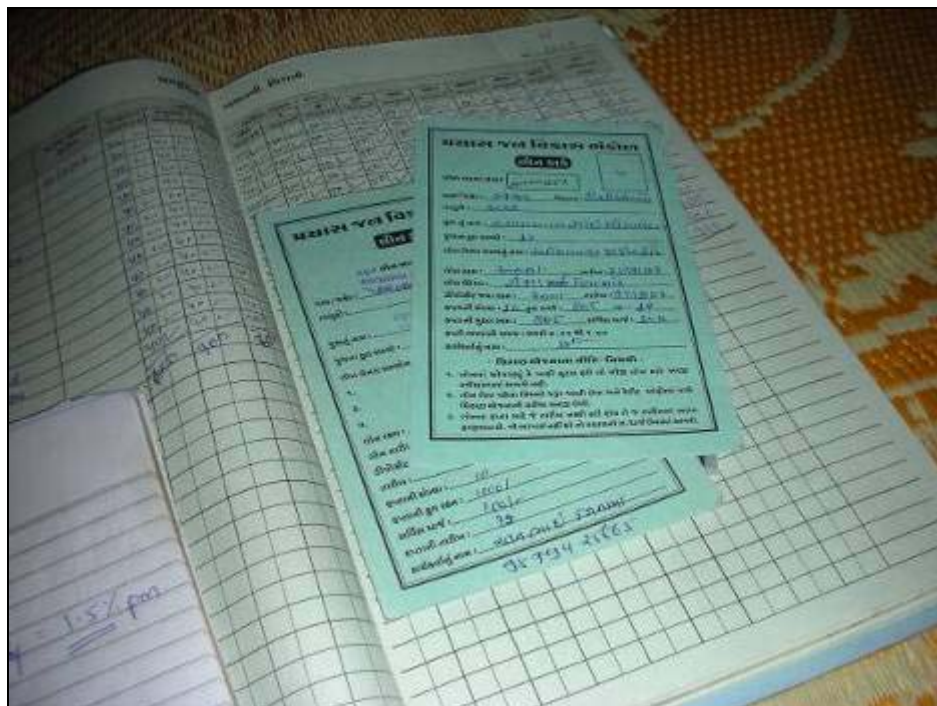


# MicroSave

*Market-led solutions for financial services*

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## Prayas Jan Vikas Bhandol Rapid Institutional Assessment



By  
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December, 2007

## Prayas Jan Vikas Bhandol- Rapid Institutional Assessment

December, 2007

### Background

*MicroSave* conducted a Rapid Institutional Assessment (RIA) of Prayas Jan Vikas Bhandol (hereafter referred to as Prayas JVB), a microfinance project of Prayas Trust on December 18<sup>th</sup> – 20<sup>th</sup>. Prayas Trust hived off its microfinance programme as a project named Prayas JVB with an entirely different set of manpower and assets in the year 2002. *MicroSave* is most grateful to Prayas’s Board, management, field staff and clients to have allowed us to conduct this exercise. *MicroSave* received exemplary support and open responses to its questioning and probing during the course of the assessment.

The RIA team was most impressed by the emphasis on developing systems and processes of Prayas JVB. Prayas JVB is providing financial services in some of the remote locations of Gujarat and Madhya Pradesh, where perhaps other MFIs would not venture. This provides a great opportunity for Prayas JVB and coupled with the developmental works undertaken by the organisation over the last decade it has helped them to connect with the clients. The RIA team hopes that this report will outline some of the challenges that lie ahead as Prayas JVB moves on to achieve its vision/mission and also scales up its operations to reach a larger segment of the poor in Gujarat, Madhya Pradesh and other areas.

### Rapid Institutional Assessment Tool

*MicroSave*’s Rapid Institutional Assessment (RIA) tool is designed to assist consultants or potential investors in microfinance institutions make rapid assessments of the organisation and its potential. On the basis of this rapid assessment, consultants can see the areas where the MFI is likely to require training and technical assistance and investors can make informed decisions on whether they want to proceed further with a more extensive due diligence exercise such as a rating or a full institutional assessment<sup>1</sup>.

In essence the RIA is designed as a “quick and dirty” dip-stick to make a preliminary assessment of an institution’s capability and promise, as well as where it needs additional inputs/assistance.

