



4th Annual Report of Nirantara Community Services
(Financial Year 2009-10)





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Nirantara Community Services

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Preface

We are delighted to present the Annual Report for the Financial Year 2009-10. This is 4th Annual Report of Nirantara Community Services (Nirantara, in short).

Microfinance is an effective tool that can help reduce poverty and provide economic development opportunities to those who are living in BoP. Nirantara has a vision of reaching many needy members on priority by providing need-based financial products and services. The business model enables opportunities for the socio-economically deprived families to start and/or manage their own micro-enterprises. On the top of it, suitable Social Enterprises for Value Added Services (SEVAS) will complement & strengthen our efforts of microfinance. During 2009-10, we started Nirantara Foundation, a SEVAS, to support education aspirations of our microfinance members.

Since March 2007, as a Society, Nirantara is providing financial services in three districts of Karnataka. Nirantara will transform into a regulated NBFC format during the FY 2010-11. This would herald dynamic changes in our expansion plan, HR structure and strategic partnerships, which would impact our operations positively. Needless to say, this will ultimately help us to grow beyond microfinance and achieve our mission while keeping our social objectives and values intact.

The FY 2009-10 was good for Nirantara. We are grateful to consistent support and guidance of our financial and non-financial strategic partners. We are also thankful to our staff and our program members, the real assets of our organization. We also remember and thank individuals and institutions who have been well-wishers and are associated with us. We look forward to constant support and goodwill of all our stakeholders in our endeavor to extend timely and cost-effective microfinance services to poor households for their social upliftment and economic emancipation.

(Niranjan Sheelavant)
Secretary & Chief Executive Officer

Date: 27th May 2010
Place: Bengaluru

Acknowledgement

We are thankful to all financial and non-financial partners of Nirantara Community Services who have been supporting us and playing a significant role in poverty reduction.

Funders / Banks / Financial Institutions

Saadhana IFP & S Private Limited
ABN Amro Bank
Friends of Women World Banking India
Bharatiya Samruddhi Finance Private Limited
Krishna Bhima Samruddhi Local Area Bank Limited
Indian Overseas Bank
Union Bank of India
Dena Bank
Small Industries Development Bank of India
Microfinance Vikas Trust
Karnataka State Finance Corporation

Technical Assistance & Capacity Building Support

RBS India Foundation/CordAid/MicroSave India
Social Impact India
Stitching SharePeople

Insurance Partners

Birla Sun Life Insurance Limited
Life Insurance Corporation of India

Microfinance Networks / Associations

Sa-Dhan
AKMi
Access Microfinance Alliance
The Mix

Local Organizations

Dari Society
Shaheen Education Trust
Rotary Club of Bidar New Century

Our Bankers

Axis Bank Limited
Union Bank of India
Indian Overseas Bank
KBS Local Area Bank Limited

Statutory Auditors

M/S Saroj & Associates, Bidar

Background and Brief Profile

Microfinance:

Microfinance is the provision of a broad range of financial services such as – small savings, loans and insurance products – to the poor and low-income households, for their micro enterprises and small businesses, to enable them to raise their income levels and improve their living standards. The concept of microfinance originated in the mid-1970s in Bangladesh through a pioneering experiment by Dr. Prof. Muhammad Yunus, then a Professor of Economics, Nobel Laureate. There are two popular models of Group Lending that are being practiced in India. One is NABARD promoted SHG Bank Linkage Model and Grameen Bank, Bangladesh pioneered JLG Model.

Indian microfinance institutions have grown at a spectacular rate between 2004 and 2009, with an average size portfolio increasing 107 per cent on a year on year basis, while number of clients increasing 91 per cent. As of 2009, the industry had a client base of about two crores and gross loan portfolio of Rs 11,734 crores. The Indian micro finance industry would cross 11 crores borrowers and Rs 135,000 crores (\$30 billion) in loan portfolio by 2014 and will require a huge capital inflow both in debt and equity (Source: Intellectap).

Nirantara Community Services:

Who are we?

Nirantara Community Services was conceived in early 2006 by few like-minded professionals committed to poverty eradication. Their experience in the development sector, exposure to the microfinance domain and innate social entrepreneurial zeal resulted in the establishment of Nirantara during December 2006. The institution was registered as a Society under Karnataka Societies Registration Act of 1960 at Bidar on 27th December 2006.

What we do?

We are in the business of poverty reduction through use of a powerful tool called microfinance and credit+ activities. We support livelihoods of socio-economically backward families. We provide micro-credit and micro-insurance services to women organized in to groups and centers. Through these need-based products and services, we are trying to graduate people to the mainstream formal financial services. In other words, we are trying to create financial inclusion with our products and services.

Who are our clients?

We work directly with socio-economically backward women. Through them, we support their family members. We work with those communities who lack formal financial services and those who are in the grips of moneylenders. The business model creates opportunities to the women and enables them to operate their own productive economic activities and also to support their family.

Where we work?

Presently we are working in Bidar, Gulbarga and Bijapur districts of Karnataka state, India. Our operations are predominantly in urban and semi-urban areas, as of date. However, we are expanding to rural areas on a faster pace.

