

# ANNUAL REPORT

## 2016 - 2017

**"Moving towards meaningful Financial Inclusion"**



**Sa-Dhan**

The Association of  
Community Development  
Finance Institutions

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## **Reflections from the Chairperson**

The year 2016-17 has been an important and crucial period for the microfinance sector. The sector witnessed one of the biggest challenges in the form of Demonetization. Nonetheless, the proactive role of Sa-Dhan at field level and intense engagement with Central and State governments, informing clients through local media, the Reserve Bank of India and Local Administrations of various districts helped in mitigating the adverse impact. The year, once again, accentuated the vulnerability and resilience of the microfinance sector.

During the year 2016-17, Sa-Dhan was engaged actively in various aspects of the financial inclusion area ranging from self regulation of microfinance, transparency and compliance, to the strengthening of SHG movement and inclusive credit bureaus. Sa-Dhan held wide range of consultations with Central and State governments, Parliamentarians, RBI, NABARD, SIDBI, NHB, IRDAI, PFRDA, Banks, Donors, multi-lateral and international institutions and stakeholders. A communication strategy was put in place to sensitize policy makers, regulators and general public about the role and contribution of the microfinance sector in reaching the unbanked and unfunded and getting them under the ambit of financial inclusion.

Being a Self Regulatory Organization (SRO), we ensure transparency, client protection and compliance with guidelines prescribed by the Reserve Bank of India. Sa-Dhan is working on an Interactive Voice Response (IVR) system to serve as a grievance redressal and financial literacy helpline for MFI clients. We are also in the process of setting up a web based self assessment and monitoring tool for MFIs. The tool would help us in identifying the gaps and areas of improvement at the organization level and potential overheated geographical areas. Various initiatives are being undertaken to increase client awareness. Sa-Dhan has been trying to educate MFI clients on managing their finances better, avoiding over indebtedness and multiple lending and now will focus on financial literacy including digital usage.

The Association has always acknowledged and recognized the importance of small MFIs in the financial architecture of country. Sa-Dhan is intensely engaged in providing handholding and capacity building support to small MFIs. Good governance is another important area and assumed increasing importance over the last few years. A series of workshops on good governance was organized to inculcate good governance practices among MFIs. Policy notes on relevant and contemporary topics, sector representation and various initiatives have been undertaken to rebuild the credibility of the sector.

Digitization of microfinance sector is an exciting and new development in the sector. Digitizing operations has the potential to bring a host of benefits to MFIs and clients. To maximize the outreach of government schemes and plug leakage in service delivery the government is relying on technological innovation and digital platforms as also Aadhaar to take these services to the doorstep of the poor. However, adaptability, affordability, availability and accessibility appear to be critical concerns for the sector. During the last year, Sa-Dhan has undertaken many initiatives to create ecosystem for digitization of MFIs and promoting digital literacy among clients and stakeholders such as Banks, FinTech companies and Microfinance Institutions.

The sector is at an evolutionary and critical stage, with changes in the regulatory and operational framework of Microfinance Institutions (MFIs) with some of them graduated to Small Finance Banks. The Association has responded to many challenges affecting the sector and was proactive to seize opportunities on several counts; there is still further work to be done to strengthen the sector through its valued members. I am confident that Sa-Dhan with the support and cooperation of its members will continue to be steered in the right direction and guide and shape the microfinance and financial inclusion sector.

Sd/-

**Jayshree Vyas**

**Chairperson**



## **Executive Director's Statement**

The year 2016-17 which we just passed was the one in which the microfinance sector faced its biggest challenge since the AP crisis. Demonetisation coupled with local political voices against MFIs in various states queered the pitch for the sector. In the initial period of demonetisation it was problematic for the Microfinance Institutions to get repayments from clients in many pockets because of shortage of currency. Further, the clients too were struggling to repay the loans because of loss of daily work due to cash crunch in many areas. Some sections tried to take advantage of the situation and intentionally held back loan repayments.

MFIs were gradually managing the challenges of demonetisation but interference of local politicians seeking loan waivers created a major problem for the sector in parts of UP, Maharashtra, Karnataka and MP. Local media in many places also misquoted the interest rate caps stipulated by the RBI accusing MFIs of overcharging and misrepresenting the activities of the microfinance sector. Sa-Dhan organized local level press meets and interfaces with local journalists to explain the point of view of the sector. These efforts resulted in positive fallout for the sector in the local media in a number of states.

But demonetisation has also become the harbinger of a new thought process in the normally cash-intensive microfinance sector to make cashless (loan) collection options available to all. An interesting fact is that while repayments are mostly made by cash, MFIs are opting for different cashless ways for disbursement. More than the financial risk and operational efficiency, the most concerning factor was the physical safety of the employees which was also at risk while they were carrying huge volumes of cash over large distances. To address the problem of cash carrying, some MFIs have commenced the collection from centres through closed loop prepaid cards, some are in talks with telecom operators to leverage their wallet services and ensure that cashless collection of loan repayments are made possible.

In the post-demonetisation phase Sa-Dhan's teams criss-crossed the country landing wherever there was a crisis like situation trying to sensitise all the stakeholders, including the clients, administration and the press. Series of discussions and meetings were held with senior officials of state and central governments, officers of RBI-both at central and regional offices, state and central ministers etc. This proactive role of Sa-Dhan being present at field level and interactions held from DM to PMO level coupled with an understanding attitude of the RBI as well as the Central and State governments helped in largely containing the negative fallout. But still there was an impact on the sector as indicated in the fourth quarter results of some MFIs. The past year reemphasizes the vulnerability as well as resilience of the microfinance sector.

The year also saw one of the great migrations from the sector, with most of the MFIs which received the RBI's approval for starting Small Finance Banks commencing their operations and formally joining the mainstream banking sector. Consequently the portfolio of microfinance catered to exclusively by MFIs has contracted, whereas the microfinance from the banking sector - be it direct microfinance programmes of some (especially private sector) banks, small finance banks, the lending through BCs or the SHG lending of banks – has expanded.

This year Sa-Dhan took definitive initiatives for a regulatory framework for non-NBFC –MFIs after a series of meetings with the Finance Ministry and RBI a Task Force was constituted and a number of meetings were held with a range of stakeholders participating. The recommendations and discussions of these interactions and meets were distilled and based on this a proposal has formally been submitted to the Government of India. Simultaneously Sa-Dhan was engaging RBI for specifying the space for non-NBFC-MFIs in the PSL guidelines and Credit Information Bureaus.

The World Bank Group (IFC) and SIDBI funded Project at Sa-Dhan to build the assessment and monitoring tools and grievance redressal mechanisms of the SRO with the technical support of Smart Campaign is well under way and with its completion a robust SRO mechanism would be in place at Sa-Dhan. The implementation of DFID-SIDBI supported PSIG project continues at a vigorous pace at Sa-Dhan. This year the focus was on governance with workshops and other interventions dedicated to improve corporate governance in MFIs of all legal forms. The handholding support project to develop and strengthen small MFIs is under way

in 16 institutions, with considerable progress. Another innovative project taken up by Sa-Dhan is the IVRS Project for customer education and client grievances under PSIG Challenge Fund in collaboration with our technical partner Onion Dev. in the states of UP, Bihar and MP.

During the year Sa-Dhan contributed to the microfinance and financial inclusion agenda with its active participation as Board member of MUDRA, member on the Financial Inclusion Advisory Committee of RBI, Strategic Advisory Board for SHG-Bank Linkage of NABARD, National Think Tank under PSIG Project, the Client Consultation Committee of BIRD, the Responsible Finance Forum, the Lenders' Forum, the Advisory Council for Inclusive Finance India Summit etc.

Apart from the field engagements in response to the fallout of demonetization, Sa-Dhan teams spent considerable time in the field, conducting state level member meets, visits, and undertaking sectoral, regional and institutional studies. As a knowledge dissemination initiative, flyers were brought out on topical issues of interest to the sector. The Sa-Dhan daily media monitor continues to be popular in the sector as a succinct summary of news items.

This year Sa-Dhan has been actively engaged with players in other areas of relevance to the microfinance sector like micro insurance, micro pension, digital technology, FPOs, skill development, health, water, sanitation, clean and renewable energy. On many of these areas parallel sessions were held at Sa-Dhan's National Conference to chalk out the role that can be played by MFIs in these areas.

Sa-Dhan's 2016 National Conference was a huge success attracting a wide cross section not only from the players in the microfinance and financial inclusion arena, but also from the banking, insurance, technology, investor, government and regulatory areas. The Conference was dedicated to the role of financial inclusion in achieving the Sustainable Development Goals (SDGs) enunciated by the United Nations. In addition to the National Conference, Sa-Dhan also organised a National Consultation on Digitization of Microfinance in collaboration with NPCI. This consultation meet was also hugely successful with the active participation of MFIs, bankers, technology providers, policy makers etc. The consultation enabled the sector to chalk out further programme of action for digitization at three levels-at the institutional level, at the client level and at the environment level.



As a part of its efforts to support study and research in microfinance , Sa-Dhan held the 1st Annual Microfinance Research Workshop on the theme “Crowd, Cooperative and Harmonious Development” in collaboration with the Burgundy School of Business, Dijon, France and Fortune Institute of International Business, New Delhi. The workshop attracted international participation from half-a-dozen countries.

In terms of the functioning of Sa-Dhan team, we have endeavored to increase the output with a small team and diligently worked towards efficient functioning without compromising on the tasks to be undertaken and the quality of work. This year too Sa-Dhan has closed this year with a surplus. I would like to convey my deep gratitude to RBI, Government of India, NABARD, SIDBI, PSIG, DFID-UKAID, World Bank Group-IFC, NRLM, MUDRA, IRDAI, PFRDA, NHB, NPCI for acknowledging Sa-Dhan’s role in the financial inclusion scenario and engaging with it in a wide range of policy dialogues. Many of these institutions have also supported Sa-Dhan financially. I take this opportunity to thank these institutions for that support, the absence of which would have hampered our functioning. I would also like to thank all the sponsors of our National Conference. The SRO Committees have ably guided on the role and responsibilities of Sa-Dhan SRO. I thank all the SRO Committee members for their support and advice. The Governing Board of Sa-Dhan steered the Association through this tumultuous year with deep involvement and guidance. I sincerely acknowledge the role of the Board, especially that of Ms Jayshree Vyas Chair and Mr P. N. Vasudevan, Co-Chair

Sd/-

**P Satish**

**Executive Director**

# Sa-Dhan Board of Directors\*

**Mrs Ela R Bhatt**  
**Chair Emeritus**  
Founder  
SEWA Bank

**Ms Jayshree Vyas**  
**Chair**  
Managing Director  
SEWA Bank

**Mr P. N. Vasudevan**  
**Co-Chair**  
Managing Director  
Equitas Microfinance India Pvt Ltd

**Mr Rakesh Dubey**  
**Treasurer**  
Chief Executive Officer  
S V Credit line (P) Ltd

**Mr Royston Braganza**  
Chief Executive Officer  
Grameen Capital India

**Mr Pranab Rakshit**  
Chief Executive Officer  
Sarala Development & Microfinance Pvt Ltd

**Mr. Vivekanand Salimath**  
Chairman  
IDF Financial Services

**Mr Parshuram Nayak**  
Director  
Swayamshree Micro Credit Services

**Kum. Arti Kushwah**  
Chief Executive Officer  
Priyasakhi Mahila Sangh

**Mr Manoj Mittal**  
**Independent Director**  
Deputy Managing Director  
SIDBI

**Mr G R Chintala**  
**Independent Director**  
Chief General Manager  
NABARD

**Mr Brij Mohan**  
**Independent Director**  
Former ED  
SIDBI

**Mr Madhukar R Umarji**  
**Independent Director**  
Former ED  
RBI

## Sa-Dhan SRO Grievance Redressal Committee

Name	Background	Type of membership	Location/Region
<b>Mr. S K Mitra</b>	Ex. NABARD	Independent	Bhubaneswar
<b>Dr. S Narayan</b>	Former Economic Advisor to PM and Secretary Finance	Independent	Chennai
<b>Mr. Suresh Krishna</b>	Grameen FSL	NBFC-MFI	Bengaluru
<b>Mr. Mukul Jaiswal</b>	Cashpor	Not for Profit	Lucknow