The tool is designed to allow this rapid assessment to be completed in three days (subject to the full collaboration and assistance of the MFI) and results in:

- A simple SWOT analysis, backed with
- A table of basic ratios (subject to the availability and credibility of the financial statements) and
- A table outlining the areas of strengths and weaknesses of the institution and where it requires additional training/technical assistance.

The results/write-up of the Rapid Institutional Assessment should be seen in the context of a “quick and dirty” dip-stick nature of the tool, and should thus be treated with caution and subjected to rigorous discussion and further analysis prior to taking action.

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<sup>1</sup> Perhaps using the CGAP Institutional Assessment tool

## SWOT Analysis

On the basis of the Rapid Institutional Assessment, *MicroSave* alongwith the Prayas team has identified a range of institutional strengths, weakness/challenges, opportunities and threats. Brief overview of Prayas is attached as Annexure I. The strengths and weaknesses describe factors internal to the institution while the opportunities and threats describe the external forces faced by the institution. SWOT analysis helps to make strategic decisions according to a simple (in theory!) rule:

- \* Base on strengths
- \* Use opportunities
- \* Improve upon weaknesses
- \* Avoid threats

### SWOT Table

<b>I n t e r n a l</b>	<b>E n v i r o n m e n t</b>
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>o Goodwill of Prayas Trust</li> <li>o Existing infrastructure</li> <li>o Experienced and dedicated Board</li> <li>o Dedicated senior management and staff</li> <li>o Value added services with loan product (insurance)</li> <li>o Good understanding of target market</li> <li>o Emphasis on strengthening the systems and processes</li> <li>o Strong HR policy</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>o Scattered geographical presence</li> <li>o Confusion due to dual model approach i.e. SHG and JLG</li> <li>o Scope of ambiguity in the policies and procedures</li> <li>o Inadequately trained frontline staff</li> <li>o Absence of growth supportive legal structure</li> <li>o Ineffective MIS</li> <li>o Undiversified sources of funding</li> <li>o Lack of internal audit and control</li> <li>o Ineffective accounting and consolidation of data</li> <li>o Tedious and complex insurance claims procedure</li> <li>o Ineffective and inadequate delinquency management practices</li> </ul>
<b>E x t e r n a l</b>	<b>E n v i r o n m e n t</b>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>o Scope for horizontal and vertical expansion</li> <li>o Product diversification</li> <li>o Fund mobilisation- grant/equity</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>o Competition</li> <li>o Migration</li> <li>o Subsidised programme</li> <li>o Political/Administrative interference</li> <li>o Concentration of portfolio</li> </ul>

The SWOT analysis is briefly elaborated below:

### 1. Strengths

Prayas has considerable strengths, on the basis of which the institution could (and indeed probably should) base its future strategy. These are:

#### 1.1 Goodwill of Prayas Trust

Prayas JVB is the microfinance project of Prayas Trust. Prayas Trust has almost a decade of experience in undertaking projects in the areas of livelihood promotion, rights based approach and community rehabilitation. Prayas Trust is well recognized among funding organisations, local administrative bodies and the Prayas brand-name is well known in the areas where it operates. . This goodwill is helping Prayas JVB, as people are aware that it has been promoted by Prayas Trust which has been instrumental in social development for so long. This strength is being leveraged by Prayas JVB in reaching out to a large number of clients.

## **1.2 Existing infrastructure**

Prayas Trust has presence in 3 Districts (Dahod, Kutchh & Surendranagar) of Gujarat and 1 District (Jhabua) Madhya Pradesh. The institution has an existing infrastructure base which is being utilised for expanding the microfinance project. This would enable Prayas JVB to expand and at the same time maintain a relatively low cost of operations. In fact the Trust is already contributing to Prayas JVB by providing its manpower and offices/equipments etc. on a shared basis to maintain low cost of operations and service the same set of clients in the operational areas.

## **1.3 Experienced and dedicated Board**

The Board of Prayas Trust is quite experienced in the development sector. Most of the Board members have long years of experience in social development and understand various aspects of microfinance operations and governance thoroughly. The present Board comprises representatives from the development sector, researchers and academicians. Some of the board members are peers operating in the field of microfinance in nearby areas or in the same areas as Prayas JVB. Such an arrangement may add value to the organisation by fostering healthy competition and may enable access to rich experience while formulating institutional strategy. However, over a period of time as operational areas expand and the market becomes more competitive there is a likelihood of a potential conflict of interest.

