

Aamara Biswas

Women Helping Women through Nano Finance

Report and Areas of Operation (April 1, 2010 – March 31, 2011)

(Reported by Joyasree Mahanti, March 2011)

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A. Introduction

Aamara Biswas has completed three years. By giving interest free loans through its signature nano-finance scheme, it has helped more than 4000 women in different areas of the state of Orissa. Some women have taken 500 to 1000 rupees (less than \$12) more than once to improve their lives and livelihoods. The coordinators and the women of Aamara Biswas sincerely thank the donors for their kindness and trust.

Trust (BISWAS) is the key factor for the success of nano-finance. In fact, the women themselves are responsible for the success of nano-finance and for the existence of Aamara Biswas organization. They are assisted by a **coordinator** who manages the project by following a few rules without many restrictions. The coordinator decides to whom a loan will be given and how she will motivate them to return the loan so that other women in similar situations can use the funds. The coordinator is also responsible for spreading the nano-finance concept by analyzing the situations and needs of women in particular areas. Because the need for loans depends upon local conditions, where the coordinator understands community needs and problems, the women are doing well. The coordinators who work for Aamara Biswas truly believe in serving the poorest of poor women. They and the women are responsible for the vitality of Aamara Biswas.

Nano-finance helps women not to be the victims of money lenders and to become poorer. Further, it gives them a sense of security and comfort in times of emergency. Aamara Biswas gives women the opportunity earn more money and to provide a better life to their families. The impact of such small help (sometimes less than 12 dollars) has given women hope and confidence for the future.

B. Financial Report

Total collection / Expenses from April 1, 2010 to March 31, 2011

Total Collection:	Rs. 6,77,465.29	\$ 15,500
Interest Accrued:	Rs. 70,856	\$ 1,630
Previous Bank Balance:	Rs. 2,36,554.00	\$ 5,440
Grand Total:	Rs. 9,84,875.29	\$ 22,625
Total Expenses:	Rs. 8,72,256.00	\$ 20,050
Amount in the bank:	Rs. 1,21,257.00	\$ 2,790

Details of Expenses:

1. Nano Finance Project (NF)

Kiakata, Anugul District:	Rs. 45,000	\$ 1,035
Slum areas, Puri District	Rs. 1,25,000	\$ 2,870
Balikuda, Jagatsingpur District	Rs. 1,15,000	\$ 2,640
Khamara, Anugul District	Rs. 39,000	\$ 900
Purusottampur, Cuttack District	Rs. 1,20,000	\$ 2,760
Sambalpur Town	Rs. 7,000	\$ 160
Total	Rs. 4,50,300	\$ 10,350

2. Water Filter Project

555 Containers with Filters:	Rs. 2,46,250	\$ 5,660
Transportation	Rs. 8000	\$ 180
Total:	Rs. 2,54,250	\$ 5,845

3. Administration

Salaries for six months:	Rs. 1,17,700	\$ 2,705
New Office in Eastern Orissa:	Rs. 18,000	\$ 415
Purusottampur Production Center	Rs. 4,500	\$ 105
Videos & Camera:	Rs. 8,800	\$ 105
Travel & Food Expenses	Rs. 10,000	\$ 230
Accountant:	Rs. 7,706	\$ 176
Office Expenses	Rs. 1,000	\$ 12
Total:	Rs. 1,67,706	\$ 3850

Total Expenses:	Rs. 8,72,256	\$20,050
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\$1 = Rs. 43.50

C. Details of the Projects:

Sambalpur Town: Aamara Biswas has given loans to more than 2000 women in the last three years. Many of them have taken loans several times to improve their livelihood. When I ask them to take bigger loans from micro finance institutions for expanding their businesses, they respond that they prefer to take small interest free loans from Aamara Biswas because they can return these loans comfortably, at their convenience, within the allocated time period. We give education loans and encourage them to return those sooner. In this way, they can take another loan to pay for tuition and other educational expenses in the future. The monthly collection is about Rs. 29,000 (about \$670). The amount is recycled to give loans to others and to allow existing borrowers to take new loans. The initial amount of Rs. 4,00,000 (less than \$10,000), given as loans in November 2007 to December 2010, have been recycled. Now the total loan amount is four times of the initial amount of Rs. 4,00,000. The return was about 85% in first year (Nov. 2007-Dec. 2008). The return increased to about 95% in the following year (2009). Collection is not a problem. The women understand the concept of nano-finance and its benefits. Sometimes, the coordinators have to remind them. Also, some clients take more than a year to return their loans.

