
Area of operation	:	Warangal (Dist) in Andhrapradesh
No. of states	:	1
No. of blocks	:	15
No. of villages	:	247
Micro finance intervention approach	:	Enabling and delivery

Micro finance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups of which	:	3721
No. of women's groups	:	3721
No. of men/mixed groups/ cooperative societies	:	Nil
Total No. of Federations	:	1

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	284 lakhs
No. of Products	::	5

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilized from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	1361 lakhs
Loan amount outstanding as on March 2009	1893 lakhs
Average loan size per member	8500
Average loan size per society	1.10 lakhs
Service charges/ Interest rate	18%
Recovery rate	98%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	365	29.80
Portfolio at risk	-	1.5%
Bad debts/Loss assets	-	-

III. Micro Insurance:

Number of clients covered under micro insurance - 18500

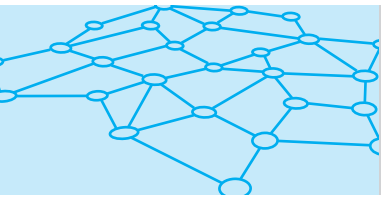
Type of cover - Life and health

IV. Human Resources for Microfinance intervention

a) Field Professionals/ Staff	:60
b) Office / Support staff	:31
c) Part time / Consultancy	:Nil

V. Capacity Building / Training Programs

1. Training programme on Microinsurance
2. Exposure visit to Microfinance programmes in South India



SHRAMIK BHARTI

General Profile

Address and contact details	:	SHRAMIK BHARTI 392, vikas nagar, kanpur-208024
Telephone	:	0512-2581091, 0512-2580823
Fax	:	91-512-2584074
E-mail	:	info@shramikbharti.org.in shramikbharti@hotmail.com
Web/URL	:	www.shramikbharti.org.in
Legal status of organization	:	Registered under Societies Registration Act, 1860
Year in which microfinance Activities started	:	1989
Name of CEO	:	Mr. Ganesh S. Pandey
Focus / Objectives of Organization	:	Working for empowerment of poor and under Privileged with special focus on women and Children.
Area of operation	:	KANPUR NAGAR, KANPUR, DEHAT.
No. of states	:	1 (UTTAR PRADESH)
Microfinance intervention approach	:	Enabling model

Microfinance Programme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	1101
No. of women's groups / Cooperative societies	:	1018
No. of men/ mixed groups/ Cooperative societies	:	83 (07/76)
Total No. of Federations	:	4

Micro Finance Services

I. Savings Mobilisation

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	381 lakhs
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No. of Products : 2 - COMPULSORY SAVINGS
VOLUNTARY SAVINGS

II. Credit Operations As On March 2009.

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	Rs. 64 lakhs
Loan amount outstanding as on March 200 9	Rs.443 lakhs
Average loan size per member	Rs. 2,900
Average loan size per society	Rs. 40,300
Service charges/ Interest rate	18% p.a.
Recovery rate	95%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	-	-
Portfolio at risk	-	-
Bad debts/Loss assets	-	-

III. Micro Insurance :

- a) Number of clients covered : 1900
b) Type of cover : Life

IV. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : 27
b) Office / Support staff : 4
c) Part time / Consultancy : -

V. Capacity Building / Training Programs

1. Training programme on Microinsurance
2. Exposure visit to Microfinance programmes in South India.
3. Training on software package for SHG Bank linkage.



SHRI KSHETHRA DHARMASTHALA RURAL DEVELOPMENT PROJECT

General Profile

Address and contact details	:	Executive Director Shri Kshethra Dharmasthala Rural Development Project (R.) Dharmashri Building Dharmasthala – 574 216
Telephone	:	08256-277215
Fax	:	08256-277215
E-mail	:	skdrdp@skdrdpindia.org
Web/URL	:	www.skdrdpindia.org
Legal status of organization	:	Registered under Indian Charitable Trust Act 1984
Year in which microfinance Activities started	:	1991
Name of CEO	:	Dr. L. H. Manjunath
Focus / Objectives of Organization	:	Agriculture Development, Women empowerment, Micro Finance, Micro Insurance, technology transfer etc.,
Area of operation	:	Dakshina Kannada, Uttara Kannada, Udupi, Chikamagalur, Shimoga, Coorg, Dharwar, Haveri, Gadag districts of Karnataka State
No. of states	:	One
No. of blocks	:	33
No. of villages	:	5,300
Microfinance intervention approach	:	Enabling and Delivery