Also, it was felt that the Board is not very active in terms of guiding the management on policy issues. The board meets biannually and there are sub-committees to probe, research and discuss strategic issues have not been formed. For a start up organisation like Prayas JVB it is very important to have a Board that guides the institution as it scales up and formulates its policies/procedures. Prayas Trust is contemplating forming a microfinance specific Advisory Board that can support the institution in strategic decisioning.

## **1.4 Dedicated senior management and staff**

The senior management team and the staff of Prayas JVB are very dedicated. Staff members have a sense of ownership in the organisation which motivates them to work hard. They are very experienced in community based developmental works and this strength can be leveraged in the growth of microfinance portfolio. This experience of senior management helps them to manage the ground level microfinance operations effectively and efficiently. Senior management has experience in managing big teams. The entire team is dedicated and focussed on building a better organisation and keep coming up with ideas of improving the organisation.

## **1.5 Insurance product**

Prayas JVB along with Sewa Bank has launched an insurance product called VimoSEWA, which covers the life, mediclaim and assets insurance for the client at a minimal premium. This is a service which is being preferred by the client as they understand the importance of insurance. The Clients specifically mentioned that this was one of the main attraction for their borrowing from Prayas JVB. However, they also mentioned that getting the claims is a very lengthy and tedious process and they wanted Prayas JVB to sort this out with Sewa Bank to simplify the process at the earliest.

## **1.6 Good understanding of target market**

The long experience of Prayas Trust in development sector has enabled the organisation develop a good understanding of the target market. Prayas JVB feels that this understanding can help them design better products for their clients. The genesis of microfinance programme in Prayas Trust is attributed to the fact that that most of its members met their credit needs from the moneylenders. The moneylenders charged exorbitant interest rates. As an extension of developmental support the

Board thought of introducing Microfinance. Initially they started with the Bank Linkage program but later realised that the Bank Linkage Program was not very effective.

### **1.7 Focus on building systems and processes**

Prayas JVB has been emphasising a lot on developing the processes and systems. They have worked on building HR Management policies. They have also developed process maps for SHG and have trained all staff members on it. The description of the process maps is being translated into vernacular in order to facilitate the understanding of all the staff. The operational manual exists and covers all the operational processes. The documentation/formats for the operational processes like the disbursement, repayment, group formation etc. are very good and guide the staff in carrying out the processes efficiently. The processes are simple and user friendly.

The vision of the institution is thoroughly understood by the staff who works towards achieving the vision. As the scale of operations of Prayas JVB is still small, the processes and systems exist and work well but need to be strengthened to match the growth of the institution in future years.

### **1.8 Strong HR policy**

Prayas JVB has a well defined HR policy which includes most of the HR functions ranging from recruitment to performance appraisal. The incentive system for field staff is attractive and explicit. The performance indicators are clear and easy to comprehend. The concern in HR manual is that at certain places there is scope of subjectivity. This ambiguity can be attributed to the poor implementation of the HR policy.

## **2. Weaknesses/Challenges**

Prayas JVB has some important weakness and challenges. It was learned that the management is aware of this. There have also been efforts made to address these weaknesses and challenges. Considering the stage of growth at which Prayas JVB is currently it is expected that some of these weaknesses will get diminished with growth and scale, However we mention these issues as follows so that Prayas JVB can prioritise around these and focus on responding to them in a systematic manner.

### **2.1 Scattered geographical presence**

Prayas JVB is currently having 5 operational units in 2 states (Gujarat and M.P.) i.e. at Dahod, Kutchh (Anjar, Gandhidham and Rapar) Surendranagar. The scattered geographical presence causes delay in communication of policies and consolidation of data. Managing 5 separate units situated distinctly apart is very difficult for the small senior management team of Prayas JVB. Prayas JVB may think of contiguous expansion to the nearby districts till it achieves a sizeable portfolio.

