

Nirantara – In Pursuit of Sustainability with Growth

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The founders of Nirantara strongly believe in building a sustainable social-enterprise which will focus and work for achieving a positive social-impact on women living within the margins of poverty

Introduction

Nirantara Community Services (Nirantara) was founded in 2006 by a team of like-minded microfinance professionals led by energetic founder and CEO, Mr. Niranjan Sheelavant. It began operations in March 2007 as a Society, with a vision to provide need-based and cost-effective financial services to underserved poor women initially within the Bidar district of Karnataka. From its headquarters on the Deccan plateau, Nirantara has since expanded to serve nearly 6,000 clients with micro-credit and micro-insurance, using a modified Grameen model. It presently manages a portfolio of Rs. 31 million in the peri-urban and urban areas of three districts of Karnataka (Bidar, Gulbarga and Bijapur).



Today, the efficiency and professionalism of its systems and recordkeeping are immediately evident – making it one of the more promising new MFIs in central India. Upon entering a Nirantara branch, one is greeted by a prominently displayed white board describing the day's collections and disbursement by credit officer. Next, one can find a comprehensive range of files and registers neatly arranged on a shelf behind the Branch Manager – betraying Nirantara's strict attention to detail and rigorous documentation standards.

Nirantara has reached this level with remarkable speed and agility, beginning with a Rapid Institutional Assessment (RIA) conducted by *MicroSave* in March 2008. After this assessment, they were selected as a partner for phase II of the AAFI-Cordaid sponsored Technical Assistance (TA) programme. However, more than simply an appraisal or rating, the RIA helped Nirantara to see challenges or deficiencies as opportunities for improvement. With the help of *MicroSave*, Nirantara focused its early efforts on ensuring standardisation, creating a strong second line of management and developing a clear roadmap for the future.



The Way Forward

One of the first steps required was building a consensus

on the way forward. Although initially Mr. Sheelavant alone had laboured to design a business plan, soon a team was formed involving a credit team from ABN Amro (now RBS), Nirantara senior staff and board members, and *MicroSave* consultants. The Strategic Business Planning exercise (SBP) was exhaustive: it stretched across three sessions and 9 days, and was characterised by a spirited debate about the practicality of goals and assumptions. The experience evoked the passion which drives Nirantara's leadership. The final plan, approved by the board, showcases Nirantara's goal of reaching 200,000 clients in 5 years with operations in 2 states, 10 districts and 50 branches. Not only does it clarify the way forward for expansion and give senior management a keen understanding of resource requirements, but it has instilled confidence at Nirantara to both implement the plan as well as to present it clearly to key stakeholders.

"The SBP is a dynamic document, which took a lot of time to develop (and review), but it is well worth doing it". – Mr. Niranjan Sheelavant, CEO

Improving Systems and Products

Moving from planning to execution in June of 2008, Nirantara began working in earnest with *MicroSave* on assessing, improving and standardising its core operational processes. According to Mr. Sheelavant, "Before this, there were variations at the field level which made the processes and systems prone to risk and inefficiencies," but he found that by involving staff in the process mapping exercise, "they have been able to understand the risks involved ... and how risk can be mitigated through proper documentation." The microfinance operations (from group formation to day end branch and head office procedures) have since been mapped, key risks have been mitigated, and the key documents have been translated into Kannada and made available at all the branches. These now form the core of Nirantara's new Operations Manual and have resulted in improvements in products and systems.

For example, after absorbing *MicroSave*'s market-led approach, Nirantara increased its average loan size to better align its products with their clients' needs and preferences. Their MIS now generates daily demand reports to help guide credit officers and to aid Branch Managers keeping track of the day's disbursements and repayment. As a result, staff can better rationalise their

time and productivity has recently risen to almost 500 borrowers per credit officer.

Taking further initiative, Nirantara has designed a set of games to animate the group training process as a creative means to build clients' cohesion and understanding. They have also created a detailed training kit for staff. In recognition of its hard work, diligence and innovation, Nirantara was declared the national winner (start-up category) in the RBS-Planet Finance Microfinance Process Excellence Awards (MPEA) 2008. This award has taken staff morale to a new high and Nirantara now has plans to develop a chart of process maps to be displayed in branches as a visual guide to staff.