How we work?

We are replicating pioneering Grameen Bank System with local modifications. We facilitate formation of Joint Liability Groups (JLGs) of 10 members and such three JLGs form a Centre. The Centre meets on weekly basis in fixed place, day and time to do financial and non-financial transactions. We provide all the financial services at the doorstep of the clients.

Where we stand now?

So far we have reached & impacted 10,212 members and have disbursed 20,216 loans worth ₹ 18.48 Crores (US\$ 3.98 millions). For further info, refer chapter on FY 2009-10 Performance Highlights.

Nirantara has proved that the program is scalable and it has been considered as potential MFI by many leaders/institutions of microfinance sector. We believe that we are capable to:

- ⇒ Replicate the program efficiently and successfully in other districts of the operational area and other segments of the Bottom of the Pyramid (BoP).
- ⇒ Learn, adapt and implement best practices quickly to make the whole system process driven. This is, in fact, helping Nirantara in scaling-up.
- ⇒ Launch other need-based development interventions such as Education. Nirantara is keen to design and implement other need-based self-sustainable products & services around microfinance through SEVAS approach.
- ⇒ Create positive social impact by value based operations.



Governance & Management:

Nirantara has strong governance including efficient management team. Board members of Nirantara have exposure and experience in microfinance and other development interventions such as child related issues, education, health and agriculture.

Board Members:

Mr. Hassan Mohiddin Mulla, President:

Graduate from University of Agricultural Sciences, Dharwad and is Postgraduate in Rural Management from XIMB. Founder & Chairman of Manjara Agritech Pvt. Ltd., has over 12 years Experience in a Livelihood Promotion, Microfinance Banking, Agri-Business and entrepreneurship.

Mr. Niranjan Sheelavant, Secretary & CEO:

Key promoter of Nirantara Community Services, is a graduate from University of Agricultural Sciences having over 11 years experience, including leadership positions, in participatory project management Natural Resources Management (NRM) & Economic Development. Worked as a freelance consultant in project management & microfinance and supported NGOs in establishing their microfinance operations through Basix. Has undergone several national and international training programs on microfinance and leadership.

Dr. Md. Rafiuddin, Member:

Doctorate in Social Sciences, founder & Executive Director of Hyderabad Council for Human Welfare, a Hyderabad based development organization. Has vast experience in not-profit project management, especially on issues related to children.

Dr. Arun Balmatti, Member:

Doctorate in Agriculture Extension from University of Agricultural Sciences, Dharwad and PG degree in Appropriate Rural Technology & Extension Skills from University of Flensburg, Germany. Was Executive Director of AME Foundation and currently working as Head of JSS Krishi Vigyana Kendra, Mysore. Has extensive experience on sustainable agriculture project management.

Mr. B. Sharanabasava, Member:

Has experience in development as well as corporate sectors. PG degree in Horticulture, worked in a leading NGO. Now working in a multinational micro irrigation company.

Dr. Rajshekhar Patil, Member:

Doctor by profession and social worker by passion. He is a leading medical practitioner from Bidar with active involvement in Rotary Club of Bidar.

Change in Board Structure

Mr. PVN Pratap, President resigned to his position and Mr. Hassan Mulla was nominated as President.

Core Management Team (CMT)

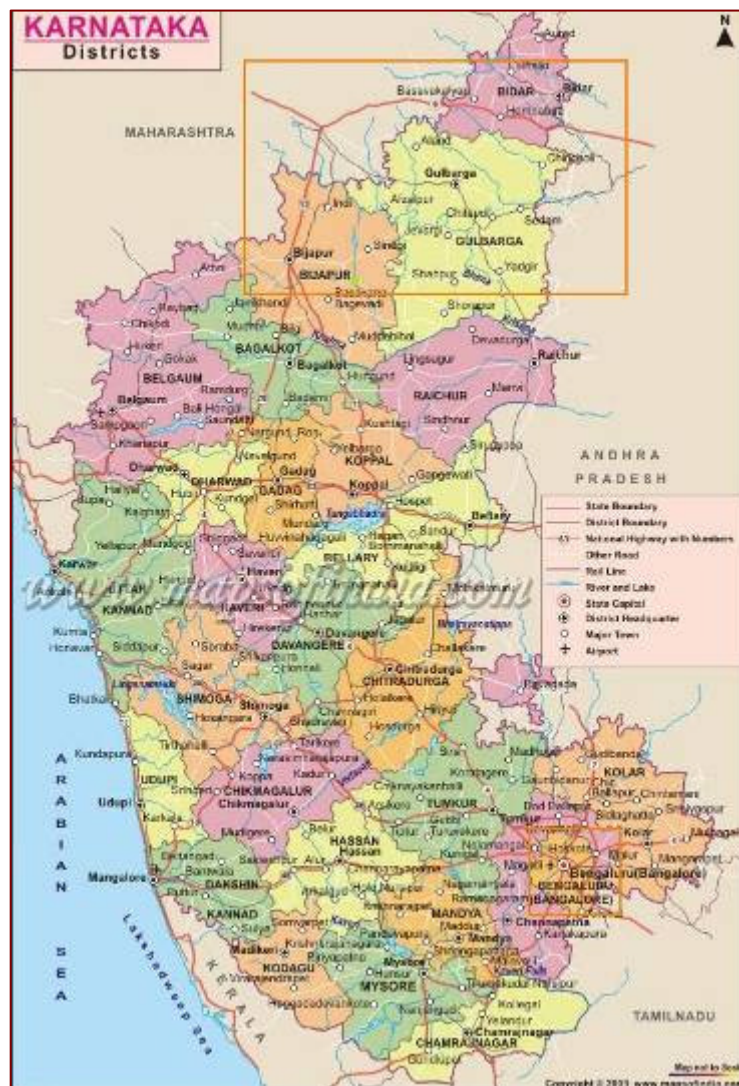
Nirantara has an experienced management team. The second line management is competent enough to take care of day to day operations. There is a Core Management Team which coordinates and oversees all the functions of the organization.

