



RANG DE - SOCIAL ACCOUNTS

2012-13

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Executive Summary

Rang De is India's pioneering peer-to-peer internet platform, with a capacity and more importantly, a will to create significant social impact through low cost microcredit.

Tweaking the emphasis on 'access' to 'affordability', we created a game-changing way of delivering credit services to the poorest of communities and individuals – by integrating peer-to-peer lending with a strong technology backed management system to keep interest rates as low and affordable as a flat 8.5% per annum.

Following are the objectives undertaken:

- Leverage the internet and technology to raise and provide low cost capital
- Reach out to underserved communities
- Provide Capital for livelihood, education and health

The Social Return on Investment (SROI) of Rang De's activities has been calculated to 'measure' the social and economic change created, taking into account the costs incurred and benefits generated. An SROI ratio of **1.64 implies** that for **every 1 Rupee invested - 1.64 Rupees of social value is created** every year in terms of Improvement in livelihood, reduced cost of credit, better education facilities, increase in savings etc.

This report gives a fair idea of our journey and specific statistics of 2012-13. Predominantly we have focused on gaining depth into the impact on our borrowers, Field partners & Social Investors. The outcome of Social Accounts has helped us in strategic decisions associated with partnerships, fund raising, marketing, technology and financial controls. This has also led the foundation for the next Social Accounts cycle.

Background Information

Rang De is a pioneering web based social initiative that supports rural entrepreneurs with cost effective microcredit for livelihood, education and health. Through an online portal, Rang De enables individuals to become social investors and lend small sums of money to borrowers from low income households listed on the website. The social investors get back their money with a nominal financial return and a tangible social return.

When Rang De was started in 2008, the microfinance industry was at its peak. Microfinance was considered a great business idea that could be both scalable and profitable in addition to creating social impact. However, while the idea definitely proved to be scalable, the sector lacked a comprehensive thought leadership. With over emphasis on profitability and scalability, there seemed little focus on the impact and community welfare.

The trigger for starting Rang De was an article published in Rediff.com that brought to light the dismal condition of borrowers in Andhra Pradesh, a few of whom had ended their lives. This had created furore in the microfinance industry. The district collector of Hyderabad had passed an order that the borrowers need not repay, which brought all the MFI leaders into a huddle. But then something unbelievable happened. Despite the order, borrowers went ahead and repaid the loans with the fear that they will never get access to credit in future if they did not repay now.

It took a little bit of research to discover that the repayment in the microfinance space was near 100 percent. This highlighted a further disconnect in the space. Even though the interest rates were as high as 40-50 percent APR, the repayment rates were still near 100 percent. It was noted that often microfinance institutions used the high cost of operations as an alibi to justify the high interest rates.



Fig.1 Traditional Microfinance Model

Further research revealed that despite microfinance being considered a powerful tool to alleviate poverty, the concentration of microfinance was limited to a few geographies and was being provided to very few communities. A Sa-dhan (an apex body and association of Microfinance institutions) report (reference) also stated that only 10% of the need for microfinance in the country was being met by all the microfinance institutions put together.

There were also two schools of thought that were emerging in the microfinance space – one believed in scale and the other believed in impact and affordability.

Rang De was thus started with an intent to lend credit to the borrowers at low and affordable interest rates by reducing the cost of borrowing and the cost of operations. The organization's objective is to reach out to the truly underserved communities, many of whom never had access to any form of formal credit.

Rationale for Rang De's Mission

Rang De was started with an intent to reduce the cost of borrowing which is feasible with the help of Internet & Technology thus resulting in borrowers paying an affordable interest. This resulted in the Mission of Leveraging internet and technology to overcome poverty by providing access to low cost capital to underserved communities.

The Rang De Model

The objective of reaching out to the underserved communities is fulfilled by leveraging technology and internet and by building an operational model that focuses on impact and sustainability vis-a-vis scale and profitability. The Rang De model operates in the following way:

The Business Model



Fig.2 The Business Model

Rang De partners with small NGOs and NGO MFIs that do not have the resources to raise sufficient capital for their operations. The Organization supports them by providing access to cost-effective credit and increasing outreach. The field partners identify the borrowers and upload the loan applications on the online portal. Once the profiles are approved by Rang De, the borrower stories get published on the website.

Rang De leverages the internet and peer-to-peer lending model to reduce the cost of microcredit. The organization ensures that the benefits of low cost capital provided by the social investors reach the end user on time. Our interest rates to the end user range from 6% flat p.a. to 10% flat p.a. Interest rates that the borrower pays for every loan product is published on the website. Rang De's field partners are not allowed to charge documentation charges or loan processing fees. If these come to light, depending on the severity, the partnership is either terminated or suspended. And yes, Rang De believes that just like there can be good stories, there are distress stories as well - both of which are shared with social investors.

Any individual (social investor) can register and select a borrower to lend in multiples of Rs.100. There is a 20 day waiting period for raising the full loan amount. The loan amount is transferred to the field partner, who in turn disburses it to the borrowers within the 25th day from the date of application.

The repayments start after a month and can be collected by the field partner on weekly or monthly basis or as per the business activity of the borrowers. The field partner transfers the repayments on a periodic basis to Rang De. The repayments are updated on the website and the social investor's account gets credited accordingly. Social Investors can choose to reinvest the repaid amount in other borrowers or can withdraw the funds.

Rang De's Low Cost Funding Model

The conventional microfinance model raises the capital from traditional sources, which result in a higher interest rate being charged to the end-beneficiaries. By Crowd-sourcing capital from like-minded socially-inclined individuals through its online portal, Rang De has improved the availability of low-cost microcredit.

Interest rate break-up

Loan Product	Field Partner	Rang De	Social Investor	Contingency	Total (flat)
Business	5.00%	1.00%	2.00%	0.50%	8.50%
Education	4.00%	1.00%	-	-	5.00%
Micro venture	3.00%	2.00%	4.00%	1.00%	10.00%

Table No. 1

Rationale for different rates given to field partners for different loan products:

At Rang De, we design the loan products and the interest rate according to the target beneficiaries. In case of Micro-credit loans, the borrowers have an earning potential. However, in case of education loans the student is still pursuing studies. Hence, the interest rate is comparatively low. With Micro-ventures the scale of business is higher, hence the investment is also slightly higher than the Micro-credit interest. Accordingly the interest rate is also slightly higher than the Micro-Credit.

A Comparative analysis of Loan products and interest rates

Points of Comparison	Rang De's cost to the borrower	Microfinance Institutions
Microcredit	15.3% APR	26% APR
Education	9% APR	MFIs do not fund education loans
Micro ventures	18% APR	Larger loans usually not available

Table No. 2

Rang De vs. Microfinance Institutions

Points of Comparison	Rang De	Microfinance Institutions
Legal Entity	Non Profit	Usually For Profit
Fundraising Model	Raise philanthropic social investments from individuals	Raise capital from financial institutions
Cost of Capital	2% flat p.a.	12- 14% flat p.a.
Interest Rate paid by borrower	5% flat p.a. – 10 % flat p.a.	15% flat p.a. to 30% flat p.a.
Connects social investors and borrowers	Provides a meaningful connect between social investors and borrowers	Not Applicable
Microcredit as a cause	A social business model to ensure that borrowers are benefitted and the initiative is sustainable.	Microcredit is a profitable business

Table No. 3

Current Metrics – Our Journey So Far (As on 31st March 2013)

Social & Impact Stats	
Social Investors	4752
Borrowers	20,192
First Time borrowers	10,560
% of Women Borrowers	95%
Average Annual Income of the borrower	35,087
Educational Loans (Including VT)	664
Business Activities Funded	257
States Covered	14

Table No. 4 (Amount in INR)

Financial Stats	
Individual Social Investment Raised	10,42,12,600
Outstanding Portfolio	4,62,46,000
Corporate Social Investments Raised	3,08,80,500
Others (grant funds, NABARD, etc.)	8,37,700

Table No. 5 (Amount in INR)

Scope and Methodology of Social Accounts

These are the first social accounts that cover the time period from April 2012 to March 2013. All figures are as on 31st March 2013. All objectives with regard to Livelihoods and Education have been covered. However, Health has not been considered as this is something that the organization is expecting to work on in the future. The MVOA (Mission Vision Objectives Activities) framework has been developed by discussing with the team from Centre for Social Initiative and Management.

Questionnaires were framed by the Rang De Social Accounting Team. All relevant data has been extracted from various systems internally.

All the stakeholders except the Government and other MFIs were consulted as there were no active tie-ups with the government regarding any project but we are expecting the same in future. Most of the stakeholders were consulted using online questionnaires; the borrowers were consulted via personal interview during evaluations while the Volunteer/Chapter members were consulted via Personal Interviews.

Report writing has been primarily done by the Rang De team. All economic impact analysis has been attempted with the field partners, social investors and end-beneficiaries.

In the next year, Rang De will attempt to consult all stakeholders all year long and not restrict ourselves to a special survey for the Social Accounts. The team is also looking forward to raising more Corporate Social Investments by contacting them directly or via Rang De Volunteers/Chapter members so that more borrowers benefit from the funds. Also, Rang De recognizes that working and engaging with the government is one of the key avenues to scale up its efforts. This is one of the important activities that the organization is focusing on. Recently, Rang De's co-founders were invited to NABARD's Head office for a country wide department level talk. In the next social accounts cycle, Rang De will be able to report progress on its recent partnership with NABARD and Corporates.

Report On Performance: Mission and Values

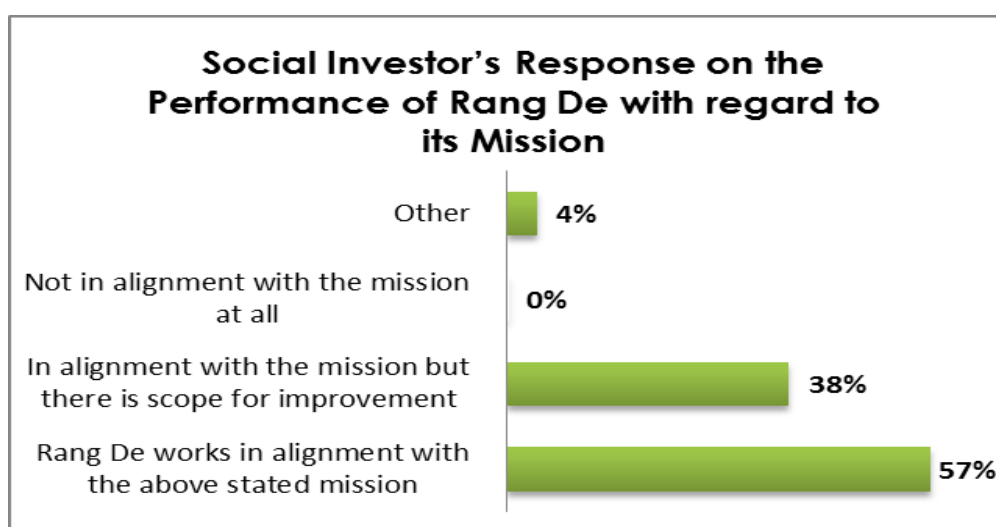
Rang De's mission of providing low cost microcredit to under-served communities is now gaining acceptance in the microfinance sector. It has taken the organization nearly 5 years to establish the peer to peer model as a sustainable source of raising philanthropic capital and act as a bridge to provide low cost capital to underserved communities.

Rang De works with various field partners in different parts of the country. Field Partners are non-profit organizations, NGOs and community based organizations that have joined hands with Rang De to reach out to underserved communities. Apart from the social recognition that the field partner gets in reaching out to communities, they also get 5% of the interest that the borrowers pay. This helps the field partners cover their operational costs. Similarly social investors get a nominal return of 2% from the interest paid by borrowers.

Among the stakeholders consulted are Rang De's field partners working alongside Rang De with the communities. For a majority of the field partners Rang De has been the main source of funding for microcredit. There are a few areas of improvement that have been identified - especially those around sustainability of the Rang De program and how to help the field partners in being sustainable.

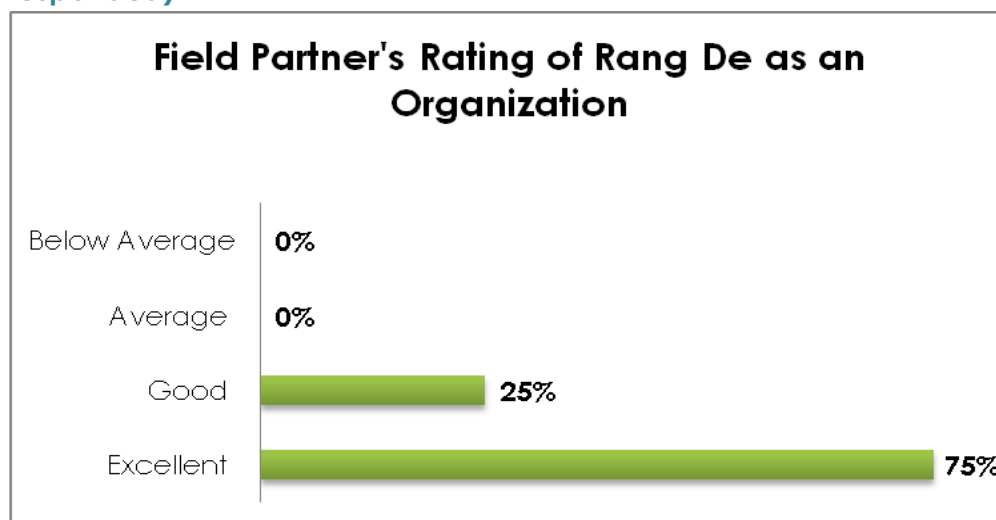
There has also been an increasing demand for Rang De loans among the communities, as stated by the field partners. Communities are now willing to wait for the Rang De loan and are now beginning to vocalize their preference for Rang De Loans.

Social Investor's Response on the Performance of Rang De with regard to its mission (out of 150 consulted, 47 responded)



Graph No. 1

Field Partner's Response on the Performance of Rang De out of 14 consulted, 12 responded)



Graph No. 2

The statistics for last five years

- Rang De has worked with over 40 organizations as field partners.
- Rang De has helped 20,192 borrowers (as on 31st March 2013) since its inception.
- Since 2008, approximately 5000 social investors have joined Rang De and have invested in Rang De's borrowers.