Microfinance Pogramme Profile

Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups	:	89,162
No. of women's groups	:	62,582
No. of men/ mixed groups/ Cooperative societies	:	26,580
Total No. of Federations/clusters	:	2322
Total No. of members/clients	:	904538

Micro Finance Services

I. Savings Mobilisation

Savings of members as at 31.3.2009	:137. 61 Crores
No. of saving Products	: Nil

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs during the year 2008-09 (excluding member savings)	Rs. 265.00 crores
Loan amount outstanding as on March 2009	Rs. 489.00 crores
Average loan size per member	Rs. 25,000/-
Average loan size per society / SHG	Rs. 1,00,000/-
Interest rate	15% per annum (Reducing scales)
Recovery rate	99.99%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	109 1	50.04
Portfolio at risk	1091	521.56
Bad debts/Loss assets		0

III. Micro Insurance :

a) Number of clients covered under micro insurance	: 9,41,682
b) Type of cover –	: Life, Health and asset

IV. Remittances/Payment Services if any

No. of clients, covered (specify either through Bank,)	: Nil
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V. Human Resources for Microfinance intervention

a) Professional at Head office / central Office for Microfinance Operations	: 141
b) Field professional/staff	: 2191
c) Office / Support staff	: 414
d) Part time	: -

VI. Capacity Building / Training Programs

1. Management Development Programme for Professionals	- YES
2. Thematic Appreciation Programme for Microfinance	- YES
3. MIS and Systems	- YES
4. Funds and Liquidity management	- YES
5. Lending Policies and Products	- YES
6. Seminars / Workshops on Thematic issues – Self-regulation etc.	- YES
7. Capacity building / exposure programmes for NGOs from all parts of the country	- YES



SOUTH INDIAN FEDERATION OF FISHERMEN SOCIETIES

General Profile

Address and contact details	:	SOUTH INDIAN FEDERATION OF FISHERMEN SOCIETIES Karamana, Thiruvananthapuram, – 695 002. Kerala
Telephone	:	+ 91 – 471 – 2343711, 2343178
Fax	:	+91 – 471 – 2342053
E-mail	:	admin@siffs.org
Web/URL	:	www.siffs.org
Legal status of organization	:	Society
Year in which microfinance Activities started	:	1996
Name of CEO	:	S. Ephrem
Focus / Objectives of Organization	:	<ul style="list-style-type: none">● Producer control over fish marketing and inputs (basically to liberate fishermen from the clutches of middlemen, merchants and money lenders)● Livelihood protection and enhancement using appropriate technology.● Policy research and advocacy to support to interests of artisanal fishermen.● Resource Management to ensure sustainable livelihoods in fishing.● Alternative employment and strengthening of women livelihoods to diversify the economic base of the community and ensure its all round development.
Area of operation	:	Kerala, Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry
No. of states	:	5
No. of blocks	:	-
No. of villages	:	102
Microfinance intervention approach	:	Enabling and delivery

Microfinance Programme Profile
Peoples Organisation - Self Help Groups/ Federations (As on March 2009)

Total No. of groups / Cooperative societies of which	:	371
No. of women's groups / Cooperatives	:	189
No. of men / mixed groups / Cooperative Societies	:	182
Total No. of Federations	:	8

Micro Finance Services

I. Savings Mobilization

Savings of members are vested with groups / Cooperative societies themselves. The relevant data as on 31.3.2009 are

Total community Savings	:	
Old Age Security Scheme	:	
a) Total Savings	:	Rs. 112 lakhs
b) Total Members	:	5052