## Sa-Dhan SRO Enforcement Committee

Name	Background	Type of membership	Location / Region
<b>Mr. M R Umarji</b>	Board member-Sa-Dhan, Ex. Ed, RBI and Chief Legal Advisor to IBA	Independent	Mumbai
<b>Mr. H.P.Singh</b>	CMD, Satin Creditcare	NBFC-MFI	Delhi
<b>Mr. Jagadananda</b>	Former Information commissioner of Govt of Odisha, Member Secretary, CYSD	Not for Profit	Bhubaneswar
<b>Mr. Sanjay Sinha</b>	M Cril	Independent (Rating institution)	Delhi
<b>Ms. K.C. Ranjini</b>	Founder & Chairperson, MI India Development Trust	Independent	Haryana

## **The Context and Priorities**

The Indian Microfinance Sector has witnessed a phenomenal growth over a period of last few years. The number of institutions providing micro credit and credit plus activities has gone up. The quantum of credit made available to the poor and financially excluded clients has gone past Rs. 63, 853 crore and number of clients benefitted crossed 40 million as of March 2016. SHG movement also further reinforces its importance in microfinance with 79.05 lakhs SHGs savings linked and 103 million families reached through SHG-Bank Linkage Programme. Besides, Demonetization posed one of the biggest challenges for the sector, however, intense engagement of Sa-Dhan and support from stakeholders and members helped to mitigate the adverse impact of demonetization.

For Sa-Dhan, this year has been the phase of intense engagement with all Governments, regulators and stakeholders. Sa-Dhan has always welcomed the new initiatives and has encouraged its members to mature accordingly. Advent of technology has posed manifold opportunities and challenges for the sector. The association has taken up various initiatives to create ecosystem for the same and promote digital inclusion. Sa-Dhan is also providing handholding and capacity building support to small and medium MFIs in order to enable them to evolve as bigger and stronger MFIs with robust practices at place. Good governance is another important area in which we have gained considerable success in inculcating good governance practices among MFIs. Sincere efforts have been taken up in order to create ecosystem and sensitizing policy makers, regulators, parliamentarians and stakeholders by the virtue of policy note, sector representation and so forth. The Association has also been involved in efforts towards affordable housing and water and sanitation. Sa-Dhan has intensely engaged to further strengthen the SHG programme this year.

Under SRO domain, Sa-Dhan has taken initiatives to ensure more transparency, client protection and compliance as prescribed by the Reserve Bank of India. Surveillance and Grievance Redressal Mechanism have been a focus area for it. Sa-Dhan is also trying to strengthen the Grievance Redressal Mechanism (GRM) of member MFIs. Sa-Dhan is building Interactive Voice Response (IVR) system to serve as a grievance redressal and financial literacy helpline for MFI clients. We are also in the process of setting up a web based self assessment and monitoring tool.

The tool would help us in identifying the weakness and aggressiveness within the organization level and potential overheated areas. Various initiatives are being undertaken to increase client awareness. Sa-Dhan has also made numerous field visits across the regions to understand the prevalent practices and report activities of unregulated agencies to the regulators and government.

Like every year, the association has organized Sa-Dhan National Conference which attracted a widespread participation from across the sector. The theme of the conference was “Financial Inclusion on Path to Sustainable Development Goals”. The conference witnessed in depth deliberations on various contemporary and relevant topics. Besides, we have also focused on state level interventions through the Sa-Dhan state chapters. Sa-Dhan has also come up with the annual Bharat Microfinance Report, Microfinance Analytics Web Page, Quarterly Reports, Newsletters, Monthly Member Update, Daily Media Monitor and so forth. We are hopeful that our efforts will yield fruitful results for the sector in the coming period.



## **A. Sa-Dhan as an Self Regulatory Organization**

In February, 2015, Sa-Dhan was recognized as an SRO for NBFC-MFIs by the RBI. An SRO has distinct areas of responsibilities, such as developing and administering a code of conduct recognized by the central bank. An SRO is also mandated to ensuring borrower protection and education, training and awareness programmes for the members of the SRO. In addition to this, to put in place a grievance and dispute redressal mechanism for the clients of NBFC-MFIs and monitoring and surveillance of the microfinance sector to ensure they adhere to regulatory framework prescribed by the RBI.

Sa-Dhan is mandated to report to the Reserve Bank of India regularly, on sectoral development that helps them to take informed decision on the sector. Compliance with the newly updated code of conduct is checked by the Enforcement Directorate.

Apart from the above mentioned activities, Sa-Dhan has also taken various initiatives like development of surveillance tool, and send advisory to MFIs on a regular basis for improvement of the microfinance sector.

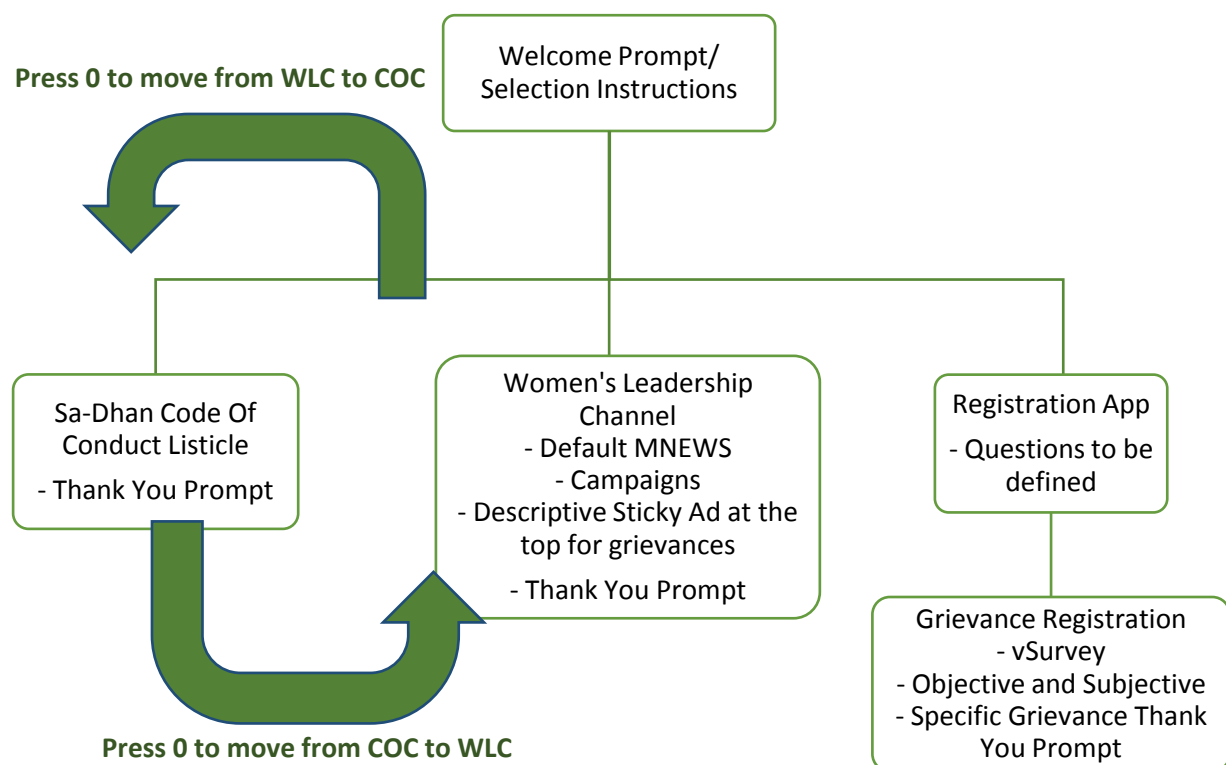
### **A.1 Sector Building Initiatives**

#### **A.1.1 Building Interactive Voice Response (IVR) system to serve as a grievance redressal and financial literacy helpline for MFI customers:**

Sa-Dhan has been selected for building Interactive Voice Response (IVR) system to serve as a grievance redressal and financial literacy helpline for MFI customers under “Financial Inclusion Women Empowerment Challenge Fund” of Poorest State Inclusive Growth (PSIG) Programme, supported by UK’s Department for International Development (DFID) and Small Industries Development Bank of India (SIDBI). This project is being implemented in Uttar Pradesh, Madhya Pradesh and Bihar.

To make this project robust, Sa-Dhan has collaborated with Gram Vaani (now Onion Dev Technologies Pvt. Ltd.). Gram Vaani is a pioneer in the use of ICTs (Information and Communication Technologies) for development, and has influenced the adoption of appropriately designed platforms and processes in several government departments, funding organizations, and dozens of social sector enterprises.

As part of this project, Sa-Dhan and Gram Vaani are developing a unique grievance redressal mechanism using a helpline phone number that uses IVR technology. It has three components (a) Educate people about their entitlements, (b) record grievances and respond to them, and (c) connect the complainants. This system will also develop an analytic dashboard for Sa-Dhan and other stakeholders to observe the state of the MFI operation in targeted geographies. Gram Vaani would also use their existing Community Radio stations to publicize the IVR system among the microfinance borrowers and others in the community.

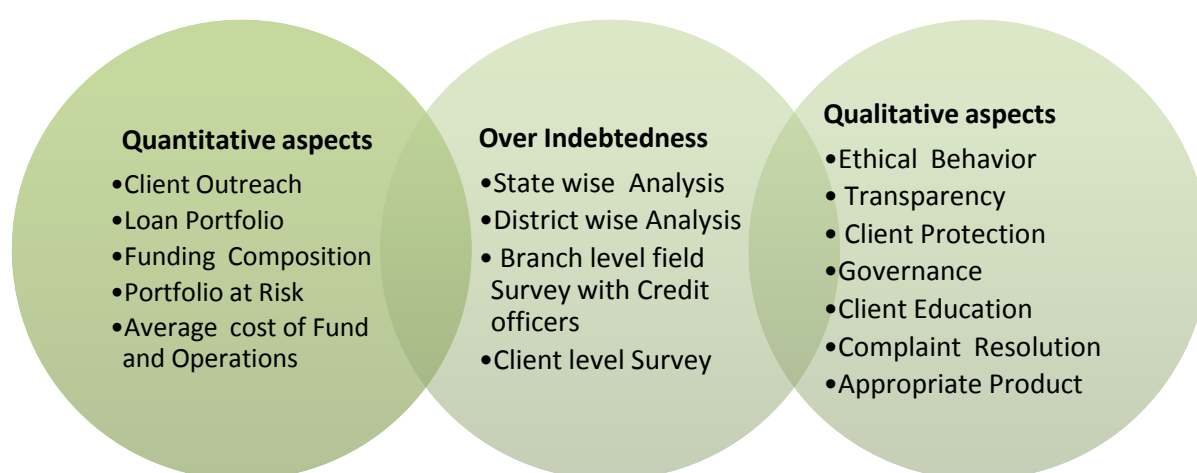


In this regards, a formative study has been conducted by Sa-Dhan and Gram Vaani team in Patna (Bihar) and Hazaribagh (Jharkhand) to understand the level of financial literacy of the borrowers, services offered by the MFIs, and gaps in service loop. The learning from the formative study has been used in designing content and training modules, processes of setting up IVR, and process of implementation to ensure that the proposed solution is in sync with the community needs. We will shortly roll out the system for pilot testing.