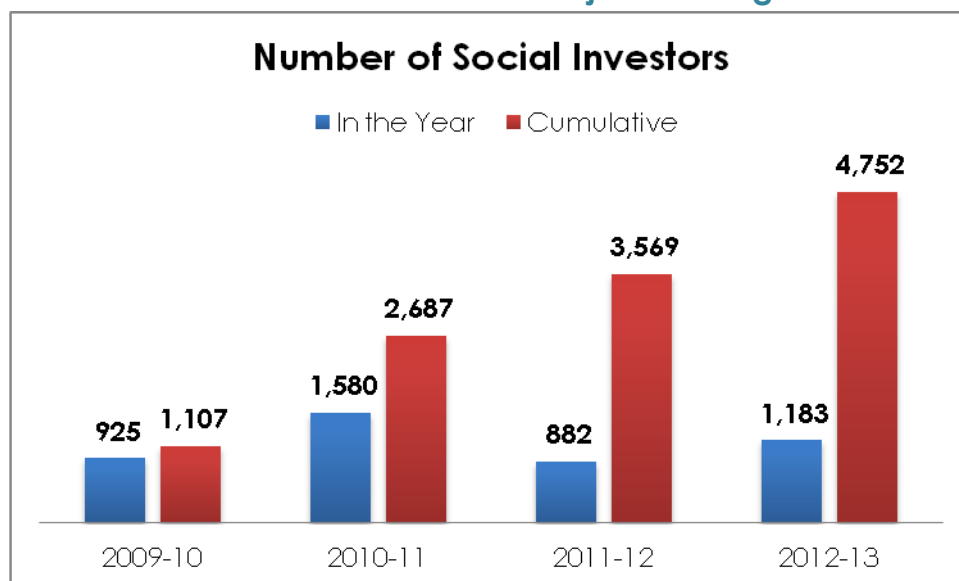
Trend Analysis of Critical factors over last Five Years (as on 31st March 2013)

Year Wise Social Investment Raised (in lakhs)



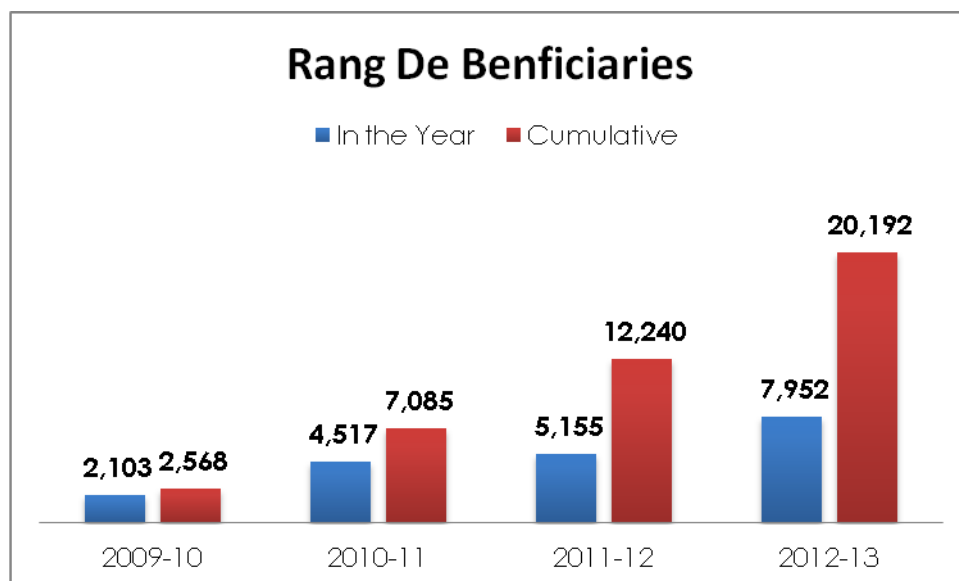
Graph No. 3

Number of Social Investors who have joined Rang De



Graph No. 4

Rang De Beneficiaries



Graph No. 5

Financial Statistics

Financial Stats (as of 31 st March, 2013)	
Individual Social Investment Raised	10,42,12,600
Outstanding Portfolio	4,62,46,000
Corporate Social Investments Raised	3,08,80,500
Others (grant funds, NABARD, etc.)	8,37,700

Table No.6 (Amount in INR)

Mission, Values, Objectives and Activities

Mission	
Leverage internet and technology to overcome poverty by providing access to low cost capital to underserved communities	
Values	
INNOVATION, EMPATHY, TRANSPARENCY, TRUST, ACCOUNTABILITY	
Objectives and Activities	
Objective 1 – Leverage the internet and technology to raise and provide low cost capital by:	Activities
	1.1 Providing an online platform to crowd source capital for low cost credit
	1.2 Leveraging technology for efficient loan disbursement
	1.3 Partnerships with CSR initiatives
	1.4 Communicating with existing social investors to ensure transparency and enhance trust
	1.5 Campaigns and events to attract new social investors
Objective 2 – Reaching out to underserved communities by	Activities
	2.1 Identifying geographies that have a low penetration of microfinance
	2.2 Identifying & Screening field partners from various organizations at grassroots level that approach us
	2.3 Building a strong relationship with field partners
	2.4 Engaging with Government and NABARD for partnerships
Objective 3 – Providing Capital for livelihood, education and health by	Activities
	3.1 Profiling & Selecting Borrowers
	3.2 Customizing and designing loan products for the community
	3.3 Ensuring timely funding
	3.4 Impact assessment (audits, evaluations, etc.)

Rang De's Eco-System

The current ecosystem is inclusive of all the stake holders who have an impact on the system. This covers everyone from the core team to large governing bodies.



Fig.3- Stakeholder Mapping

Key Stakeholders

S.No.	Stakeholders	Reason for Inclusion	Inputs	Outcomes
1	Rang De Team	Responsible and accountable for delivering Rang De's mission	Professional skills as needed	Availability of low cost credit to the borrowers resulting in the livelihood upliftment, education etc.
2	Field Partners	Identify underserved communities and service them with Rang De loans.	Knowledge of local sources of credit; Needs of communities who face exclusion from the financial system; Strong commitment towards social welfare	Identify underserved communities and individuals and deliver low cost Rang De loans to them.
3	Social Investors	Provide finance and so affect the activity	Providing finance for microcredit, micro	Increase in availability of loans to borrowers

			venture & education(at minimal Interest Rate)	thereby resulting in better livelihood opportunities, education opportunities to the children as well as good health care.
4	Borrowers	Expected to gain the most benefits from the activity.	Timely loan repayments, show evidence of loan impact	Result in Improve livelihood conditions, good education opportunities to the children as well as good health care, Financial Literacy, Community Development etc.
5	Volunteers/ Chapter Members	Promote Rang De in various cities	A passion for social change through Rang De's mission and a desire to promote Rang De in their localities.	Increase in awareness of people getting engaged in social upliftment through Rang De's platform
6	Corporate & Government	Provide finance.	Providing grants & Donations for micro loans	Employee engagement, Supporting noble causes through CSR funds
7	Board members	Contribute time and skills necessary to provide guidance required to carry out the activity under analysis possible	Critical inputs to shape Rang De's mission and operations	Making Rang De more effective in meeting its mission.
8	Other MFIs	We intend to get registered under a forum like Highmark so as to avoid multi-lending with the support of other MFIs. We frequently attend conferences and seminars of financial inclusion and interact with other MFIs, with banks and other financial institutions. These help us validate and shape our mission, our products and also represent the need for low cost credit.		

Table No. 7

Stakeholder Analysis*

Stakeholder	Status	Total (Estimated no. impacted since inception)	Sample Number & Method Used for Sampling	Number of Responses Received & Methodology Used	Remarks (topic of consultation)
Rang De Team	Consulted	11	Random Sampling	7 (online anonymous forms)	The Operations & Finance team was both consulted for data collection and report generation on the field partners and the time taken to process the loan application.
Field Partners	Consulted	40	All of the active ones are consulted	14 (Online Questionnaire)	Questionnaires were filled by field partners along with borrower testimonials and thus highlighting the impact of Rang De loans to borrowers, status of Rang De portfolio and process.
Social Investors	Consulted	4,752	Random Sampling	150 of the most active social investors were consulted out of which 47 responded (online forms)	Social Investors were consulted to get an insight about their relationship with Rang De and their expectations. They were given individual questionnaires and were asked to rate their satisfaction with regard to various aspects of Rang De.
Borrowers	Consulted	20,192	Stratified Sampling (the algorithm intelligently picks up)	183 were identified by running an algorithm developed by the team. The algorithm helps in profiling	Borrowers were consulted to understand the impact of the Rang De loans and also get a feedback on their interaction and relationship with the

			borrowers who have many Social Investors)	borrowers based on several parameters * (personal interview during evaluations)	field partner.
Board and Management		2	All of the active ones are consulted	Two Board Members were consulted out of which one have responded (online forms)	Board Members were consulted to understand their views about Rang De's performance in terms of transparency, values, commitment to underserved community, responsible lending etc. and what steps Rang De should take so as to increase the social impact on community.
Volunteer/ Chapter Members	Consulted	20	Random Sampling	5 Chapter members were consulted (Personal Interview)	Rang De Chapter members were consulted to understand their expectations from Rang De, their challenges and how they see the future of the chapters.
Corporate & Government	Not Consulted with			We have not given enough thought about their role as an stakeholder but in the next cycle, we will consult them also so as to do a proper stakeholder Analysis	
Other MFIs	Not Consulted with			We have not given enough thought about their role as an stakeholder but in the next cycle, we will consult them also so as to do a proper stakeholder Analysis	

Table No. 8

Objective Wise Report on Performance

Objective1: Leverage the internet and technology to raise and provide low cost capital by providing an online platform (www.RangDe.org) to crowd source capital

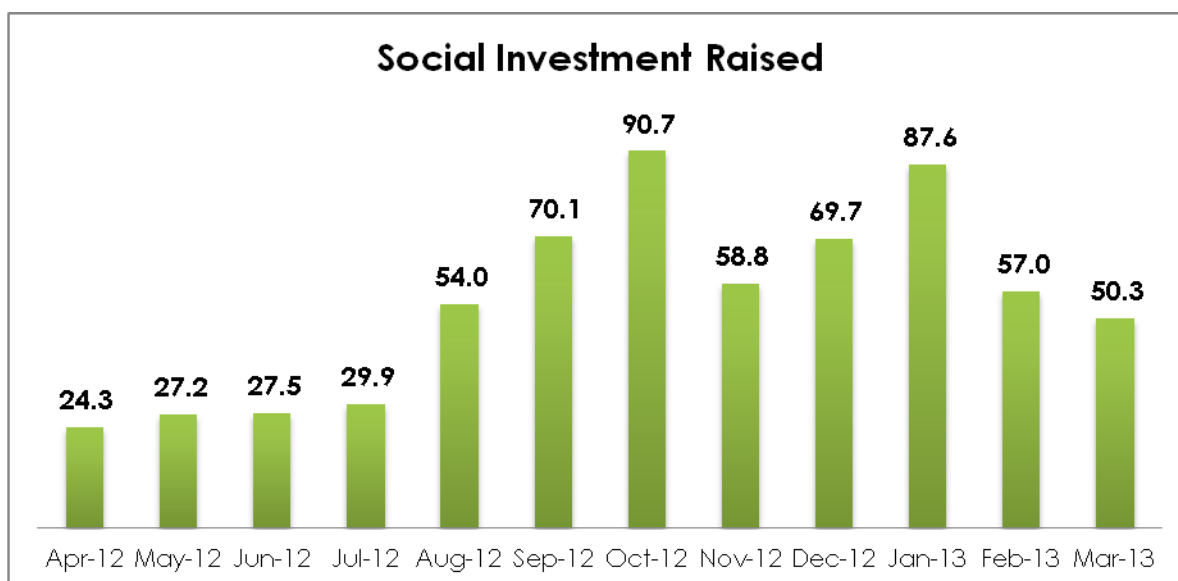
Activity	Quantitative Indicators	Qualitative Indicators
1.1 Providing online platform to crowd source capital for low cost credit	Funds raised online through social investors	Social Investors Rating given to Rang De about using the online platform.
1.2 Leveraging technology for efficient loan disbursement	Reduction in the time taken to disburse the loans to partners due to use of Rang De's dedicated partner online portal.	Testimonials from field partners on the ease of usage and benefits of the partner online portal.
1.3 Partnering with Corporates for CSR initiatives	Funds raised through CSR tie-ups with corporates	Impact of Mumbai Marathon; Employee engagement through field visits, internal fund raising campaigns; Participation in Rang De Box Office.
1.4 Communicating with existing social investors to ensure transparency and enhance trust	Emails on loan disbursement, repayments received and when there are delays in repayments	Feedback received from social investors on the communication sent by Rang De.
1.5 Campaigns & events to attract new social investors.	Number of people who have registered as an outcome of the campaigns	Case Study of a campaign that was a huge success and led to media coverage. The media coverage led to more social investors signing up.

Objective 1 (Activity 1): Leverage the internet and technology to raise and provide low cost capital by providing online platform to crowd source capital

Activity	Quantitative Indicators	Qualitative Indicators
1.1 Providing online platform to crowd source capital for low cost credit	Funds raised through social investors	Social Investors Rating given to Rang De about using the online platform.

- Between the periods of April 2012 – March 2013, 1183 new social investors joined Rang De.
- The Rang De social investor community has helped raising more than **Rs. 5 crores** as social investments during the social accounting cycle.
- The fact that Rang De provides an online platform and gives social investors **the ability to choose a specific individual to invest** has caught the imagination of 1000s of individuals.

Month Wise Social Investment Raised



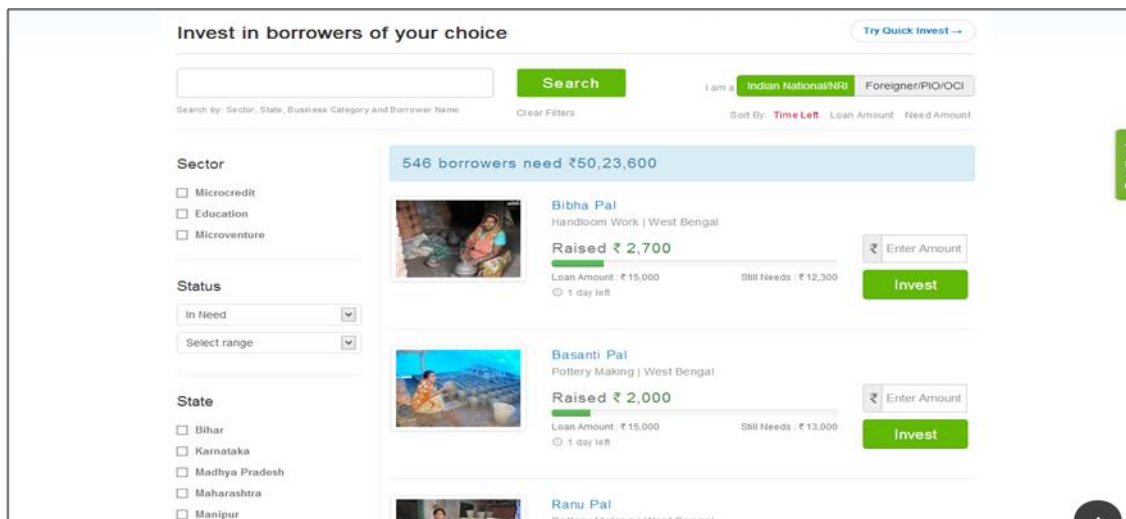
Graph No. 6

*Amount in Lakhs

Conclusion

This chart provides a month-wise breakup of the Social Investment raised via online platform for the Financial Year 2012-13. On an average social investment of 53.91 Lakhs has been raised per month.

Snapshot of the Investment Page on the Website



The screenshot shows the 'Invest in borrowers of your choice' page. It features a search bar, filters for Sector (Microcredit, Education, Microventure), Status (In Need, Select range), and State (Bihar, Karnataka, Madhya Pradesh, Maharashtra, Manipur). A summary bar indicates '546 borrowers need ₹50,23,600'. Three borrower profiles are displayed: Bibha Pal (Handloom Work | West Bengal, Raised ₹2,700, Loan Amount ₹15,000, Still Needs ₹12,300), Basanti Pal (Pottery Making | West Bengal, Raised ₹2,000, Loan Amount ₹15,000, Still Needs ₹13,000), and Ranu Pal (Pottery Making | West Bengal). Each profile has an 'Invest' button.

A Rang De Social investor can perform the following activities through the online platform:

- Make a social investment
- Social investors can choose a specific individual to invest
- Track their repayments
- Access their monthly social investments
- Reinvest or withdraw their credit

Evaluation of Rang De's online platform by social investors (Out of 150 Consulted, 47 Responded)

Feedback	Percentage
Easy to use, crisp effective and serves the purpose	67%
Easy to use but user experience can be improved	28%
There is too much information & it is difficult to navigate	2%
No Comments	7%
Other	9%

Table No. 9

*Note- Social Investors may select more than one option, so percentages may add up to more than 100%

Role of Technology for Stakeholders:

S.No.	Stakeholders	Influence/ Role of Technology
1	Rang De Team	<p>Technology is the primary interface when it comes to the working model of Rang De. It helps and simplifies all the process which is being carried out in the organization.</p> <p>For Operations team it simplifies the work as the profiles are submitted online and no paper work is required. Also it reduces the time lag between data gathering and uploading of borrower's profile on the internet.</p> <p>For Marketing & Fund Raising Team, Technology helps to create awareness about Rang De's efforts. Social media interface like Facebook, LinkedIn and Twitter etc. help in reaching out to like-minded individuals by leveraging social networks. Different Campaigns (online) on occasions such as Diwali, International Women's Day, Christmas etc. raise awareness and funds.</p>
2	Social Investors	<p>For Social Investors, the borrowers are just one click away. The technology has reduced the "emotional distance" between the investor and borrower to a great extent. The Social Investors can not only help borrowers via money but can also see the impact in their lives as a result of their contribution. The Social Investors find the online platform easy to use, effective and serving the purpose. Rang De regularly updates the Social Investors on various aspects like borrower evaluations, loan disbursements, repayments, field visits etc.</p>
3	Volunteers/Chapter Members	<p>Rang De Volunteers across the country are organized into Chapters that can help raise awareness among people with the help of Social Media, awareness events, campaigns, and film shows.</p>
4	Borrowers	<p>As Rang De uses an online platform for submission and publishing of the borrowers'</p>

		profiles for crowd-funding, borrowers get the benefit of low cost capital.
5	Board & Management	Board Members can get a bird's eye view on all the processes and work being carried out by Rang De and its impact
6	Field Partner	Field Partners don't have to perform a lot of paper work. Online submission of Profiles has made their work easier. Moreover they can access different reports from the online portal anytime they need, e.g. repayment schedules etc.
7	Corporate and Government	For Corporates, the borrowers are just one click away. The technology has reduced the gap to a great extent. The corporates can not only help borrowers via money but can also see the impact in their lives as a result of their contribution. The Corporate find the online platform easy to use, crisp, and effective and serves the purpose. Rang De keeps on updating the Corporates regarding different aspects like Evaluations , disbursements, repayments, field visits etc. on quarterly basis. We are also planning to make a CSR page, where they can easily browse and invest.
8	Other MFIs	Rang De has set a model which is inspiring for other MFIs also. They are inspired by the use of technology and how use of online platform can help all the stakeholders and make their work easy and simple.

