

# FWWB

FRIENDS OF WOMEN'S WORLD BANKING  INDIA



ANNUAL REPORT 2005-06





## OUR VISION

A society based on equity and social justice where women are active partners in holistic development.

## OUR MISSION

Providing financial and capacity building services to organizations promoting livelihoods and self reliance of poor women.



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03/08/2006

# MESSAGE FROM THE CHAIRPERSON

Dear Friends,

The year gone by was a challenging one for the microfinance sector. While the growth in availability of funds to the sector was welcome its flow was largely directed to the same Microfinance Institutions, many of whom did not have the capacity to scale up so rapidly. The resultant faltering of several players enhanced the need to develop new regions and new institutions with a robust capacity to grow.

It is ironic that while there is huge unmet demand at the level of individual borrowers and an increasing supply of credit from the banking sector, the link of intermediation between the two is not adequately strengthened.

## PERFORMANCE

It is against this backdrop that FWWB's strategy was to focus on consolidating its credit programme and strengthening its capacity building programme.

The growth in portfolio was 13% and the outreach increased by over 30,000 to 217,000 women. More importantly, newer states like Jharkhand, Orissa, Assam and West Bengal constituted over 14% of the portfolio. New initiatives were also undertaken to support urban microfinance and to introduce innovative products such as weather insurance.

Our efforts at nurturing smaller partners led to eight partners graduating to the higher categories based not only on scale but also on effectiveness and sustainability. The quality of portfolio continued to be a challenge. After this year's write-off, however, the portfolio at risk (PAR) has been brought down to less than 0.4 %

## GOVERNANCE

We continue to remain committed to the highest standards of governance and transparency based on our belief that the not-for-profit sector should be no less accountable to its stakeholders than the for-profit sector. This is reflected not only in the structure and composition of the Board and its committees but also in the disclosure of detailed financials.

With the intention of promoting better standards of disclosure amongst our partners we also organized two workshops for auditors of our partner organizations.

## ACKNOWLEDGEMENTS

I would like to express my deep sense of gratitude towards every member of the Board for providing strategic guidance to the organization through a challenging phase. My special thanks are due to Elaben Bhatt for always being there to inspire and support. To the management as well as staff my sincere appreciation for their dedication and commitment to our mission.

I wish to recognize the contribution and support from all our donors, lenders, consultants, statutory as well as internal auditors and the ever supportive WWB team at New York.

As always, I am humbled by the spirit of the members of our partner organizations. The transformation they bring about with such small amounts of credit is monumental, and is a clear manifestation of their divine strength and profound commitment.

**RADHIKA HARIBHAKTI**  
TRUSTEE, FWWB

# FOREWORD

The year 2005–06 has been a critical year for FWWB since we had to seriously think of repositioning our self and continue to retain our niche in the Indian micro finance sector. With the active participation of financial institutions, the flow of credit to micro finance institutions increased manifold. Accessing large loan funds from the mainstream banks has become much easier for our Big and ID partners. In response to the changing scenario, it was decided to shift our area of operations to the under served States, identify good partners and provide them with the loan and capacity building support. While the core activity of FWWB (institution building) continues to remain the same, the geographic focus has shifted.

FWWB's focus has been to ensure the low income household women's access to financial services and to reduce their vulnerability through affordable social security. Its efforts to facilitate the linkage of insurance and pension products to micro finance is towards achieving this objective. Our pilot project in Maharashtra to introduce *weather risk insurance* in the drought prone areas of Vidarbha region, with Agriculture Insurance Company of India is one such initiative.

FWWB has continued to support initiatives to encourage institutions to take up activities that reach out to those who are left out of the micro finance activities for various reasons. The projects we supported varied from organizing income generating activity for the poorest and thereby facilitating their inclusion in savings and credit groups, to setting up food grain banks in remote tribal villages to ensure sustenance during lean season. Support to bridge schools were meant to help the school dropouts, mainly girl children and children released from bonded labour. Exclusion due to poverty and living in remote areas was addressed by setting up a mobile counter at the weekly '*village haat*' that also served as *commerce house* to help them in trading in the products they grow and negotiate a better price. We would like to thank USAID for making available an exclusive fund to respond to such initiatives.

The Consultation on Gender and Micro finance we organized during the year brought together women leaders, practitioners and academicians who have been working passionately for decades on gender and micro finance. It provided a platform to those engaged in the sector to share their ideas, concerns and strategies for engendering micro finance.