### A.1.2. Self assessment and monitoring tool

Sa-Dhan in association with Smart Campaign is setting up a web-based self assessment and monitoring tool. In order to undertake this, we have studied existing surveillance and regulatory tools such as Client Protection Principal Version2 by Smart Campaign, Governance tool of Microsave, Standards of Microfinance CEO Working Group, Standards of STPF/CGAP, Sa-Dhan's CoCA tool, Harmonized COCA Tool of SIDBI and Mimosa tool.

Smart Campaign has designed a tool on the basis of the understanding derived from the comparative study. This tool will help us to identify the weaknesses and aggressiveness within the organization level and potential overheated areas. The tool has three components – Quantitative, Qualitative and over-indebtedness.



Quantitative aspect will cover the different financial parameters which will give us a better understanding of the quarter wise and MFI wise growth trends. Qualitative aspect will cover the parameters of COC which will give us a fuller apprehension of the client protection practices overall and at MFI level. Over-indebtedness aspect will give us a better understanding of the district level saturation of the sector on the basis of different parameters reported by the MFIs, Credit information bureau and different social parameters. This tool will give us real time data and analytic framework to evaluate the overheated area at the district level.

We are in the process to develop a web base software application through which our member could easily submit their data every quarter. Following the completion of the online tool, Sa-Dhan members will be trained through workshops on how to use the self reporting online platform to report their data. Based on the self reported data and

Red flags identified based on key indicators (e.g. high PAR, gaps in the policies at an individual institution or more regional/sub-regional issues at several institutions) we will commission on-site visits.



### **A.1.3. Harmonize COCA Tool**

During the Lenders' Forum meeting organised by SIDBI at Mumbai, it was highlighted that different tools/ indicators are being used by different COCA conducting agencies for making the assessments and the reports/scores are not comparable. Although, the underlying parameters are more or less the same, but there is a felt need for harmonization in the methods being adopted by different agencies so as to bring about standardization and comparability in the assessments. In this direction, SIDBI organized a Code of Conduct Assessment (COCA) harmonization meet in Lucknow to develop a common tool along with proper guidelines to carry out COCA exercises. Sa-Dhan, as one of the developer of the industry Code of Conduct, was an integral part of the team developing the Harmonized COCA Tool.

## **A.2. Research and Awareness campaigns**

### **A.2.1 Effect of demonetization on MFIs**

In November 2016, Government of India announced to demonetize high value currency notes. The MFI industry has significantly impacted by this move as disbursement and collection all are primarily done through cash. Demonetization had temporarily halted the operation of Microfinance Institutions due to cash withdrawal limits. MFIs did not have sufficient fund to disburse loan and clients did not have the cash to repay their installment. As a consequence, MFIs started experiencing loan defaults which led to a temporary increase in non-performing assets.

Sa-Dhan being an SRO and an industry association of Microfinance Institutions initiated to take an immediate step to tackle the situation and raised the issues faced by the partner MFIs. Sa-Dhan had a series of Meeting with senior functionaries of the RBI, Ministry of Finance, Government of India, State Government in Uttar Pradesh and Madhya Pradesh, District Collectors of Maharashtra and so forth. Sa-Dhan as an SRO has put strong positive efforts to bring back the operations and functioning of MFIs during the demonetization period and to avert further major crisis.

On RBI recommendations, Sa-Dhan has also collected data on weekly collection, disbursement and overdue of MFIs to analyze the impact of post demonetization on MFIs industry and shared a detailed report with the RBI. The percentage of decrease in disbursement is higher than the percentage decrease in repayment amount. Another interesting fact that is repayments are mostly made by cash, whereas MFIs are opting for different cashless ways for disbursement. In March 2017, RBI came up with a detailed study on Macroeconomic Impact of Demonetization. In this report they mentioned about the study undertaken by us.

### **A.2.2 Client awareness campaigns**

In order to clear the chaotic atmosphere on demonetization and to educate public and MFIs clients, Sa-Dhan primarily conducted a series of Press Conferences in Lucknow (Uttar Pradesh), Bhopal (Madhya Pradesh), Nagpur and Gondia (Maharashtra). Through these conferences Sa-Dhan tried to inform that loan waivers are rumours and everybody has to pay their installments on time without any default as MFIs are an integral part of financial inclusion to benefit poor clients. Various initiatives are being undertaken to alleviate the adverse impact of demonetization on the sector. Many positive articles were also published in the leading local and national newspaper which helped in improving the situations post demonetization. These conferences got huge media coverage in local newspapers.



### A.2.3 MFI Directory

In 2014, Sa-Dhan published 1<sup>st</sup> edition of the comprehensive MFIs Directory which carries details of 268 MFIs with the aim to provide authentic data of registered MFIs operating in India. It also carries details of legal forms, headquarters, year of establishment, operating states, client outreach, portfolio, etc. MFI directory has received a wide appreciation and acknowledgement from the Lok Sabha Secretariat, RBI, various Banks, MFIs and other as it was a good consolidated work done for the sector. It helped in policy making and monitoring the lending to MFIs. It also helped to protect genuine MFIs from unscrupulous agencies that are posing themselves as MFIs but are actually not registered under any legal form and are lending at higher interest rates than as directed by the RBI. Such agencies are creating a negative image for microfinance sector and creating problems for registered MFIs as well.



During the last 2 years, some new MFIs started their operations and some MFIs have closed their operations or got merged with other MFIs due to lack of funds. Keeping this in view, Sa-Dhan revised the directory and has published the 2nd edition of MFI Directory which carries information on 223 MFIs across 21 States/UTs. The latest version of MFIs directory would help the administration to create conducive environment for the microfinance sector. Moreover, to create awareness about registered MFIs, Sa-Dhan has circulated the MFI Directory to the District Magistrate's office, SP's office, MFIs and government stakeholders of every state.

#### **A.2.4 Study on Interest Rate charged by the MFI**

Sa-Dhan took an initiative to understand the different process and components of calculating interest charged by MFIs to borrowers. The focus of the study was to understand step by step process of calculating effective interest rate and its components such as borrowing costs, financial costs, and accounting treatment of processing fees and other charges, etc. Sa-Dhan shared a questionnaire to understand MFIs perspective on interest calculation and also undertook physical visits to the MFIs to interact with the concerned heads to understand the methodologies followed by them.

We also organized a special session on interest rate calculation where several MFIs participated. The session witnessed a healthy discussion on legal charges, brokerage charges in mobilization of fund, inspection charges, cash credit, cash management charges, grading, rating charges, portfolio audit. We have received important feedback from members during the session and based on our analysis we submitted a detailed report to RBI on interest and margin calculation.

#### **A.2.5 Study on loan recovery deferment on violation of two lenders limit**

Sa-Dhan has been directed by RBI to provide suggestions and feedback based on the practices adopted by NBFC-MFIs in regards to charging of interest during the deferment period, reporting status to the credit bureau for the deferment period and priority accorded for the foreclosure of such loan.

In this connection, Sa-Dhan undertook several initiatives and contacted with several NBFC-MFIs to understand their practices adopted towards loan recovery deferment on violation of two lender limit. During the assessment, we understood that MFIs comply with the regulation laid down by the RBI. If such situation ever happened MFI aware their clients about the regulations and ensure closing of additional accounts before accepting their loan application and no additional interest is collected from customers for the deferred period. Moreover, MFIs duly checks client history with credit bureaus before any disbursement to ensure that violation of two lenders limit never arise.

### **A.2.6 Awareness on Code of Conduct**

Sa-Dhan being a sector developing and mentoring agency, always tries to develop the knowledge in and around the issue of microfinance. As a part of this, Sa-Dhan and MFIN jointly developed an overall industry Code of Conduct. To make it easy to understand for the client and MFI staff, Sa-Dhan prepared an informative flyer on the broad principle of the COCA to be kept handy by the MFIs. We always suggest our members to put the flyer in their branches which would help MFIs' staff and clients to get clarity upon the above mentioned rules and regulations followed by MFIs to run their operations. During our timely field visits, we also experienced that our members indeed placed Sa-Dhan SRO flyers on their notice boards.

### **A. 3 Surveillance and field assessment visits**

Sa-Dhan has been conducting field visits to various locations across the country to observe ground realities, existing practices of its members and recommend corrective actions wherever required. Objective behind the visits is to observe how MFIs are operating with respect to code of conduct and RBI regulations, over indebtedness, following proper documentation procedures, adhering to limits for income generating activities, bundling other products while sanctioning loan and so forth. Moreover, to interact with clients to find out their knowledge level regarding rate of interest, charges taken by MFIs etc. Sa-Dhan has undertaken visits in Uttar Pradesh, West Bengal, Karnataka, Tamil Nadu and Maharashtra and during these visits we have visited approx 60 Branches and interacted with approx 1400 clients.

During our field visits, we came to know that the overall portfolio quality of MFIs is good and they are following desirable practices pertaining to transparency in loan pricing. It was observed that most MFIs staffs were found to be aware of RBI directions for NBFC MFIs, particularly those relating to income and over-indebtedness. Along with this, the branch staffs in general were found to be empathetic with the clients and clients were aware about the rate of interest and other entitlements. Most MFIs have provided dedicated phone numbers where clients can call to register their grievances.





However, there are some concern areas such as high concentration of MFIs, presence of unauthorized agents, unscrupulous organisation imitating MFIs, gaps in staff training etc. Sa-Dhan through an Advisory asked its members to take corrective measures against the irregularities mentioned above.

#### **A.4 Quarterly meetings and Reporting to RBI**

##### **A.4.1. Representation to RBI**

Sa-Dhan's SRO team had regular meetings with the RBI, including those with the Deputy Governors and Executive Directors. In depth discussions were held with Chief General Manager of Department of Non-Banking Regulation and his team. The issues discussed included the investigations into areas of overheating, unregulated agencies operating as MFIs, common regulations for all lenders, building a comprehensive Credit Bureau etc.

As an SRO, Sa-Dhan has been submitting quarterly report to the RBI. The report includes client awareness campaigns undertaken by Sa-Dhan, recent developments in the sector, activities of its Grievance Redressal and Enforcement Committees and potential concern areas where there is excessive growth of lending operations. We have also shared our views common regulation for all lenders providing loan to the MFI clients, analysis of quarterly data, studies on effect of demonetization, computation of interest rate etc. The RBI has expressed its positive feedback on Sa-Dhan's role and efforts as a SRO.

#### **A.4.2. Grievance Redressal Mechanism**

Grievance Redressal primarily focuses on receipt and processing of complaints from clients and further includes actions taken on the issues raised by them to avail services to them more effectively. The RBI has accentuated the importance of GRM and suggested Sa-Dhan to assist member MFIs regarding the same.

Every quarter, Sa-Dhan shares a questionnaire with all MFIs which carries different parameters like loan applications, staff behaviour, repayment, insurance, national pension scheme, credit information bureau and so forth and accordingly share it with RBI. In order to undertake this we received data from different MFIs and analysed that most of the complaints are about status of loan applications, loan approved but not disbursed, request for a 2<sup>nd</sup> cycle loan, settlement of insurance claim and so forth. This mechanism helps Sa-Dhan to understand the strengths and weakness of each MFI and able to suggest which types of trainings & capacity building would be required for them and how MFIs can refine the system in order to overcome the weaknesses.

## **B. Sa-Dhan as an Association**

### **Sector Representation in Policy and regulatory affairs**

#### **B.1 Sa-Dhan's recognition as National Support Organisation.**

Sa-Dhan is recognized as National Support Organization (NSO) to provide State Rural Livelihood Mission (SRLM) for establishment of specialized institutions for finance services. As a part of the strategy to facilitate access to financial services for poor, Deendayal Antyodaya – National Rural Livelihood Mission (DAY-NRLM) is setting up specialized institutions for financial services delivery in the line of already working models. Sa-Dhan, as National Support Organization, has initiated a productive and positive discussion with Rajasthan State Rural Livelihood Mission and Bihar Rural Livelihood Promotion Society with an objective to understand and educate in providing financial services to the poor at the ground level. Sa-Dhan is in process of developing a financial tool for BRLPS-Bihar. Sa-Dhan would work like an existing model named as Streenidhi which is based in Andhra Pradesh and Telangana.