Table No. 10

Social Investor's Testimonials

"If you would rather 'teach a man how to fish...' You should lend your cash reserves to build livelihoods via the safe hands of Rang De."

Anand Lunia, India Quotient Founder, Angel Investor (Our Social Investor)

"Your money keeps circulating, helping more people who need the loans. I have been supporting Rang De for years now and love how they work."

Surekha Pillai, Communications Consultant (Our Social Investor)

"Rang De is passionate, dedicated, transparent and committed towards building a strong, confident and self-reliant India."

Raghu Dixit, Renowned Musician (Our Social Investor)

Issues for Action

Rang De has to increase the number of social investors contributing capital through the platform. This will determine the organization's sustainability and will remove the added pressure of constantly raising funds to cover operational deficits. We will also be working on online platform to make it easier and user friendly.

From the next cycle, we will also include total number of investors as well as numbers relating to retention, attrition, and addition of investors.

Having a dedicated fundraising team that will focus on getting more social investors to join the platform will really be the key function of this team.

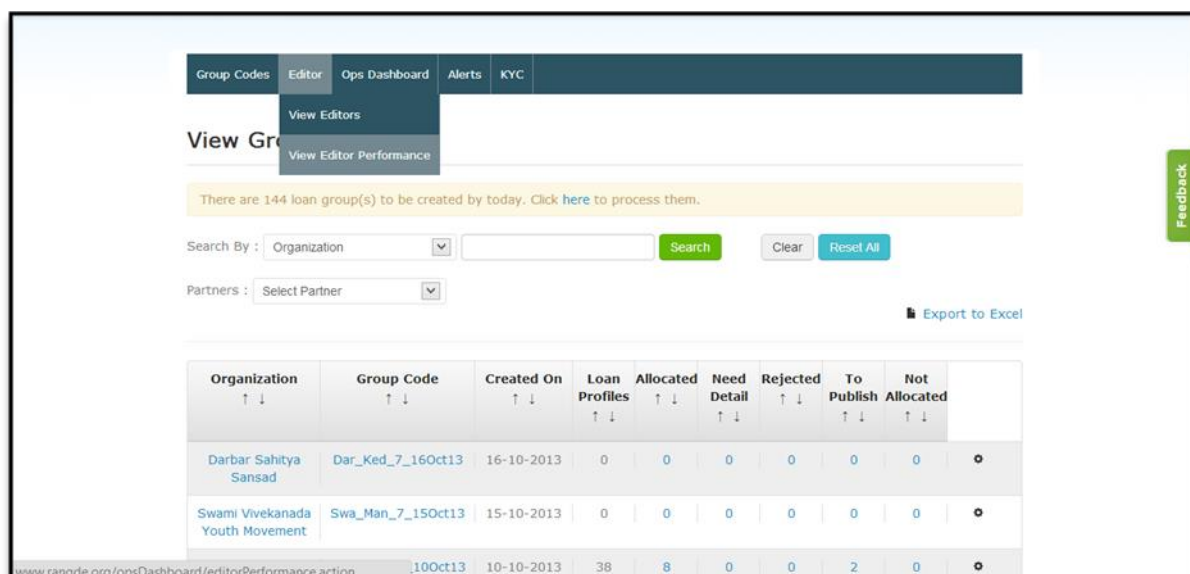
Objective 1 (Activity 2): Leverage the internet and technology to raise and provide low cost capital by leveraging technology for efficient disbursement of loans

Activity	Quantitative Indicators	Qualitative Indicators
1.2 Leveraging technology for efficient disbursement of loans	Reduction in the time taken to disburse the loans to partners due to use of our dedicated partner online portal.	Testimonials from field partners on the ease of usage and benefits of the partner online portal.

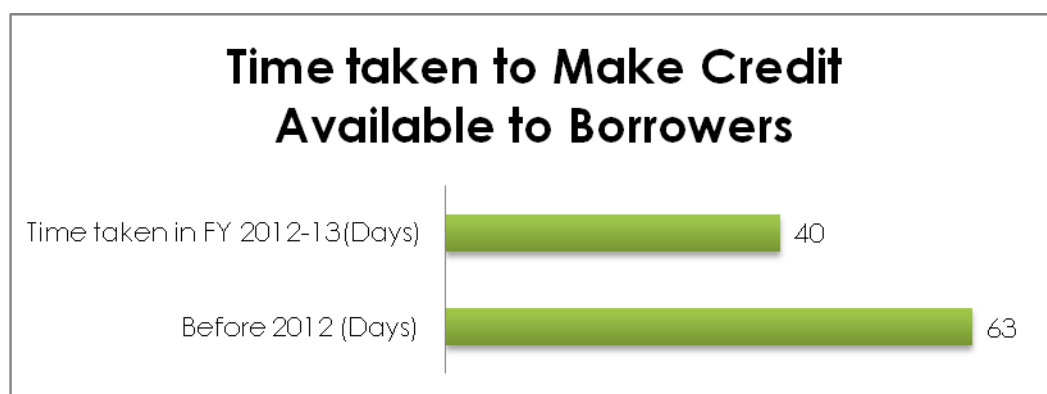
Technology has been Rang De's core strength and the organization has been ensuring that it is used effectively to manage the loan portfolio as well as raise social investments. The field partners are trained on accessing their interface to upload loan applications, update disbursements and repayments. **Rang De's technology has reduced a lot of paper work by automatic calculations of installments to be made monthly/weekly by the borrowers.**

The organization also has a **dashboard** where all the features of content editors, field partner performance, repayment updation, fund transfer status, loan raised status are seen and reports are sent accordingly.

Snapshot of the Dashboard



Time Taken to Make Credit Available to Borrowers



Graph No. 7

Conclusion

As we can infer from the table, time taken for submission, selection and approval of profile was around 20 days. By the use of a well versed online portal, this duration got reduced by more than 100% i.e. only to 7 days. This in turn has led to savings of time and manual effort for both the Field Partner as well as the Rang De team

The target time for processing loans, from loan approval to disbursement is 30-45 Days. This became possible only via proper use of technology like Submitting the borrower profile online, Raising funds online and then Online Fund Transfer.

Feedback of Field Partners regarding use of Technology by Rang De (Out of 14 Consulted, 12 responded)

S.No.	Parameters	Percentage
1	Excellent	58%
2	Good	25%
3	Average	17%
4	Below Average	0%

Table No. 11

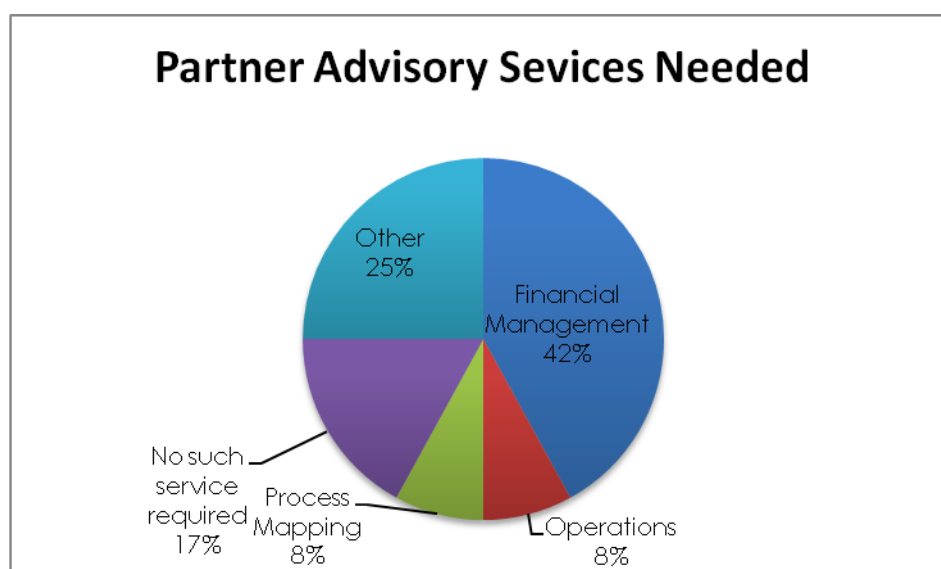
Conclusion

As a part of the Questionnaire, we had asked Field Partner's to rate Rang De in terms of use of Technology. Out of 7 responses which we got, majority of them had rated Rang De excellent in terms of technology use, 2 of them rated us good while one Field partner rated us as average.

Partner Advisory Services

Rang De not only partners with organizations but also lays proper emphasis on maintaining a healthy relationship with Field Partners. We help them in overcoming their weaknesses by providing trainings etc. We also interact with them every month to know what kind of challenges they are facing and suggest possible solutions for the same. We are planning to provide Partner Advisory Services from the next cycle.

Partner Advisory Services (Out of 14 Consulted, 12 responded)



Graph No. 9

According to the response of a Questionnaire from Field Partners, here are the domains in which they need Partner Advisory Services:

1. Operations Management
2. Financial Management
3. Process mapping
4. Technology

Field Partner Testimonials

"The Rang De technology platform is very efficient. The loan process and financial support for livelihood improvement is worth the appreciation. There is a quick turnaround time for loan application, sanction and disbursement."

SARC, Field Partner

"The Rang De technology interface is hassle free, less expensive and deliver quality service to lots of people in need."

SEVA MANIPUR, Field Partner

"Very simple and user friendly software for uploading borrower profiles. Rang De technology interaction reduces the loan process time significantly."

SSK, Field Partner

Issues for Action

The use of online portal has resulted in savings of time and efforts of Field Partners as well as Rang De Team. Now the team is working toward making this platform more user-friendly. The Field Partners will be having increased access to the reports and details they need and they will no longer be dependent in terms of drawing all the details they may need.

Objective 1 (Activity 3): Leverage the internet and technology to raise and provide low cost capital by partnering with CSR initiatives

Activity	Quantitative Indicators	Qualitative Indicators
1. 3 Partnering with Corporates for CSR initiatives	Funds raised through CSR tie-ups with corporates	Mumbai Marathon – Impact as an Annual Event

In addition to social capital raised through the online platform, Rang De has been able to develop partnerships with the Corporate Social Responsibility departments of various corporates. The strategy to reach out to corporates has been through word of mouth. Many have been referrals from social investors to CSR departments of their own companies.

While Rang De is right now giving due importance on raising funds from individuals, the importance of corporate partnerships cannot be undermined. Funds from the CSR activities of corporates actually help in ensuring that Rang De is able to keep up its commitment of funding borrowers with low cost capital.

The funds provided by corporates are used as a social investment corpus to fund any deficits in fundraising. Thus, borrowers who have not received support from individuals by the cutoff date are funded using this investment fund provided by corporates. This year saw a substantial contribution from Trafigura Foundation. This has helped in Rang De reaching out to more borrowers.

Feedback by Trafigura Foundation

"The model developed by Rang De in 2006 is quite innovative: its objective is to reach out to underprivileged communities through low-cost microcredit, under a non-profit peer-to-peer lending platform. This initiative is innovative, impactful and very sensible in the sense that it bridges together socially-aware and resourceful Indians with the communities at the other end of the social ladder. In this frame, the Trafigura Foundation has agreed to contribute to a dedicated fund (CSR Fund), managed by Rang De, to help them keeping up their commitments with their selected borrowers.

During my field visit experience, I have noted that this project is well implemented; the relationship between Rang De and the implementing partner is excellent. It seems adequate to condition the provision of the loan to the school enrolment of the beneficiaries' children. The interest rate is really low, which is important for the beneficiaries. A specific attention is paid to indebted persons (frequent in micro-finance schemes), and solutions are identified on a case-by-case basis. The fact that beneficiaries have to be part of a group to get the loan seems to be appreciated by the beneficiaries themselves, as this is seen as a good way of encouraging mutual support and knowledge / competencies sharing. This is a real innovative project, showing excellent results, and great potential especially in the Indian context."

Social Investments by Corporates

Corporate Name	Brief Introduction	Amount (FY 2012-13)
Aura Integrated	Event management company based in Chennai	31,800
Cosmic Circuits	Leading semiconductor company based in India.	1,00,000
Zoho Corp	Offers a comprehensive suite of award-winning online business, productivity & collaboration applications	4,81,100
ICICI Venture	Specialist alternative assets manager based in India. The firm is a wholly owned subsidiary of ICICI Bank	167,50,100
Trafigura Foundation	Help achieve positive socioeconomic change for people and communities by providing Financial support.	41,62,600
Muthoot Pappachan	Muthoot Papacchan Group is known for its expertise in providing gold loans	5,78,900
Spark Capital Advisors Pvt Limited	Provide financial advisory services on optimizing capital structure and fund raising to corporates in South India	1,90,000
SagTaur	Leading fire & security installation company based in Chennai	1,76,600
Vernalis Systems	Business Technology Consulting Services	7,75,400
Capgemini Wekare	WeKare is a Corporate Social Responsibility (CSR) initiative for the associates of Capgemini India. The focus of this initiative is to make a difference in the lives of the people who are less privileged.	2,37,100
Neev Technologies	Neev is a company that loves working on generation next technologies. It has worked with more than 200 customers across the globe.	2,50,600
Fairmacs	The Fairmacs Group of Companies was founded in 1956. Starting off as a trading firm, the company has grown into a large well-diversified group of companies with clientele in almost all spheres of economic activity.	64,300
Total		2,37,98,500

Table No. 12

**This table indicated the amount of Corporate Social Investment raised in the last financial year*

Mumbai Marathon – A Case Study

Every year, the Rang De Mumbai Chapter has been working with corporates to create awareness and encourage them to raise funds for Rang De. The Mumbai Chapter has been especially successful in getting corporates on board in support of Rang De. Not only do they reach out to new corporates but also in engaging the existing corporates for Rang De. In one of the Mumbai Marathons, more than 65 employees of the Axis Bank participated in the Mumbai Marathon and raised funds and awareness for Rang De.

The Mumbai Chapter was instrumental in working with the Axis Bank foundation to get the employees of the bank to support Rang De. Axis Bank had never worked with Rang De until then and the marathon became a great way to begin the engagement with Rang De.



Issues for Action

Mumbai Marathon was a great success and it helped us to raise funds in an effective manner. Inspired by this event, we are planning to participate in such events more often from next year onwards.

From the next cycle of Social Accounts, we will concentrate on consulting not just the active investors, but to be more random with sampling.

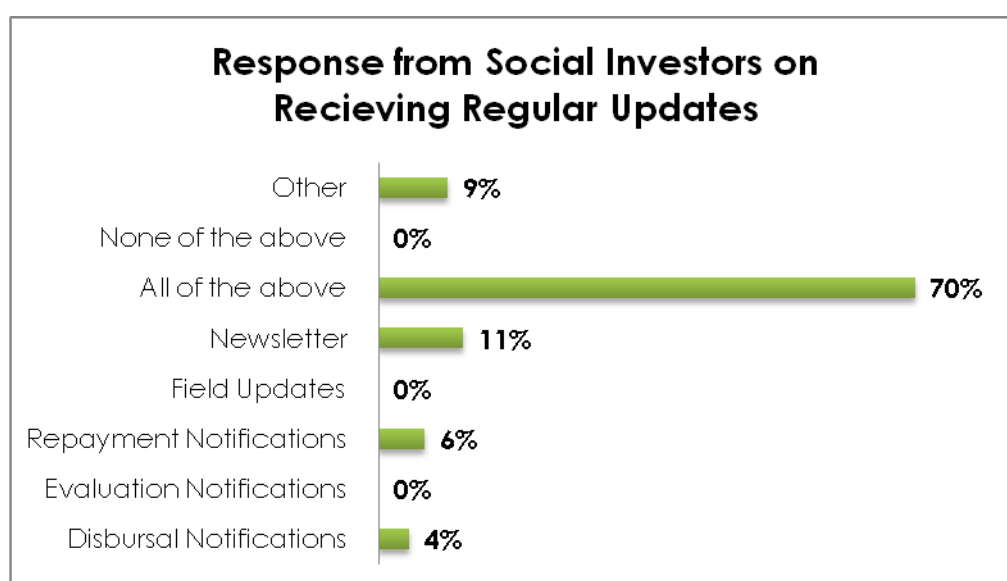
Objective 1 (Activity 4): Leverage the internet and technology to raise and provide low cost capital by communicating with existing social investors to ensure transparency and enhance trust

Activity	Quantitative Indicators	Qualitative Indicators
1.4 Communicating with existing social investors to ensure transparency and enhance trust	A comparison of social investments raised vs redemptions	Feedback received from social investors on the communication from Rang De

We believe that our responsibility is to ensure that social investors get regular updates to keep them abreast with the latest activities at Rang De and explore new ways to engage.

