

Partner profile - Cashpor

Cashpor is one of the largest microfinance institutions (MFIs) in northern India, currently serving over 429,000 women through 270 branches. Based in the city of Varanasi, Uttar Pradesh, Cashpor is committed to identifying and motivating poor women in rural areas, through delivering financial services in a timely, honest and efficient manner.

Cashpor was established in 1997 to provide an alternative and fair credit source to the poor. *Mahajan* (landlord moneylenders) were charging exorbitant interest rates, trapping people in a cycle of debt. Over time, Cashpor gained the trust and confidence of poor communities.

Cashpor's vision is for all women living in poverty, in the rural areas of eastern Uttar Pradesh and Bihar, to have access to microfinance and for many of them to be using this opportunity to lift their families out of poverty.

Staff and structure

Cashpor was founded as a Trust in 1997. In order to comply with new regulations, in 2003, Cashpor's microfinance operations were transferred to a not-for-profit company under Section 25 of the Companies Act 1956.

Cashpor's CEO, Mukul Jaiswal, has fifteen years' experience with Cashpor and similar organisations as a statutory auditor. He is supported by Cashpor's Founder, Professor David S. Gibbons, and an experienced Board with backgrounds in banking, microfinance and law.

Geographic and client focus

Based in the holy city of Varanasi, Cashpor operates throughout eastern Uttar Pradesh and western Bihar. Both states have high population densities, illiteracy and poverty levels.

Cashpor stands for 'Credit and savings for the Hardcore Poor'



Source: Multimap

Uttar Pradesh is the most populous state in India, home to 200 million people. The state's economy is dominated by agriculture and produces more wheat, sugarcane and potato than any state in the country. The female literacy rate in Uttar Pradesh is just 59%.

At Rs.17,590 (A\$365), the average yearly income per person in Bihar, although having increased significantly in recent years, is still much lower than the national average. The majority of the population are employed seasonally as unskilled agricultural labourers. Almost half the female population of Bihar is illiterate.

All of Cashpor's clients are women, 90% of whom live in rural areas of Uttar Pradesh and Bihar. A recent assessment found that 75% of Cashpor's clients survive on less than US\$1.25 a day. The majority of loans are used for agriculture, with the remainder invested in small trading and local manufacturing businesses.



A Cashpor client prepares her repayment at a group meeting.



Dia Vikas Capital Relationship Manager Saneesh Singh with Professor David S. Gibbons, Founder of Cashpor.

Products and services

Cashpor currently offers an income generation loan with a term of one year (including a grace period of six weeks). There are no prescribed loan cycles and clients can request Rs.2,000-8,000 (A\$43-174) for their initial loans and up to Rs.14,000 (A\$304) for subsequent loans. All Cashpor clients are eligible to avail an emergency loan of up to Rs.2,000 (A\$43) for health, accidents and other emergencies.

Cashpor offers several complementary services to clients, including silkworm rearing, mulberry plantations and training in livestock management.

A lack of education on basic health principles means that preventable diseases are common in isolated communities across Uttar Pradesh and Bihar. Cashpor is addressing this urgent need through a Community Health Leader initiative, in partnership with the Healing Fields Foundation, an NGO specialising in the provision of technical services for community health interventions. Women from poor communities learn about a range of topics including pre-natal care, sanitation and first aid. Their learning has practical applications—for example, leaders take pregnant women to their local maternal and child health centres, making them aware of the services that are available.



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.

Each leader shares their knowledge with 300 households during their six-month internship—in total, that's 24,000 households (or 120,000 people based on an average family size of five) who will gain access to practical, relevant health information. The pilot phase of the project has been implemented successfully. Provided funding is available, Cashpor plans to roll out the project across all its areas of operation.

Cashpor is working with Eko, an innovative mobile phone banking organisation, to provide savings and remittance products to Cashpor clients.

Investment management

Now operationally sustainable, Cashpor is in an excellent position for future growth. Cashpor recently received perpetual income tax exemption due to its commitment to serving BPL (Below Poverty Line) women. In addition, Cashpor's surplus has now wiped out its accumulated losses and it has passed on these benefits to clients through reducing effective interest rates.

Opportunity International Australia and our subsidiary in India, Dia Vikas Capital, manage our investment in Cashpor in several ways. A Dia Vikas staff member is appointed as Relationship Manager with Cashpor, providing a primary point of contact for all communication between the two parties. The Relationship Manager also sits on the Board of Cashpor, 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 Cashpor and we receive detailed monthly operational and financial reporting.

Performance indicators	June 2011
Active borrowers	429,278
Outstanding loan portfolio (A\$000) ¹	45,855
Number of branches	270
Operational sustainability*	102%
PAR** > 30 days	0.27%

Sources: Cashpor, Government of Bihar—Economic Survey 2007-2008, India Brand Equity Foundation, India Census 2011