## **B.2 Building Sector: Strengthening Interventions in Microfinance Sector by the virtue of Handholding Support, Capacity Building, Governance and Rebuilding the Credibility of the Sector.**

Sa-Dhan has been supported by UK's Department for International Development (DFID) and Small Industries Development Bank of India (SIDBI) to strengthening interventions in microfinance sector. This support is part of Poorest State Inclusive Growth (PSIG) programme. A technical assistance programme aims to improve access to financial services for 12 million low income households in four poorest states of India – Uttar Pradesh, Madhya Pradesh, Bihar and Odisha.

### **B.2.1 Handholding and Capacity Building Support to small and medium MFIs:**

Small Microfinance Institutions have been key drivers of last-mile financial services in India and their role in promoting financial inclusion is indisputable. They have distinct advantages of being localized, rooted in the community and serving a dedicated customer base. Sa-Dhan had undertaken one study on "Future of Small MFIs" and the study accentuated on the importance of handholding and capacity building support for Small MFIs. To take it forward Sa-Dhan is providing handholding and capacity building support to 18 partner MFIs based or operating in PSIG states- Madhya Pradesh, Uttar Pradesh, Odisha and Bihar. Handholding and capacity building support is provided on various aspects ranging from strategy, operations, governance, compliance, internal audit, MIS, human resources and so forth. The project also offer HR support to partner MFIs. 3 Consulting agencies have been engaged to impart handholding and capacity building support to partner MFIs.

### **B.2.2 Series of Governance Workshops**

Governance has assumed increasing importance in the Indian microfinance sector over the last few years. Strong governance not only contributes to robust growth of the institution but also avoids the possibility of mission drift. Sa-Dhan has always encouraged good governance and urged its member MFIs to inculcate good governance practices. In order to promote good governance among MFIs, Sa-Dhan organized a series of good governance workshops. Institute of Directors (IOD) has been roped in to develop training module. The workshops were organized in Lucknow, Bhubaneswar, New Delhi and Chennai respectively.





The workshop witnessed deliberation primarily on imperatives of Companies Act 2013 and Board's Legal Environment – the duties, responsibilities and liabilities, compliance issues, challenges, board practices, financial literacy for director, audit committee under companies act, tax laws and many more issues related with Good Governance Practices. There were total 100 participants primarily Independent Directors and Non Executive Board Members from 62 MFIs across different legal forms.

### **B.2.3 Flyer / Policy Notes**

In order to rebuild the credibility of the sector, Sa-Dhan strives to come up with policy notes on contemporary and relevant topics about the microfinance sector. The primary objective is to create awareness among Policymakers, Parliamentarians, Regulators, Banks, Local administrations MFIs and Stakeholders. In the reported period, Sa-Dhan has come up with following policy notes:

- Microfinance Sector: A Snapshot of 2015-16
- Understanding the Determinants of Microfinance Loan Prices
- Regulatory Framework of Microfinance Institutions
- Governance in Microfinance Institutions.
- The Digital Ecosystem in Financial Inclusion
- Domestic Equity in Indian Microfinance

### **B.2.4 National Consultation**

In our country, the drive for financial inclusion has been coupled with endeavoring for a less cash economy. With an improvement in the ownership of bank accounts, and regulatory bodies creating financial entities to facilitate electronic payments in rural and low income households. In microfinance sector, digitization has been implemented in backend processes, the products are still delivered in operational models high on human touch and use of cash based disbursement and repayment processes. Some institutions are experimenting with digital solutions, but these are yet to be brought to scale. Digitization would help microfinance sector in myriad ways viz mitigate cash carrying risks, improves operational efficiency and so forth.



Further, it would aid in diversification of product offered to clients and enable the innovation of client centric offerings based on critical insights sourced from digital data collected over time on client behavior.

In order to understand the scenario Sa-Dhan organized National Consultation on “Scope, Opportunity and Challenges of Digitization of MFIs” in Mumbai on 22<sup>nd</sup> and 23<sup>rd</sup> Feb 2017. National Payment Corporation of India (NPCI) and IFMR LEAD have played an integral role in the event. The event primarily focused on the digitization of Microfinance and explored the key issues of adoptability, feasibility and affordability that MFIs have to weigh before making a choice. The event received appreciations from stakeholders. The event was also graced by many eminent speakers like Mr. Ajay Kumar Kapur, DMD, SIDBI; Mr. H R Dave , DMD, NABARD; Mr. A P Hota, CEO NPCI; Mr. G R Chintala, CGM, NABARD; Prof M S Sriram; Mr Royston Braganza, CEO, Grameen Capital; Mr Naveen Surya, MD, ItzCash. The Consultation witnessed 100 delegates from different MFIs, Banks, Tech Companies and so forth.

## B.3 Networking and Coalition

### B.3.1 Sa-Dhan National Conference

Sa-Dhan organized its annual National Conference on 14<sup>th</sup> & 15<sup>th</sup> September 2016 at India Habitat Centre, New Delhi. The theme for the National Conference was “Financial Inclusion on Path to Sustainable Development Goals”. The conference commenced with the release of Bharat Microfinance Report 2016, Launch of Microfinance Analytic and Launch of soft version of Microfinance Directory – 2<sup>nd</sup>



Edition by Dr. Kshatrapati Shivaji CMD SIDBI, Shri U S Paliwal ED RBI, Ms Jayshree Vyas Chair Sa-Dhan and Mr. P Satish ED Sa-Dhan.

The National Conference also witnessed in-depth deliberation on various relevant topics viz. Sustainable Development Goals, Government's initiatives and alignment of MFIs, Financing the microfinance industry, Role of SROs, Clean Energy, Micro insurance, Sustaining Self Help Groups Institutions, Water and Sanitation, Farmer's producers organizations, Synergy between payment bank and small finance banks, bringing unregulated MFIs under strategic framework, Peer to Peer Lending and Deepening of Microfinance.





The National Conference was graced by many eminent speakers such as Dr Harsh Kumar Bhanwala, Ms Meenakshi Lekhi, Mr Gaurav Gogi, Mr Vijay Mahajan, Mr Pankaj Jain, Ms Jyotsna Sitling, Mr Jiji Mammen, Mr. Manoj Mittal, Mr C S Ghosh, Mr C D Srinivasan, Mr M R Umarji, and Mr G R Chintala. The National Conference witnessed close to 600 delegates and many other eminent people.

## **B 4 Knowledge Building and Dissemination**

### **B.4.1 Bharat Microfinance Report 2016**

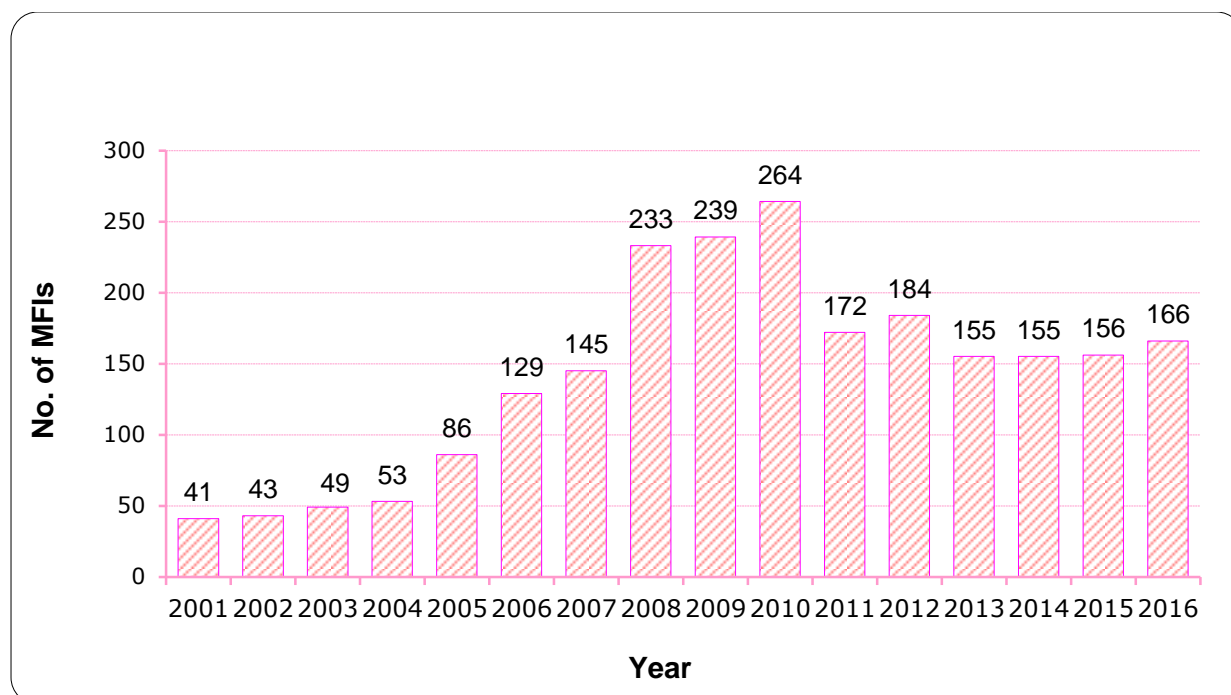
Sa-Dhan has been publishing “The Bharat Microfinance Report” since 2004 to cater to the information needs of the various stakeholders. The report purports to provide a primary data based analytical information to the government, policy makers, regulators, the RBI, banks, investors, researchers, media, MFIs and others enabling them to understand the current status and the underlying trends in the sector in order to take appropriate decisions/actions that are critical for the development of the industry.

**Highlights of the report** - The Bharat Microfinance Report 2016 comprise of information from 166 MFIs across different legal forms. Furthermore, the report depicts that quantum of credit made available to poor and financially excluded clients has crossed Rs 63,853 Crore and number of clients benefitted crossed 40 million as of March 2016. The SHG Bank linkage program has equally grown to touch the lives of individuals through SHGs with an outstanding loan portfolio of Rs 57,119 Crore. The NGO MFIs plays an important role in serving the unreached targets as the operation of NGO MFIs is in very remote areas.

Apart from the sectoral overview the BMR also highlights some innovative initiatives undertaken by MFIs and other stakeholders such as cashless technology, case

studies regarding Grievance Redressal Mechanism best practices, new SHG models, best practices of MFI in area of technology, Peer to Peer Lending

**Graph 1. No. of MFIs contributed to BMR over the years.**



#### **B.4.2 Microfinance Analytics**

Sa-Dhan launched Microfinance Analytics web page during Sa-Dhan's National Conference 2016. The web application provides the most updated information about operational analytics of Microfinance Institutions (MFIs) and Self Help Groups (SHGs) in India. This application will also portray Microfinance map of India which shows states wise Key parameters data, trend analysis, heat map, SBLP and so forth. The application is one of the most comprehensive dossier web apps in the microfinance sector.

#### **B.4.3 Q-MF – Sa-Dhan's Quarterly Microfinance Report**

To reflect to the changes and quick analysis of data, Sa-Dhan has initiated collecting data on quarterly basis from approx 100 MFIs. In this endeavor, our partner MFIs contribute data and enable Sa-Dhan to come out with Q-MF (Quarterly Report on the Microfinance Sector). These reports help in updating the stakeholders with informations and status about the microfinance sector. Quarterly Report on the Microfinance Sector allow the sector to build an understanding on the growth on client outreach, Net Loan Portfolio, Gross Loan Portfolio, BC Portfolio, Staff Productivity, Financial data like Funding from different sources, Region wise change and shifts.