A questionnaire to elicit feedback from social investors was shared with the 150 most active social investors. Out of this 47 people responded. While most people like the current messaging and updates, there is a need to make the communication more precise and updates more specific to their individual borrowers.

Response from Social Investors on Receiving Updates (Out of 150 Consulted, 47 responded)

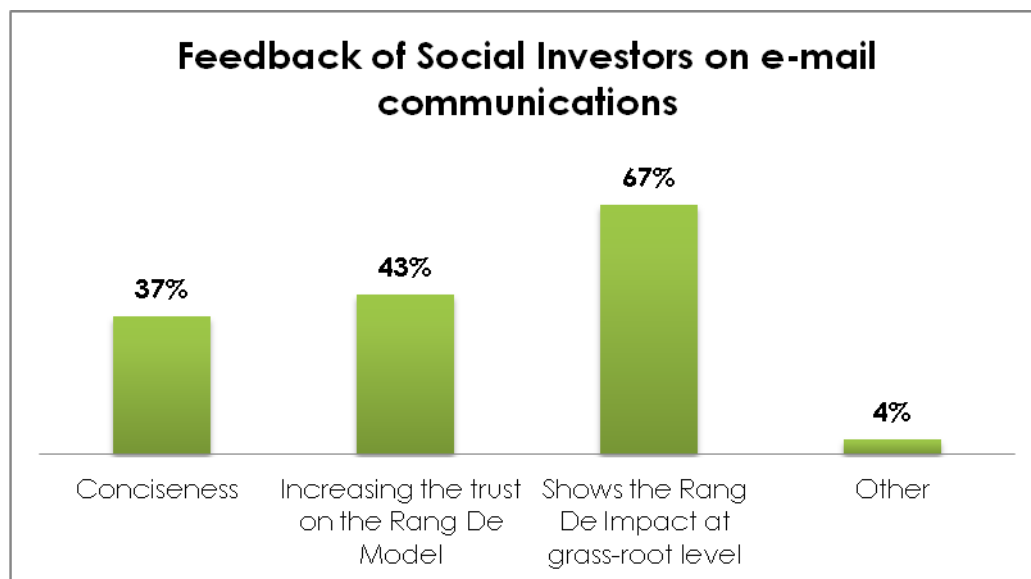


Graph No. 9

Inference from the Chart

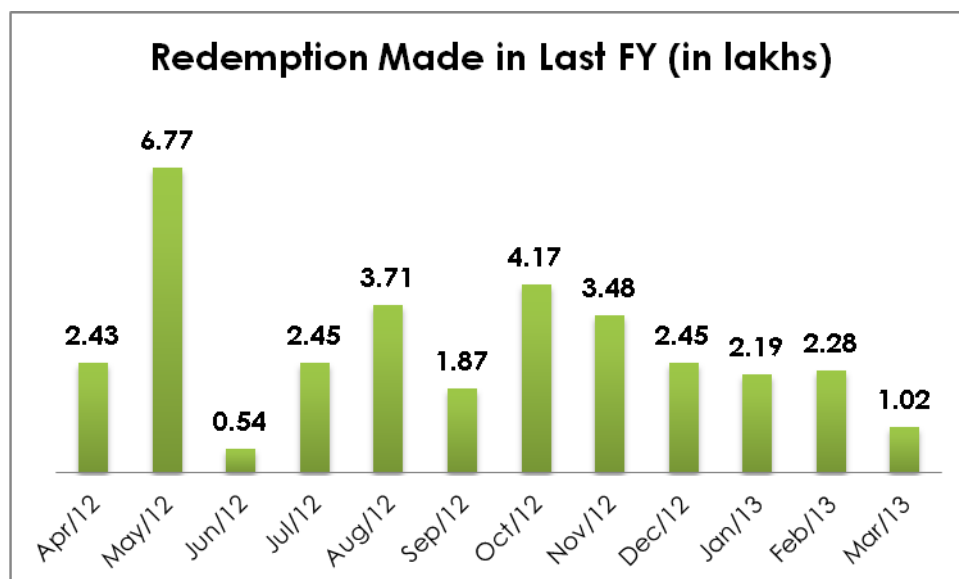
As this chart clearly reflects that out of 47 feedbacks, majority of Social Investors like to have monthly newsletters from Rang De. Apart from the newsletters, Rang De also sends regular updates on evaluation, disbursements, repayments and field updates and Social Investors also like to have a review of impact they are making via these emails. This brings in transparency and improves the relationship between Rang De and Social Investors.

Response from Social Investors on e-mail communication (Out of 14 Consulted, 12 responded)



Graph No. 10

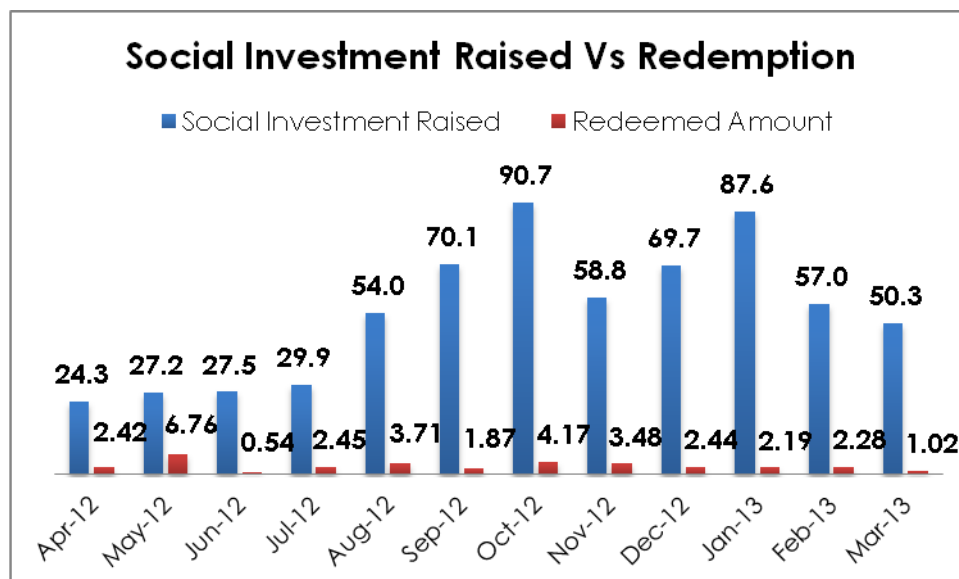
Month Wise Redemptions Made In Last Financial Year



Graph No.11

*Amount in Lakhs

Month Wise Social Investors Vs Redemption in FY 2012-13



Graph No. 12

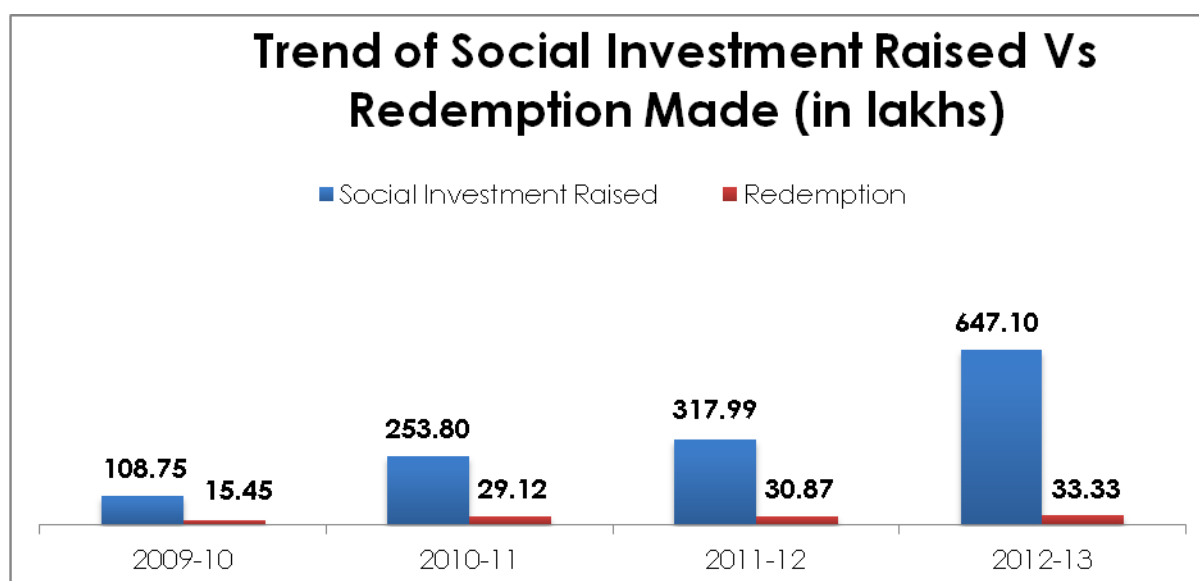
*Amount in Lakhs

Inferences

Redemptions (amount withdrawn) from the system are a great way to understand and measure the trust that people have with Rang De.

The above chart indicates month wise Social Investments and redemption. It is evident from the chart that the rate of redemption of investment is fairly low, indicating that most social investors are motivated by the desire to help others in need rather than making a financial return on their investment.

Trend of Social Investment vs Redemption Made in Last Four Years



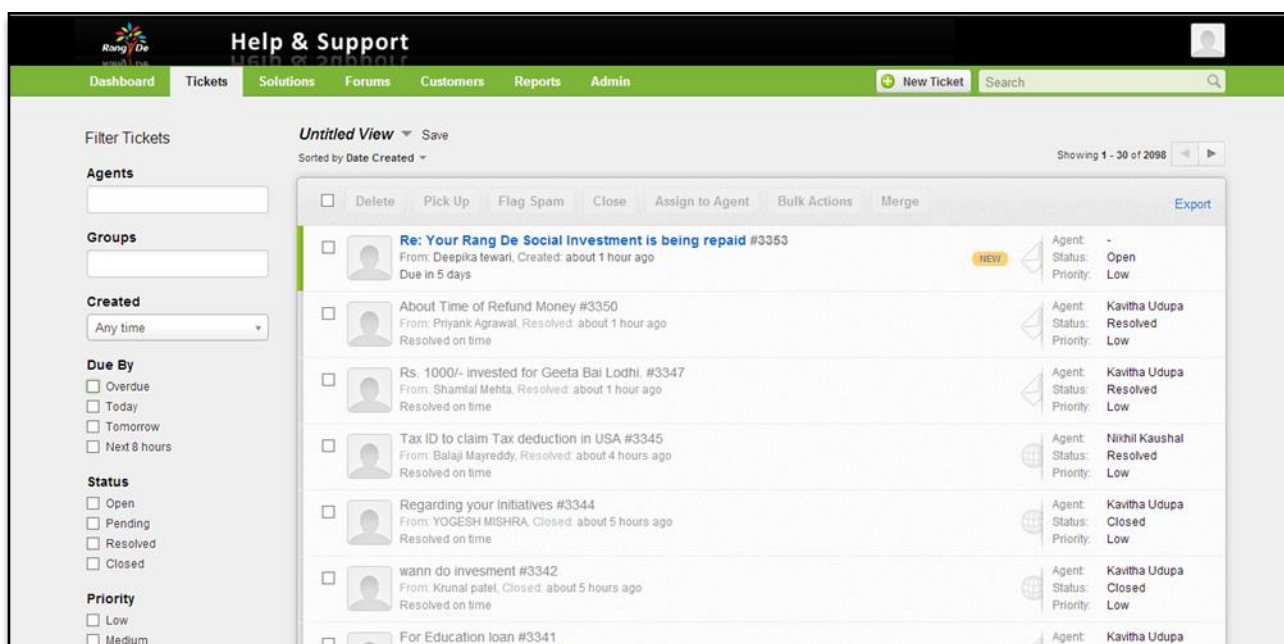
Graph No – 13 (Amount in Lakhs)

Table No. 13: Rating by Social Investors based on Basic Values (Out of 47 Responses)

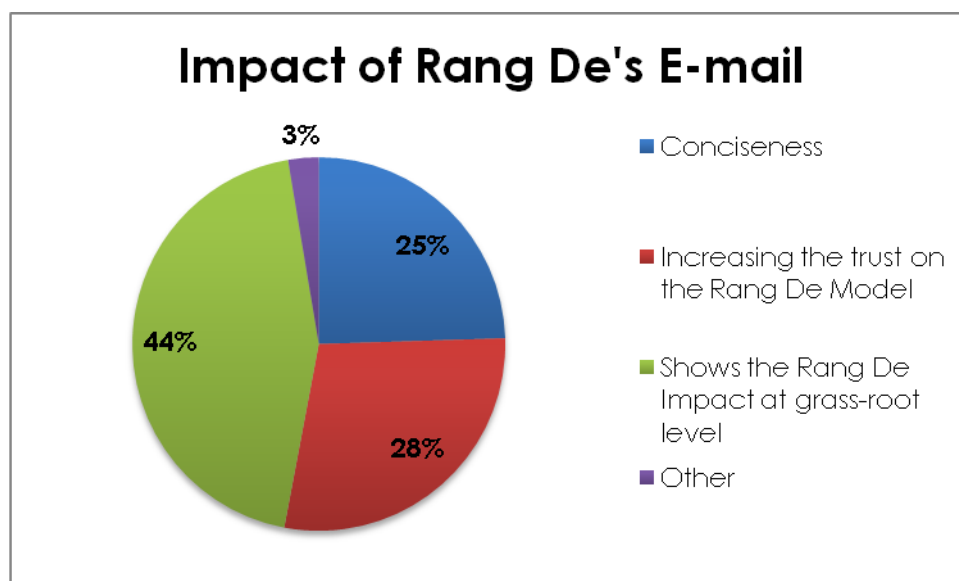
S.No	Parameters	Transparency	Thought Leadership	Commitment to the Cause	Responsible Lending	Reaching Out to Under-served Communities
1	Needs improvement	0%	2%	0%	2%	2%
2	Approximately Satisfactory	4%	0%	0%	0%	2%
3	(Satisfactory)	15%	23%	9%	13%	23%
4	A little less than Most Satisfactory	32%	36%	36%	43%	32%
5	(Most Satisfactory)	47%	36%	53%	40%	40%

Help & Support Desk

We use this to provide support and service to our Social Investors and other end users. Anyone who wants to contact us can visit our Website and raise a ticket by writing to us. The tickets are categorized based on a priority level and assigned to the relevant employees on a daily basis. We contact our users and resolve all issues within 5 working days from the time ticket has been raised.



Feedback of Social Investors on the Impact of e-mail communications of Rang De (Out of 14 responses)



Graph No – 14

Issues for Action

The organization is keen to ensure that every social investor receives at least 1 report. However, individuals who have contributed larger social investments would expect to see updates of a wider variety of borrowers. This has been the single most expressed need of the social investors. A team is being set up for Social investor relationships, marketing and fundraising. We ensure that every social investor receives timely updates -which will be part of the KRA of the team members. Similarly an independent Impact team is being set up to ensure that impact reports are disseminated to everyone.

In the Social Investors Questionnaire, some people suggested that a little more periodic information on how the borrower's life had been affected would be good and the Graphics/charts depicting how the life is getting changed after their Rang De loans should also be sent. We are planning to do so from now-onwards.

Updates regarding disbursements and repayments are sent as automatic notifications. Many social investors are not aware of changing their setting to receive these notifications. Creating awareness about this through multiple channels will ensure that many social investors receive their updates regularly.

Objective 1 (Activity 5): Leverage the internet and technology to raise and provide low cost capital by creating Campaigns & Events to Market Rang De

Activity	Quantitative Indicators	Qualitative Indicators
1.5 Campaigns & events to attract new social investors.	Number of people who have been registered through/number of lives impacted by such campaigns	Feedback from Social Investors

Over the years, Rang De has developed a wide variety of features and has initiated online campaigns and offline events to create awareness about Rang De and market the concept. The online campaigns are run using social media and Google ad words. With a new team member taking this up as a key focus area, and marketing function being developed in the organization there have been many changes.

Online marketing is a combined function of the technology and the marketing team. The technology team develops new features to make social investing fun and engaging. The marketing team promotes these features through different channels to ensure that individuals adopt and use these features.

The group feature that enables individuals to invest as teams is one such feature!

Some of the significant milestones in the last year have been

Campaigns	New Social Investors
Light up India	267
Christmas Campaign	41
New website re-launch	34
Rang De Holi Campaign	34

Table No.14

*Note: The number of New Social Investors is based on month-wise tracking rather than tracking new investors after a specific campaign

Also from the next cycle we will try to compare investments prior to and after a campaign to use as a crude measure of campaign success.

Apart from these campaigns, we also set up the **Rang De Box Office**; Rang De Box office is an attempt to break the shackles of ignorance through the medium of films. There have been several filmmakers who have tried to show case real issues that plague India.