Kiakata, Anugul District: In this district, the return is about 98%. Only a few women are struggling to pay back their loans. However, in some cases, their financial condition is so bad, they don't have even a few rupees to pay back their monthly amount in time. Living conditions are beyond the imagination. They have only one well where they get water for drinking and cooking purposes.

Kamalini, the coordinator, explains that they will definitely pay back their loans when they have some extra money in their hands. Thirty women have paid back their loans and taken another loan of 1000 rupees (about \$23) each to make bricks.

Aamara Biswas opened a low budget temporary school in June 2010 in the Kiakata village, Anugul district, where the children were not going to school due to lack of awareness of education. Girls (ages 7 to 14 or more) who didn't have basic education have been staying at home to take care of siblings and do house chores when the parents are at work. They have learned how to read and write in six months. We are planning to open a tailoring unit to teach them tailoring to have as a profession.

Khamara, Anugul district: In Khamara the return rate is 100%. Most of the loans are for small business and farming. Some women have taken loans more than once for their small businesses. Most of them prefer to return the loan once in six months.

Puri Town, Urban areas: The return is 98%. It is exciting and encouraging to see the progress the women have made with the help of Aamara Biswas. One can see their small

stores on the way to Puri. Aamra Biswas has given machines to 21 women to make ropes and door mats. The future plan is to rent a place and expand the project which will benefit many women living in the slum areas.

Balikuda, Jagatsingpur district: The return rate is 100%. The women have taken individual loans in a group to buy a rice husking machine which they use themselves and rent to others. Also, another group of women have taken loans to start a small business of making ladies' garments. Aamara Biswas has rented a place to start an office which will cover the eastern part of Orissa.

Purusottampur, Cuttack district: Aamara Biswas has taken over a center which was not functioning due to lack of funding by giving Rs. 1,24,000 (\$2,850) as a loan to buy raw materials. There is already an infrastructure with sewing machines and other materials to start the production unit with enough trained girls/women in the village.

All the above areas (except Purusottampur) have completed more than one year. Due to the positive response of the women and the regular repayment of loans, Aamara Biswas has added more funds to the existing centers for the benefit of the women.

D. Water Filter Project

Aamara Biswas has started the project with 555 filters (about \$10 each). The women are buying the filters through the nano-finance scheme at \$11.50. The extra amount of \$1.50 covers the administrative and transportation costs. Most of the women understand the importance of clean drinking water. The filters and containers are made locally. The filter was developed by a local scientist. Please visit the website, www.immt.res.in/announcement/terafil.pdf to get more information about the water filter. Currently, most of the filters are sold to the women of Jagatsingpur district and a few in Sambalpur district. Aamara Biswas is hoping to expand the project to different parts of the state.

E. Project Evaluation after Three Year by Joyasree Mahanti

I have been overwhelmed and excited to see the impact of nano-finance on the poorest of the poor women of the society in last three years. Aamara Biswas encourages the women and girls to start small trades within their reach and comfort level and then expand their trades with time and experience. When I ask them to take bigger loans from micro-finance institutions for expanding their businesses, their answer is to take a small interest free loan from Aamara Biswas which they can return comfortably in their convenience within a reasonable time period without going through the harassment of micro finance institutions. I also encourage the women to take individual loans but work together for the product for support and share the profit among them (example; brick making, rope and door mats, and more).