The role of micro finance institutions is being redefined and the expectations from the State are that they should also keep their social mission in focus. This calls for increased capacity among the MFIs in the areas of livelihood promotion, enterprise development, social security etc. FWWB has already developed its strategy to integrate these areas under its capacity building for its partners.

FWWB has continued to have the support of Ford Foundation, CORDAID, USAID, CITI Group, WWB, CGAP and SIDBI during the year. Without their support we wouldn't have taken the initiative to move to under served regions, provide the capacity building support to our partners and respond to innovative ideas.

VIJAYALAKSHMI DAS  
CEO, FWWB

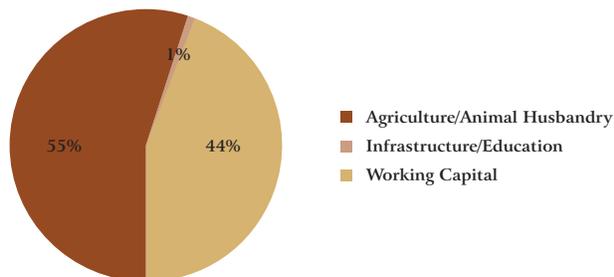


## REVOLVING LOAN FUND PROGRAMME

In the year 2006, FWWB's loans have reached out to 2,17,214 women borrowers through its 79 partner organizations, an increase of 31,000 women borrowers as compared to the previous year. Expanding its micro credit programme by entering newer states it has been able to reach out 12 states of India with an ongoing outstanding of 598 loans. The loan amount disbursed during the year was Rs. 70.60 Crores and the amount outstanding stands at Rs. 67 Crores.

The utilization pattern of loans shows that majority of FWWB's loans were utilized towards Agriculture and Animal Husbandry (55%), Working Capital (44%) and Infrastructure and Education (1%).

ACTIVITYWISE LOAN OUTSTANDING



Statewise, FWWB has expanded its operations in newer states like Jharkhand, Assam and Orissa. The outstanding portfolio has not changed much as compared to the last year. Andhra Pradesh still retains the top position with 46% of total outstanding portfolio that is followed by Tamil Nadu 19%, Karnataka at 10%, and other states 25%.

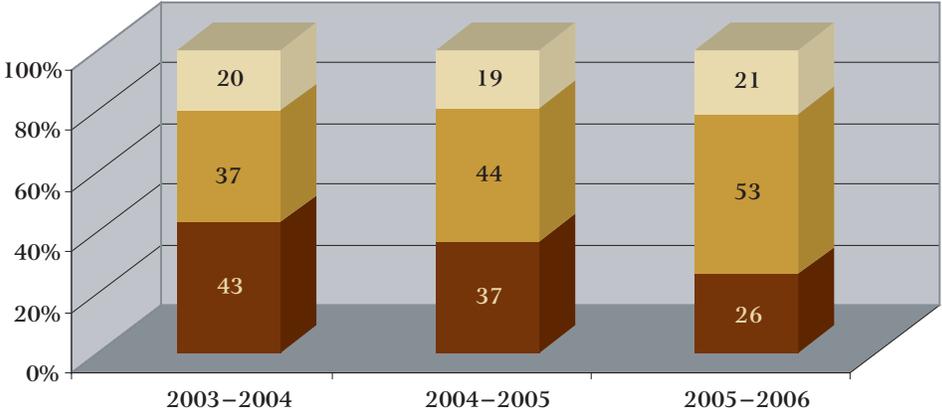


STATES	NO OF PARTNER ORGANIZATION	PORTFOLIO OUTSTANDING
Andhra Pradesh	15	310,452,686
Assam	1	1,000,000
Gujarat	11	28,023,326
Jharkhand	5	1,491,663
Karnataka	4	59,958,322
Kerala	2	9,876,211
Maharashtra	8	7,852,495
Orissa	4	23,114,039
Rajasthan	2	321,196
Tamil Nadu	17	124,495,671
Uttar Pradesh	1	33,955,116
West Bengal	9	69,547,875
<b>TOTAL</b>	<b>79</b>	<b>670,088,600</b>

FWWB has classified its partners in three categories, Big Partners (BPs), Institutional Development Partners (IDPs) and General Partners (GPs). The partners graduate from GP to IDP to BP based on their performance. FWWB has a total of 79 partner organizations, with 5 Big Partners (BPs) who account for 26% of the total loans outstanding portfolio, 19 Institutional Development Partners have 53% and 55 General Partners 21% of the loans outstanding portfolio.