II. Credit Operations As On March 2009

	To SHGs
Total loan amt. Availed / mobilised from comm. Banks / FIs up to the year 2008-09 (excluding member savings)	100 lakhs
Loan amount outstanding as on March 2009	920 lakhs
Average loan size per member	15,800
Average loan size per society	3,58,000
Service charges/ Interest rate	12%
Recovery rate	85%

Portfolio Quality

Parameters	No. of accounts	Amount (Rs in lacs)
Overdues	1296	70.63
Portfolio at risk	12.43%	114.9
Bad debts/Loss assets	851	35.00

III. Micro Insurance :

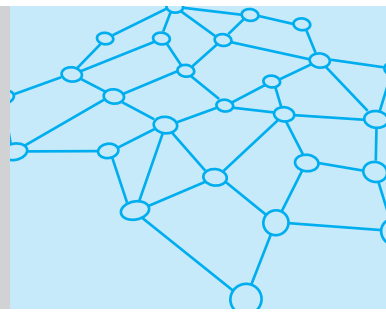
- a) Number of clients covered under microinsurance – 22,500
- b) Type of cover – Life

IV. Human Resources for Microfinance intervention

- a) Field Professionals/ Staff : 5
- b) Office / Support staff : 2
- c) Part time / Consultancy : 1

V. Capacity Building / Training Programs

Sl. No.	Topics	No. of Programs
1	Management Development Programme for Professionals	2
2	Thematic Appreciation Programme for Microfinance	5
3	MIS and Systems	3
4	Funds and Liquidity management	1
5	Lending Policies and Products	3
6	Seminars / Workshops on Thematic issues – Self-regulation etc.	4
7	Capacity building / exposure programmes for NGOs from all parts of the country	6



Financials





**Auditor's Report to the Members of International Network of
Alternative Financial Institutions - India**

We have audited the attached Balance Sheet of **International Network of Alternative Financial Institutions - India**, a company licensed under section 25 of the Companies Act, 1956 as at 31st March 2009 and the Income and Expenditure Account for the year ended on that date annexed thereto.

These Financial Statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on my audit.

We conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I 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 included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

1. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) order, 2003, issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said order is not applicable to the company in view of the exemption contained in paragraph 1(2)(iii) of the said order.

2. Further to our comment in paragraph (1) above.

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet and Income and Expenditure account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance sheet and Income and Expenditure account dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified from being appointed as directors of the company under section 274(1) (g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the state of affairs of the company as at 31st March 2009 and
 - ii) In the case of Income and Expenditure Account of the Excess of Income Over over Expenditure for the year ended on that date.

Place : Madurai
Date : 02.05.2009.



For CHARLES FERNANDO & Co.
Chartered Accountants

Proprietor

International Network of Alternative Financial Institutions - India
New No.65, First Floor, III Street,
Harvey Nagar, Madurai - 625 016.



Consolidated Receipts & Payments Account for the year ended 31st March 2009

		(In Rupees)	
Receipts	Sch	31.03.2009	31.03.2008
Opening Balance		3,220,233	3,021,972
Specific Project Grants:			
Novib, Netherlands		1,907,189	839,105
Hivos, Netherlands		2,650,483	1,578,423
Ford Foundation		1,303,145	1,505,364
ADA, Luxembourg		1,044,993	-
UNFPA Survey		-	29,040
Bank & FD Interest		262,777	157,685
Programme Advance		74,300	-
Local Income			
Membership Fees & Other		150,980	203,823
Registration Fees		25,950	-
Bank & F D Interest		52,125	39,992
Total		10,692,175	7,375,404
Payments			
Programme Expenditure:	A		
Oxfam Novib:			
Capacity Building		317,018	396,376
Policy, Advocacy & Communication		-	619,314
Research & Development		-	168,287
Institutional Support / Administration		8,607	109,414
Capital Expenditure		-	51,596
Sub Total		325,625	1,344,987
Hivos			
Capacity Building		1,075,256	544,975
Policy, Advocacy & Communication		-	155,361
Member Services		58,168	72,873
Institutional Support / Administration		555,192	404,429
Capital Expenditure		48,700	-
Sub Total		1,737,316	1,177,638
Ford Foundation:			
Capacity Building		830,885	983,748
Policy, Advocacy & Communication		12,070	239,564
Research & Development		45,023	91,123
Institutional Support / Administration		599,568	263,554
Capital Expenditure		-	8,900
Sub Total		1,487,546	1,586,889
ADA, Luxembourg			
Capacity Building		898,761	-
Sub Total		898,761	-
UNFPA Survey		29,040	-
Programme advance			45,657
Local Account - Administrative Expenses		117	-
Closing Balance	D	6,213,770	3,220,233
Total		10,692,175	7,375,404

