

Partner profile - Prayas

Prayas is a microfinance institution (MFI) with a history of serving the most marginalised groups in society—including indigenous tribes, former sex workers and the ‘Siddi’ tribal group (descended from African slaves brought to India during the Mughal period). Operating in the states of Gujarat and Madhya Pradesh, Prayas is currently serving over 10,000 active borrowers.

Prayas was established in 2006 as the microfinance program of Prayas Organisation for Sustainable Development Trust, created in 1997. Prayas Trust has more than ten years’ experience implementing health, education and natural resource management development projects to benefit poor and vulnerable communities.

Prayas Trust’s initial focus was community-based natural resource management for the tribal populations of the Jhabua district of Madhya Pradesh. The organisation then expanded its work into Gujarat and was actively involved in relief efforts after the 2001 earthquake.

Staff and structure

Prayas’s microfinance activities are led by one of its co-founders, Mr. Bhadresh Rawal. Mr. Rawal has more than two decades of experience in the development sector. He also led Prayas’ major relief and rehabilitation program after the devastating earthquake in Gujarat in 2001.

Currently a Trust, Prayas plans to acquire an NBFC (Non Banking Financial Company) license. The NBFC structure improves access to funding, including bank finance, thereby facilitating outreach to more potential clients.

Prayas—Hindi for ‘endeavour’.



Source: Multimap

Geographic and client focus

Gujarat is one of the most underserved states for microfinance in India. Prayas focuses its work in the Kutchh, Dahod and Surendranagar districts, which are currently not served by any other microfinance institution due to their remote location, bordering Pakistan. Many clients are poor migrants from Bihar, Orissa and Uttar Pradesh. They face limited livelihood opportunities due to lack of education, no land ownership and social discrimination.



Many Prayas clients invest their loans in animal husbandry businesses.



The majority of Prayas clients live, and operate their businesses, in and around urban slums.

The majority of Prayas clients reside in urban slums where they are engaged in various small businesses and services.

All of Prayas' clients are women, a focus which will continue in the future.

Prayas intends to expand into select districts of Madhya Pradesh that are dominated by tribal communities with poor living and education standards.

Products and services

Prayas follows the Joint Liability Group (JLG) model where loans are given to individual women who form a group of five to guarantee each others' loans. Loans are repaid monthly over a twelve month period.

Prayas offers insurance services in collaboration with Metlife. The sum insured under the policy is Rs.10,000 (A\$200) for natural and accidental death. The term of the policy is one year and the premium is Rs.66 (A\$1.30) per year. Both the client and their spouse are covered by Prayas' insurance program.



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.

"To contribute to the emergence of a society where people have better social and economic opportunities... and awareness of rights."

Prayas' vision statement

As well as microfinance, Prayas currently works with over 1000 male and female sex workers, providing HIV testing, health education and rehabilitation services. Prayas is one of the major implementing agencies of the National AIDS Control Program in Gandhidham.

Investment management

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

Performance indicators	December 2011
Active borrowers	10,464
Outstanding loan portfolio A\$m ¹	1,282
Number of branches	10
Operational sustainability*	169%
PAR** > 30 days	0.34%

Sources: 'Bihar—Towards a Development Strategy', World Bank, Prayas, India Census 2011