

Partner profile - Adhikar

Adhikar is a microfinance institution (MFI) based in Orissa, one of India's most impoverished states. Adhikar is committed to social development and defending the rights of the poor. Adhikar is serving over 60,000 clients in Orissa, Andhra Pradesh and Gujarat.

The organisation began its microfinance program in 2004 and has since grown into one of the largest MFIs in the state. Adhikar hopes to expand and establish a presence in neighbouring states.

Staff and structure

Mohammad N. Amin, CEO of Adhikar, founded the Adhikar Society in 1993 to defend the social needs of marginalised and displaced people in Orissa. Mr. Amin has since embraced microfinance as a way of empowering the poor and under his leadership, Adhikar's microfinance program has thrived.

Adhikar is in the process of transferring its loan portfolio to the newly acquired Non-Banking Finance Company (NBFC), a structure which improves access to funding, including bank finance, thereby facilitating outreach to more potential clients.

Adhikar is part of a large society that implements a variety of community programs and services including legal help and disaster relief.

Geographic and client focus

Based on the east coast of India, Adhikar operates in 13 out of 30 districts in the state of Orissa and in one district of Andhra Pradesh and one district of Gujarat. It currently has 61 branches.

Adhikar—sanskrit for 'right' or 'entitlement'.



Source: Multimap

In Orissa, 46% of the population live below the poverty line of US\$2 a day. Ninety-three per cent of poor people live in rural areas. Adhikar operates in urban, semi-urban and rural pockets of Orissa and plans to expand within the state over the next two years.

In October 2008, the International Food Policy Research Institute announced Orissa as one of twelve Indian states with 'alarming' levels of hunger, with 40% of young children chronically underweight. Levels of hunger in Orissa are comparatively worse than in Malawi and Burkina Faso.



Minati (left) is a tailor and Adhikar client whose small business is helping her support her children, Sunil and Sonali.



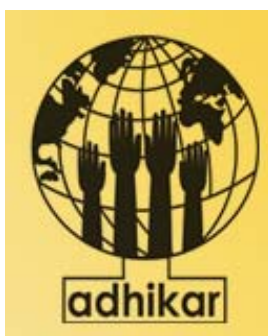
Mr. Mohammad Amin, CEO of Adhikar.

Orissa has the highest infant mortality rate in India. An estimated 86,000 infants die in the state each year, with poor healthcare facilities, malnutrition, malaria and lack of basic health awareness the major contributing factors.

Products and services

Adhikar currently offers a comprehensive range of financial services. Adhikar applies the Grameen methodology, organising clients into joint liability groups of five members each. Adhikar mainly offers two loan products: a general loan product and a housing loan product for repairs and renovations. Members who have completed three general loan cycles are eligible for the housing loan. Adhikar also offers a sanitation loan product at some of its branches.

Depending on the loan cycle, loans range from Rs.8,000-25,000 (A\$182-568). Adhikar, with help from specialist consultancy MicroSave, is currently in the processing of designing an individual loan for members who have completed three loan cycles.



Provide "innovative, sustainable and cost-effective financial services to the underserved poor microfinance clients for social and economic empowerment".

Adhikar's mission statement

Adhikar also provides insurance policies and savings facilities to clients. Adhikar was recently approved to become a licensed aggregator of the Indian government contribution-based pension scheme—helping clients to be financially self-sufficient in their retirement. Adhikar will collect a minimum compulsory annual pension premium from their members which will be co contributed to by the federal government for the first five years.

Investment management

Opportunity International Australia and our subsidiary in India, Dia Vikas Capital, manage our investment in Adhikar in several ways. A Dia Vikas staff member is appointed as Relationship Manager with Adhikar, providing a primary point of contact for all communication between the two parties. A Dia Vikas staff member also sits on the Board of Adhikar, ensuring the partner remains committed to its social mission, achieves good governance and is well placed for future expansion. Opportunity and Dia Vikas staff frequently visit Adhikar and we receive detailed monthly operational and financial reporting.

Performance indicators	June 2011
Active borrowers	63,287
Outstanding loan portfolio (A\$000) ¹	6,192
Number of branches	61
Operational sustainability*	95%
PAR** > 30 days	2.28%

Sources: Department of Health and Family Welfare, Orissa; 'Facts on UNDP in Orissa', United Nations Development Program; International Food Policy Research Institute; 'Orissa's IMR Mission', Infochange Health September 2009.

¹Exchange rate used is A\$1: Rs.48.1295

***Operational sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

****Portfolio at risk (PAR)** is a stringent measure of an MFI's loan portfolio quality. It calculates the total value of outstanding loan balances for loans with at least one payment being overdue by more than 30 days. PAR is used to highlight potential future repayment problems.