Schedules A & D form an integral part of this Receipts & Payments Account

Schedule H forms part of Significant Accounting Policies and Notes on Accounts

"As per my report of even date"

For and on behalf of the Board of Director

For **CHARLES FERNANDO & Co.**
Chartered Accountants

Place: Madurai
Date : 02.05.2009.



Chair Person

Director

Chief Executive

Proprietor

International Network of Alternative Financial Institutions - India
New No.65, First Floor, III Street,
Harvey Nagar, Madurai - 625 016.



Consolidated Income & Expenditure Account for the year ended 31st March 2009

(In Rupees)

Income	Sch	31.03.2009	31.03.2008
Specific Project Grants:			
Novib, Netherlands		1,907,189	839,105
Hivos, Netherlands		2,650,483	1,578,423
Ford Foundation		1,303,145	1,505,364
ADA, Luxembourg		1,044,993	-
UNFPA Survey		-	29,040
Bank & FD Interest		262,777	157,685
Local Income			
Membership Fees & Other		150,980	203,823
Registration Fees		25,950	-
Bank & F D Interest		52,125	39,992
Techno Managerial Service Cost		146,232	-
Total		7,543,874	4,353,432
Expenditure			
Programme Expenditure:			
Oxfam Novib:			
Capacity Building	A	317,018	396,376
Policy, Advocacy & Communication		-	619,314
Research & Development		-	168,287
Institutional Support / Administration		8,607	109,414
Sub Total		325,625	1,293,391
Hivos			
Capacity Building		1,075,256	544,975
Policy, Advocacy & Communication		-	155,361
Member Services		58,168	72,873
Institutional Support / Administration		555,192	404,429
Sub Total		1,688,616	1,177,638
Ford Foundation:			
Capacity Building		830,885	983,748
Policy, Advocacy & Communication		12,070	239,564
Research & Development		45,023	91,123
Institutional Support / Administration		599,568	263,554
Sub Total		1,487,546	1,577,989
ADA, Luxembourg			
Capacity Building		898,761	-
Institutional Support / Administration		146,232	-
Sub Total		1,044,993	-
UNFPA Survey			
Local Administrative Expenses		29,040	-
Depreciation	B	117	-
		52,632	70,680
Excess of Income Over Expenditure	C	4,628,569	4,119,698
(Transfer to Appropriation Account)		2,915,305	233,734
Total		7,543,874	4,353,432

Schedules A to C form an integral part of this Income & Expenditure Account

Schedule H forms part of Significant Accounting Policies and Notes on Accounts

"As per my report of even date"

For and on behalf of the Board of Director

For **CHARLES FERNANDO & Co.**
Chartered Accountants

Place: Madurai
Date : 02.05.2009.


Chair Person


Director




Chief Executive

Proprietor

International Network of Alternative Financial Institutions - India
New No.65, First Floor, III Street,
Harvey Nagar, Madurai - 625 016.