## **B.5. Sa-Dhan's Newsletter**

Sa-Dhan disseminates information to its members through newsletter on interesting topics on Microfinance. Sa-Dhan's quarterly newsletter listed out policy updates and highlights the activities of the member institutions. Some of the published articles were on Impact of Microfinance: Solving financial problems through Microfinance, ESAF Microfinance-Measuring impact through SROI, New Scheme by NABARD: NGO-MFIs as Self Help Promoting Institution, Evaluating health- seeking behavior, utilization of care and health risk: Evidence from a community based insurance model in India. Sa-Dhan has also interviewed Prof Md. Yunus in order to get his views on the microfinance and technology presenting the current scenario.

## ***B.6 Member Affairs and Membership Development***

### **B.6.1 Workshop in Guwahati**

On 18<sup>th</sup> January 2017 Sa-Dhan organized multistakeholder workshop in Guwahati, Assam. The Workshop was organized to address the challenges and issues in Up-Scaling the Microfinance Institutions in North –East Region and also to discuss on how the MFIs operating in North-East Region can be approached through funding agencies or Bulk Lenders. The workshop witnessed the participation from MFIs, Banks, NABARD, SIDBI, MUDRA and other resource agencies. The major concerns from the MFIs perspective have been shortage of funds and high operational cost. The workshop witnessed in depth deliberation to resolve the mentioned issues.





## B.6.2 Members Meet

- **Rajasthan** : Sa-Dhan organized Rajasthan Member's meet in Jaipur. The meeting was organized on the issues of multiple lending, challenges faced by the member institutions and resources flow to the sector. It was also discussed to develop a state level charter of the activities to support the community development initiatives in the state.
- **Karnataka** : Sa-Dhan with support of SKDRDP organized Karnataka Member's meet in Bengaluru. Among others, the meet witnessed deliberation on regulations for Not for Profit MFIs and issues of unscrupulous agencies acting as MFIs in some part of Bengaluru.
- **Assam and Manipur** : In order to understand the status of MFIs after post demonetization, Member's meet were organized in Assam and Manipur. The other common concern raised by the MFIs was lack of financial resources and penetration of unscrupulous agencies posing as MFIs in these areas.
- **Uttar Pradesh** : In UP Member's meet, Sa-Dhan highlighted the initiatives undertaken post Demonetization and tried to understand the impact of demonetization, problems and challenges of over lending, Aadhaar related issues, operational challenges at one platform.



- **Punjab** : In Punjab Member's meet, issues regarding demonetization impacts, problems and possible solutions, over lending – CIBs, Aadhaar related issues, fund raising were primarily discussed in length.



## **B.7 Other Initiatives**

### **B.7.1 Water and Sanitation :**

Apart from micro credit or microfinance, the sector has been involved in improving Socio and health aspects of poor people. According to BMR 2016, 40 MFIs with client base of 6.80 Lakhs are involve in Water and Sanitation in different geographies, with constant increase of clients every year. To understand the challenges and situation on the ground and develop a strategy to address them, Sa-Dhan in joint collaboration with Water.org and India Sanitation Coalition is in the process of conducting the financial gap analysis of water and sanitation in different geographies of India. Sa-Dhan has started the pilot study in Maharashtra.

### **B.7.2 Quarterly Submission of Data under PMMY**

MUDRA has entrusted Sa-Dhan to collect, collate and submit quarterly data on Pradhan Mantri Mudra Yojana (PMMY) loans disbursed through Not for Profit MFIs. Periodic submission of data under PMMY is desired not only from the perspective of policy decision but also to develop data base for futuristic purpose, assess institutional performance and build transparency. In FY 2016-17, Sa-Dhan's Not for Profit Members have disbursed Rs 2105 Cr under PMMY.

## **B.8 New Members**

Every year, Sa-Dhan receives new applications for membership. The new members who joined Sa-Dhan this year are-



- Self Employment Voluntary Association, Manipur
- Shroff Capital and Finance Pvt Ltd, Gujrat
- TransUnion CIBIL Limited, Maharashtra
- National Scheduled Castes Finance and Development Corporation, Delhi
- Kanika Investment Limited, Delhi
- Capital Trust Limited, Delhi
- Satya MicroCapital Limited, Delhi
- Sahulat Microfinance Society, Delhi
- IndusInd Bank, Telangana
- Gaddala Financial Services Pvt Limited, Telangana
- Vaya Finserv Private Limited, Telangana
- Magilchi Foundation, Tamil Nadu
- Consortium for Social Care and Development (CONSO), Tamil Nadu
- Makkal Sakthi Sangamum (MASS) Trust, Tamil Nadu
- Asirvad Microfinance Limited, Tamil Nadu
- Samasta Microfinance Ltd, Karnataka

## **B.9 18th Annual General Body Meeting**

On 15th June 2016, Sa-Dhan had its 18th Annual General Body Meeting in Bengaluru. The key highlights of the General Body Meeting were as follows-

- General Body has detailed discussed on SRO, Policy and Highlights & Capacity Building activities and course of action.
- General Body discussed and finalized course of action on membership affairs including fees, new members joining etc.
- General Body has adopted last AGM Meeting minutes, Annual Report & Audit Report of 2015-16 and Annual Plan & Budget 2016-17.
- Election were held through a vote for 4 board seats which resulted in three existing members being re-elected and one new member joining the Board.



## **Stepping Forward**

The ensuing year will be crucial for the microfinance sector with many challenges in view of the changes in the environment. Our first and foremost task would relate to improving and strengthening the enabling ecosystem for the sector. Sa-Dhan as an Association and an SRO has to play a dual role in the upcoming year to ensure further streamlining the growth path of the sector.

As an SRO for the NBFC MFIs, Sa-Dhan is committed to the responsibility of maintaining greater transparency, client protection and compliance to the regulatory guidelines. Going forward, we are collaborating with multilateral institutions to promote and institutionalize client protection structures among member MFIs. Sa-Dhan is in the process to put in place a surveillance tool to support the member MFIs in building their capacity, particularly in the area of grievance redressal, dispute resolution and implementation of Code of Conduct. We are also creating a unique grievance redressal mechanism using a helpline phone number that uses IVR technology. In addition to this, we are in the process of setting up a web based self assessment and monitoring tool. It is also Sa-Dhan's responsibility as an SRO to present the true and unbiased position of the sector in front of the Reserve Bank of India and other stakeholders. Apart from the NBFC MFIs, the organization is also encouraging the non NBFC MFI members to share data and comply with the stipulated guidelines, irrespective of their size and legal status.

Sa-Dhan as an Association bound to convey its members' voice and concerns to the different stakeholders of the sector. To take the things forward, Sa-Dhan is poised to continue handholding and capacity building support to small and medium MFIs in the coming year. Good governance is another important area where we will continue to promote and inculcate good governance practices among MFIs. Policy Notes, Sectoral representation and other initiatives would be continue to rebuild the credibility of the sector. Being an Association, we always welcome new initiatives and further devise the way. Digitization is another area which require due attention and Sa-Dhan is in the process of creating a ecosystem for the digitization of operations of MFIs and promoting digital inclusion. Sa-Dhan is intensely putting efforts towards affordable housing and water and sanitation. Apart from this,

Sa-Dhan is in the process of developing an integrated grading mechanism and regulatory framework for small and medium MFIs and sensitizes the lenders to use that methodology. Sa-Dhan will also intensely engage with MoF, MoRD and MoHUPA in order to further create a favorable environment for MFIs.

Sa-Dhan is a member driven organization, therefore, coordination with the members and in turn their cooperation is invaluable. Sa-Dhan has ensured that issues and concerns of member institutions are raised at appropriate platforms and a conducive environment is created for them to prosper and serve the underprivileged community of the society. Sa-Dhan will continue using its channels of conventions, workshops, national conference, and capacity building programs to drive its members' agenda.



### Sa-Dhan Member List as on March, 2017

Legal Form- wise distribution of members	
	Total
NBFC-MFI	53
NBFC	19
Society	52
Trust	18
Sec. 8 Company	19
Cooperative	6
Bank	8
LAB	2
Pvt. Ltd Company	11
<b>Total</b>	<b>188</b>
Abbreviations	
Society-MFI	Society-Microfinance institution
NBFC	Non Banking Finance Company
Sec. 8 Com	Section 8 Company
LAB	Local Area Bank
BL	Bulk Lender
CBP	Capacity Building Provider

S. N.	State	Total
1.	Andhra Pradesh	3
2.	Assam	10
3.	Bihar	3
4.	Delhi	16
5.	Gujarat	9
6.	Haryana	4
7.	Jharkhand	4
8.	Karnataka	16
9.	Kerala	3
10.	Madhya Pradesh	4
11.	Maharashtra	20
12.	Manipur	6
13.	Odisha	13
14.	Punjab	2
15.	Rajasthan	6
16.	Tamil Nadu	25
17.	Telangana	13
18.	Uttar Pradesh	12
19.	Uttarakhand	1
20.	West Bengal	18
	<b>TOTAL</b>	<b>188</b>

<b>ANDHRA PRADESH</b>	
<b>Star Youth Association (Star Microfin Service Society)</b>	<b>Rashtriya Seva Samithi (RASS)</b>
<b>Future Financial Services Ltd.</b>	
<b>ASSAM</b>	
<b>Rashtriya Gramin Vikas Nidhi (RGVN)</b>	<b>Prochesta</b>
<b>North Eastern Development Finance Corporation Limited, (NEDFi)</b>	<b>UNACCO Financial Services Pvt. Ltd.</b>
<b>Grameen Development &amp; Finance PLtd.</b>	<b>Ajagar Finance Pvt Ltd</b>
<b>RGVN (North East) Microfinance Ltd</b>	<b>Nightingale Finvest Pvt. Ltd.</b>
<b>Asomi Finance Private Limited,</b>	<b>Satra Development Finance P Ltd</b>
<b>BIHAR</b>	
<b>Societal Upliftment &amp; Rural Action for job &amp; Empowerment (SURAJE)</b>	<b>Saija Finance Private Limited</b>
<b>Centre For Development Orientation &amp; Training (CDOT)</b>	
<b>DELHI</b>	
<b>PRADAN</b>	<b>Satin Creditcare Network Limited</b>
<b>SEWA Bharat</b>	<b>Planned Social Concern</b>
<b>Ishara Finance &amp; Rural Development Pvt. Ltd.</b>	<b>Sambodhi Research &amp; Communications Pvt. Ltd.</b>
<b>Punjab National Bank</b>	<b>CARE India</b>
<b>Plan International (India Chapter)</b>	<b>Shikhar Microfinance Pvt Ltd. (SMPL)</b>
<b>Altura Financial Services Ltd</b>	<b>National Scheduled Castes Finance and Development Corporation</b>
<b>Kanika Investment Limited</b>	<b>Capital Trust Limited</b>
<b>Satya MicroCapital Limited</b>	<b>Sahulat Microfinance Society</b>
<b>GUJARAT</b>	
<b>SEWA Bank</b>	<b>Indian School of Microfinance for Women</b>
<b>Friends of Women's World Banking India (FWWB)</b>	<b>Ananya Finance For Inclusive Growth Pvt.Ltd.</b>
<b>The Saath Savings and Credit Cooperative Society Ltd.</b>	<b>Swayam Micro Services</b>
<b>PRAYAS (Organisation for Sustainable Development)</b>	<b>Shroff Capital and Finance Pvt Ltd</b>
<b>Arman Financial Services Limited</b>	