Rang De Box Office is a seed of an idea that hopes to trigger questions in our minds. Questions about why a few problems exist and what we can do about it.

'Film' we believe is a great medium that will help in posing these questions to the audience. Through the Rang De Box Office, we hope that each of us will be able to discover India and also discover the change maker that lies in all of us. Hence the tagline Discover India, Discover Yourself!

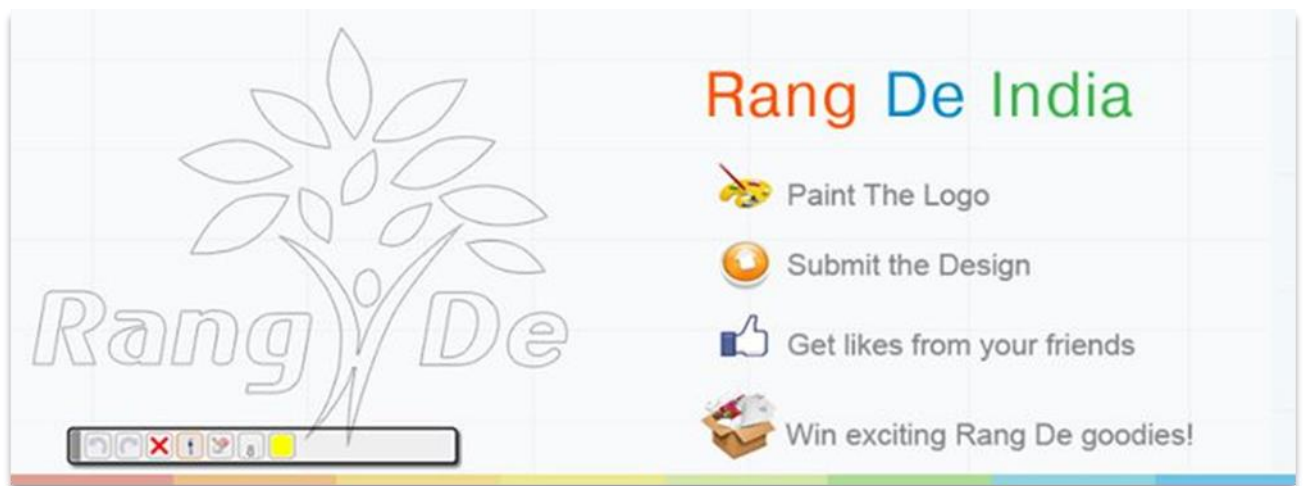
The 3 basic principles of Rang De Box Office are:

- The screenings are free and not ticketed
- They can be organised by anyone
- Each screening is necessarily followed by a discussion.

Snapshots of Some of the Campaigns

Rang De's Holi Campaign

The Rang De Holi Campaign's objective was to create brand awareness and introduce Rang De to more individuals



Rang De's Christmas Campaign



Rang De's Light Up India Campaign



Light Up India

this Diwali with Rang De

**Want to celebrate Diwali with a difference?
Buy a Rang De Sky Lantern* for Rs.100 and we'll invest in a Rang De borrower's business in YOUR name!
Make your Diwali special and change a person's life!**

*The Sky Lanterns are eco friendly and made of 99% biodegradable material.

Rang De Group (An Innovative Feature)

Create. Join. Engage.


Rang De Groups

Creating social impact just got easier with Rang De Groups. Rang De Groups lets you engage with your friends, family and other social investors on RangDe.Org and allows you to lend to rural entrepreneurs as a team. Join or create a Rang De Group for your alumni, work network or a cause you believe in!
[Learn More...](#)

[My Groups](#)


[Create a Group](#)

Search Show All Group Type Sort by Member Col



Asha
Category : Investor
131 members, ₹ 315,100 raised
[public group](#)


[Join Group](#)



Rang De Bangalore Chapter
Category : Location based
100 members, ₹ 344,000 raised
[public group](#)

[Join Group](#)


Featured Group




dragonswithoutfire
1 member
₹ 3,500 raised

[Request to Join](#)


Leading Groups



RangDe UK Chapter
₹ 713,800 raised



RangDe Mumbai Chapter
₹ 601,600 raised



Micro Support from USA
₹ 648,800 raised

Feedback from Social Investors regarding Campaigns (Out of 47 responses)

Feedback	Number of Social Investors
Helps to spread awareness of micro-finance and Rang De.	33
Good opportunity to meet like-minded people	12
Enables to attract new social investors	13
Allows novel ways to raise funds for Rang De	14
Other	7

Table No. 15

*Note- Social Investors can choose three to four options together

Inference

As a part of the questionnaire, Social Investors gave their feedback regarding what they think about the Campaigns being conducted by Rang De. Majority of them think that all the campaigns are good and help in spreading general awareness and are also a good opportunity to meet like-minded people. Some also think that this is a nice way to attract new Social investors as well as a novel way to raise funds.

Social Investors' Feedback

Rang De Box Office is a great initiative that attracts like-minded socially-inclined people and it is a nice chance to spread the word of Rang De.

Social Investor

Helps to spread awareness of micro-finance and Rang De., Good opportunity to meet like-minded people, Enables to attract new social investors, Allows novel ways to raise funds for Rang De.

Vamsi Krishna Chada, Social Investor

I watched three films (Pink Sarees, In Search of Gandhi, and Bonsai People) and organized around 4 films for Rang De ... I have been organizing the events to get more and more likeminded socially inclined people aware of Rang De ... I felt pretty charged up and excited to go back and work with Rang De to solve the burning issues in India.

Mitesh Tank, Social Investor

Issues for Action & Achievement

The most successful online campaign has been the Rang De World Cup fever that generated Rs.10 Lakhs of social investments in less than 2 weeks. The campaign also

received more than 155 pledges and also received a lot of media attention – including a front page news article in The Economic Times. The campaign has also won several fundraising awards for its creativity.

The team is now working towards replicating the success of the world cup campaign. For an online platform like Rang De, it is most important that there is an ongoing flow of new ideas that are implemented to get people onboard.

Objective 2: Reaching out to underserved communities by:

Activity	Quantitative Indicators	Qualitative Indicators
2.1. Identifying geographies that have a low penetration of microfinance	Number of field partners in states where microfinance is not prevalent	Case study of a field partner in Manipur
2.2 Identifying and Screening field partners	Number of applications from other organizations to partner & Number of referrals from NABARD and FWWB.	Case study of a field partner referred by FWWB
2.3 By building a strong relationship with the field partner	Time and effort invested in developing processes and streamlining due diligence and field partner evaluation process Number of field partners who are no longer active and the amount of portfolio that is at risk	Due diligence and audit report of field partners
2.4 Engaging with the Government	Reached out to NABARD (MCID) for Support -	Conversations have been initiated for working together with NABARD on specific projects.

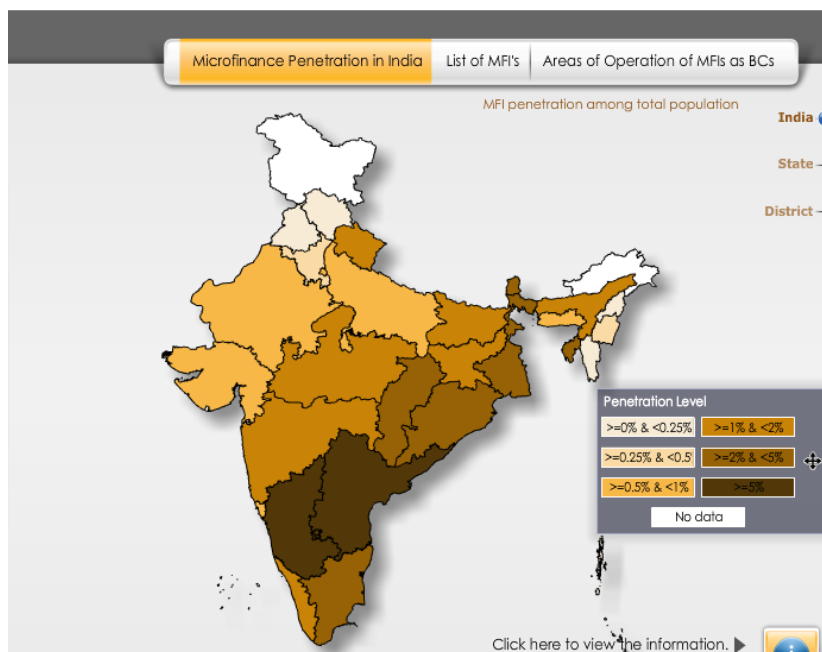
Objective 2 (Activity 1): Reaching out to underserved communities by identifying geographies that have a low penetration of microfinance

Activity	Quantitative Indicators	Qualitative Indicators
2.1 By identifying geographies that have a low penetration of microfinance	Number of Field Partners in low penetration areas Amount of disbursement to field partners in states where microfinance is not prevalent	Case study of a field partner in Manipur

Reaching out to the underserved communities in the uncharted territories in India is an eminent part of Rang De's mission. Since Rang De's expertise lies in providing **low cost capital**, it is also essential that Rang De loans are given to communities that really need it. It has thus been **a conscious effort at "Rang De" to reach out to communities where the penetration of microfinance is low.**

Rang De defines 'under-served' in the following manner:

- (1) States where microfinance/microcredit is in its nascent stage or even non-existent
- (2) Vulnerable groups those are never financially included.



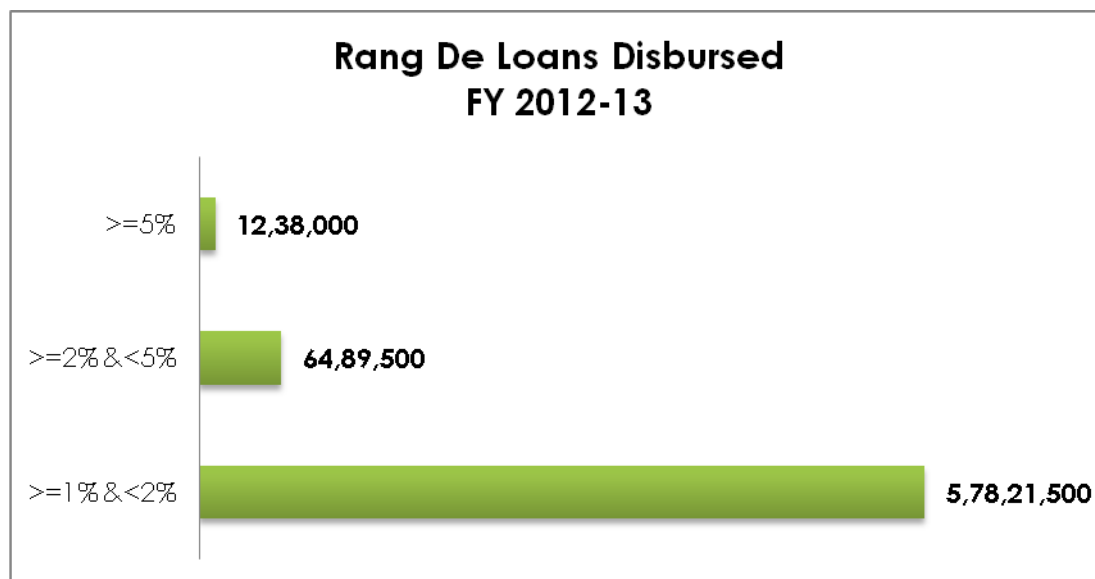
Source – IFMR Research – Table with Penetration & states

Showing Rang De's disbursal in states

States	MF Penetration Level	Rang De Loans disbursed (FY 2012-13), in Rs
Madhya Pradesh	$\geq 1\% \text{ \& } < 2\%$	62,97,000
Maharashtra (Pusad)	$\geq 1\% \text{ \& } < 2\%$	150,40,500
Kerala	$\geq 1\% \text{ \& } < 2\%$	58,90,000
Bihar	$\geq 1\% \text{ \& } < 2\%$	31,55,000
Jharkhand	$\geq 1\% \text{ \& } < 2\%$	21,66,000
Manipur	$\geq 1\% \text{ \& } < 2\%$	35,10,000
Karnataka	$\geq 5\%$	12,38,000
Orissa	$\geq 2\% \text{ \& } < 5\%$	64,89,500
West Bengal	$\geq 1\% \text{ \& } < 2\%$	217,63,000
Total		655,49,000

Table No. 16 (Amount in INR)

Rang De loan disbursal in areas having low penetration of Microfinance



Graph No.15 (Amount in INR)

Conclusion

This chart gives a clear picture of the area in which Rang De is working actively for Microfinance.

- Majority (88.21%) of low cost capital loan are disbursed in the areas where penetration level in terms of microfinance is between $\geq 1\% \text{ \& } < 2\%$
- Approximately 9.9% of low cost capital loan are disbursed in the areas where penetration level is between $\geq 2\% \text{ \& } < 5\%$
- About 1.89% of low cost capital loan are disbursed in the areas where penetration level is $\geq 5\%$

Rang De team makes a lot of efforts to reach the people who are in real need and do not have access to credit. The focus is on reaching out to communities where the penetration of microfinance is low like Bihar Jharkhand, Manipur, Madhya Pradesh, Uttarakhand etc... The above graph is giving a clear picture of our efforts in the direction.

We put all our efforts in looking for Field Partners in these areas, so as to help the un-served people. The above figures show the amount of loan disbursed in areas having low microfinance penetration.

Rang De team monitors the impact of these livelihood loans by Field Audits and regular monitoring. These loans help the needy people to have better access to food, shelter and education for children. Their livelihood status is improved to a great extent after availing the low cost credit from Rang De.

The Case Study of SEVA in Manipur and the Story of Inaobi reflects the need for credit in some of these regions and how Rang De loans have been making an impact.

Seva, Manipur – A Case Study

Manipur is one of the most underserved regions for microfinance. In April 2012 Rang De began its partnership with SEVA (Self Employment Voluntary Association). The organization is headed by Mr. Chinglen Singh. SEVA – a homegrown initiative focuses on women empowerment through livelihood promotion and credit. After having gained enough experience in setting up SHGs and having worked with the groups, they wanted to initiate a microcredit program. However the timing was not the best for the industry. The microfinance crisis had just surfaced and funding organizations had withdrawn from making any commitments SEVA and Rang De's partnership began during this period. Rang De found that, even though small, SEVA was a committed organization and they wanted to support their communities. Their SHGs consisted of women, all very skilled in weaving but very few of them were able to reap the benefit of their talent and hard work.

The Story Of Inaobi

Thounaojam Inaobi Devi aged 45 years a member of NongshabaNupi SHG, Utlou Tongbram Leikai, Bishnupur District is a hardworking married woman with children and a family to look after. Born as a Manipuri woman she mastered the art of weaving traditional dresses.



Thounaojam Inaobi Devi

Inaobi wants to lead a comfortable life and dreams of a better life for children. She wanted to help her husband in increasing the family income despite her busy schedule of domestic chores. She started producing traditional dresses for women on her loom. But that was not sufficient for her. She wanted to start a full-fledged business where she would be able to supply her products in bulk. She lacked capital to make this a reality.

Inabi tried to avail loans from the banks but the systems were inflexible and indifferent that she could not avail it. But she did not lose hope. She borrowed from the local money lender to invest in her business. However she could not retain enough profits out of it because of the high interest rates charged by the money lender

In search of an alternative arrangement for her working capital she was enrolled under Self Employment Voluntary Association (SEVA) Manipur to avail Rang De loans. After proper scrutiny and training an amount of Rs. 5,000/- was provided as micro credit. With

this loan and some of her working capital at hand she procured the required raw materials she needed for her dream venture. With this a part of her dream has been fulfilled and she is also being equipped with financial literacy and accounting.

Issues for Action & Achievement

There are many states where Rang De is yet make its presence felt. Areas such as Rajasthan, Assam where microfinance is not so prevalent are still untapped. Many partnership conversations that could help provide credit to the vulnerable and needy have not yet fructified. This needs to be addressed in the next year so that Rang De is able to reach out to communities meaningfully.

Objective 2(Activity 2): Reaching out to underserved communities by Identifying & Screening field partners that approach Rang De for partnership

Activity	Quantitative Indicators	Qualitative Indicators
2.2 Identification & Screening of field partners that approach Rang De for partnership	Sifting of field partners from the referral stage to establishing partnerships	Case study of a successful referral for Field Partner

The Field partners are non-profit organizations or community based organizations that have a strong social connect and are able to relate to the mission and values of Rang De. Rang De seeks partnerships with organizations that fulfill the criteria below:

Criteria for Being a Field Partner



Fig. 4. Criteria for Being a Field partner

Working with non-profits has been a conscious choice for Rang De. Rang De's loans are provided to really underserved communities and it is the organization's firm belief that this mission can only be fulfilled with impact and mission oriented organizations as partners.