### **2.2 Confusion due to the dual model approach i.e. SHG and JLG**

The discussion with staff of Prayas JVB revealed that the dual model approach causes huge confusion for both the clients as well as the staff. Both clients and staff are not clear about the operational processes in a specific model like the SHG or JLG. Prayas JVB either should be having dedicated team for each of the model or may think of having only one model for microfinance. Though Prayas JVB has significant experience in SHG model but the newly adopted JLG model is difficult to implement at ground level as staff does not have any exposure to existing JLG based organisations. As the organisation grows it might become difficult for them to manage both the models, as they are entirely different in approach.

### **2.3 Scope of ambiguity in policies and procedures**

The study of operational manual and HR manual revealed that some ambiguity in policies and procedures exist. The staff could interpret these manuals in any way he/she likes. For example, the criteria for loan appraisal in JLG is quite complex to assess the eligibility.

This means that Prayas JVB needs to strengthen and simplify their operational and HR policies/procedures and also share this with the staff more effectively. A system of revise it on a regular basis based on the feedback from the staff should also be commenced.

#### **2.4 Inadequately trained frontline staff**

Most of the Prayas JVB's staff has been involved in development projects for Prayas Trust. They are experienced and trained in developmental activities, but not in microfinance exclusively. So there is a need for inducting specialised staff, capable of nurturing the nascent microfinance operations. Specialised staff is also vital for analysis of financial data and tracking smooth functioning of operations.

The training and exposure to JLG organisations is important to clarify the apprehensions of staff as they feel comfortable with the SHG model. In order to make them trust the JLG model, there is a need to invest in staff exposure visits and trainings in operations.

The present system of training of frontline staff has been identified as another weakness. The staff opined that they are not being provided specialised training on different aspects of microfinance. Staff who are mostly experienced in SHG operations as they had been Prayas Trust staff, lack the professional orientation. Thus for Prayas to grow, it needs to build training materials based on the standardised processes/systems to train their field staff. It needs to re-train their existing field staff, develop the skills and judgment of field staff to improve the efficiency, portfolio quality and sustainability of operations. In addition to this they may organise exposure visits for field staff so that they can see and believe the models of microfinance in action.

#### **2.5 Growth supportive legal structure**

Prayas JVB presently operates as microfinance project of Prayas Trust which is registered as a Trust (Trust Registration number F-945 Panchmahal) under Bombay Trust Registration Act 1950 and also as a society registered under Society (under Society Act 1860). This legal status is not very growth supportive as most of the funders/lenders demand that they lend to the institution with Section 25 Company or NBFC status. The current legal status limits the capacity of Prayas JVB to raise additional debt and grow. Prayas JVB is aware of this and has expressed its desire/willingness to change the status to a Section 25 Company or an NBFC. They are planning to do this after three years of operations, when they achieve a sizeable portfolio.

#### **2.6 Ineffective MIS**

Presently Prayas JVB uses Excel sheets to keep track of loans disbursement and collection. Considering the small scale of operations, investing in software is not recommended yet, however, it has been observed that the current system of maintaining the data is not much effective as it cannot be used at the branch level. The entries are being made manually by the corporate office staff on monthly basis. Prayas JVB has already thought of buying MIS software as the scales of operations grow.

One of the gap in MIS is in area of data consolidation. In the current MIS, 4 operational units are treated as 4 separate entities. Consolidation of data for all the four entities was not done and it was very difficult to assess the portfolio, fund flows, financial information of the institution.

#### **2.7 Undiversified sources of funding**

Prayas JVB is funded largely by FWWB. As the legal status of Prayas JVB is not exactly what the funders/lenders look for investing, it results in undiversified sources of funds. Prayas JVB's senior management team are discussing with other banks for loans in order to diversify their funds. They are also contemplating on arranging the grants for operations, other assets and portfolio financing.

#### **2.8 Lack of internal audit and control**

Given the small scale of operations, Prayas JVB has not yet set up a separate internal audit team or department. The audit systems are not in place. Audit of operations is not being done

systematically but on an ad-hoc basis by the Director and Unit Managers. Present scale and quality of control systems would not be able to handle the rapid expansion as planned and this constitutes increased credit risk. Considering the growth plans and relatively large loan sizes and loan tenures planned in future, it is important to create an internal audit function. This function could report directly to the Director or the Board. Prayas should also formulate the internal auditor's role, create a department, recruit experienced people to staff and conduct regular branch audits.