HARYANA	
EDA Rural Systems Pvt. Ltd	S. V. Credit line (P) Ltd.
Prime M2i Consulting Pvt. Ltd.	Anandita Microcredit Services Foundation
JHARKHAND	
Nav Bharat Jagriti Kendra (NBJK)	Ajiwika Society
Holy Cross Social Service Centre	Vedika Credit Capital Ltd.
KARNATAKA	
Sanghamithra Rural Financial Services,	IDF Financial Services Pvt Ltd.
OUTREACH	Ujjivan Financial Services Pvt Limited
BSS Microfinance Private Limited	ACCION Technical Advisors India
Grameen Koota Financial Services P Ltd	Nirantara FinAccess (Pvt) Ltd.
Opportunity Microfinance India Ltd.	Navachetana Microfin Services P Ltd
Shri Kshethra Dharmasthala Rural Development Project	RORS Finance Private Limited
Prakruthi Foundation	Planet Finance India
Janalakshmi Financial Services Pvt. Ltd.	NABARD Financial Services Ltd
KERALA	
ESAF Microfinance & Investments Pvt. Ltd. (EMFIL)	Janasree Sustainable Development Mission
Welfare Services Ernakulam	
MADHYA PRADESH	
Priyasakhi Mahila Sangh	Sahayog Microfinance
Aprajit Mahila Sangh	Samhita Community Development Service
MAHARASHTRA	
Development Support Team (DST)	YES Bank Ltd
Housing Development Finance Corporation Ltd. (HDFC),	Agricultural Finance Corporation Ltd
Chaitanya	Axis Bank Ltd.
Development Initiative for Self-Help and Awakening (DISHA)	Hindusthan Microfinance Pvt Ltd
Mahila Arthik Vikas Mahamandal Ltd. (MAVIM)	Sampada Trust
Swadhaar FinAccess	Development Credit Bank
CRISIL Ltd.	Intrepid Finance & Leasing P. Ltd

<b>Grameen Capital India Ltd.</b>	<b>Unnati Microfin Pvt Ltd.</b>
<b>SME Rating Agency of India Ltd.</b>	<b>Muthoot Microfin Limited</b>
<b>ICICI Bank Ltd</b>	<b>TransUnion CIBIL Limited</b>
<b>MANIPUR</b>	
<b>Volunteers for Village Development, (VVD)</b>	<b>Chanura Microfin Manipur (CMM)</b>
<b>WSDS- Institute of Innovative technology transfer and Environment</b>	<b>YVU Financial Services Pvt. Ltd.</b>
<b>North East Region Finservices Ltd.</b>	<b>SEVA, Manipur</b>
<b>ODISHA</b>	
<b>ADHIKAR</b>	<b>Mahashakti Foundation</b>
<b>ADARSA</b>	<b>Sambandh Finserve Pvt.Ltd.</b>
<b>Centre for Youth &amp; Social Development (CYSD)</b>	<b>People's Forum</b>
<b>GRAM-UTTAN</b>	<b>Swayamshree Mahila Samabaya Samiti Ltd.(SMSS Ltd.)</b>
<b>Madhyam Foundation</b>	<b>Adhikar Microfinance Pvt. Ltd.</b>
<b>Swayamshree Micro Credit Services (SMCS)</b>	<b>G U Financial Services Pvt. Ltd</b>
<b>Annapurna Microfinance Pvt. Ltd.</b>	
<b>PUNJAB</b>	
<b>Midland Microfin Limited</b>	<b>Capital Local Area Bank</b>
<b>RAJASTHAN</b>	
<b>Association for Rural Advancement through Voluntary Action &amp; Local Involvement (ARAVALI)</b>	<b>Pustikar Sakh Sahakari Samiti Ltd.</b>
<b>Cecoedekon Development Centre</b>	<b>IBTADA</b>
<b>SEVA Mandir</b>	<b>Arth Micro Finance Pvt. Ltd.</b>
<b>TAMIL NADU</b>	
<b>Grama Vidiyal Microfinance Ltd</b>	<b>Innovative microfinance for poverty alleviation and Community transformation (IMPACT)</b>
<b>Nanayasurabhi Development Financial Services</b>	<b>People's Action for Transformation</b>
<b>Sarvodaya Nano Finances Ltd.</b>	<b>Equitas Microfinance India Pvt. Ltd.</b>
<b>Sarva Jana Seva kosh Ltd. (SJSK)</b>	<b>BWDA Finance Ltd (BFL)</b>
<b>Bullock-Cart Workers Development Association (BWDA)</b>	<b>Rural Education and Action Development (READ)</b>

<b>New Life</b>	<b>Society for Human Equality ,People Health, Education and Rural Development (SHEPHERD)</b>
<b>Mahasemam</b>	<b>Water.org</b>
<b>SMILE Microfinance Limited</b>	<b>Virutcham Microfinance Ltd.</b>
<b>MSM MicroFinance Limited</b>	<b>REPCO Micro Finance Ltd</b>
<b>Growing Opportunity Finance (India) P Ltd</b>	<b>Valar Aditi Social Finance Pvt. Ltd.</b>
<b>Blaze Trust</b>	<b>Magilchi Foundation</b>
<b>Indian Association for Savings and Credit (IASC)</b>	<b>CONSO</b>
<b>Makkal Sakthi Sangamum (MASS) Trust</b>	
<b>TELANGANA</b>	
<b>Bhartiya Samruddhi Finance Ltd (BASIX Group)</b>	<b>Maanaveeya Development &amp; Finance Pvt Ltd</b>
<b>Share Microfin Limited</b>	<b>The Bellwether Microfinance Fund P Ltd.</b>
<b>Indian Grameen Services (IGS)</b>	<b>Asmitha Microfin Ltd.</b>
<b>Bharat Financial Inclusion Limited SKS Microfinance Pvt.Ltd</b>	<b>IndusInd Bank,</b>
<b>Spandana Sphoorty Financial Services Ltd</b>	<b>Gaddala Financial Services Pvt Limited</b>
<b>Krishna Bhima Samruddhi Local-Area Bank Ltd.,</b>	<b>Vaya Finserv Private Limited</b>
<b>Pragathi Seva Samiti</b>	
<b>UTTAR PRADESH</b>	
<b>Grameen Development Services (GDS)</b>	<b>Disha India Micro Credit</b>
<b>Shramik Bharti</b>	<b>Sonata Finance Private Limited</b>
<b>Cashpor Micro Credit</b>	<b>Trust Microfin Network</b>
<b>Network of Entrepreneurship &amp; Economic Development (NEED)</b>	<b>Drishtee Foundation</b>
<b>PAHEL Livelihoods</b>	<b>Janhit Foundation</b>
<b>Margdarshak Financial Services Ltd.</b>	<b>Bhartiya Micro Credit,</b>
<b>UTTARAKHAND</b>	
<b>Uttarakhand Micro-finance and Livelihood Promotion Cooperative Institution</b>	
<b>WEST BENGAL</b>	
<b>Village Welfare Society (VWS)</b>	<b>SEBA Rahara</b>
<b>Bandhan Bank Ltd</b>	<b>Sahara Utsarga Welfare Society</b>



<b>Kalighat Society for Development Facilitation (KSDF)</b>	<b>Parama Mahila Samity,</b>
<b>AROHAN Financial Services Ltd</b>	<b>Dhosa Chandaneswar Bratyajana Samity</b>
<b>Village Financial Services Pvt. Ltd</b>	<b>Bengal Women Welfare Association</b>
<b>Society for Model Gram Bikash Kendra</b>	<b>ASA International India Microfinance Ltd</b>
<b>Belgharia Janakalyan Samity</b>	<b>Barasat Anweshan</b>
<b>Dakshin Budhakhali Improvement Society</b>	<b>Barasat Sampark</b>
<b>Sarala Development &amp; Microfinance Pvt Ltd</b>	<b>Uttrayan Financial Services Pvt Ltd</b>

# **M. THOMAS & CO.**

## **Chartered Accountants**

**40-B, Yusuf Sarai, (Near Uphaar Cinema), New Delhi-110016.**

**Tel: 26866730; 9810064291; 9810063291; E-Mail: mtc64291@yahoo.co.in**

**HO: G-11, Marina Square, #27, Santhome High Road, Chennai-600 004.**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF SA-DHAN ASSOCIATION**

#### **Report on Financial Statements**

We have audited the accompanying financial statements of **SA-DHAN ASSOCIATION**, which comprise the Balance Sheet as at **31<sup>st</sup> March 2017** and the Income and Expenditure Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and presentation of these financial statements that give a true and fair view of the financial position and financial performance of the Society in accordance with the accounting principles generally accepted in India. The responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the applicable Acts for safeguarding the assets of the organisation and for detecting and preventing the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements that give true & fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Society has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, read with other notes given thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Society as at **31<sup>st</sup> March 2017**; and
- b) in the case of the Income and Expenditure Account, of the **Surplus** for the year ended on that date.

### Other Matters

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account have been kept by the Society so far as appears from our examination of the books of accounts.
- c) The Balance Sheet and the Income and Expenditure Account dealt with by this report are in agreement with the books of account.

For M. THOMAS & CO.  
Chartered Accountants  
Firm Registration No: 004408S

R. Murali (Partner)  
Membership No: 80972

Place: New Delhi  
Date: 15<sup>th</sup> June 2017



# SA-DHAN ASSOCIATION

## BALANCE SHEET AS AT MARCH 31ST, 2017

Particulars	SCH	2016-17 (Amt in rupees)	2015-2016 (Amt in rupees)
<b>SOURCES OF FUNDS</b>			
Corpus Funds	1	56,102,160	53,592,160
Restricted Funds	2	(3,922,186)	620,195
Unrestricted Funds	3	(3,774,800)	(9,616,234)
Capital Asset Fund	4	404,579	168,726
<b>TOTAL</b>		<b>48,809,753</b>	<b>44,764,847</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets (at cost less depreciation)	5	404,579	168,726
Fixed Deposits	6	40,504,850	34,904,850
Current Assets, Loans and Advances (A)	7	8,386,406	10,155,017
Current Liabilities (B)	8	486,082	463,746
Net Current Assets (A-B)		7,900,324	9,691,271
<b>TOTAL</b>		<b>48,809,753</b>	<b>44,764,847</b>

As per our Report of even date  
For M. Thomas & Co.  
Chartered Accountants  
ICAI FRN: 004408S

R M Murali

(R. Murali)  
Partner  
M.No. 80972



For and on behalf of Board  
Sa-Dhan

Rakesh Dubey  
Treasurer

Jayashree Vyas  
Chairperson

P. Satish  
Executive Director

Place : -New Delhi  
Date : June 15, 2017

# SA-DHAN ASSOCIATION

## INCOME & EXPENDITURE ACCOUNT FOR THE PERIOD ENDED MARCH 31ST , 2017

	Sch	2016-17 (Amt in rupees)	2015-2016 (Amt in rupees)
<b>INCOME</b>			
Grants and Contributions Received	9	11,044,306	7,909,867
Interest Income		3,484,301	3,347,946
Participation and Training Fee		1,150,346	1,134,001
Membership Fee		8,042,148	6,270,316
Voluntary Contributions		1,445,384	1,443,679
Other Income		213,810	227,564
<b>TOTAL</b>		<b>25,380,295</b>	<b>20,333,373</b>
<b>EXPENDITURE</b>			
<b>PROGRAMME EXPENDITURE:</b>			
Policy Advocacy & Sector Representation	10	12,096,646	7,598,524
Research & Analysis	11	1,000,238	1,492,994
Member Development Support & CBEO Community Based	12	2,346,580	1,636,070
Self Regulatory Organisation Activities	13	2,825,281	1,687,459
Administration Expenses	14	5,505,647	4,845,194
		23,774,392	17,260,241
Depreciation		69,997	521,284
Less: Transferred to Capital Assets Fund (Purchase of FA)		306,850	-
Less: Transferred to Capital Assets Fund		(69,997)	(521,284)
<b>TOTAL</b>		<b>24,081,242</b>	<b>17,260,241</b>
<b>Excess of Income over Expenditure for the year</b>		<b>1,299,053</b>	<b>3,073,133</b>
Taken to Unrestricted funds (Sch-3)		5,841,434	2,932,602
Taken to Restricted funds (Sch-2)		(4,542,381)	140,531
		<b>1,299,053</b>	<b>3,073,133</b>