I am always concerned for the sustainability of the organization. Though the administrative cost is small, as the project expands, it needs more funds to cover the

administrative cost. The organization can't always depend on donations or grants. Nano-finance provides interest free loans. The problem is how to sustain it in the coming years. Aamara Biswas has a corpus fund and the interest accrued covers part of the administrative cost. Our plan is to increase the amount of the corpus fund with time.

The other goal is to find a way to have some small businesses that contribute part of the profit for the administrative costs. Currently, the coordinators of the Sambalpur center are making ladies garments in the office space when they are not busy with nano-finance activities. The profit will go towards the administrative costs.

The future plan is to have a production center for making ropes and door mats in Puri district. A small percentage of the profit will go towards the salaries and maintenance of the center. We just have started a production unit in Purusottampur, Cuttack district, for making ladies' garments. We hope to expand it and stipulate that a small percentage of the profit be used to maintain the center.

Expanding the nano-finance project in other areas will require more funding and coordinators who understand the concept of nano-finance. Though Aamara Biswas does not advertise its activities, women from nearby areas find out about it through word of mouth and often come from a distance for loans. It is difficult to deny requests, but we don't have a choice. The coordinators try their best to give loans to the women who are in need. It is easy to give loans to the same women who have a good credit history. But others who are in desperate situations want to improve their livelihoods with the help of Aamara Biswas. We provide loans with trust and hope that the women will return the loans for their own and others' benefit.

The project has failed in a few places where the coordinators were not interested in the concept of nano-finance or the progress of the women. Other nonprofit organizations find it difficult to implement the nano-finance concept because it is a not-for-profit venture. Aamara Biswas is a nonprofit organization that achieves its goals through the women who sustain and manage all the activities with limited funds. There are no unnecessary or lavish expenditures. The main goal is to save the women from money lenders during times of emergency, to help them to improve their financial condition within their limits, and to provide basic needs to their children and other family members.

F. Strengths & Weaknesses of Nano Finance

Strengths:

1. The women don't have to go to the money lenders in case of emergency. The loan process is extremely simple and very quick.
2. Women utilize a small amount of loan efficiently and privately (without any family member's interference) versus a larger amount where they don't have much control or knowledge of using the loan properly.
3. Women help other women in similar situation by bringing them to Aamara Biswas center for getting loan and taking the responsibility for the return of the loan.
4. The coordinators are from the same community so they understand the situation better than a person who is an outsider.
5. Nano Finance projects can start and sustain with any initial amount and continue so long the women return their loans and the amount is recycled.
6. The coordinators and the women are responsible for the success of their areas, which empowers them and gives them ownership of the center. There is no hierarchy.
7. Because the loan transactions involve a small amount of money., coordinators don't have to get involved in bank transactions. They disburse the collected amount to others or the same women as soon as possible.

Weaknesses:

1. Can't expand quickly due to lack of funds and local coordinators who are willing to work with less salary.
2. Currently, the organization mostly depends on donations which is a major concern for the sustainability of the organization.
3. Manual book keeping is time consuming and may not be adequate if the organization expands in the future.
4. Hard to find coordinators who truly believe in working for the interest of the poorest of poor women and nano-finance concept.
5. Other NGO(s) may not like to adapt the nano-finance concept because it is not a profit making venture.

G. Conclusion

I am thrilled with the results and excited to see the progress of each woman with the help of Aamara Biswas. Women often tell me their success stories with smiles and excitement, sometimes holding my hand and asking for another loan of 500 or 1000 rupees (12-24 dollars). At the same time, they also understand that their friends may need help more than they do. These women may need to wait for the next month to get another loan. Despite their poverty, they are more caring and concerned about their friends and neighbors than some of us who are far wealthier.

These success stories of these women are not like those of the famous people of the world, but they are beautiful and give a different perspective of life. Their dreams are small, limited to what is necessary to live in this world with basic requirements. Listening to the stories of the women of Aamara Biswas can teach us about other meanings of success and about genuine social support.