Developing their Human Resources

Building staff skills and morale is an important part of successful operations. Indeed, since its inception, Nirantara has faced a dilemma common in microfinance: staff retention and recruitment. The comparatively low salaries and exigent requirements of field work make acquiring and keeping staff motivated very difficult. However, as their daily responsibilities and reporting structures take on greater clarity, Nirantara's staff are becoming more efficient in client selection and more responsive to their clients. The changes in staff behaviour have in turn spurred improvements in client attendance and discipline – evident in an on-time repayment rate of 100% and portfolio at risk of nil.

“Look at the productivity of the staff. Now, almost every staff handles some 400-500 clients; earlier it was only 250” – Mr. G. Anil Kumar, Area Manager.

Staff development is a gradual, but vital process that draws inspiration from the behaviour of those at the top. As such, Nirantara's CEO has either participated or dispatched other members of his core management team (CMT) to countless training programmes, conferences and exposure visits organised by *MicroSave* or others, including ones on governance, accounting, MIS and recently - internal audit & control. According to Mr. Sheelavant, such trainings provide a trickle-down effect that is ultimately beneficial for the growth of both the organisation, as well as the individual. As it rolls out a new staff incentive scheme, developed in November with the support of *MicroSave*, staff performance and satisfaction are expected to improve even further.

Expanding its Network

While ensuring adequate internal capacity is vital, as the global and local economy stumbles, external networks are becoming all the more valuable. Nirantara has expanded its own linkages through their participation in the TA programme and the ceaseless efforts of its Board and Mr. Sheelavant, who personally oversees a monthly newsletter distributed online. As a result, they have

recently mobilised capacity building support from SIDBI and FEM. RBS itself has provided a critical injection of Rs. 5 million for on-lending. And, after observing the detailed recordkeeping and manuals, two public sector banks – Indian Overseas Bank (IOB) and Dena Bank – also have either extended loan funds or are nearing sanction. Presently, three overseas investors have expressed interest in providing equity support for their upcoming transformation. Furthermore, the volume of support from existing funders continues to increase. For example, Friends of Women's World Banking (FWWB) has increased its support from an initial Rs.3 million to Rs.17 million in 2009.

“The issues related to transformation are difficult and as we are learning by doing it, we need technical support on the issues related to transformation. At the same time, we have resource constraints” – Mr. Niranjan Sheelavant, CEO.

The Road Ahead

In order to maximise its new systems and efficient procedures, as well as to further increase its appeal to funders, Nirantara is presently working on transformation to a more regulated form (a Non-Banking Finance Company or NBFC). *MicroSave* has already helped the organisation to design an appropriate capital structure for the new entity. The NBFC would be dedicated to providing microfinance services and will

Indicators	Mar-08	Jan-09
No. of borrowers	3,273	6,133
Amt. of Loans Disbursed	25,971,000	76,900,000
Amt Outstanding	15,290,680	31,324,660
Repayment Rate	100%	100%
PAR >30	0%	0%
Borrowers / Credit Officer	409	491
Total Staff	15	29
Avg. Loan Outstanding/Borrower	4672	5317

allow Nirantara to mobilise the commercial and private funds necessary to greatly expand its outreach to the poor and unbanked of Karnataka and beyond.

Conclusion

For Nirantara, with its growing portfolio and vast potential, the AAFI/Cordaid- *MicroSave* TA programme was timely. Coming at an opportune moment in its start-up phase, the programme helped in setting milestones, formulating clear cut strategies, and putting in place the standardised processes and recordkeeping evident today. With a very motivated CEO at the helm, diversified funding sources and a strong operational core, Nirantara is poised to scale up and become an important player in the competitive Indian microfinance landscape. Indeed, they are bound to live up to the promise of their name (*“Nirantara”: steady, everlasting and sustainable*).