Consolidated Balance Sheet as on 31st March 2009

(In Rupees)

Sources of Funds	Sch	31.03.2009	31.03.2008
Capital Fund - Contra	B	183,894	187,826
General Fund	E	741,156	403,209
Corpus Fund	F	1,200,000	900,000
Unutilised Specific Project Fund	G	4,321,542	2,040,252
Total		6,446,592	3,531,287
Application of Funds			
Fixed Assets - Contra	B	183,894	187,826
Current Assets, Loans and Advances			
Cash in hand & Bank	D	6,213,770	3,220,233
Programme Advance		18,928	93,228
Rent Advance		55,000	55,000
Receivables		146,232	-
Sub Total		6,617,824	3,556,287
Less : Current Liabilities			
Audit Fees Payable		25,000	25,000
Expenses Payable		146,232	-
Sub Total		171,232	25,000
Total		6,446,592	3,531,287

Schedules B, D to G form an integral part of this Balance Sheet.

Schedule H forms part of Significant Accounting Policies and Notes on Accounts

For and on behalf of the Board of Director

"As per my report of even date"

Place: Madurai

Date : 02.05.2009.



For CHARLES FERNANDO & Co.
Chartered Accountants

[Signature]
Proprietor

[Signature]
Chair Person

[Signature]
Director

[Signature]
Chief Executive

International Network of Alternative Financial Institutions - India

New No.65, First Floor, III Street,
Harvey Nagar, Madurai - 625 016.



Schedules forming part of the Income & Expenditure Account for the year 2008-2009

Schedule : A Programme Expenditure

(In Rupees)

Particulars	Oxfam Novib	Hivos	Ford Foundation	ADA	Total
Capacity Building					
Thematic Seminar / Workshop	287,018	3,318	339,026	898,761	1,528,123
Exposure Visit - M F Road Show	30,000	202,023	114,899		346,922
Training - Small NGOs		230,706			230,706
National Secretariat Exposure		174,121	100,000		274,121
Trainers Training			82,447		82,447
Self Regulation - Review		144,000	85,893		229,893
Post Tsunami - CB of NGOs			35,824		35,824
Policy Forum & Networking		321,088	72,796		393,884
Sub Total	317,018	1,075,256	830,885	898,761	3,121,920
Policy, Advocacy & Communication			12,070		12,070
Research & Development			45,023		45,023
Members Services		58,168			58,168
Institutional Support /Administration					
Salaries / Support Staff		394,957	291,370		686,327
Travel Expenses			88,085		88,085
Website Development			22,622		22,622
Administrative Expenses	8,607	160,235	197,491	146,232	512,565
Sub Total	8,607	555,192	599,568	146,232	1,309,599
Total Revenue Expenditure	325,625	1,688,616	1,487,546	1,044,993	4,546,780
Capital Expenditure					
Computer / Equipments		48,700			48,700
Total	325,625	1,737,316	1,487,546	1,044,993	4,595,480



International Network of Alternative Financial Institutions - India
New No.65, First Floor, III Street, Harvey Nagar, Madurai - 625 016.

**Schedules forming part of the Income & Expenditure Account and
 Balance Sheet for the year 2008- 2009**



(In Rupees)

Schedule : B Fixed Assets and Depreciation							
Particulars	Value as on 01.04.08	Addition		Gross Value as on 31.03.09	Depreciation		WDV as on 31.03.09
		More Than 180 Days	Less Than 180 Days		Rate	Amount	
Furniture & Fixture	89,583			89,583	10%	8,958	80,625
Computer	56,189			56,189	60%	33,713	22,476
Multi purpose printer	28,415		28,999	57,414	15%	6,437	50,977
Digital Camera	13,639			13,639	15%	2,046	11,593
UPS & Inverter			19,701	19,701	15%	1,478	18,223
Total	187,826	-	48,700	236,526		52,632	183,894

Note : Depreciation provided @ 50% of the normal rate of depreciation for the assets purchased after Sept,2008

Schedule : C Appropriation Account		
Excess of Income Over Expenditure		2,915,305
Capital Fund Transfer (1,87,826 - 1,83,894)		3,932
General Fund Transfer (7,41,156 - 4,03,209)	337,947	
Corpus Fund Transfer (12,00,000 - 9,00,000)	300,000	
Specific Project Fund Transfer (43,21,542 - 20,40,252)	2,281,290	
Total	2,919,237	2,919,237



International Network of Alternative Financial Institutions - India
New No.65, First Floor, III Street, Harvey Nagar, Madurai - 625 016.