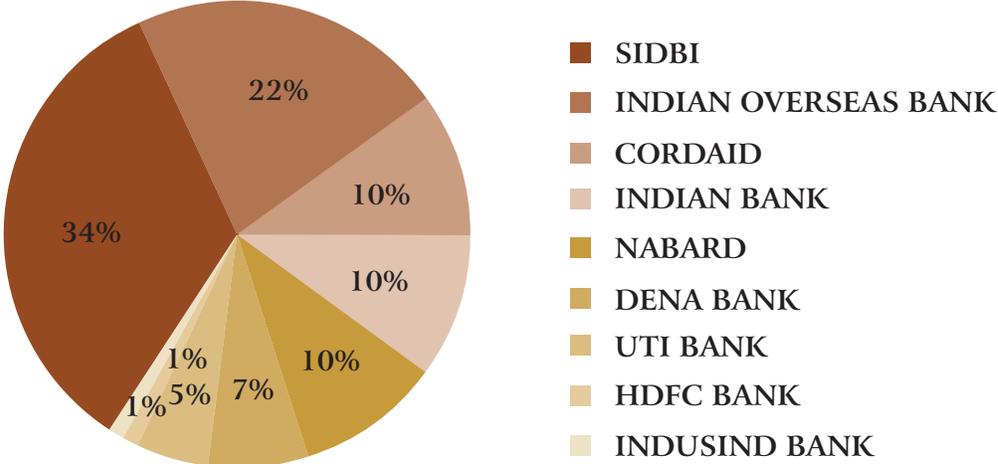
A major difference in the outstanding per category is observed as compared to the previous year. The amount of loan outstanding of big partners has reduced from 37% of the previous year to 26% in 2005–06. The main reason for this reduction is easy and increased access to funds from commercial banks and secondly, availability of these funds at a much lesser rate of interest as compared to FWWB’s fund. Yet FWWB has been able to retain and increase its funding to the ID partners along with providing the capacity building initiative to these partners. The amount of loans outstanding has increased from 44% to 53% this year.

**LOAN OUTSTANDING PER CATEGORY**



FWWB’s total borrowed funds, as on 31<sup>st</sup> March 2006 is Rs. 678 million. Excluding SIDBI, NABARD and international funds, 46% of the borrowed loan fund comes from 6 commercial banks. The major share of outstanding borrowed funds is from SIDBI, which comes to Rs. 233 million, that is 34% of the total funds borrowed. This is followed by Indian Overseas Bank (IOB) Rs. 152 million (22%) and the rest Rs. 293 million (44%) comes from NABARD, CORDAID, UTI Bank, DENA Bank, INDIAN Bank, INDUSIND Bank and HDFC Bank.

**SOURCES OF BORROWED FUNDS**



During the year, FWWB has written-off an amount of Rs. 1.97 crores. Absence of good governance and efficient systems to manage growth at the partner level has resulted in this default. Some of the loans were old and not realisable in spite of the best of efforts due to factors beyond our control. Considering all these factors, the Board decided to write-off. Since the write-off ratio was within the limit of best practices, it has not affected the financial parameters to evaluate the performance of FWWB. However, FWWB will continue to put its efforts in recovering the outstanding amount.

### OVERALL PROGRAMME PERFORMANCE

Indicators	2003-2004	2004-2005	2005-2006	Cumulative (1989-2006)
Number of Partner organizations	88	79	79	292
Loan Amount Disbursed (Rs. Millions)	474	616	706	2,401
Portfolio Outstanding (Rs. Millions)	486	592	670	–
Outreach of FWWB Loans (members)	139,366	186,170	217,214	529,042
Average Loan Size per Borrower (in Rs.)	4,885	4,974	5,008	–

### FIVE YEAR GROWTH AT A GLANCE

	2002	2003	2004	2005	2006
Loan Outstanding (Rs. Millions)	169	303	486	592	670
Repayment Rate (as of 30 days)	97%	96%	95%	99%	97%
Portfolio at Risk (PAR) (as of 30 days)	1.20%	2.60%	4.96%	2%	0.38%
No. of Ongoing Partner Organizations	81	87	88	79	79
No. of Active Women Borrowers	46,593	84,186	139,366	186,170	217,214
Average Loan Size (Rs.)	5,241	4,848	4,885	4,974	5,008



## GRADUATION OF FWWB PARTNERS

FWWB has classified its partner organizations into three categories: Big Partners (BPs), Institutional Development Partners (IDPs) and General Partners (GPs). The type and quantum of FWWB inputs to these organizations by way of funding, capacity building inputs like training and workshops, technical assistance and exposure visits vary according to the development stages of these partner organizations. Every year FWWB does an analysis of the performance and growth of its partners and accordingly graduates its partners from GP to ID to BP.