### **2.9 Ineffective accounting and consolidation of data**

Prayas JVB currently manages the accounts on Tally but because of lack of experience in handling the accounting of microfinance, the statements such as Income Expenditure and the Balance Sheet are not accurately generated. The chart of accounts followed has account name for each and every client which causes Tally to work erratically. Moreover, all the four operational units manage their data separately and as there is no unified chart of accounts, consolidation of data becomes very problematic.

### **2.10 Tedious and complex insurance claims procedures**

Prayas JVB offers VimoSEWA which is a comprehensive insurance policy. The clients are very happy about the terms of the policy but they opined that getting the claims settled is a complex process. This may lead to disgruntlement in clients. Prayas JVB should look into the matter and try to resolve it on a priority basis.

### **2.11 Ineffective and inadequate delinquency management practices**

Delinquency is not a big concern as of now. However, there is a lack of understanding and wreness among the staff about the need to address delinquency and default at various managerial levels. The staff mentioned that above the Unit Manager level, delinquency management becomes abstract, making the default management completely dependent on Credit Officer and Unit Manager.

## **3. Opportunities**

As the market that Prayas is serving presently is under served, there is a huge potential and opportunities for expansion. After the structural weaknesses/challenges have been addressed, Prayas can look at significant expansion to realise these opportunities:

### **3.1 Scope for horizontal and vertical expansion**

Gujarat and other operational areas of Prayas JVB have a huge potential for microfinance. As none of the commercial MFIs are working in their operational areas, the opportunity for the institution is to expand the client base and cater to the diverse needs of different clients/segments. Thus there is a scope of expanding operations, horizontally as well as vertically. For vertical growth they may also think of providing services like individual loan, urban microfinance, remittances etc. as in their operational areas most of the families have migrated from other states.

### **3.2 Product diversification**

The clients have different demands and Prayas JVB should look at providing diverse products to the clients as per demands. The clients demand of mid-term loans for meeting working capital needs. The individual lending can also be designed for the micro entrepreneurs as there is huge demand for individual loans.

### **3.3 Fund mobilisation –Grant/Equity**

Prayas is currently operating on the loans largely from FWFB for on lending. The access to operational support in the form of grant/equity from donor institutions, banks focussed on start up MFIs is an opportunity which if tapped can actually help Prayas JVB build even better systems.

#### 4. Threats

The threats in the external environment remain and Prayas would do well not only to keep reviewing these, but also to develop mitigation strategies for the ones that are more likely and have larger implications for the operations of the organisation.

##### 4.1 Competition

Prayas JVB is operating in areas which are currently unserved but as the competitors get to know, they would soon try to expand to these areas and compete with Prayas JVB. With passage of time the competition will intensify which may affect Prayas JVB's operations. While client drop-out on account of inducement by other MFIs/NBFCs is often viewed as the biggest threat; the switch-over of trained staff to other MFIs and to the corporate sector may prove an even more difficult challenge to manage. There is also a risk of Prayas JVB systems, processes and product features being replicated by the competitors

Another competition which can pose a threat is internal lending within the SHG. In some of the SHGs visited by the RIA Team internal lending rate is 1-1.5% which is lower than PJVB interest rates (including other fees). So the mature SHGs, having sizable savings fund can drastically reduce the borrowings from PJVB. This competition needs to be addressed at the earliest so as to avoid spin off of SHGs into self sustainable financial group.

##### 4.2 Migration

The areas where the Prayas JVB operates are slums. Most of the dwellers are migrants from other States. Reverse migration can be a potential threat as clients may return back to their States after borrowing from Prayas JVB. Thus Prayas JVB needs to implement a strong client/credit appraisal system in place so as to ensure the repayment.

##### 4.3 Subsidised program

Prayas JVB is operating in areas where a lot of developmental works by several NGOs has been done. The government supported subsidised programs may affect the credit discipline of the clients.

##### 4.4 Political/Administrative interference

Prayas Trust had been instrumental in rights based works where the senior management along with the people demanded the local administration for rights such as electricity, water etc. This had also resulted in conflict between government authorities and Prayas Trust. Thus Prayas JVB is concerned that the same authorities may retaliate back by inflicting charges of exorbitant interest rates and may interfere with them.