Rang De's field partner requests originate from these sources

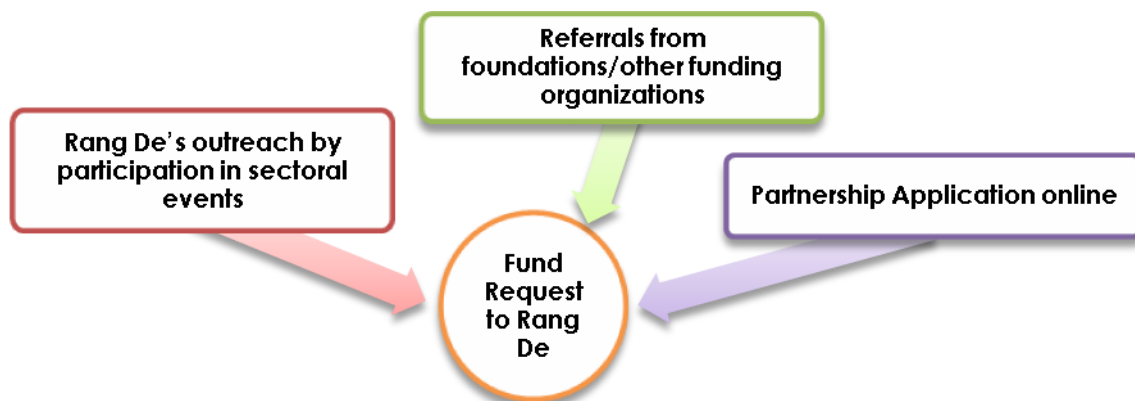


Fig. 5. Sources of Referrals

Basis of Sift of Field Partners

We believe in the impact of collaborative working. We look for organizations that are passionate about carrying forward our mission to make low cost microcredit a reality! As a Rang De Field Partner, Field partner will be part of the Rang De Family. We work together to reach out to some of the most underserved communities with access to credit.

Eligibility criteria to apply for partnership:

1. Registration as a non-profit organization under the relevant laws.
2. Operational for at least two years.
3. Audited financials for last two financial years.
4. Experience of working in the area of microfinance.

Please note that this is the eligibility criteria for applying for partnership. Rang De does not partner with any organization until the completion of its due diligence. Field Partnerships are also reviewed on a regular basis to ensure commitment to transparency and best practices.

STEP 1



STEP 2



STEP 3



Fig.6. Field Partner On-Boarding Process

Sources for Lead generation of Field Partners

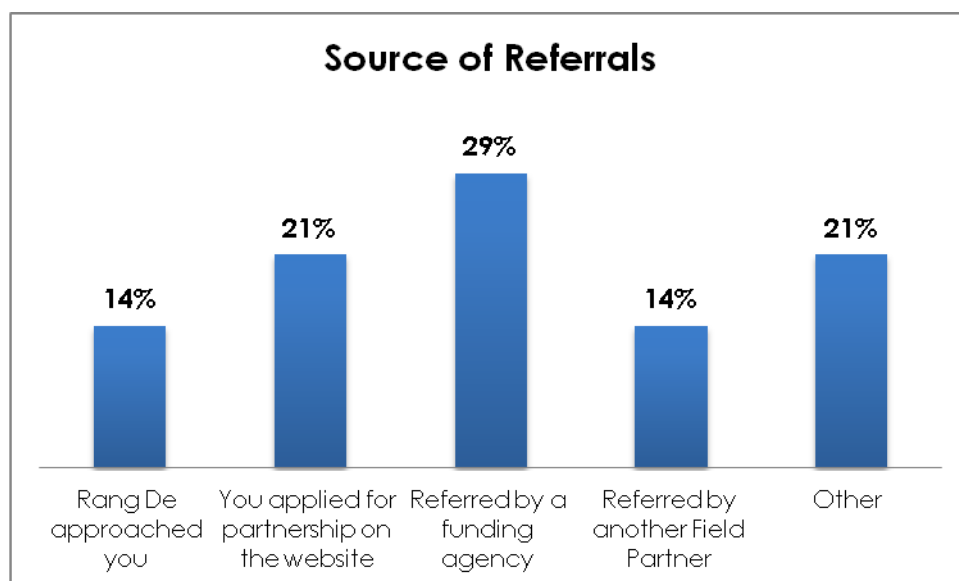
Source of Referral	Number of Field Partners Referred	Field Partners contacted	Field Partners in Due Diligence Phase	Number of Field Partnerships established
Applied online through the website	459	150	5	5
Referrals	12	12	4	4

Table No. 17

Conclusion

The table shows the number of applications for field partnerships that Rang De received and the number of field partnerships that were successfully established. Our Field partner Conversion rate is approximately 8% (Taking into consideration the one's whom we have contacted). The reason for weeding out a large number of Field Partners and the low conversion rate is that we have a rigorous mechanism for selecting the Field Partner as this is the most crucial part of overall work process.

Feedback of Field Partners on Source of Referrals for Rang De (Out of 14 responses)



Graph No. 16

Most frequent reasons for rejection of an organization seeking to be a Rang De Field Partner are as follows:

- Non-alignment with Rang De's mission and values
- Lack of resources to manage the partnership
- Inadequate buy-in from the management
- Financial health

Rang De's terms of agreement for FPs

- Registration under norms
- Transparent & Timely generated Financial statements
- Well defined policies
- Reference check from investors, lenders etc.
- Products addressing the needs of the customers

Feedback of Field Partners on Reasons for Initiating Partnership with Rang De (Out of 14 responses)

Reasons for initiating Partnership with Rang De	Percentage
To reach out to communities that did not have access to credit	29%
Because Rang De provides access to low cost loans	29%
Did not have any other source of funding for microfinance	0%
There was need for low cost microcredit in the community	43%
None of the above	0%
All of the above	0%

Table No. 18

Issues for Action & Achievement

Rang De has developed mechanisms to identify and screen field partner organizations. This is crucial as most of the field partner organizations that Rang De works with are small to medium sized organizations that do not have well developed processes and systems. They often have a strong community oriented team but lack the professionalism to develop the required processes for microcredit. The due diligence and the training thereafter are thus both critical elements to Rang De's functioning.

A need has been felt to streamline the field partner conversations – especially at the lead generation stage. This is being addressed by having a dedicated team member to pursue and nurture these partnerships. A partnership committee is also being set up in order to bring in more objectivity into the process. For coming year, we will take into consideration the partner dropout rate, reasons for the same, rating of partner organizations etc.

Objective 2 (Activity 3): Reaching out to underserved communities by building a strong relationship with field partners

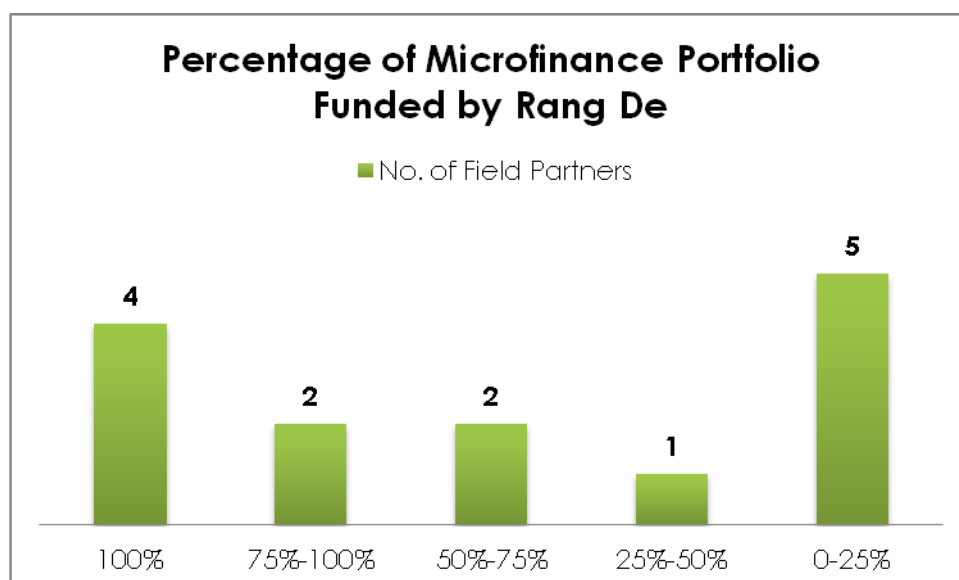
Activity	Stakeholders	Quantitative	Qualitative
2.3. Building a strong relationship with field partners	Field Partners	Tenure of Partnership between different Field Partners and Rang De.	Excerpts from the feedback calls and field partners' responses to Rang De's questionnaire.

Over the years, Rang De has been able to establish strong partnerships on the ground with field partners.

For some of them the Rang De loan is just one of their many programs but for 21 % of our Field Partners, their entire microfinance portfolio has started with the help of funding from Rang De. Out of 14 field partners that were consulted through online questionnaires, 6 of them reported that Rang De was the biggest funder covering at least 75% of their portfolio. This is Rang De's biggest strength.

Rang De emphasizes on transparency through data sharing. Field partners are encouraged to share data as well as impact stories from the communities. The Rang De team also organizes monthly CEO calls to interact with the Chief Executive of the field partner organization. This ensures that the feedback is mutually inclusive.

Percentage of Microfinance Portfolio Founded by Rang De



Graph No. 17

Conclusion

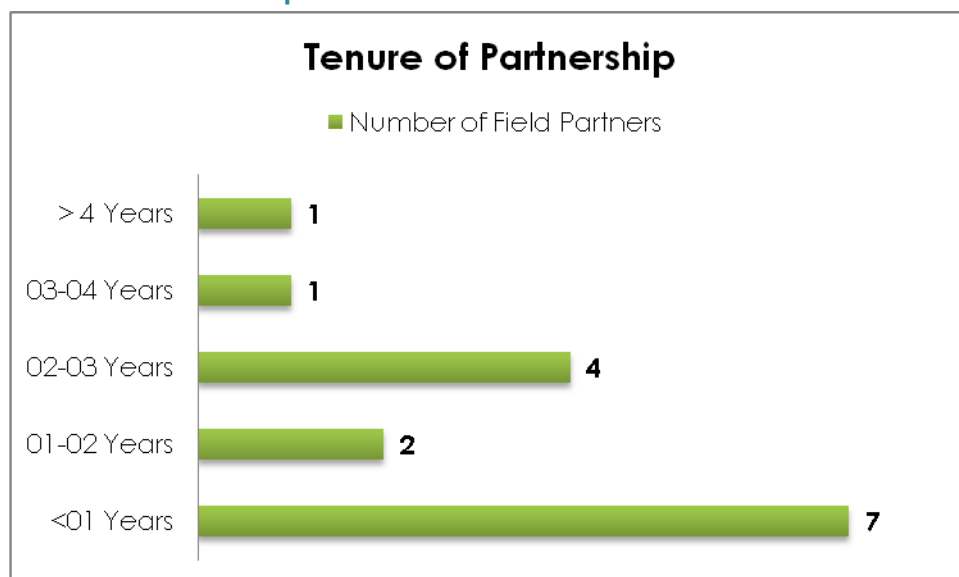
This chart gives a clear picture of the contribution of Rang De in the portfolio of the active Field Partners. Majority (6) of Field Partners are having more than 75% contribution from Rang De. Around 2 are having 50%-75% of Rang De's Contribution.

Tenure of Partnership with different Field Partners

Organization Name	Tenure of Partnership
Samagra Gram Vikas Sanstha	4 Years 2 Months
Sripur Swami Vivekananda Welfare Society	3 Years 5 Months
Jeevan Jyoti Kala Kendra	2 Year 6 Months
Nari & Sishu Kalyan Samittee	2 Year 5 Months
Centre for Development Orientation and Training	2 Year 3 Months
Darbar Sahitya Sansad	2 Years
Social Action for Rural Community	11 Months
Self-Employment Voluntary Association	1 Year
Parvati Swayamrojgar	9 Months
BNGVN	9 Months
Kalighat Society for Development Facilitation	9 Months
Gram Bikash Kendra, West Bengal	8 Months
Shakti Mahila Sangh	8 Months
Sakhi Samudaya Kosh	5 Months
Swami Vivekananda Youth Movement	1 Year

Table No. 19

Tenure of Partnership



Graph No. 18

Conclusion

Rang De lays emphasis on maintaining a healthy relationship with Field Partners. We help them in overcoming their weaknesses by providing trainings etc. We also interact every

month to understand what kind of challenges they are facing and suggest possible solutions for the same. This results in successful and mutually beneficial partnerships.

From a Field Partner Questionnaire, we concluded the reasons giving value to Partnership (Out of 14 Responses)

S.No.	Reasons for Valuing Their Partnership with Rang De	No. of Field Partners
1	Started microcredit operations because of Rang De	2
2	Rang De funded us when there was no other source of funding	2
3	Able to reach out to newer communities with Rang De loans	6
4	Other	4

Table No. 20

Conclusion

Most of the Field Partners, value our Partnership as we have supported from very beginning of their organizations when nobody was willing to contribute in their area. We basically focus on newer communities where the penetration of Micro finance is pretty low.

Field Partner Management

Every field partner can use the Rang De portal to update and manage their repayments. The operations team tracks all the reports and manages the relationship with each partner through an open and on-going communication.

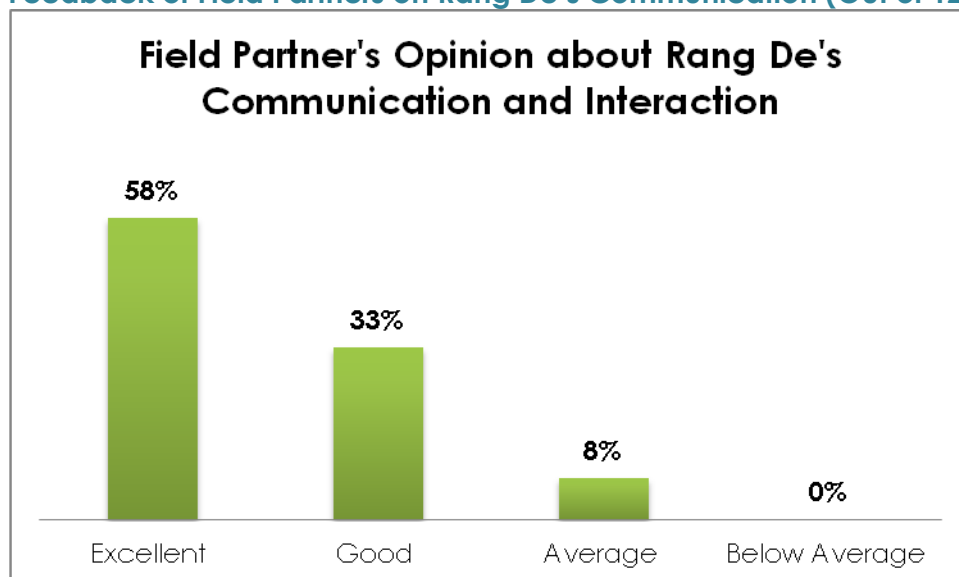
- **Performance Reviews:** The volume of disbursement is directly proportional to the performance of the field partners. Field Partners are reviewed on a quarterly basis.

- **Feedback calls:** A monthly feedback call with each field partner during the first week of every month brings out the challenges they are facing as well as helps us express concerns on an on-going basis.

The Rang De Field Partnership matures over a period of time with interventions from Rang De at regular intervals.

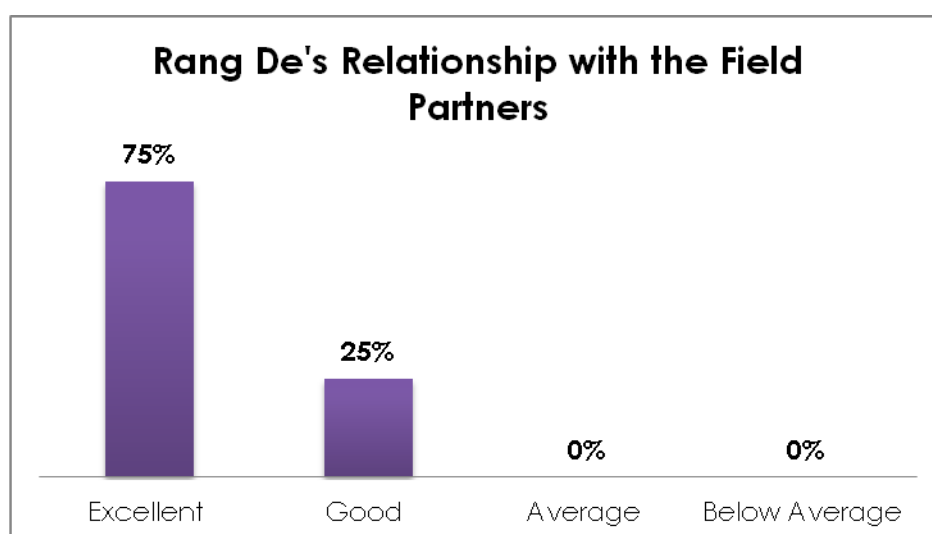


Feedback of Field Partners on Rang De's Communication (Out of 12 Responses)



Graph No. 19

Feedback on Relationship with Rang De from Field Partners (Out of 12 Responses)



Graph No. 20

Field Partner Feedback

Rang De has equipped us with tools to monitor and evaluate. This has given us the opportunity to nurture our achievements and fill up the gaps.

