

Aamara Biswas

Women Helping Women through Nano Finance

November 1, 2007 – December 31, 2008

(Reported by Joyasree Mahanti, January 2009)

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A. Introduction

After working for almost nine years at the grass root level, I realize that, the condition of poorest of poor has not changed, as it has been over centuries. They still can't go to the Government or any commercial banks or to the Micro Finance Institutions for their emergency needs. The only option for them is to go to the moneylenders at the minimum interest rate of 120 % or more per year. The poor don't have the choice when there is a dead body in the house and there is no money to buy wood for the cremation, when there is no money for the medical treatment for the family, when there is no money to buy food for a day, and there is no money to send children to school. They are not always the part of the micro finance system. If they are; it is hard for them to pay back their weekly or monthly due in time. Sometimes, the situation forces them to take another loan to pay back their previous loan. I find Nano Finance concept is the best way to help the poorest of poor.

B. Purpose of Nano Finance

- Not to be the victims of the moneylenders at the time of emergency.

Example: A woman takes a loan of Rs 500 (about \$12) from a moneylender for her son's medical need. She pays 50 rupees every month towards the interest until she pays back the 500 rupees (one time). The total household income (both husband and wife) is about Rs 1500. She will never pay back the amount unless she has some extra income. If there is another such emergency need, she has to take another similar loan. It is a vicious circle and most of the time; the poorest of the poor are the victims of such trap and never come out of it. In extreme emergency situation, the interest rate can go up to 320% per year.

- Interest free loan for one year provides women enough time to pay back the loan comfortably.

Example: Unlike under rules of Micro Finance Institutions or banks, they have the freedom of paying back the loan within a year, in installment, any amount, at any time and at their convenience. A woman took her first loan of 500 rupees to start her small business. She had comfortable time and bigger window to pay back the loan in a year without any interest. She had already taken second time loan to expand her business.

- Provides women secure feeling for desperate situation in case of emergency.

Example: A woman was suffering from Malaria and was hospitalized with a serious condition. The family needed money for her treatment and did not have any savings. Only option was to go to the moneylender at any cost. The mother-in-law came to our center and took a loan for the treatment. It is a tremendous comfort to know there is money available for emergency need instead of going to the moneylender who can reject their request or give loan with a high interest rate.

- The purpose is not to make the women rich but to help them when they are in desperate need for health care, children's education, and other unavoidable circumstances.

Example: We give maximum loan amount of 1000 rupees with a few exceptions. The amount is not going to make them rich. But, it will help them not to be poorer, help them to educate their children at a minimum level, help them to provide minimum health care, and bring food to the family when there is no other choice, and stop them from going to the moneylenders.

- Using their money to help other women in need

Example: The returned money is used to give loan to other women who are in similar situation like them. The initial invested loan amount of Rs 4, 00,300 has reached to RS 10, 00,000.

- Provide loan with dignity and return the amount in time without any forceful action.

Example: The women come to the center and express their need by themselves and take the loan by giving minimum information without going through any paper work. Unless they don't return the loan in one year, we don't force them to pay, but always encourage them to pay some amount every month. So, in the end, it is not a big burden on them. After one year, we do remind them frequently.

- The trust (Biswas) is the key factor of the success of the Nano Finance concept

It is all about trust. Unless, they return the first loan, they can't get another loan even in emergency. They are responsible for their loan. In fact, the women themselves are responsible for the success of the Nano Finance project and the establishment of Aamara Biswas.

C. Financial Report

I am extremely humbled and thankful to my donors for their kindness and trust in me to work for the people. They never doubt or question my integrity and are always interested in my work and encourage me to pursue my dream. I wouldn't have come this far without their concern, good will and support.

Many donors decided to transfer their invested amount with BISWA mFI in 2005 to Aamara Biswas for the Nano Finance project (about 70% of the total amount of Rs 21, 50,269). The other 30% is collected from the kind donors who had supported my work year after year without any hesitation.

November 2, 2007	Rs 5, 05,769
February 20, 2008	Rs 5, 00,000*
September 11, 2008	Rs 5, 49,850**
October 22, 2008	Rs 5, 20,000
December 12, 2008	Rs 74,650
Total (Nov. 2007-Dec. 2008)	Rs 21, 50,269

*The amount is kept as a fixed deposit with BISWA mFI. The accrued interest will cover a part of the administrative cost of Aamara Biswas.

** Personal collection for the year 2007-2008

Total Amount Invested in Nano Finance Project: Rs 9, 80,269 (2007-2008)

Total Amount Invested in Solar Lantern Project: Rs 6,70,000 (2008)

The above quoted amount includes the administrative expenses and the bank deposit.

I don't take any amount from the collection for my travel or expenses.