##### 4.5 Concentration of portfolio

As the PJVB has a long history of social development, this reflects into microfinance as well. PJVB has extended loans to different communities but the concentration of portfolio has been confined to dalit/muslim communities. From commercial perspective it would be wise to diversify the portfolio instead of targeting only a limited number of communities.

#### Recommendations for the Way Forward

*MicroSave* is working with Opportunity International, which is a social fund investing in MFIs. *MicroSave* may enter into a strategic alliance to work with Prayas JVB and provide technical assistance if a partnership shapes up between Opportunity International and Prayas JVB. Under this collaboration, *MicroSave* will provide training and technical assistance to Prayas JVB with a view to transferring the capacity to use *MicroSave* tools/approach in the organisation. *MicroSave* does not conduct assignments for its MFI partner but rather with them. Thus, while *MicroSave* will provide training and technical assistance, the MFI will be required to dedicate substantial time and some financial resources to the process.

*MicroSave* has identified the following key areas where it can work with Prayas for the next 6-12 months:

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### **1. Streamlining Accounting procedures**

For the short term, most important work is to streamline accounting procedures so that accurate and authentic reports are generated and they reflect the true picture of the institution. Chart of accounts and accounting manual need to be prepared and the 4 branches as entities created in the financial statements needs to be consolidated.

### **2. Strategic Business Planning (SBP)**

There seems to be a need to work with the Board and senior management to develop a Strategic Business Plan that will guide the institution for the next 5-7 years. Although the management and Board is quite clear about where they want to reach, the Strategic Business Planning exercise will help in bringing a common understanding across the organisation about the activities that needs to be done to achieve the vision as well as for setting goals and measures to track performance. The exercise will also help documenting the key objectives, goals, measures and activities. This would help the institution in formulating the strategies based on the SWOT analysis. SBP is a systematic process where we start with the mission, vision of the institution, we decide the market and competition strategies, and then we define SWOT and on that basis decide the course of action for the future. It is very important to ensure that the SBP is implemented and referred to after being developed.

### **3. Risk Management and Internal Controls**

Prayas JVB is interested to work on developing suitable internal controls to manage the exponential growth they envisage. Internal controls will keep a check and will help preventing internal risks whereas risk management for Prayas will focus on mitigating risks that it faces because of external environment.

### **4. Process Mapping**

Processes, at the moment, seem to be simple but there is a need to check whether the processes are efficient or there are any risks underlying the processes. Some of the processes have been mapped, but it still needs further strengthening. Process mapping of operations at Branch and Head office level will help in increasing their efficiency. Specifically process mapping will help to:

- a. Structure and systematise the organisation's operations and processes
- b. Reduce the risk in policies/processes
- c. Increase the efficiency of processes
- d. Create user-friendly operational manuals for front-line staff and managers
- e. Use the process maps as the basis for staff training programmes
- f. Strengthen the internal audit function through the development of compliance check lists

### **5. Market research and pilot testing for new products**

At present Prayas JVB is offering many products in the market, but as these are not well researched, the client orientations of the products are not established. *MicroSave* can support Prayas JVB to conduct market research and develop products that are required by the clients. As part of the product development process, *MicroSave* can also help in pilot testing of new products.

**Annexure 1.  
ABOUT THE ORGANIZATION**

Name of the Organization	Prayas Jan Vikas Bhandol
Date of Legal Incorporation	11 <sup>th</sup> November 1997
Year when Micro Finance started	2002
Legal Status (Registration No./ Type/ FCRA Status)	Society (under Society Act 1860) and Trust Registration number F-945 (Panchmahal) under Bombay Trust Registration Act 1950. Permanent FCRA Number : 063320014 Sec 80(g) and Sec 12 A(a) of Income Tax Act,1961
Name of Chief Functionary And Designation Used	Mr. Bhadresh Rawal, Director, PRAYAS
Address of the Organization with email	PRAYAS – ANJAR 60 Maruti Nagar, Near Yadav Nagar, Meghpar Road, Anjar, Kutchh District, Gujarat, Pin code 370 110 <b>Contact:</b> Bhadresh Rawal, Director <b>Email:</b> <a href="mailto:prayasmail@rediffmail.com">prayasmail@rediffmail.com</a> ; <a href="mailto:mail@prayas4development.org">mail@prayas4development.org</a>
Telephone and Mobile No.	<b>Phone:</b> +91 02836 246493, +91 94263 28691
Organizational Website	<a href="http://www.prayas4development.org">www.prayas4development.org</a>

**Mission**

PRAYAS’ mission is to unite socio-economically deprived, underserved or those lacking access to basic rights and services to the mainstream through its social and financial interventions. It aims to bring perceptible positive changes by enabling access to financial and/or social services to 75,000 households approximately by 2012.

