

Partner profile - Sambandh

Sambandh is the microfinance branch of the Regional Rural Development Centre (RRDC). Based in the state of Orissa, Sambandh serves over 6,000 clients, supporting the development and expansion of small businesses at a grassroots level. Sambandh is committed to improving the quality of life of poor entrepreneurs and their families.

RRDC was established in 1992 as a development organisation with a strong rural focus. RRDC implements community projects in health and hygiene, forest protection, natural resource management, plus agriculture and livestock improvement.

In order to empower large numbers of poor people through the creation of viable livelihoods, RRDC launched its microfinance initiative, Sambandh, in 2006.

Staff and structure

Sambandh's young and energetic CEO, Deepak Kindo, has a valuable combination of local knowledge and experience in microfinance. Deepak has worked with Indian microfinance institutions and Friends of Women World Banking India. He has also studied microfinance in Bangladesh, Sri Lanka and Morocco.

RRDC is a non-profit organisation registered under the Societies Registration Act 1960. In 2010, Sambandh acquired a NBFC (Non Banking Financial Company) license. This allows Sambandh to access additional funding, including bank finance, thereby facilitating outreach to more potential clients.

Geographic and client focus

Sambandh operates in northern Orissa, predominantly in the urban areas of Sundargarh district. Sundargarh's economy is based on textile and mining industries. Government estimates suggest that 46% of Orissa's population live in poverty.

Sambandh—Hindi for 'relationship'



Source: Multimap

In October 2008, the International Food Policy Research Institute announced Orissa as one of twelve 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.

Orissa has the highest infant mortality rate in India. 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.



Sambandh clients and their small goods business.



Dia Vikas Capital Relationship Manager Saurabh Baroi with Deepak Kindo, CEO of Sambandh.

All of Sambandh's clients are women. The majority of clients use their loans for small trading businesses, with some loans invested in services and manufacturing.

Sambandh select their clients using a number of criteria to ensure they target potential clients who are economically active but still struggling with poverty. For example, a client total household income must be below Rs.60,000 (A\$1,304) a month. No client or her husband should be employed by the government (with exceptions for some menial jobs).

Products and services

Sambandh currently offers two loan products, ranging from Rs.3,000-25,000 (A\$68-568). After group registration, loans are disbursed within two weeks (including three days of group orientation for the 10 member joint liability group). The loan term is 1-2 years and repayments can be made weekly or monthly.

All clients receive insurance with coverage for Rs.37,500 (A\$815) for life and permanent disability throughout the term of the loan. Voluntary annual health insurance for a family of five is also offered which covers health-related expenses up to Rs.20,000 (A\$455).



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.

"To economically empower low income households by providing a broad range of client-focused and responsive financial services on a continuous basis."

Sambandh's mission statement

To help clients give their children a better future, Sambandh offers education scholarships for clients' children. Each year, clients can obtain two scholarships for children in years nine and ten. All Sambandh clients are eligible. Sambandh's scholarship program recognises that for many clients, their children's education is their first priority.

Investment management

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

Performance indicators	June 2011
Active borrowers	6,313
Outstanding loan portfolio (A\$000) ¹	1,060
Number of branches	4
Operational sustainability*	103%
PAR** > 30 days	1.76%

Sources: Government of India, India Brand Equity Fund, International Food Policy Research Institute