As per our Report of even date

**For M. Thomas & Co.**

Chartered Accountants

ICAI FRN: 004408S

*R Murali*

(R. Murali)

Partner

M.No. 80972



For and on behalf of Board

**Sa-Dhan**

*Rakesh Dubey*

(Rakesh Dubey)

Treasurer

*Jayshree Vyas*

(Jayshree Vyas)

Chairperson

*P. Satish*

(P. Satish)

Executive Director

Place : -New Delhi

Date : June 15, 2017

# SA-DHAN ASSOCIATION

## SCHEDULES TO ACCOUNTS AS ON MARCH 31ST, 2017

2016-17

2015-16

(Amt in rupees)

(Amt in rupees)

### SCHEDULE 1 : CORPUS FUND

The Ford Foundation	22,952,160	22,952,160
Corpus from Omidyar Networks	21,895,000	21,895,000
Corpus from Members (including Rs. 25,10,000/- received during the year)	10,134,000	7,624,000
Sa-Dhan's Contribution to Corpus Fund	1,121,000	1,121,000
<b>TOTAL</b>	<b>56,102,160</b>	<b>53,592,160</b>

### SCHEDULE 2 : RESTRICTED FUND

Opening Balance	620,195	479,664
Add: Fund received during the year	4,801,726	3,415,571
Less: Amount utilised during the year	(9,344,107)	(3,922,186)
		(3,275,040)
		620,195

### SCHEDULE 3 : UNRESTRICTED FUND

Opening Balance	(9,616,234)	(12,548,836)
Add: Fund received during the year	20,578,569	16,917,802
Less: Amount utilised during the year	(14,737,135)	(3,774,800)
		(13,985,201)
		(9,616,234)

### SCHEDULE 4 : CAPITAL ASSETS FUND

Opening Balance	168,726	704,048
Add: Addition to Fixed Assets	306,850	-
Add : Deletion of assets at WDV	(1,000)	(14,038)
Less : Depreciation for the year	(69,997)	404,579
		(521,284)
		168,726

As per our Report of even date  
For M. Thomas & Co.  
Chartered Accountants  
ICAI FRN: 004408S

*R Murali*

(R. Murali)  
Partner  
M.No. 80972



For and on behalf of Board  
Sa-Dhan

*Rakesh Dubey*  
(Rakesh Dubey)  
Treasurer

*Jayshree Myas*  
(Jayshree Myas)  
Chairperson

*P. Satish*  
(P. Satish)  
Executive Director

Place : -New Delhi  
Date : June 15, 2017

# SA-DHAN ASSOCIATION

## SCHEDULE 5: Fixed Assets

PARTICULARS	GROSS BLOCK			DEPRECIATION			(Amt in rupees)		
	As at	Addition	Deletion	As at	Rate	Upto	Upto	As on	As on
	01.04.2016			31.03.2017	of Dep.	01.04.2016	31.03.2017	31.03.2017	01.04.2016
<b>FOREIGN FUNDS</b>									
Professional Equipment	257,264	-		257,264.00	-	248,264	248,264.00	9,000	9,000
Office Equipment	368,220	-	212,160	156,060.00		362,220	151,060.00	5,000	6,000
Furniture & Fixture	569,570	-		569,570.46		564,570	564,570.46	5,000	5,000
<b>Sub Total [A]</b>	<b>1,195,054</b>	<b>-</b>	<b>212,160</b>	<b>982,894.46</b>	<b>-</b>	<b>1,175,054</b>	<b>963,894.46</b>	<b>19,000</b>	<b>20,000</b>
<b>INDIAN FUNDS</b>									
Professional Equipment	980,732	149,000	4,100	1,125,632.00	16.21%	958,363	991,021.90	134,610	22,369
Office Equipment	339,652	157,850	-	497,502.00	4.77%	324,510	346,704.91	150,797	15,142
Furniture & Fixture	214,421	-	39,960	174,461.00	6.33%	103,206	74,289.38	100,172	111,215
<b>Sub Total [B]</b>	<b>1,534,805</b>	<b>306,850</b>	<b>44,060</b>	<b>1,797,595.00</b>		<b>1,386,079</b>	<b>1,412,016.19</b>	<b>385,579</b>	<b>148,726</b>
<b>TOTAL [A+B]</b>	<b>2,729,859</b>	<b>306,850</b>	<b>256,220</b>	<b>2,780,489.46</b>		<b>2,561,133</b>	<b>2,375,910.65</b>	<b>404,579</b>	<b>168,726</b>

As per our Report of even date

For M. Thomas & Co.

Chartered Accountants

ICAI FRN: 004408S

*R. Murali*

(R. Murali)

Partner

M.No. 80972

For and on behalf of Board

Sa-Dhan

*(Rakesh Dubey)*  
(Rakesh Dubey)  
Treasurer

*(Jayshree Vyas)*  
(Jayshree Vyas)  
Chairperson

*(P. Satish)*  
(P. Satish)  
Executive Director



Place : -New Delhi

Date : June 15, 2017



# SA-DHAN ASSOCIATION

	(Amt in rupees)	(Amt in rupees)
SCHEDULES TO ACCOUNTS AS ON MARCH 31ST , 2017	2016-17	2015-16
<b>SCHEDULE 6 : FIXED DEPOSITS</b>		
Corpus Investment		
In Fixed Deposits with Banks & Financial Institutions	40,504,850	34,904,850
<b>TOTAL</b>	<b>40,504,850</b>	<b>34,904,850</b>

## SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES

### Current Assets

Cash in hand	10,258	18,143
Bank Balances (In Savings and Current Accounts)	1,859,098	3,331,567
Quantum Deposit	1,031,829	2,901,185
	2,556,108	5,905,818

### Loans and Advances

Staff Loans	-	45,000
Security Deposits	335,150	346,650
Advance to Vendors	360,000	134,098
Work Advances to staff	11,673	12,103
Bill Receivable	-	10,650
Amount Recoverable	592,113	100,374
TDS Recoverable	4,186,285	5,485,221
<b>TOTAL</b>	<b>8,386,406</b>	<b>10,155,017</b>

## SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

Expenses Payable	486,082	463,746
<b>TOTAL</b>	<b>486,082</b>	<b>463,746</b>

## SCHEDULE 9 : GRANTS AND CONTRIBUTIONS RECEIVED

Foreign Contributions	727,364	-
Indian Contributions		
Contribution from Indian Agency	5,451,726	3,415,571
Sponsorship	4,865,216	10,316,942
<b>TOTAL</b>	<b>11,044,306</b>	<b>7,909,867</b>

As per our Report of even date

For M. Thomas & Co.

Chartered Accountants

ICAI FRN: 004408S

*R. Murali*

(R. Murali)

Partner

M.No. 80972



For and on behalf of Board

Sa-Dhan

*Rakesh Dubey*

(Rakesh Dubey)

Treasurer

*P. Satish*

(P. Satish)

Executive Director

*Jayashree Vyas*

(Jayashree Vyas)

Chairperson

Date : June 15, 2017

Place : -New Delhi



**SA-DHAN ASSOCIATION**

	(Amt in rupees)	(Amt in rupees)
<b>SCHEDULES TO ACCOUNTS AS ON MARCH 31ST, 2017</b>	<b>2016-17</b>	<b>2015-16</b>
<b><u>SCHEDULE 10 : POLICY ADVOCACY &amp; SECTOR REPRESENTATION</u></b>		
Salaries & Benefits	28,26,750	27,63,553
Consultancy Charges	26,23,313	7,84,500
Honorarium	80,000	-
Travelling Expense	20,01,352	3,06,597
Meeting Expense	28,24,555	24,83,339
Communication Expense	4,44,080	75,529
Audit Fees	11,500	-
Printing & Stationery	9,26,368	4,59,334
Office Maintenance	3,31,265	7,13,536
Miscellaneous Expense	27,463	12,136
	<b>1,20,96,646</b>	<b>75,98,524</b>

**SCHEDULE 11 : RESEARCH & ANALYSIS**

Salaries & Benefits	8,22,536	13,60,549
Travelling Expense	1,115	1,19,074
Communication Expense	29,837	13,301
Printing & Stationery	1,46,750	-
Miscellaneous Expense	-	70
<b>TOTAL</b>	<b>10,00,238</b>	<b>14,92,994</b>

**SCHEDULE 12 : MEMBER DEVELOPMENT SUPPORT & CBEO COMMUNITY BASED**

Salaries & Benefits	16,68,202	14,47,269
Consultancy Charges	-	15,000
Meeting Expense	6,932	4,500
Travelling Expense	1,83,055	138836
Communication Expense	25,074	30,465
Printing & Stationery	1,390	-
HR Support to MFI	4,61,008	-
Miscellaneous Expense	919	-
<b>TOTAL</b>	<b>23,46,580</b>	<b>16,36,070</b>



# SA-DHAN ASSOCIATION

	(Amt in rupees)	(Amt in rupees)
SCHEDULES TO ACCOUNTS AS ON MARCH 31ST, 2017	2016-17	2015-16

## SCHEDULE 13 : Self Regulatory Organisation Activities

Salaries & Benefits	20,88,687	7,36,442
Consultancy Charges	3,13,600	5,13,000
Travelling Expenses	3,76,774	4,09,087
Communication Expense	40,164	1,700
Printing & Stationery	-	23,250
Office Maintenance	-	3,500
Meeting Expense	5,540	-
Miscellaneous Expense	516	480
<b>TOTAL</b>	<b>28,25,281</b>	<b>16,87,459</b>

## SCHEDULE 14 : ADMINISTRATION EXPENSES

Salaries & Benefits	27,68,055	17,56,681
Consultancy Charges	77,351	2,12,639
Meeting Expenses (AGM+Board)	3,97,469	3,08,631
Travelling Expenses	5,18,233	3,48,242
Communication Expense	1,53,843	2,10,420
Printing & Stationery	75,640	2,01,529
Repair & Maintenance	1,75,279	1,37,115
Office Maintenance	8,18,092	13,43,090
Audit Fees	1,72,500	1,93,500
Finance Charges	1,949	568
Miscellaneous Expense	3,47,236	1,32,779
<b>TOTAL</b>	<b>55,05,647</b>	<b>48,45,194</b>

As per our Report of even date

For M. Thomas & Co.