Campaign for Client Protection

Nirantara has recently joined the Campaign for Client Protection, part of a collaborative initiative endorsed and led by a broad coalition of microfinance institutions, networks, funders and practitioners. The purpose of the Campaign, which is housed at the Centre for Financial Inclusion, and the Principles is to ensure that providers of financial services to low-income populations take concrete steps to protect their clients from potentially harmful financial products and ensure that they are treated fairly.

The Client Protection Principles describe the minimum protection MFI Clients should expect from providers. The 6 Client Protection Principles areas follow

- ⇒ Avoidance of Over-Indebtedness
- ⇒ Transparent Pricing
- ⇒ Appropriate Collections Practices
- ⇒ Debt collection practices of providers will not be abusive or coercive.
- ⇒ Ethical Staff Behavior
- ⇒ Mechanisms for Redress of Grievances
- ⇒ Privacy of Client Data.



Products & Services

Presently Nirantara Community Services is offering Micro-credit and micro-insurance products.

Micro-Credit

Nirantara Community Services is offering micro-loans for legal income generation activities. Loans are given broadly under Agriculture-allied, Production, Trading, Services (including transportation) sectors. Product details are as follows:

Loan Type	Income Generation Loan – IGL 50
Loan Size	₹ 5,000-20,000 (depending upon cycle)
Tenor	50 weeks
Eligibility	Members (Group Based Individuals)
Pre-settlement	Allowed
Repayment	On Weekly basis
Interest Rate	15% flat
Installment amount (P&I per ₹ 1000)	₹ 23
Membership Fee	₹ 100
Loan Processing Fee	2% of Loan Disbursed Amount
Insurance Fee	₹ 150 - 250 depending upon loan amount

Micro-Insurance:

The organization has tied up with Life Insurance Corporation of India & Birla Sunlife Insurance Company. It has covered all borrowers and their spouses with life insurance. The claim arises in the event of the death of the client & her spouse. Insurance fee depends on the loan amount and ranges from ₹ 150 – 250.

Feedback on Nirantara's Services:

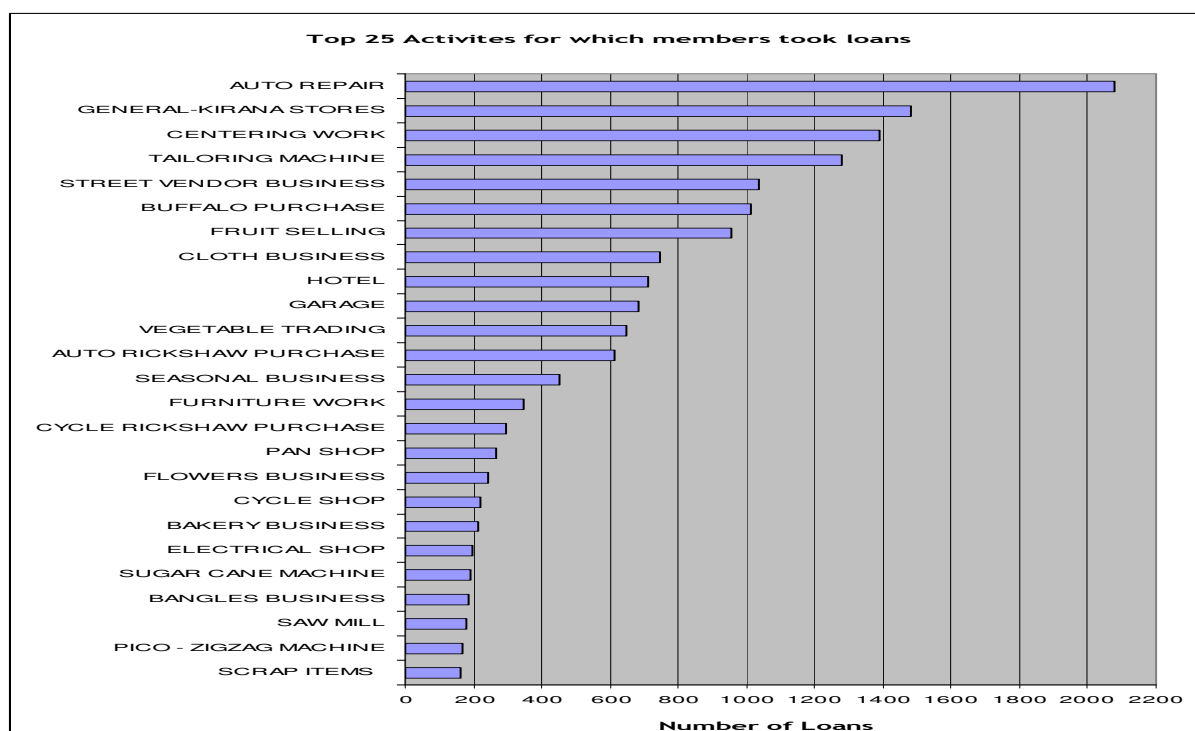
Nirantara strongly believes in building a sustainable social enterprise which always focuses and works for creating positive social impact on the members-borrowers. Nirantara's product/service attributes as perceived by members are:

- ⇒ On time and quick Centre Meetings & transactions
- ⇒ Friendly Staff
- ⇒ Quick yet rigorous Group formation process
- ⇒ Quality training to members
- ⇒ Suitable insurance product and quick Settlement of death claims

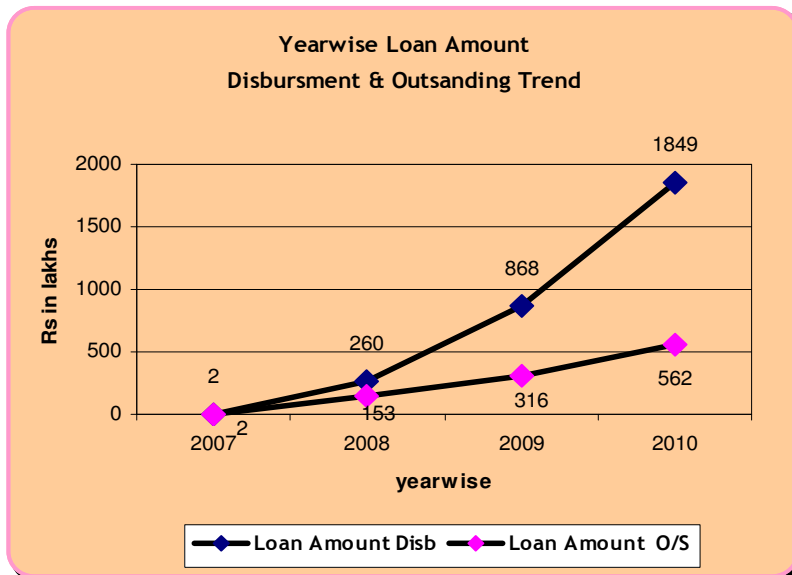
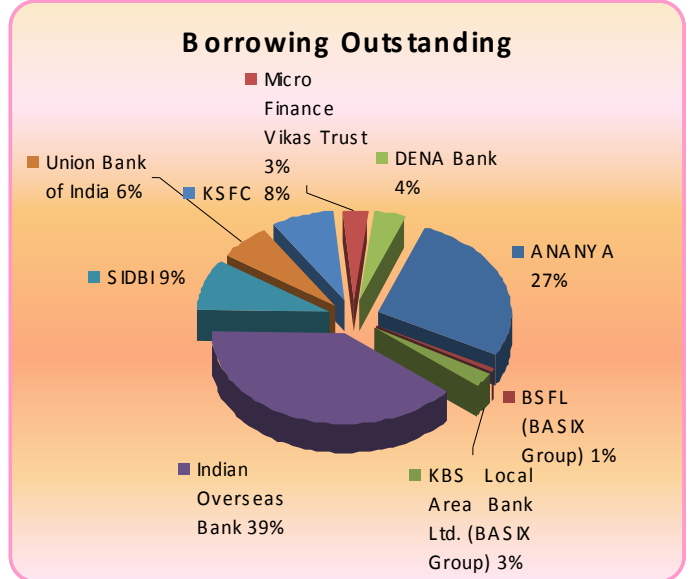
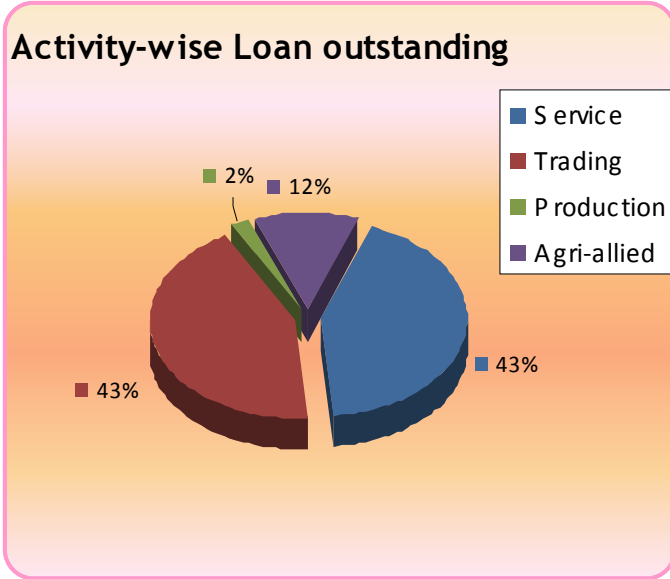
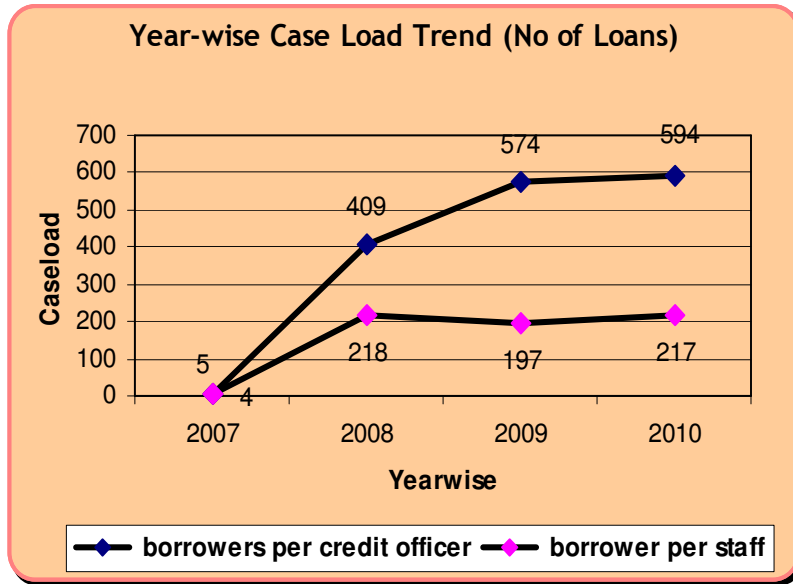
FY 2009-10 Performance Highlights