**Vision**

PRAYAS envisions a society where people are aware of their rights and duties and have equal opportunities for their social and economic advancement.

**Values**

Has the legal shape of MFI been transformed since birth? If yes, please explain why?

- **No**

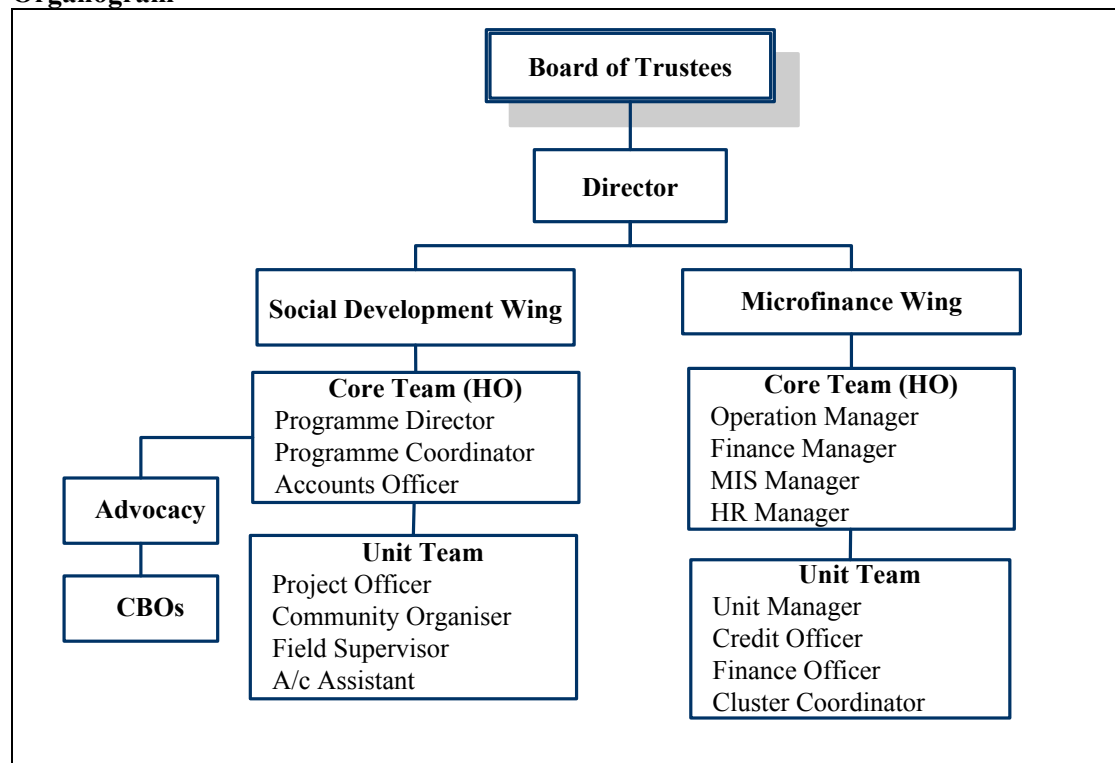
### Board and Governance

Prayas has a seven-member Board of Trustees. The list of Board along with their backgrounds is:

Srl No.	Name	Designation	Experience	With PRAYAS since
1	Dr. Yogesh Kumar	Chairperson	Director, Samarthan, Bhopal MP	2002
2	Mr. Bhadresh Rawal	Director	Director, PRAYAS	Nov-97
3	Ms. Jayashree Vyas	Trustee	Director, SEWA Bank	Jul-06
4	Mr. Dilip Dave	Trustee	Project Director, PRAYAS	Nov-97
5	Mr. Nilesh Desai	Trustee	Director, Sampark, Jhabua MP	2006
6	Ms. Sadhana Streubel	Trustee	Initiator, Kalyani Organisation	2001
7	Mr. Arun Joshi	Trustee	Development researcher, working with ASA, Bhopal MP	2004