Schedules forming part of the Balance Sheet for the year 2008- 2009

(In Rupees)

Schedule : D Cash in hand & Cash at bank		31.03.2009	31.03.2008		
Foreign Contribution Account					
Cash in hand		576	358		
Cash at bank					
Savings Bank Account		120,607	211,501		
Fixed Deposit		4,621,275	2,066,000		
Fixed Deposit - Corpus		300,000	-		
Local Account					
Cash at bank					
Savings Bank Account		31,826	28,470		
Fixed Deposit - Corpus		900,000	913,904		
Term Deposits		239,486	-		
Total		6,213,770	3,220,233		
Schedule : E General Fund					
Opening Balance			403,209		
Add : General Fund Transfer			337,947		
Total			741,156		
Schedule : F Corpus Fund					
Foreign Contribution Account			300,000		
Local Account			900,000		
Total			1,200,000		
Schedule : G Unutilised Specific Project Fund					
Name of the Donor	Balance as on 01.04.2008	Grant Received during the year	Total	Amount Utilised During the year	Balance as on 31.03.2009
Oxfam Novib, Netherlands	1,051,728	1,907,189	2,958,917	325,625	2,633,292
Hivos, Netherlands	591,081	2,650,483	3,241,564	1,737,316	1,504,248
Ford Foundation	368,403	1,303,145	1,671,548	1487546	184,002
ADA, Luxembourg		1,044,993	1,044,993	1044993	-
UNFPA Survey	29,040		29,040	29040	-
Total	2,040,252	6,905,810	8,946,062	4,624,520	4,321,542





**International Network of Alternative Financial Institutions – India
New No.65, First Floor, III Street, Harvey Nagar, Madurai – 625016.**

Schedule: H Significant Accounting Policies and Notes on Accounts

1. International Network of Alternative Financial Institutions India (INAFI) is a company, limited by guarantee, incorporated on 20th March 2003 under the Companies Act, 1956 and licensed under section 25 of the Act.
2. The Company basically undertakes the following activities:
 - It promotes and supports the micro finance programmes in India.
 - It also provides capacity building programmes in connection with Micro finance to member organization and also to other stakeholders in the sector.
 - It conducts programmes in policy advocacy work and also research studies in micro finance field.
3. The financial statements are prepared under the historical cost convention on accrual basis and in accordance with provisions of the Companies Act, 1956.
4. Grants received from Donor Agencies were for specific purpose and hence it is shown separately under the head **“Unutilised Specific Project Fund”** to reflect the balance left in hand and to be applied in the following year for the purpose for which it was given. However the grants were shown as income for Income and Expenditure purpose and the excess expenditure has been appropriated towards General Fund, Corpus Fund, Capital Fund and Unutilised Specific Project Fund.
5. Fixed Assets acquired from the FC project funds were written off by charging depreciation on the Income & Expenditure Account and the assets are shown in the Balance Sheet after charging depreciation and the corresponding value is shown as contra in Capital Fund Account
6. Depreciation on the Fixed Assets were charged at the rate prescribed in the Income tax Act, 1961.
7. The Corpus Fund has been created in addition during the year for a sum of Rs.3,00,000/- from accumulated surplus in Foreign Contribution Account.
8. The accounts for the accounting year relate to the period from April 1, 2008 to March 31, 2009 and the corresponding previous year figures have been regrouped/ reclassified wherever it is necessary.
9. Consolidated accounts mean and represent the consolidation of the accounts relating to foreign and local contributions.

Place : Madurai
Date : 02.05.2009.

Chair Person

Director



**For CHARLES FERNANDO & Co.
Chartered Accountants**

Proprietor

Chief Executive





INTERNATIONAL NETWORK OF ALTERNATIVE FINANCIAL INSTITUTIONS-INDIA

(Incorporated as Section 25 not-for-profit Company of Companies Act, 1956)

New No.65, First Floor 3rd Street, Harvey Nagar

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