Operational Highlights:

Operational Highlights				
Particulars	Progress (in ₹ wherever applicable)			
	FY end			
	Mar'07	Mar'08	Mar'09	Mar'10
Number of Branch Offices	1	2	3	3
Number of Districts	1	2	3	3
Number of areas/villages	1	51	92	142
Number of Groups formed	3	343	704	1,026
Total Number of Members Active	30	3,432	7,022	10,212
Number of Borrowers	30	3,273	6,310	8,906
Total number of loans disbursed	30	3,931	10,546	20,216
Loan amount disbursed	2,04,000	2,59,71,000	86,837,000	184,881,500
Number of Loans Outstanding	30	3,787	6,489	8906
Gross Loan Amount Outstanding	2,04,000	1,52,90,860	31,593,640	56,151,980
Total Number of staff	8	15	32	41
Repayment Rate	-	100%	100%	99.41%
Portfolio at Risk >30 days	0%	0%	0%	0.38%
Average Loan/borrower	6,800	6,606	8234	9145
Average Loan Outstanding / Borrower	6,800	4,672	4869	6305
Number of borrowers/staff	4	218	197	217
Number of borrowers/CO	5	409	574	594
Operational Self Sufficiency (%)	27.71	100.00	103.62	106.81



Graphs & Charts



Auditor's Report

M/S SAROJ & ASSOCIATES, BIDAR

AUDITOR'S REPORT

**AUDITORS REPORT TO THE BOARD MEMBERS OF NIRANTARA COMMUNITY SERVICES
FOR THE YEAR ENDED ON 31 MARCH 2010**

1. We have audited the attached Balance Sheet of **Nirantara Community Services, No 19-1-160, Basavashraya, 5th Cross, Shivanagar South, Bidar 585 401, Karnataka**, as at 31st March 2010. The consolidated Income & Expenditure Account for the year ended on that date, annexed thereto.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
3. We Report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our Opinion proper books of account as required by law have been kept by the society so far as appears from our examination of such books;
 - c. The Balance Sheet, the Income & Expenditure Account dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion and to the best of our information and according to explanations given to us, the accounts, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - e. In case of Balance Sheet of the state of affairs of the society as at 31st March 2010 and in case of Income and Expenditure account of the excess of income over expenditure for the period ended on that date.

