

Partner profile - Annapurna

Annapurna is a microfinance institution (MFI) dedicated to serving poor communities in the cities of Mumbai and Pune. Annapurna has an holistic approach to microfinance which includes loans, savings and complementary services. Focused on achieving depth of impact rather than rapid outreach, Annapurna is currently serving over 31,000 clients.

Annapurna is one of six organisations within Annapurna Pariwar, a non-government organisation established in 1975. Annapurna Pariwar assists urban slum dwellers in Mumbai and Pune through a variety of community development programs. The organisation began microfinance operations through establishing Annapurna in 1993.

Staff and structure

Current Chairwoman, Dr. Medha Puroo Samant, founded Annapurna by personally loaning a group of nine vegetable vendors the small amount of capital they needed to expand their businesses. Since that first group loan, Dr. Samant has developed strong relationships with local financial institutions to facilitate Annapurna's success. Medha was recognised as a 'Woman Leader in Microfinance' in 2009 by the Indian School of Microfinance.

Annapurna has a strong recruitment, induction and training process for its all-female staff. Staff turnover in the past three years has been less than 5%.

Annapurna is registered as a Multi State Credit Cooperative Society—a structure that focuses on community needs and is unique in India in that it is one of the few structures able to accept savings from clients.

Geographic and client focus

Annapurna works in two districts in the state of Maharashtra—Pune and Mumbai. It currently has 14 branches and plans to increase its outreach in Mumbai and Pune districts. In the future, Annapurna hopes to expand to underserved areas including Navi Mumbai (Mumbai's twin city located west of the major city).



Source: Multimap

While Mumbai is a highly industrialised city and home to thriving finance and film industries, 60% of the city's population live in slums. Many people who migrate to Mumbai from other areas of India are seeking better employment opportunities. Separated from their support network of family and friends, many end up living in the slums and struggling to survive.

Mumbai is one of the five most populated cities in the world and there is a significant shortage of housing, particularly for poor people. The slums are chronically overcrowded, with little water, no sewage facilities and limited access to healthcare.



As a client owned entity, Annapurna clients are involved in the decision-making processes of the business. Here, Annapurna clients attend a cluster level meeting, which are held every month.

Annapurna—sanskrit for 'Goddess of the Harvests'.



Annapurna CEO Dr. Medha Puroo Samant (right) with her mother Prematai Puroo, founder of Annapurna Pariwar.

Annapurna specifically targets those living in urban slums and earning less than US\$2 a day. Ninety-three per cent of Annapurna's clients are women.

Products and services

Annapurna currently offers one loan product which is mainly used for business purposes. Loans sizes range from Rs.7,000-100,000 (A\$ 140-2,000) depending on the loan cycle. Annapurna uses a Joint Liability Group (JLG) methodology which forms five individuals into groups, with three groups forming a centre.

With support from specialist consultancy MicroSave, Annapurna designed a larger size individual loan product to meet the demand of its clients. The new loan was launched in October 2011 and is available to clients who have been through five loan cycles.

Annapurna ensures it is focused on the needs of clients through community representative committees. Annapurna's loan groups are called 'Common Goals Groups'. Clients are empowered to participate in the running of Annapurna through training and complete transparency in the costs and value of the services it provides.



Sources: Annapurna, India Census 2001, NFHS, NSS, Macalester College, The Times of India

¹Exchange rate used is A\$1:Rs. 49.9384

***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.

Clients have a significant say in the services made available and the way in which those services are provided. Annapurna offers savings products including recurring and fixed deposits. Life, health and asset insurance is also available.

Through technical partner Uplift, Annapurna offers insurance modeled on community-based mutual risk sharing. Initiated by a group of Annapurna clients in 2002 (the women pooled their resources so one of the women could have a vital heart operation), each group member contributes Rs.100 (A\$2) a year. In the case of a health emergency, a lump sum of up to Rs.15,000 (A\$300) is made available to the affected client to help her meet the costs of hospitalisation.

Annapurna also trains staff members to act as Health Service Executives who can provide preventative health education and health camps for local community members.

To further complement Annapurna's microfinance services, Annapurna Pariwar offers a range of services including daycare for clients' children, business development and educational scholarships. These value adding services have established Annapurna Pariwar as a well-respected organisation within local communities.

Investment management

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

Performance indicators	December 2011
Active borrowers	31,620
Outstanding loan portfolio (A\$000) ¹	4,598
Number of branches	14
Operational sustainability*	104%
PAR** > 30 days	1.08%