### **GRADUATION FROM ID (INSTITUTIONAL DEVELOPMENT PARTNERS) TO BP (BIG PARTNERS)**

This year FWWB has inducted 4 of its Institutional Development Partners to Big Partner category totalling it to 9 organizations. These organizations have demonstrated a focused vision, committed leadership, clear growth strategy and business plan. The 4 organizations graduated to Big Partner category are:

- T. Munniswamappa Trust–Grameen Koota, Karnataka
- Bharat Swamukti Samasthe, Karnataka
- Bandhan, West Bengal
- Sadhana Microfin Society, Andhra Pradesh



Name of Organization	FWWB Client Since	Initial Outreach	1 <sup>st</sup> Loan Amount	Member Outreach as on 31/3/06	FWWB's Portfolio Outstanding as on 31/3/06
Grameen Koota	2001	715	200,000	50,657	35,708,322
Bharat Swamukti Samasthe	2001	154	100,000	26,475	17,666,668
Bandhan	2003	1324	900,000	176,017	19,895,830
Sadhana Microfin Society	2002	390	1,000,000	41,700	48,215,929

The above partners are upgraded on the basis of following status:

- Outreach of the above 4 members falls in the range of 26,000 to 176,000 where almost all organizations have an outreach > 25,000 and active borrowers > 20,000. It shows a member to borrower ratio of 5:4.
- All 4 organizations have been rated good by rating agencies showing their adherence to social as well as financial performance. The rich portfolio quality of these organizations can be easily assessed by the following indicators:

- Repayment Rates 100%
  - PAR 0% to <1%
  - Operational Self Sufficiency >100%
  - Capital Adequacy Ratio >10%
  - All the organizations are linked to commercial banks.
- FWWB's Big partner criteria of Outreach>5000 and Portfolio Outstanding> Rs. 5 crores is clearly justified by all 4 organizations. All the 4 graduated organizations have an outreach much above 5000 and its portfolio outstanding above 5 crore.
  - Efficient MIS and Internal operational system and proper internal audit and financial management practices.

### **GRADUATION FROM GP (GENERAL PARTNERS) TO ID (INSTITUTIONAL DEVELOPMENT PARTNERS)**

This year 4 partners were graduated from General Partners to Institutional Development Partners category bringing up a total of 19 Institutional Development partners. As an ID partner of FWWB these organizations shall be eligible for larger fund support along with intensive capacity building support to strengthen their institutional systems, operational practices and professional skills.

The 4 partners graduated to Institutional Development Partners are:

- Sahara Utsarga Welfare Society, West Bengal
- Adhikar, Orissa
- Gram Utthan, Orissa
- Asmita Institute for Development, Maharashtra

The above partners are upgraded on the basis of following status:

- The financial system and information system of all organizations are efficient and range from above average to very good category, which also shows their potential for further growth.
- The organizations have a track record of minimum 1 year of working with FWWB. During this time period they have strengthened their loan portfolio and shown timely repayment.
- The outreach of these 4 organizations falls in a range of 5,000 to 30,000 and active borrowers range from 1,500 to 25,000. Portfolio outstanding of these organizations fall in a range of 0.5 crore to 6 crore.
- The portfolio quality parameters have also improved during the partnership with FWWB.

