

Partner profile - RGVN

Rashtriya Gramin Vikas Nidhi North East (RGVN) is the microfinance branch of a well established not-for-profit organisation operating in the remote states of Assam, Meghalaya and Arunachal Pradesh. Reaching out to poor families to improve their quality of life, RGVN is currently serving over 134,000 clients.

RGVN was originally established in 1990 to promote and support local non-government organisations and empower the poor, particularly women and ethnic minorities, to become socially engaged and financially independent. In 1995, RGVN commenced its credit and savings program, aiming to enhance the livelihoods of disadvantaged women through microfinance.

Staff and structure

RGVN is led by Rupali Kalita, an experienced banker. Rupali joined the organisation in 2004, and she has since transformed RGVN from a loss-making venture to a sustainable organisation, with steady growth. Rupali is supported by a team of professional, enthusiastic staff and a Board with experience in the design and delivery of rural financial services.

RGVN was founded as an autonomous, not-for-profit organisation and is registered under the Societies Registration Act of 1860. RGVN's microfinance operations are legally separated as a regulated NBFC (Non Banking Financial Company). This structure allows improved access to funding, including bank finance, thereby facilitating outreach to more potential clients.

Geographic and client focus

RGVN operates in the north eastern states of Assam, Meghalaya and Arunachal Pradesh. Assam is connected to the rest of India only by a narrow landlocked corridor, prone to floods and cyclones.

The state's economy is dominated by agriculture and is well known for its tea and silk production. However, since the 1970s' Assam's economic growth has been significantly slower than India as a whole.

*Vikas—Hindi for 'progress'.
Nidhi—sanskrit for 'treasure'.*



Source: Multimap

The majority of RGVN clients are female, living in urban and rural areas. Most clients use loans to invest in small trading businesses, such as selling betel leaves or small kiosks. Other clients have used loans to invest in sewing, farming and animal husbandry businesses.

RGVN plans to expand its operations within Assam, Meghalaya and Arunachal Pradesh and establish operations in the northeastern states of Manipur, Mizoram, Nagaland, Tripura and Sikkim.

With Opportunity's support RGVN has piloted the 'Progress out of Poverty Index', a tool used to measure outreach and social impact. The results indicated that RGVN is achieving remarkable outreach into some of the most marginalised communities in India. For example, 34% of surveyed new urban clients are living on less than US\$1.25 a day, compared to 9% for Assam's total urban population. In addition, the majority of RGVN's urban clients belong to either an Scheduled Caste or Tribe.



RGVN clients and children at a loan group meeting.



CEO Rupali Kalita with Dia Vikas Capital Managing Director KC Ranjani.

Products and services

RGVN currently offers five loan products - including self help groups (SHGs), joint liability groups (JLGs) and a group loan targeted at very poor people. RGVN also offer an entrepreneurship development loan and an agriculture loan. Insurance is compulsory with all new loans.

RGVN offers business training tailored to specific occupations, building clients' capacity so they can make the most of their loans. Lending groups also receive training in team building, bookkeeping and credit discipline.

RGVN is part of a network of organisations committed to improving the financial literacy of women living in poverty. The Citi Centre for Financial Literacy provides RGVN with financial literacy materials and training opportunities. RGVN has committed to provide a dedicated staff member to implement the financial literacy program. The financial literacy curriculum will include a range of topics such as savings and credit, insurance and investment, personal finance management and planning for the future.



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.

"...provide financial and other support services to the underprivileged households in the north east to improve their quality of life."

RGVN's mission statement

In close to 20 years of operations, RGVN has established strong relationships with clients, organisations and government branches throughout the region. In particular, RGVN is a well known and esteemed organisation in disadvantaged communities. Its microfinance operation has been able to leverage this reputation to attract potential clients.

RGVN is collaborating with a hospital in Assam to conduct health clinics for its clients in remote areas.

Investment management

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

Performance indicators	June 2011
Active borrowers	134,629
Outstanding loan portfolio (A\$000) ¹	16,248
Number of branches	92
Operational sustainability*	131%
PAR** > 30 days	2.86%

Sources: Government of Assam, I Love India, India Census, RGVN, United Nations Development Program.