SEVA, Manipur, Field Partner

Based on Rang De's feedback we have been able to rectify our books and financial records wherever necessary.

SSVWS, Kolkata, Field Partner

The regular field trips conducted by the Rang De are useful for our organization as well as the community. The Borrowers get to interact with the Rang De members and also with Investors. Borrowers are elated to meet investors and Rang De members.

Rang De audits give insight on all our financial transactions. Due to the audit we are able to upgrade our process adherence and corporate governance aspects.

Sagras, Pusad, Maharashtra Field Partner

Excerpts from the Field Partner's Feedback

"The response from the community for Rang De loan has been very good and positive. They appreciate the loan due to its low interest rate and repayment system i.e. equal monthly installment system. Transparency in all walks of the Rang De loan process is appreciated by the borrowers. The fact that Rang De never failed or postponed a single loan disbursement is highly applauded. Rang De is not only providing loans to fulfill their dreams but they are also getting the opportunity to be supported in other areas such as financial literacy, accounting etc.

The Rang De Field Partner Meet

The Rang De Field Partner Meet is an annual event that is organized by Rang De for all its field partners to come together. This is an important process in relationship building and also in creating a platform for organizations to come together and share. The platform is also used to educate field partners about new initiatives in the social space and interventions that are relevant to the Rang De eco-system. Other stakeholders such as the Social Investors, chapter members are encouraged to participate in this event.



Issues for Action & Achievement

A significant part of the Rang De team is dedicated to working with field partners and ensuring that the partnership grows stronger. This is clearly one of the key strengths of the organization. Issues with regard to financial sustainability of the Rang De Program and increasing Rang De's fundraising abilities need to be addressed during the next social accounts cycle.

Objective 2 (Activity 4): Reaching out to underserved communities by engaging with Government-NABARD partnership

Rang De recognizes that working and engaging with the government is one of the key aspects to scale up its efforts. The organization has made significant progress in reaching out to the Microcredit Innovation Department (MCID) of NABARD. Recently, Rang De's co-founders were invited for a talk at NABARD's Head office for a department level presentation on peer-to-peer lending and crowd funding models.

Issues for Action & Achievement

In the next social accounts cycle, Rang De will be able to report progress on its recent partnership with NABARD.

Objective 3: Providing Capital for Livelihoods, Education and Health by

"Rang De" strives to provide microcredit to meet capital requirements of low-income entrepreneurs and micro-loans to meet the educational needs of their children.

Activity	Quantitative	Qualitative
3.1. Profiling & Selection of Borrowers	Number of Borrower Profiles sent back to Field Partners for Need details and Number of Accurate profiles received	Application Process & Physical Loan Application Forms and screening criteria.
3.2. Customize and design loan products suitable for the community.	Number of livelihood and education loans and amount disbursed	Case Study of "Rang De Education Loans"
3.3. Ensuring timely funding	Average number of days taken to disburse the loan from the day the profile is uploaded on "Rang De" website.	The feedback from the field partner and borrowers
3.4. Impact assessment (audits, evaluations, etc.)	Number of borrowers evaluated	Case study on how social evaluation data has led to the genesis of "Rang De Education Loans"

Objective 3 (Activity 1): Providing Capital for Livelihoods, Education and Health by analyzing the needs and Screening of loan applications

Activity	Quantitative Indicators	Qualitative Indicators
3.1 Profiling & Selection of Borrowers	Number of Borrower Profiles sent back to Field Partners for further details and Number of Accurate profiles received	Application Process & Physical Loan Application Forms and screening criteria.

The needs of the community are analyzed and we cater to the specific needs. Once a field partner is on boarded, the loan application forms are filtered and sent to Rang De for screening. The field partner is responsible for sending profiles of borrowers that include information such as **(Screening Criteria)**

- 1) Preference given to first time borrowers*
- 2) Mostly women
- 3) For Income generation activities & education
- 4) Annual Income of the family should not exceed Rs.50,000
- 5) Asset details

- 6) Type of Housing
- 7) Access to Health care, Sanitation & Education

*At Rang De, we define first time borrowers as someone who has never had access to credit from a formal financial institution; who borrows for an unmet credit need, not catered to by a formal financial institution

Once a first time borrower, always a first time borrower at Rang De. This means, the first time borrowers who come back to Rang De for repeat loans will continue to be added in the 'first time' borrowers' count. Since their access to credit from a formal financial institution started with a Rang De loan, they will always be considered as first time borrowers. We are confident that, but for a Rang De loan, these individuals would have continued to borrow from informal sources.

Details of Number of Need Details Required

Quarter	Number of Total Profiles received	Number of accurate profiles	Number of Profiles sent for Need Details
Total	8658	8053	605

Table No. 24

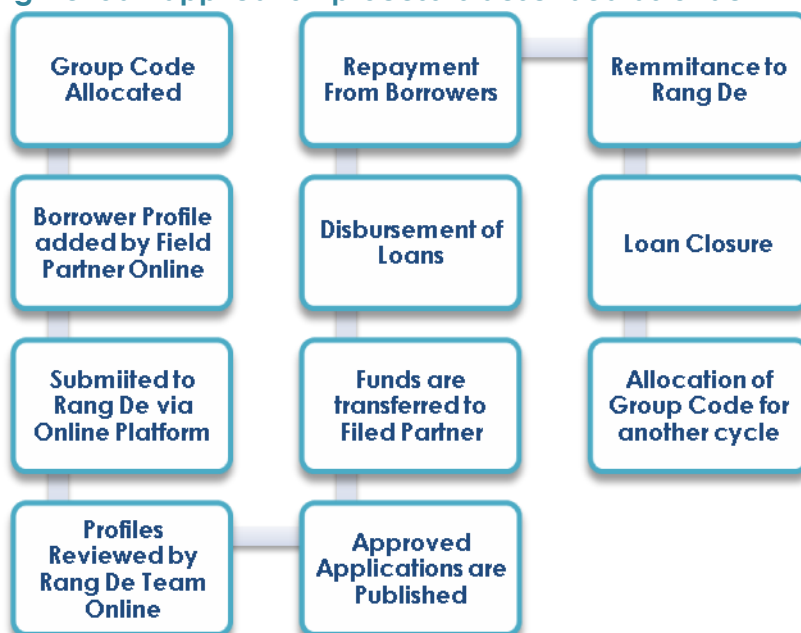
Conclusion

The above table indicates the number of profiles submitted accurately and the number of need details required. In the process of screening the borrower profiles, we give a keen attention to all the criteria and if any details leads to non-adherence to the criteria of Rang De. We ask for further Details from our partner. The above table indicates that approximately 7% of the profiles are not correct and we ask for need details from our Field partner.

Mainly, following error occur while submitting the profiles from Field Partner's end:

1. Resolution of the image uploaded is not good
2. Loan Utilization details are not submitted correctly
3. Incorrect information in Borrower application form like Family income, Family members, gender, Contact details etc.
4. Previous loan details are not mentioned in case of second and third cycle borrowers.
5. Bifurcation of Primary and secondary activities is not specified correctly.

The Rang De loan application process is described as under



Although some of the parameters are subject to change during the course of loan tenure, based on this information the Rang De operations team decides if the borrower is eligible for a Rang De loan

Some Snapshots

Borrower Application Form

Edit Borrower

Basic Details

Previous Loan Details

Income And Expenses

Assets

Family members

Family Social Status

Assets and Property

Electronics

☒ TV
 ☐ Fridge
 ☐ Radio
 ☐ Music system
 ☐ Others

Automobiles

☒ Cycle
 ☐ Rickshaw
 ☐ Auto Rickshaw
 ☐ Scooter
 ☐ Others

Real estate

☐ Land
 ☐ House

Housing

Area (Sq.Ft.) *

0

Ownership *

OWN

Roof type *

--Please Select--

Number of occupants *

0

Previous

Next

Update

Cancel

Loan Application Form

Edit Borrower Loan Profile

Basic Details | Previous Loan Details | Income And Expenses | Assets | Family members | Family Social Status | **Loan Details**

Loan Details

Group Code *

Is this the first loan from an MFI? * ☐ Yes ☒ No

Loan utilisation details: *

Loan required for * ☒ Existing Business ☐ New Business

Loan Amount (In multiples of 100) *

Loan Tenure (In Months) *

Business Details

Activity *

Occupation

Is this the applicant's primary/main business? * ☐ Yes ☒ No

If existing business, years of experience in the business *

Number of working hours spent on this activity *

Other Activities that the borrower is involved *

Additional details about the business

Number of other such businesses in the locality *

Place of Business *

What is different about the business

Challenges faced *

Loan Profile Review

View Loan Profiles by Group Code - Sam_MM_7_24May12

Group Codes | Editor

Show all loans in group

Apply action

	S.No	Photo	Borrower Partner Id	Name	Loan Amount	Partner Group Name	Status	Editor	View
<input type="checkbox"/>	1	View Image	Sagras703	Shilpa Balu Suroshe	7500	Gital	DRAFT		show
<input type="checkbox"/>	2	View Image	Sagras704	Gayabai Shankar Pongade	7500	Gital	DRAFT		show
<input type="checkbox"/>	3	View Image	Sagras705	Mangla Ashok Unchekar	7500	Gital	DRAFT		show
<input type="checkbox"/>	4	View Image	Sagras706	Bebi Sanjay Gaikwad	7500	Gital	DRAFT		show
<input type="checkbox"/>	5	View Image	Sagras675	Ashwini Sanjay Jadhav	7500	Shamkimata	DRAFT		show
<input type="checkbox"/>	6	View Image	Sagras673	Janabai Shankar Rathod	7500	Shamkimata	DRAFT		show
<input type="checkbox"/>	7	View Image	Sagras674	Savitabai Bibichand Ade	7500	Shamkimata	DRAFT		show
<input type="checkbox"/>	8	View Image	Sagras677	Sadhana Dashrath Rathod	7500	Shamkimata	DRAFT		show
<input type="checkbox"/>	9	View Image	Sagras676	Ranjana Arun Rathod	7500	Shamkimata	DRAFT		show
<input type="checkbox"/>	10	View Image	Sagras688	Kevala Ramji Sontakke	7500	Rohidas Maharaj	DRAFT		show
<input type="checkbox"/>	11	View Image	Sagras692	Sima Rahul Kamble	7500	Rohidas Maharaj	DRAFT		show
<input type="checkbox"/>	12	View Image	Sagras690	Jaya Sandip Sontakke	7500	Rohidas Maharaj	DRAFT		show
<input type="checkbox"/>	13	View Image	Sagras691	Shital Ravi Pandhare	7500	Rohidas Maharaj	DRAFT		show
<input type="checkbox"/>	14	View Image	Sagras1058	Durga Sadashiv Sargar	5000	Rohidas Maharaj	DRAFT		show
<input type="checkbox"/>	15	View Image	Sagras683	Ujwala Subhash Karan	7500	Bhagwati	DRAFT		show
<input type="checkbox"/>	16	View Image	Sagras684	Chaya Baburao Dhokane	7500	Bhagwati	DRAFT		show

Issues for Action & Achievement

We are employing Six Sigma for process improvement and have critically analysed the application and disbursement process. From next cycle, we will tighten this process in terms of reducing the waiting time from Rang De's end as well as from Field Partner's end.

Objective 3 (Activity 2): Providing Capital for Livelihoods, Education and Health by customizing and designing loan Products suitable for the community

Activity	Quantitative Indicator	Qualitative Indicator
3.2 Customize and design loan products suitable for the community.	Number of livelihood and education loans and amount disbursed	Case Study of "Rang De Education Loans"

Rang De was started with the primary objective of providing low cost capital for businesses. Interaction with the community on evaluations and field trips revealed other pressing needs in the community, especially loans for Education. The next intervention that Rang De started was in the field of Education. Since Education was an area which no microfinance institution wanted to provide loans for and that was a need for which the communities went to the money lenders at the beginning of each academic year. They borrowed at interest rates that were as high as 10% per month and often left the communities in a state of indebtedness.

The Rang De Education loans were started in October 2009. As the technology platform evolved, the backend had to be designed in a way that new loan products with different interest rates, repayment tenure and repayment schedules can be accommodated. New loan products can thus be created based on the need of the community & field partners.

Number of livelihood and education loans and amount disbursed FY 2012-13

S.No.	Loan Product	No. of Loans disbursed	Amount of Loan Disbursed
1	Micro-Credit	7,725	625,59,500
2	Education	203	16,51,500
3	Micro-Venture	1	1,00,000
4	Vocational Training	23 Groups (54 Borrowers)	12,38,000
Total		7,952	655,49,000

Table No. 25 (Amount in INR)

Purpose & Impact of Education Loans

Interaction with the community on evaluations and field trips revealed other pressing needs in the community, especially loans for Education

Rang De wants to help the students who want to improve their knowledge but they cannot afford for the educational expense and need financial aid.

Among 14 Field Partners, 8 of the Field Partners have taken Education loan from Rang De so as to help the community with low cost education loans.

There are some reasons why Rang De started education loans:

- High cost of quality education
- No microfinance institution wanted to provide loans for education and that was a need for which the communities went to the money lenders at the beginning of each academic year.
- Student should continue and pursue education without break (due to lack of financial aid, many children are not able to avail education facilities)
- No deserving student should be denied opportunity to pursue higher education for want of financial support.
- Loans for education should be seen as an investment for economic development and prosperity

After paying due attention to all the above points, Rang De started the education loan product in October 2009. Following are some facts & figures regarding education loans in the last financial year:

- Around 203 education loans are provided to the needy people (Loan Amount - 1651500)
- Around 23 Vocation Training Education Loans (54 Beneficiaries) have been disbursed in the last Financial Year.

Vocational Training given refers to short duration training on Skill Development (Basic Computer Knowledge, English Language, Personality Development, Professional Skills etc...)

These education loans had helped the borrowers (Students) to take one more step towards their aim of achieving a sustainable livelihood and making their life better.

Case Study: Rang De Vocational Education Loans

Rang De Loans for vocational education was started towards the end of 2008 to support the beginning of the year expenses incurred by low income households. After having funded more than 600 education loans, Rang De launched its vocational education loan program in the year 2012.



In partnership with Safe Hands Co-operative and support from Deshpande Foundation, Rang De launched its vocational education loans for finishing schools that conducted courses for a 3-7 month duration. The finishing schools focused on imparting training in areas such as accounting, agriculture, non-profit management etc.

Maruthi, Ramangoud, Ganapathi and Veeranna hail from some of the backward regions of North Karnataka. Coming from families that were predominantly into agriculture, the four of them enrolled for the Susandhi Krishi Chetna fellowship - a 3 month training program which will equip them with skills and technical knowhow relevant to agriculture. The training program will help them pursue a career in agriculture. The Rang De Loans helped them in paying their fees for the training at Deshpande Foundation.

In the last few months, Rang De has provided loans to the tune of Rs. 12.5 Lakhs to fellows availing different programs.

Issues for Action & Achievement

From different kind of Field Evaluations, Rang De team concluded that there is a huge need for education and health related loans other than livelihood loans. So, from next cycle onwards, one of our major focused areas will be providing help to the needy people not only in livelihood but also in education and health loans and thereby helping the poor people in getting good education as well as health care facilities.

Objective 3 (Activity 3): Providing Capital for Livelihoods, Education and Health by ensuring timely funding

Activity	Quantitative	Qualitative
3.3 Ensuring timely funding	Average number of days taken to disburse the loan from the day the profile is uploaded on "Rang De" website.	The feedback from the field partner

The Rang De Model was envisioned in a way that borrowers get the benefit of low cost capital. Since the funds are raised after the loan applications are uploaded on the system, having a cutoff date for the fundraising is really important. The entire model for fundraising has thus been built around the fact that the borrower receives funding within 35 days of the application getting published on the website.

Rang De uses a combination of funds from individual social investors and corporates to ensure that no borrower whose loan has been approved remains unfunded. This model has been followed right from Day 1 and continues to be the core strength of the model. This is how the fundraising model works:

Funding of borrowers thus includes interaction between the fundraising team and the technology team. The fundraising team ensures that there are enough funds to support the borrowers from individual social investors and corporates.