Board Meeting Frequency	<input type="checkbox"/> Every month	<input type="checkbox"/> <b>Once in six months</b>
	<input type="checkbox"/> Every quarter	<input type="checkbox"/> Once in a year

### Organogram



### Clients

Client Profile (as of 03 December 2007)	
Number of active groups (SHG and JLG)	512
Number of active group members (SHG and JLG)	5,062
Number of active borrowers (SHG and JLG)	1,476
Percentage of clients in:	Urban: 42.14 % Rural: 57.86 %
Percentage of women clients	87.13%

### 3. PRODUCTS (As of 03<sup>rd</sup> December 2007s)

#### Loan Products

Sr. No.	Kinds of Product	Interest rate* <sup>1</sup>	Other service charges* <sup>2</sup>	Loan size limit (In Rs)	Loan tenure	Moratorium Period (From date of Disbursement)	Any other conditions
1	JLG 25 Weeks	18% Flat	2% LPF, 10% Security Deposit	Rs. 5,000 to Rs. 15,000	25 Weeks	1-3 weeks in case of holiday, sickness and death in the family	
2	JLG 50 Weeks	18% Flat	2% LPF, 10% Security Deposit	Rs. 5,000 to Rs. 15,000	50 Weeks	1-3 weeks in case of holiday, sickness and death in the family	

Note 1: Reducing or Flat Interest Rate

Note 2: Other service charges like membership fee, registration fee, loan processing fee, loan security, joint liability fee etc.

#### Insurance

Product	Partner Insurance company	Nature of product* <sup>1</sup>	Sum assured	Premium	Coverage period/ Mode of Premium collection
Vimo Sewa	SEWA Bank	Composite (Health, Medclaim, Assets and Life)	Rs. 7,500 to Rs. 40,000	Rs 125	Annual (Details below)

Note 1: Term or Endowment Policy

	Premium	Reimbursement Amount				
	Annual Premium	Natural Death	Medicclaim	Asset Loss	Accidental Death	Accidental Death (Husband)
Vimo Sewa Member	125	7,500	Upto Rs. 2,000	*Upto 10,000	40,000	15,000

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**Performance ratios**

PAR-60	YoP	FER	OER
2.8%	26.6%	7.7%	22.6%
LLR	LLPR	RoP	RoA
1.0%	1.8%	-5.5%	-4.0%
OSS	Outstanding/loan officer	Borrowers/loan officer	Average loan size
84.4%	Rs4.5lakhs	79	7,058

**Financial Liabilities (Bank/FI wise as on 15<sup>th</sup> December 2007)**

Funding Agency	Loan No.	Disbursement Date	Total Amt.	Total Paid		Balance as on 15 December 2007
				Principal	Interest	
BoB - Anjar	1	30-Jun-06	500,000	238,000	0	262,000
FWWB	4	13-Jun-05	1,000,000	0	0	0
FWWB	5	30-Dec-05	500,000	0	0	0
FWWB	6	21-Apr-06	500,000	194,266	34,596	0
FWWB	7	06-May-06	500,000	222,220	36,552	0
FWWB	8	04-Aug-06	500,000	222,224	42,402	83,330
FWWB	9	04-Oct-06	500,000	222,224	46,300	138,886
FWWB	10	12-Oct-06	500,000	222,224	18,522	138,886
HDFC	1	30-Oct-06	1,000,000	650,000	26,267	0
BASIX	1	07-Nov-06	1,000,000	857,143	126,436	1,142,857
FWWB	11	10-Jan-07	500,000	222,224	24,373	222,220
FWWB	12	10-Jan-07	500,000	222,224	24,373	222,220
FWWB	13	07-Feb-07	1,000,000	444,448	52,644	499,996
FWWB	14	09-Mar-07	1,000,000	444,448	56,544	555,552
FWWB	15	04-May-07	1,000,000	333,336	49,661	666,664
FWWB	16	27-Jun-07	1,000,000	277,780	44,460	722,220
FWWB	17	08-Oct-07	1,000,000	55,556	16,699	944,444
<b>Total Liabilities</b>			<b>13,500,000</b>	<b>4,828,317</b>	<b>599,829</b>	<b>5,599,275</b>