Place: Bidar

Date: 19th April 2010

For Saroj & Associates

Chartered Accountants

Saroj Kumar Sadangi

Proprietor

Audited Financial Statements

M/S SAROJ & ASSOCIATES, BIDAR

NIRANTARA COMMUNITY SERVICES			
Income and Expenditure Statement for the period as on 31st March 2010			
INCOME & EXPENDITURE STATEMENT	Schedule	As on 31-03-2010 Amount (INR)	As on 31-03-2009 Amount (INR)
<u>INCOME</u>			
<u>Business Income</u>			
Member Enrollment Fee		593,200	421,200
Loan Processing charges		1,957,740	1,217,320
Interest collected on Loans to Members		10,956,603	6,650,190
Interest from Fixed Deposits & SB Accounts		98,373	24,679
Income from Insurance companies		110,915	3,040
<u>Incidental Income</u>			
Interest collected on Staff Loans		20,053	4,660
Revenue Grant From SIDBI		-	200,000
Subscription Fee from Board Members		7,000	1,500
Other Fee / Income	10	19,916	129,221
<u>Capital Grant Amortization</u>	2	103,875	138,500
Total Income		13,867,675	8,790,310
<u>EXPENDITURE</u>			
Financial Cost	11	5,698,628	3,922,692
Personnel Cost	12	4,230,122	2,488,281
Administration Cost	13	2,260,119	1,533,322
<u>Non cash transactions</u>			
Deprecation on Assets	4	398,945	386,834
Loan loss Provisions	5	280,760	157,678
Total Expenditure		12,868,574	8,488,806
SURPLUS TRANSFERRED TO BALANCE SHEET		999,101	301,504

For Saroj & Associates
Chartered Accountants

Sd/-
Saroj Kumar Sadangi
Proprietor
M.No.204242

For Nirantara Community Services

Sd/
Md. Hassan Mohiddin Mulla
President

Sd/-
Niranjan Sheelavant
Secretary

Place: Bidar
Date: 19th April 2010

M/S SAROJ & ASSOCIATES, BIDAR

NIRANTARA COMMUNITY SERVICES			
Balance Sheet as on 31st March 2010			
BALANCE SHEET	Schedule	As on 31-03-2010 Amount (INR)	As on 31-03-2009 Amount (INR)
LIABILITIES			
Capital Fund	1	1,357,203	358,102
Capital Reserve	2	311,625	415,500
Borrowing Outstanding	3	62,377,423	38,700,356
Current Liabilities			
Audit Fee Payable		20,000	15,000
Revolving Grant from SIDBI		200,000	200,000
Interest Payable to Indian Overseas Bank		-	178,767
Outstanding Liabilities Payable	4	162,859	42,700
Total Liabilities		64,429,110	39,910,425
ASSETS			
Fixed Assets	5	934,385	1,073,227
Current Assets, Loans & Advances			
Loan Portfolio	6	55,655,428	31,377,848
Staff Loans & Advances	7	3,574,418	702,660
Deposits			
Short term/Long term Deposits	8	3,375,000	3,425,000
Office Building Advance		72,500	57,500
Other Deposits		13,745	7,600
Other Assets			
TDS Receivables		17,753	
Current Assets			
Cash in Hand		-	354,080
Cash at Bank	9	785,881	2,912,509
Total Assets		64,429,110	39,910,424

For Saroj & Associates
Chartered Accountants

For Nirantara Community Services

Sd/-
Saroj Kumar Sadangi
Proprietor
M.No.204242

Sd/
Md. Hassan Mohiddin Mulla
President

Sd/-
Niranjan Sheelavant
Secretary

Place: Bidar
Date: 19th April 2010

PN: For signed Financial Statements with schedules & Disclosures to Audited Financial Statements, please write to us.

Key Ratios:

Sr.	Particulars	As of March 31, 2010	Industry Bench Mark
1	Portfolio at Risk	0.38%	2%
2	Personal Cost Ratio	11.83%	6-8%
3	Administrative Cost Ratio	5.21%	4-6
4	Financial Cost Ratio	14.88%	(= < , CRL)
5	Operating Cost Ratio	17.03%	10-15%
6	Yield on Portfolio	35.93%	(= APR)
7	Yield to Annual Percentage Rate	108.89%	>90
8	Loan Officer Productivity Ratio	593.73	>500
9	Active Client / Member Ratio	87.21	100
10	Capital Adequacy Ratio	2.08	10
11	Debt Service Coverage Ratio	41.13%	>40%
12	Operational Self Sufficiency	106.81%	>100%
13	Financial Self Sufficiency	106.43%	>100%

Human Resources Management & New Initiatives

HR Status

Sr.	Particulars	As on 31/3/2010	As on 31/3/2009
1	Total Number of staff	41	32
2	Total HO Staff	07	06
3	Total Branch Staff	32	25
4	Total Staff in Operations Department	34	26
5	Total Number of Field Executives / Credit Officers (Including Trainees)	27	19

Daily Routine of our Field Executive

Field Executive (FE) is our Brand Ambassador. He is a key person who works for maximum number of hours in a day and takes care of everything related to loan management in his designated area.

A FE usually starts his day at 5.30am. Our Branch Offices start at 6.30am and he has to reach his branch by that time. After a brief standing meeting which involves self affirmation oath, he goes to his designated areas for centre meetings. Centre meetings start at 7am. He spends about 20 minutes in every centre and carry on transactions like loan application collection, loan disbursement and loan repayment collection. Sometimes, he visits businesses/houses of clients for loan follow-up and other related tasks. One FE usually attends 6-7 centre meetings a day, from Monday to Friday, till 12 noon. After attending centre meetings, he comes back to branch office, does cash consolidation and deposits to cashier (usually one of the Sr. FEs on duty, on rotation) and informs BM/ABM about his status. He goes to lunch & rest between 1.30-3.30pm. Between 3.30 and 6.30pm, he visits villages/slums to do projection (sales/marketing) meetings, house visits for assessment, group formation, group trainings, group qualification tests, loan appraisals, loan utilization checks and loan follow-ups. On Saturdays, he presents loan applications to loan sanction committee and prepare for next week's disbursements.