Nano Finance Project at Sambalpur District (Nov. 2007 to Dec. 2008)

Month	Amount Disbursed In Rupees (Indian Currency)	Amount Collected In Rupees	Number of Beneficiaries			Amount kept for giving Loan
			New	2 nd Time	3 rd Time	
November	2,36,000	3,620	397			3,75,600
December	1,18,600	55,005	215			
January	39,000	49,925	80			
February	1,48,700	65,630	106	95		9,000 (donation through me)
March	47,000	62,535	54	95		
April	34,000	41,110	50	18	25	
May	49,500	56,500	62	11	16	
June	27,000	40,280	35	13	12	
July	49,000	48,555	62	25	4	
August	54,200	36,220	61	44		
September	73,000	43,900	90	47		18,400 (donation through me)
October	43,700	34,450	60	27	5	
November	43,000	40,260	62	24	8	
December	37,300	37,800	35	18		
Total	10,000,00	6,15,790	1,364	417	70	4,03,000

80% of the women who took loan in November 2007 have paid back the loan in a year (November 2008). I am still hoping, most of them will return the loan though it will take them more than one year. There are genuine cases where they don't have enough money to pay back the loan in time after barely taking care of their family. Sickness is the common culprit for this situation. A few women will not return. It is just their nature. I still strongly believe that most of the women who are in need do not cheat, are not greedy, don't have the dream of acquiring properties or materials, and their needs are minimum. Their only hope is to have a simple thatched roof as their home, to provide food to the family, basic education to their children, and minimum health care to the family members.

Nano Finance Projects in Different Areas in 2008

I.	Childright (NGO), Bhadrak Dist. Indu Malick, coordinator	Rs 2,15,000	Tapan Mohapatra, Secretary
II.	Srusti (NGO) in Nuapada Dist.	Rs 1,00,000	Biswajit Padhi, Secretary
III.	Itishree Behera, Jagatsingpur Dist.	Rs 65,000	Jeevan Lal Behera
IV.	Surabhi Seth, Baragarh Dist.	Rs 23,000	
V.	Kamalini Badi, Anugal Dist.,	Rs 18,000	
Total amount invested:		Rs 4, 21,000	

I knew most of the coordinators during my last visit (except Jeevan Lal Behera). I work with trust. I am hoping, the project will be successful through them and will be expanded to other areas.

D. Solar Lantern Project through Nano Finance

For the last six years, I was looking to promote the solar lantern project. I became aware of a basic problem when I visited several villages of Sambalpur district with BISWA in 2002. It was heart breaking to see that some villages did not have electricity even in this century. After doing some research, I decided to purchase the Aiswaria solar lantern from NEST, a Hyderabad based company. The only reason I chose this product was that the product had been in the market for eight years and the customers were very happy with it. In this project, the villagers purchase the lantern from us by paying an initial amount and take an interest free loan for the rest, which they have to pay back in a year or less. We have already started to deliver the lanterns and started collecting the initial amount. We are hoping to use the collected money to purchase more lanterns. The total amount invested towards the project: Rs 6, 70, 000.

Solar lanterns are given in the interior villages of Sambalpur, Jagatsinghpur, and Keonjhar districts by Aamara Biswas through Nano Finance scheme.

E. Up scaling the Project through existing NGOs / through Individuals

Though, Aamara Biswa has given some funds to two NGOs (Childright and Srusti) for promoting the Nano Finance concept, I feel it will be more viable to promote this concept through individual women with small amount of money at the beginning. The women know their own areas and difficulties they go through in daily life. Most of the time, they also know the women whom they are giving loan. It is interesting and heartwarming to know that, all the women who are currently working for this project never complain about their salary. They are genuinely interested in working for the project and the benefit of the women.

F. Project Evaluation after One Year

Lessons Learnt:

- At the beginning, the women were not accustomed to the concept of interest free loan. It was beyond their expectation.
- Many women thought it was a handout to them because they were poor.
- Some women (outsiders) just took loan with false identification.
- It was not useful to keep their voter IDs, because they did not match with their current profiles.
- It took a few months for the women to understand the benefit and importance of this project.
- Book keeping must be done properly at the very beginning
- It is a learning process and it requires constant correction and improvement with experience.

Corrective Actions:

- It is very important to disburse a small amount of loan to a few numbers of women at the beginning and give them some time to understand the concept.
- We don't keep ID but ask the new clients to come with another woman who has already established good credit report with us.
- The books for keeping information must be ready before disbursing any amount of loan.
- It is a constant effort to put emphasis on trust. The concept of Nano Finance will not be successful without women's help and their trust. Aamara Biswas is their organization and the future is in their hands.

G. Future Plans

- Expand the Nano Finance concept in different parts of Orissa through women
- Encouraging women to take short-term education loan for buying books, paying tuition fees, or any other education related expenses. We have already started giving loans for education purpose and asked them to return the loan as soon as possible at their convenience. So, they can again take loan when they need.
- I am still trying to find out how to provide minimum health care to these women and the children but have not been successful. I had a discussion with the women. They are ready to deposit 1% or more of their loan amount towards the health care. Please suggest if you have any idea.