The technology team on the other hand has helped in saving both time and costs thus helping the team members to process loan applications much faster. Initially, hard copies of loan applications were sent by the field partners to the Rang De office. Information from the application forms was manually entered by the Rang De team members, thus resulting in resources being invested on data entry. The field partners are now trained on using technology to upload the data from the loan applications and the Rang De team is now able to spend more time on meaningful conversations with the field partners.

From mid-2012, the operations team has enhanced its focus on capturing important data points. For Example, number of days taken to transfer funds to the field partner and number of days taken to approve and publish the loan profiles are being captured.

Table shows the Average number of days taken to disburse the loan from the day the profile is uploaded on "Rang De" website.

Activity	Time taken in 2012
Approve & Publish profiles	7 days
Fund Transfer	30 Days
Disbursal to the borrower	Within 3 days after Fund Transfer

Table No. 26

Conclusion

As stated in the table, it takes only 7 days for approval and publishing of profiles (earlier was 18 days). Within one month of Application being filled by the borrower, they receive loans. Internally developed dashboard helps the team to track and measure important data points to measure their own performance and that of the field partner.

Field Partners Feedback

"Online application has minimized the communication gaps and increased the process efficiency. The entire loan process cycle has been simplified."

SSVWS, Field Partner

"Because of Rang De's online application we are saving time consumed in disbursing loans to borrowers. Online applications ensure that we are able to capture all the details and maintain a good database. We are able to access information anytime we need it. This has also helped us cross verify the details."

SAGRAS, Field Partner

Issues for Action & Achievement

As a result of proper use of technology, we were able to reduce the waiting time for disbursal of funds. From next cycle, we will be making some more modifications like making the process more productive by training the Field Partners such that there is no requirement of need details thereby reducing the wait time etc.

Objective 3 (Activity 4): Providing Capital for Livelihoods, Education and Health by performing regular Impact assessment (audits, evaluations, etc.)

Activity	Quantitative	Qualitative
Impact assessment (audits, evaluations, etc.)	Number of Field Audits Done in the reporting period	Case study on how social evaluation data has led to the genesis of "Rang De Education Loans"

After the loan has been disbursed to the borrower, field audits and evaluations are conducted by Rang De. The audits include a review of the field partners followed by individual interviews of the borrowers for impact assessment. The reviews help in providing feedback to the field partners about their processes and operations. It also helps Rang De in evaluating the future plans of the organization. Similarly individual interviews of the borrowers highlight the need for deepening the impact of the Rang De loan and making the process more efficient by reducing delays.

Field Audit and Evaluations

The organisation has developed an algorithm that generates a list of borrowers who need to be evaluated. The inputs for the algorithm can change as per the requirement. The requirement varies based on the field partner's performance and the number of new social investors who have come on board for that particular period. There are three types of evaluation of borrowers:

- **Field Evaluations by Rang De:** Based on the performance of the field partner, decisions on which field partners are to be evaluated during the month are taken. Performance of the field partner is measured in terms of timely repayments and effective communication. Field Partnerships where there are issues are given higher priority for evaluation by Rang De team members.
- **Evaluations by chapter members:** For field partners who have displayed efficient performance, the evaluations are handled by chapter members. The chapter members are trained before they set out for an evaluation.
- **Audio Evaluations:** Also known as 'conversations' this enables individuals to speak to borrowers on the phone and engage in conversations about the impact of the loan. The recording of the conversation is uploaded on the website. Since these conversations enable a one to one connect in the local language, it provides an exciting opportunity for social investors.

The following field audits were conducted by the Rang De team during the period of April 2012 – March 2013

Month of Audit	Partner Name
April 2012	Centre for Development Orientation and Training (Nalanda, Bihar)
	Samagra Gram Vikas Sanstha (Pusad, Maharashtra)
May 2012	Hope Foundation (Palakkad, Kerala)
	Sripur Swami Vivekananda Welfare Society (Sripur, South 24 Parganas, W.Bengal)
July 2012	Socio Economic Development Program
August 2012	Samagra Gram Vikas Sanstha (Pusad, Maharashtra)
September 2012	Sripur Swami Vivekananda Welfare Society (Sripur, South 24 Parganas, W.Bengal)
October 2012	Prayas (Jhabua, M.P.)
November 2012	Self-Employment Voluntary Association (Imphal, Manipur)
	Prayas (Jhabua, M.P.)
December 2012	Parvati Swayamrojgar (Pune, Maharashtra)
	Gramin Vikas Co-operative Society Limited (Dhanbad, Jharkhand)
February 2013	Hope Foundation (Palakkad, Kerala)
	Social Action for Rural Community (Sambalpur, Odisha)
March 2013	Bhagini Nivedita Gramin Vignan Niketan (Bahadarpur, Dist. Jalgaon, Maharashtra)

Table No. 27

Conclusion

This table indicates the number of Field Audits in the last cycle. We had audited almost all the Field Partners in the last Financial Year. After the Field audits, if the evaluation shows that they need more support in terms of processes we increase the frequency of field audits.

Risk Mitigation Strategies

During the audit, the Rang De Team Member evaluates the following Parameters:

1. **Self-Certification by Field Partners:** This process instills a sense of accountability and transparency among the field partners. Each field partner provides a utilization certificate that declares that the funds are indeed being used for the groups that were approved and no other charges are being levied on the borrowers.

2. **Financial Audit:** Based on Financial Performance & Reporting, Budget and Planning, Accounting System etc.
3. **Processes Audit:** Based on Operations, Internal Controls, and Personnel etc.
4. **Impact Assessment of the borrowers** (Interview of the borrowers). The responses captured are then summarized to publish on the website. In the last one year, 183 *evaluation interviews of borrowers* were conducted and published on the website.

The Process, Financial and Impact Audit of the Field partners are conducted every quarter. The Field partner organization is then rated according to its performance on above parameters. Feedback from these audits is shared with the field partner with specific action items for them to work on.

Organization gives an overall rating to the partner after the Field Audit. Few Partners excel on the parameters while few need support to perform satisfactorily.

Sample Field Review Report of a Field Partner

Organization	SEVA
Reviewed by	Smita Ramakrishna
Date of Review	26-28 September 2012
Period of review	Apr 2012 - Oct 2012

Table No. 28

Score Summary : SEVA, Manipur

Section	Score	Rating
Accounting System	5	*
Operations	16	**
Budget & Planning	0	*
Financial Reporting	7	*
Internal Controls	9	*
Personnel	7	***
Financial performance	14	**
Overall Score/Rating	58	**
Maximum	240	*****

Table No. 29

Rating Parameters

Section	*	** (Below Average)	*** (Average)	**** (Good)	***** (Excellent)
Accounting System	0 – 7	8-14	15-21	21-28	29-35
Operations	0 – 8	9-16	17-24	25-32	33-40
Budget & Planning	0 – 6	7-12	13-18	19-24	25-30
Financial Reporting	0 – 6	7-12	13-18	19-24	25-30
Internal Controls	0 – 10	11-20	21 - 30	31-40	41-50
Personnel	0 – 3	4 – 6	7-9	10-12	13-15
Financial performance	0 – 8	9-16	17-24	25-32	33-40
	0 – 48	49 – 96	97 - 144	145 – 192	193 - 240

Table No. 30

*Note: The current ratings use a scale of 5 as highest and 1 as lowest.

Conclusion

The rating table given above indicates that the Field Partner is performing Below Average. The main areas of concern for the Field Partner are:

1. Weak Financial Management
2. Weak Process Management

The main reasons for Below average performance for the Field Partners are lack of adequate infrastructure, lack of availability of well-educated staff, force majeure like natural calamities or riots in the area which leads to poor Process management etc..

Delay & Defaults Management

Rang De has classified defaults into genuine defaults and willful defaults to bring out the difference between vulnerabilities and fraudulent practices. The default policy stands testimony to the fact that field partners are encouraged to understand the sensitivities of the community and not pressurize them when they are placed under stress.

In case of genuine defaults such as – death, illness, natural calamities in the community, Rang De passes on the risk to the social investors with specific information with regard to reasons for default.

In case of willful defaults, the field partner is expected to bear the risk and repay Rang De and the social investors. However, if Rang De has identified the wrong field partner which has led to defaults, the risk is borne by Rang De.

A Ray of Hope: Case study of Najeera Kazi



She provides regular meals in tiffin to the customers. She initially started with making meals for 5 people and with the help of loan now her business has grown to meals for 30 people. In addition, sometimes she gets meal orders for get-together also. Her daughters deliver the meals to the customers. Her husband runs an auto-rickshaw.

Her monthly grocery bill comes to Rs. 20,000 - 25,000. As she is uneducated she didn't understand the interest rate. However she knew and the monthly installment of Rs. 500, that she has been paying regularly and she also showed the receipts for the same. She is very confident of repaying entire loan and looking for more loans to expand her business.

Field Partner: Parvati Swayamrojgar (PSW), Maharashtra

Issues for Action & Achievement

Rang De as a team gives a lot of emphasis on assessing the impact on the communities. Following are the issues for action & achievement:

- We are looking forward to evaluating more number of borrowers in the next cycle
- Increasing the frequency of field audits
- Planning to provide Partner Advisory Services from the next cycle.
- We will be implementing Six Sigma on the process of Field Audit & Impact Assessment so as to make it more effective.
- We will also be implementing a Mentorship project from next cycle. Under this project, we will be in contact (via telephonic communication) with few borrowers on regular basis and will track their progress in terms of livelihood, savings etc. and supporting them in fields like Market Linkage, Financial Literacy or any other field in which they need our assistance.

SROI Analysis

The Social Return on Investment (SROI) of Rang De's activities has been calculated to 'measure' the social and economic change created, taking into account the costs incurred and benefits generated. The methodology for SROI calculation is as follows (detailed calculations are available in Annexure 6 along with Assumptions)

Step 1: Stakeholder identification and determining stakeholder inputs to creating change

Step 2: Identifying and valuing inputs of stakeholders in terms of time, efforts, and / or funds provided

Step 3: Evidencing and valuing outcomes based on economic benefits like increased income and interest savings

Step 4: Calculating impact after taking into account

- (1) Possible outcomes without Rang De's intervention (Deadweight)
- (2) Outcomes caused by other organizations/individuals (attribution)
- (3) How long will be outcome last (duration)

Step 5: Projecting the value of outcomes into the future and calculating the Net Present Value (NPV)

Rang De's SROI

Parameters	Amount
Grand Total of Value of Benefits	₹ 154,61,453.20
Value of Rang De's Inputs	₹ 94,51,192.78
SROI Ratio	1.64

Table No.29 (Amount in INR)

An SROI ratio of **1.64 implies** that for approximately every 1 Rupee invested, 1.64 Rupees of social value is created each year in terms of Improvement in livelihood, reduced cost of credit, better education facilities, increase in savings etc.

Future SROI Analysis

Ideally, Rang De wants all its borrowers to not only progress in terms of their financial and social status but also to achieve sustainable livelihood. Going forward, we would not only like to measure the SROI in terms of measuring savings and income enhancement but would also take into account the larger impact of sustainable livelihoods in communities.

Awards & Achievements

Rang De's achievements mainly involve, being recognized by the sector and getting included in the state of the sector report. For an organization and a new model to be accepted in the sector is commendable. In addition to this is another achievement for the organization.

A brief of Awards & Achievements –

- Rang De's CEO being elected to the Ashoka fellowship
- Included in the state of the sector report

Conclusion

Since these were the first social accounts, the Social Accounting team was getting accustomed with the nature of work involved, and also with the different data sources that need to be referred to. The framework, the questionnaires and the list of data sources were determined and developed during the process of building the social accounts. Rang De team almost spent 3 months working on these accounts and as the social accounting processes get integrated with the Rang De operations the relevant data will be gathered throughout the year.

This year the relevant frameworks, questionnaires and processes were developed from scratch which will serve as a good foundation for the next cycle of social accounts. Although the time period covered is only one year, the economic impact numbers describe empowerment and improvement of quality of life of the borrowers.

Plans for the Next Cycle

Social accounts will be written more regularly, it would become useful as a strategic planning tool. It will allow all the stakeholders to influence and see the impact of the implemented policy. This in turn will help in strategizing for the future. The challenge is to focus on the essence of the social impact generated and communicating the same, rather than getting bogged down in writing social accounts on a yearly basis.

For the next cycle, the relevant data will be gathered throughout the year which will enable us to get a holistic view of the social impact. Also more Focus-group discussions will be undertaken to get further insights in the social impact and the areas of improvement for the Rang De model.

Annexures

Annexure 1- Compliance

Annexure 2- Case Studies revealing the Social Impact of Rang De's efforts

Annexure 3- Social Audit & Impact Assessment Tools

Annexure 4- Technology Updates

Annexure 5- Feedback of Questionnaires

Annexure 6- SROI Analysis

Annexure 7- Field Partner forms and agreement

Glossary

Accountability - The principle that individuals and organizations are responsible for their actions and may be required to explain them to others.

Accounting - The systematic generation, tracking, and analysis of information about the financial and Social performance of an organization for the benefit of its stakeholders.

Audit- It is a methodical examination or review of a condition or situation. For the purposes of the BSCI, the audits will examine whether the social conditions in which suppliers produced the goods are in line with BSCI code of conduct. (See social audit).

Audit Report - A testimony produced by an auditor regarding the quality and meaningfulness of an organization's records, statements, systems, and procedures, as well as stated claims for performance. May also include an opinion on areas for improvement and predicted future progress.

Assessment - A systematic process of collecting and analysing data to determine the current, historical or projected status of an organisation.

Compliance - The state of being in accordance with established guidelines, specifications, or Legislation.

Corporate Social Responsibility - A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

CSIM- Centre for Social Initiative and Management (CSIM)

Employees - All persons working for a company independent of their function, whether directly employed, contracted or otherwise representing the company.

Efficiency - The extent to which maximum output is achieved from a given input. Alternatively, a minimum input for a given output.

Governance - Anything related to the activities of governing the organization, e.g., board of directors, by laws, and so on.

Internal Audit - An independent appraisal of operations, conducted under the direction of organizational management, to assess the effectiveness of internal administrative and accounting controls and help ensure conformance with managerial policies.

Impact Assessment - A research activity undertaken with the objective of attributing observed outcomes to organizational activity. Impact is determined by the

counterfactual. Determining the counterfactual in turn requires comparing a treatment group to a valid control group.

Loan Products - Types of loans with particular sets of terms and conditions, and often for a particular use.

Monitoring and Reporting - The observation, documentation, and accounting of an organization's activities and performance.

Microcredit - A sub-segment of microfinance that focuses on giving small loans to low-income people for the purpose of allowing them to earn additional income by investing in the establishment or expansion of microenterprises. Microcredit may also refer to the actual microloan.

Microfinance - The provision of financial services adapted to the needs of micro entrepreneurs, low-income persons, or persons otherwise systematically excluded from formal financial services, especially small loans, small savings deposits, insurance, and payments services.

Mission Statement - A formal, written expression of an organization's mission.

MVOA: Mission Vision Objectives Activities

Non-profit Organization - An organization whose income is not used for the benefit or private gain of shareholders, directors, or any other persons with an interest in the organization.

Objective - A measurable statement about the end result that an organization is expected to accomplish in a given period of time. Objectives flow from goals, the purpose of an organization, or the organization's overall mission.

Redemption- The return of an investor's principal in a fixed income security, such as a preferred stock or bond; or the sale of units in a mutual fund. Redemption occurs, in a fixed income security at par or at a premium price, upon maturity or cancellation by the issuer.

Stakeholder - The stakeholder approach is an extension of the shareholder value concept used extensively in business management. In contrast to the shareholder value principle, which focuses on the needs and expectations of a company's shareholders, the stakeholder approach attempts to view the company in the context of its overall social background and reconcile the needs of the different stakeholders. In addition to shareholders, stakeholders include staff, customers, suppliers, the government, and the public at large.

Sustainability - The capability of an organization to sustain its activities over the long term, having taken due account of its environmental, social, and human impacts.

Social Investor - A person or organization that engages in social investing.

Social Impact - The change in net social welfare due to an organization's activity. It includes the wider local, national, and global communities.

Social Audit - An examination of the records, statements, internal processes, and procedures of an organization related to its social performance. It is undertaken with a view to providing assurance as to the quality and meaningfulness of the organization's claimed social performance.

Social Return on Investment (SROI) - Monetary summary of an organization's social return from a capital investment. A term originating from return on investment (ROI) used by traditional investors.

Transparency - The openness and willingness to accept public scrutiny. Transparency exists when there is open public access to information produced by the organization, when the information is sufficient and reliable, and when there exists sufficient means of communication between the organization and its stakeholders.

Vision - Long-term goal of strategy. It answers the question, "How would society be different if our mission were realized."