This work involves lot of commitment and attention. The FE has to display ultimate discipline in his conduct and duties, 24x7. Usually FEs comes from rural and lower-middle class income group with basic education of 10th or 10+2. Nirantara is striving to provide necessary induction, which includes value based training and helping them to build their career. For instance, couple of staff who joined Nirantara as FEs during 2007, are now at Senior BM level and they are leading a team of 6-8.

Staff Capacity Building

Nirantara believes in building capacity of its staff on a continuous basis. This further helps in optimizing the utilization of human resources and motivates employees to achieve organizational goals as well as their individual goals. We organized internal CB Programs and deputed some key staff for external programs.

Internal CB Programs:

Many training programs were organized for staff members during the financial year. Induction Programs for newly recruited staff, training programs on Operational Process Management, Accounts & MIS, program on self defense, etc. were organized. Apart from trainings, many workshops and formal & informal get-together events were organized, which provided opportunity for learning, sharing and team building.

External CB Programs:

Many of our key staff members attended external programs for skill development, gaining industry insights, networking and sharing. They include training programs organized by MicroSave (including Applied Microfinance Institute), APMAS and FWFB India. Programs attended include Advanced HR Management, Internal Audit & Controls, Risk Management, MFI Accounts Management, Financial Ratio Analysis, MFI Governance Management, Delinquency Management, Loan Portfolio Audit, Process Mapping, Management Information System and Management Development Programs for Branch Managers. Top management participated in industry key events such as Access Microfinance India Summit, Sa-Dhan Microfinance Conference and other conferences.

HR Initiatives

Nirantara firmly believes that Human Resources are key stakeholders of any growing organization. For that matter, we have developed HR-friendly policies, which provide a congenial environment for personal and professional growth. Some of the new initiatives that we introduced during the FY are as follows:

- ⇒ **Food arrangement at branch for all operations staff:** In order to avoid recurring health issues due to regular hotel food and water consumption, we introduced Food Allowance of ₹ 500 per month for all the operations staff, apart from cooking gas connection and basic utensils for cooking and dining. Every branch has a Food Committee and runs like a hostel boarding facility. This facility has reduced absenteeism among field staff and has improved productivity.
- ⇒ **Living arrangement for staff at branch offices:** We have provided accommodation to FEs in branch offices for a very nominal rent of ₹ 100 per month.
- ⇒ **Staff Incentives for Operational Achievement:** We introduced Staff Incentives System (SIS) for operational achievement. The SIS includes both quantitative and qualitative aspects balanced for appropriate growth.
- ⇒ **Leave Travel Allowance:** With a belief that every staff should take holidays and travel to see different places, we introduced LTA facility.
- ⇒ **Leave Encashment Facility:** Staff can en-cash Earned Leaves.
- ⇒ **Nirantara Staff Welfare Fund:** We promoted Nirantara Staff Welfare Fund, a collective of staff contributions on monthly basis, managed by them. By monthly contribution, a staff can avail loan.

This is apart from various leave facilities including maternity and their own marriage. We also encourage our staff to start/continue their studies (through Open Universities) to earn minimum graduation level.

Staff Profile – Mr. Gopal Singh, Senior Field Executive, Gulbarga Branch

Mr. Gopal Singh (aged 24) is one of our star Field Executives. He is part of our team since 1st January 2009 and currently working as Senior Field Executive in Gulbarga Branch.

Gopal hails from a farming family based out of Martur village of Gulbarga district. His parents tried to provide better education to him. However, like a typical rural poor family, he had to give up his studies (after 10+2) to support his parents. Being eldest son in the family, he had to shoulder family responsibilities, especially after untimely demise of his father. He worked in cell phone sales shop and local finance firms for some years.



However, these jobs were temporary and were not lucrative. He was constantly looking for a better option. Then during December 2008, he came to know about Nirantara and applied for the post of Trainee FE. As he was quite good at basic mathematics, general awareness and communication skills, he successfully cleared recruitment tests and joined Nirantara on 1st January 2009 as Trainee FE.

Since then he has been consistently performing well in his job and within one year he was promoted as Senior FE. He is managing over 850 borrowers with very good portfolio quality. Due to his hard work, commitment, discipline, relationship with colleagues, open for learning attitude and constant passion towards work, he was awarded as Best Field Executive for the Year 2009. Now he is due for promotion as Assistant Branch Manager.

Through Nirantara, Gopal has grown personally and professionally. He earns a decent salary, with high level of job satisfaction. At the same time, he has learnt skills of managing people. He enjoys his work and likes the way the organization is progressing. He aspires to be a leader and working to take up senior positions within operations department.

Gopal lives with his mother and younger brother in Gulbarga and planning to get married soon.