Chartered Accountants

ICAI FRN: 004408S

*R Murali*

(R. Murali)

Partner

M.No. 80972



For and on behalf of Board

Sa-Dhan

*Rakesh Dubey*  
(Rakesh Dubey)  
Treasurer

*Jayshree Vyas*  
(Jayshree Vyas)  
Chairperson

*R. Satish*  
(R. Satish)

Executive Director

Place : -New Delhi

Date : June 15, 2017

# SA-DHAN

## Schedule of Receipt & Payments of Funds (Amount in rupees)

Funding Agency	Receipts			Payments			Excess of receipts over payments/ (payments over receipts)	Closing Balance trf to Balance Sheet Schedule 2
	Opening Balance	Contribution	Interest & Other Income	Total Receipts	Revenue Expenditure	Capital Expenditure		
<b>(A) Corpus Fund</b>								
<b>a) Foreign Funds</b>								
The Ford Foundation	2,29,52,160	-	-	-	-	-	-	2,29,52,160
Omidyar Networks	2,18,95,000	-	-	-	-	-	-	2,18,95,000
<b>b) Indian Funds</b>								
Corpus from Members	76,24,000	25,10,000	-	25,10,000	-	-	-	1,01,34,000
Sa-Dhan's Contribution to Corpus Fund	11,21,000	-	-	-	-	-	-	11,21,000
<b>Total Corpus Funds</b>	<b>5,35,92,160</b>	<b>25,10,000</b>	<b>-</b>	<b>25,10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,61,02,160</b>
<b>(B) Restricted Funds</b>								
<b>b) Indian Funds</b>								
Small Industries Development Bank of India, (SIDBI PSIG) - MF	3,45,937	-	-	-	3,05,031	-	3,05,031	40,906
SIDBI PSIG - Rebuilding the credibility of MF Sector & Handholding	-	48,01,726	-	48,01,726	80,75,865	1,14,400	81,90,265	(33,88,539)
SIDBI PSIG - IVR Interactive Voice Response (IVR)	-	-	-	-	11,250	-	11,250	(11,250)
SIDBI SFMC - SRO Framework	-	-	-	-	5,63,303	-	5,63,303	(5,63,303)
Planet Finance	2,74,258	-	-	-	2,74,258	-	2,74,258	-
<b>Total Restricted Funds</b>	<b>6,20,195</b>	<b>48,01,726</b>	<b>-</b>	<b>48,01,726</b>	<b>92,29,707</b>	<b>1,14,400</b>	<b>93,44,107</b>	<b>(39,22,186)</b>
<b>(C) Unrestricted Funds</b>								
<b>a) Foreign funds</b>								
	(67,92,576)	7,27,364	29,36,645	36,64,009	28,54,601	-	28,54,601	(59,83,168)
<b>b) Indian Funds</b>								
	(28,23,658)	1,66,44,371	2,70,189	1,69,14,560	1,16,90,084	1,92,450	1,18,82,534	22,08,368
<b>TOTAL Unrestricted Funds</b>	<b>(96,16,234)</b>	<b>1,73,71,735</b>	<b>32,06,834</b>	<b>2,05,78,569</b>	<b>1,45,44,685</b>	<b>1,92,450</b>	<b>1,47,37,135</b>	<b>(37,74,800)</b>
<b>GRAND TOTAL (B+C)</b>	<b>(89,96,039)</b>	<b>2,21,73,461</b>	<b>32,06,834</b>	<b>2,53,80,295</b>	<b>2,37,74,392</b>	<b>3,06,850</b>	<b>2,40,81,242</b>	<b>(76,96,986)</b>

As per our Report of even date

For M. Thomas & Co.

Chartered Accountants

ICAI FRN: 0044085



*R. Murali*  
(R. Murali)  
Partner

M.No. 80972

Place : - New Delhi

Date : June 15, 2017

For and on behalf of Board

Sa-Dhan

*Jayashree Vyas*  
(Jayashree Vyas)  
Chairperson

*Rakesh Dubey*  
(Rakesh Dubey)  
Treasurer

*P. Satish*  
(P. Satish)  
Executive Director

**SA-DHAN GROUPINGS TO ACCOUNTS  
AS ON MARCH 31ST, 2017**

ACCOUNT HEAD	Rs. AMOUNT
<b>DEPRECIATION RESERVE:</b>	
Dep Res Furniture & Fixture	6,38,859
Dep Res Prof Equipment	12,43,386
Dep Res Office Equipment	4,93,665
<b>TOTAL</b>	<b>23,75,910</b>
<b>PAYABLE:</b>	
<b>Expense Payable</b>	
Margdarshak Finance	21,000
Audit Fees Payable	1,57,500
	<b>1,78,500</b>
<b>PF Payable</b>	<b>87,578</b>
<b>TDS Payable</b>	
Ambrish Gopal	3,400
Anil Kumar T.P	80
Basix consulting & Technology Services Ltd	30,835
Brij Mohan	1,000
India Habitat Centre	1,000
Institute of Directors	25,000
Maa Bhawani	1,745
Micro - Credit Ratings International Limited	12,675
Nimbus Consulting Pvt Ltd	20,000
P M Kamalesh	4,080
Shri Jagannath Printer	656
Sunitha Nara	3,100
Chandan kumar	100
Dolly	150
Harihara Mohapatra	6,110
M. Thomas & Co.	15,000
Maa Bhawani	10
Nandi	200
P.Satish	18,380
Prabhakara & Associates	500
Saibal Paul	11,790
Somesh Dayal	11,590
	<b>1,67,401</b>
<b>Gratuity Payable</b>	<b>(31,347)</b>
<b>Consultancy Payable</b>	
IFMR	78,750
Sunitha Nara	(50)
<b>TOTAL</b>	<b>78,700</b>
<b>Service Tax Payable</b>	<b>5,250</b>
<b>Grand Total of Expenses Payable</b>	<b>4,86,082</b>





**SA-DHAN GROUPINGS TO ACCOUNTS  
AS ON MARCH 31ST, 2017**

ACCOUNT HEAD	Rs. AMOUNT
Furniture & Fixtures	7,44,031
Professional Equipment	14,11,996
Office Equipment	6,24,462
<b>TOTAL</b>	<b>27,80,489</b>
<b>BANK BALANCES:</b>	
Canara Bank, Delhi A/c 23432	3,59,253
Canara Bank, Delhi - Gratuity A/c	8,808
ICICI Bank Ltd - FCRA A/c - 1436	11,60,744
ICICI Bank Ltd - Special SB A/c	24,156
ICICI Hyderabad A/c	14,150
ICICI Tamil Nadu A/c	1,37,429
ICICI West Bengal A/c	1,03,236
ICICI Orissa A/c	25,545
Bandhan Bank A/c 50160003634398	25,777
<b>TOTAL</b>	<b>18,59,098</b>
<b>INVESTMENTS:</b>	
Fixed deposit with HDFC LTD	3,90,04,850
Fixed deposit with Bandhan bank	15,00,000
<b>TOTAL</b>	<b>4,05,04,850</b>
<b>FIXED DEPOSITS:</b>	
Quantum Deposit with ICICI	10,31,829
<b>TOTAL</b>	<b>10,31,829</b>



**SA-DHAN GROUPINGS TO ACCOUNTS  
AS ON MARCH 31ST, 2017**

Rs.

ACCOUNT HEAD	AMOUNT
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**LOANS, ADVANCES AND DEPOSITS:**

**Staff Loans**

Work Advances	AMOUNT
Balkishan	1,000
Hyderabad Office	11,433
P.M Kamalesh	(760)
<b>Total</b>	<b>11,673</b>

**Travel Advance**

Advance to Vendors	AMOUNT
Basix Consulting and Technology Services Ltd	1,00,000
Grand Hotel	10,000
India Habitat Centre	50,000
Nimbus Consulting Pvt Ltd	2,00,000
<b>Total</b>	<b>3,60,000</b>

Security Deposits	AMOUNT
Hyderabad Office	1,25,150
Delhi New Office	2,10,000
<b>Total</b>	<b>3,35,150</b>

**Bill Receivable**

Amount Recoverable	AMOUNT
HSB Travel Reimbursement	5,82,998
Accured Income	9,115
<b>Total</b>	<b>5,92,113</b>

TDS Recoverable	AMOUNT
Tax Recoverable 08-09	5,47,043
Tax Recoverable 09-10	5,56,203
Tax Recoverable 2013-14	8,34,495
Tax Recoverable 2015-16	8,68,490
Tax Recoverable 2016-17	13,80,054
<b>Total</b>	<b>41,86,285</b>



**SA-DHAN GROUPINGS TO ACCOUNTS  
AS ON MARCH 31ST, 2017**

ACCOUNT HEAD	Rs. AMOUNT
<b>INTEREST INCOME:</b>	
Interest on Fixed Deposits	31,40,689
Interest on Saving Bank Account	42,385
Interest - Others	3,01,227
<b>TOTAL</b>	<b>34,84,301</b>
<b>PARTICIPATION FEES:</b>	<b>11,50,346</b>
<b>OTHER INCOME:</b>	
Sale of Publication	4,100
Cosultancy Other	1,21,000
Misc. Income	64,950
Profit & Loss on Sale of Fixed Assets	23,760
<b>TOTAL</b>	<b>2,13,810</b>
<b>MEMBERSHIP FEES:</b>	<b>80,42,148</b>
<b>Voluntary Contributions</b>	<b>14,45,384</b>



**SA-DHAN GROUPINGS TO ACCOUNTS  
AS ON MARCH 31ST, 2017**

ACCOUNT HEAD	Rs. AMOUNT
<b>EXPENSES</b>	
<b>PERSONNEL:</b>	
Salary & benefits	91,71,507
Performance Pay	3,27,677
Employers PF Contribution	5,39,321
EDLI/ Admin Charges of PF	51,443
Staff Welfare	20,515
Training Course Fees	11,200
Staff Insurance	52,567
<b>TOTAL</b>	<b>1,01,74,230</b>
<b>CONSULTANCY CHARGES:</b>	<b>30,14,264</b>
<b>HONORARIUM</b>	<b>80,000</b>
<b>AUDITOR REMUNERATION</b>	<b>1,84,000</b>
<b>Meetings/ Conferences &amp; Workshops</b>	<b>32,34,496</b>
<b>TRAVELING &amp; CONVEYANCE:</b>	
Travel Expenses	13,89,682
Local Conveyance	71,037
Travel/ Boarding & Lodging (Consultants)	11,86,490
Travel / Boarding/ Lodging (G. B. members)	1,93,717
Travel Expenses Study for RBI Surveillance Reporting	2,39,603
<b>TOTAL</b>	<b>30,80,529</b>
<b>BOOKS, PRINTING &amp; STATIONERY:</b>	
Books & Periodicals	81,657
Printing & Stationery	10,68,491
<b>TOTAL</b>	<b>11,50,148</b>





**SA-DHAN GROUPINGS TO ACCOUNTS  
AS ON MARCH 31ST, 2017**

ACCOUNT HEAD	Rs. AMOUNT
<b>COMMUNICATIONS EXPENSES:</b>	
Postage & Telegram	3,85,908
Telephone Charges	3,04,502
Advertisement	2,588
<b>TOTAL</b>	<b>6,92,998</b>
<b>Office Maintenance</b>	
Rent	10,15,600
Electricity & Water	1,09,562
Office Expenses	1,81,274
<b>TOTAL</b>	<b>13,06,436</b>
<b>OTHER ADMINISTRATIVE EXPENSES:</b>	
Repair & Maintenance - Office	79,707
Repair & Maintenance - Equipments	1,19,767
<b>TOTAL</b>	<b>1,99,474</b>
<b>MISCELLANEOUS EXPENSES:</b>	
Lunch Exp for Guest/ Auditors/ Consultants	42,986
Software Expenses	23,262
<b>Amount written off</b>	
Amount written off Others	(6,485)
Airtel- 040-40037179 ( Hyd)	500
Water Jar Security	4,200
Tataindicom - 65650787	6,000
Mineral Water ( Hyderabad)	800
Tax Recoverable 2010-11	94,053
Rates & Taxes	(115)
Misc. Exp.	29,112
Interest on statutory compliance	547
<b>TOTAL</b>	<b>1,94,860</b>
<b>HR Support to MFI</b>	<b>4,61,008</b>

As per our Report of even date  
For M. Thomas & Co.  
Chartered Accountants  
ICAI FRN: 004408S

*R M Murali*

(R. Murali)  
Partner  
M.No. 80972



*Rakesh Dubey*  
(Rakesh Dubey)  
Treasurer

For and on behalf of Board  
Sa-Dhan

*Jayashree Vyas*  
(Jayashree Vyas)  
Chairperson

Place : -New Delhi  
Date : June 15, 2017



**Sa-Dhan**  
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