Community Capacity building:

Financial Literacy Programs

Nirantara organized series of Financial Literacy Programs for the benefit of our members. More than 7,000 members attended the programs in all the three districts. The members who attended the program were given basic lesson in:

- ⇒ Savings for life-cycle needs and investments
- ⇒ Life insurance instruments for securing their family
- ⇒ Balanced financial planning & management within house and in their micro-business
- ⇒ Importance of financial awareness, and
- ⇒ Planning for education of children, investment in business, housing and life-cycle needs such as marriage.

A short video on Financial Literacy was shown at the venue. Several local officials, Nabard officers, Lead Bank Managers, reputed NGO heads and university professors were also invited for the program. Most of the members have decided to open bank accounts to save and start financial transactions as the demand for saving and insurance was spontaneous. Nirantara would continue to facilitate this process of financial inclusion by this way.

Profile of our Member-Borrower: Mrs. Meenakshi Kallappa, Bidar

Mrs. Meenakshi, a resident of Shahapur Gate area of Bidar town has 5 daughters and a son. Mr. Kallappa, her husband, is a driver who runs a goods vehicle on rent. His earning was not sufficient to take care of his family. He wanted to own a goods vehicle that would give higher earning margin for his efforts. To fulfill this aspiration, Meenakshi borrowed ₹ 10,000 from local moneylender (at a higher interest rate) to start a grocery shop to support her family. The revenue from her grocery shop was just enough to pay the debt and there was an issue for fulfilling other needs such as family expenses and children's education expenses.



Kallappa and Meenakshi continued to work hard to support their family. At the same time, they continued to look for better options for improving their income in their livelihoods. During that time Meenakshi came to know about Nirantara and its services. She immediately applied for a micro-loan as a part of her JLG. She borrowed ₹ 8,000 as first loan for working capital for her grocery shop and expanded her business. This loan helped her to bring additional grocery items in her shop and improved business revenues. As the loan was given without any collateral and involved easy repayment schedule for 50 weeks, this was very convenient for her to manage her assets & liabilities in a better way and she did very good business. She repaid her loan on-time and availed second loan of ₹ 12,000 for buying a small goods vehicle for her husband. However, the family had to arrange additional money from friends and relatives for additional payment towards the vehicle. As her grocery shop was giving good returns, she managed multiple loans in a better way.

Now the family is doing well with both the micro-enterprises. The family earns about ₹ 400 per day, which is good enough to take care of family needs and loan repayments. Meenakshi, with confidence, says that Nirantara's support was instrumental and it has given the family a new hope. Through this association, she is planning expansion of her business and asset ownership in coming days.

Key Events during FY 2009-10

Key Partnerships

During the FY 2009-10, we developed new credit relationship with Karnataka State Financial Corporation, Dena Bank and Microfinance Vikas Trust. The association is very important for Nirantara.

We also got associated with Stitching SharePeople, a voluntary organization based out of the Netherlands which is again very significant considering our growth plans.

Stitching SharePeople, the Netherlands

SharePeople is an amazing organization which links potential social entrepreneurs/enterprises operating in developing countries with European professionals/experts. SharePeople brings entrepreneurs in developing countries into contact with ambitious European professionals. By exchanging on the spot knowledge and experience in real-life management cases, both parties enhance their professional skills and contribute towards a better world. In other words, Dutch professionals visit social enterprises in developing countries on a specific business case assignment voluntarily.



During 2009, two Dutch professionals, Mr. Maurice Roijers & Mr. Sam van der Meij visited Nirantara and helped in development of Marketing, Communications & Branding Strategy and IT-MIS Strategy respectively. Apart from sharing their rich knowledge, they also shared very interesting Dutch culture with team Nirantara. This was a wonderful mutual learning experience for both the parties and Nirantara is going to work with SharePeople in future as well.

Initiation of Education SEVAS

The year witnessed the launching of our education initiative through the Nirantara Foundation. This initiative was one of the Social Enterprises for Value Added Services (SEVAS) that Nirantara has been contemplating for quite some time, aimed at complementing our microfinance program.

Nirantara is following SEVAS approach. For us microfinance is an entry-point program, not the end. Nirantara considers needs of its community for 360 degree development. Microfinance definitely wakes up a sleeping poor, but can't provide all that required to come out of poverty. Through different SEVAS (such as Education, Access to Market, Livelihoods, Health, etc.), they can come out of vicious cycle of poverty and live a dignified life.

To start with, Nirantara promoted **Nirantara Foundation**, a Trust by legal structure, for quality & affordable education for poor. Currently, the foundation is running 8 pre-primary schools and will scale-up soon. Apart from education, emphasis will be given to Training & Development within education domain.

Financial Rating by CRISIL

CRISIL conducted financial grading of Nirantara Community Services during May 2009 and awarded MfR-5 grade. The grading reflected Nirantara's good asset quality, adequate process and control systems and good documentations level as strengths apart from other positive aspects. The grading strengths are partially offset by weaknesses such as high degree of leverage and weak, albeit improving earnings profile. There has been a considerable positive development after the rating process.



Nirantara Community Services

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