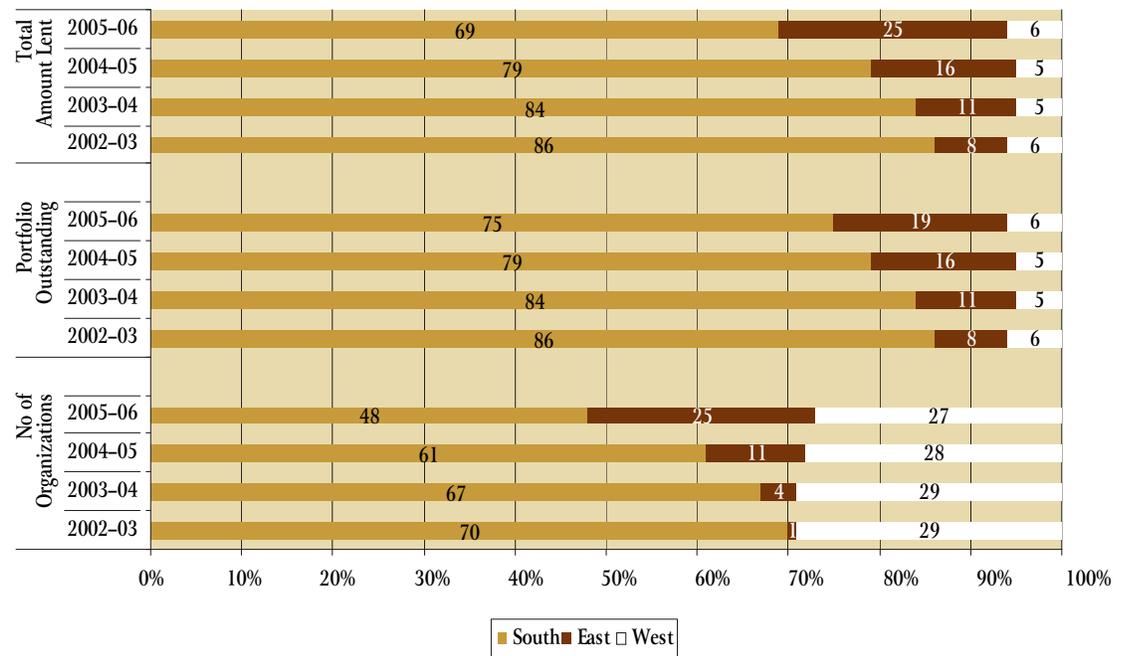
## EXPANDING MICRO CREDIT IN THE EASTERN REGION

FWWB has shown its active presence in the southern region of India and this year it has expanded its micro credit programmes in the eastern region as a new area initiative. Identifying the potential and strong need of developing micro finance in eastern region of India, FWWB has made a significant effort to expand its micro credit programme in this region.

Orientation workshops were conducted in this region through which few organizations with potential to grow were identified. The identified organizations are provided financial support as well as capacity building by means of trainings, exposure visits and other small grant supports. This year the number of partner organizations has increased to 9 partners in West Bengal, 5 partners in Jharkhand, 4 partners in Orissa, 1 in Uttar Pradesh and 1 in Assam. The total amount disbursed in the eastern region during the year is Rs.17.43 crores and loan outstanding is Rs. 12.91 crores.

Looking at this expansion in the eastern region FWWB has appointed region specific program officers so as to facilitate a closer interaction between FWWB and its partner organizations in the eastern states and enable FWWB to respond to client demands and monitor the performance more efficiently. The growth in the Eastern, Western and Southern region can be clearly seen in the below graph.

REGIONWISE COMPARISON



## FWWB's GROWING PARTNERS

### JANODAYA

Janodaya based in Bangalore was founded as a Trust in 1987 and works with a vision of "Service to the Poor". It works in slum areas where the potential of micro finance is very high and demand is huge. Since March 1994 it has been working under the bold and courageous leadership of Ms. Santosh Vas.

Janodaya started its credit programme from the year 2001-02. Today it has 7 branches in Karnataka and has been able to promote 950 SHGs with a membership of 16,500 women members. Over Rs. 6 crore of credit has been extended for livelihood promotion and income generation activities. Janodaya has obtained grant support from many foreign as well as domestic funding agencies. It has accessed loans for micro credit purpose from funders like Corporation Bank, Vijaya Bank, SIDBI and FWWB.

Janodaya not only provides micro credit to its women members but also provides income generation skill trainings, job skills, placement services, animal husbandry, dairy promotion, provides linkages to retail trade and small business activities.

**Legal Status:** Trust

**Year of Inception:** 1987

**Area of Operation:** Karnataka

#### CREDIT PROGRAMME

**Credit Methodology:** SHG

**No. of Branches:** 7

**No. of SHGs:** 950

**Members:** 16,500

**Savings with SHGs:** 1 crore

**Credit Extended:**

Over 6 crore

#### Funders:

- SIDBI
- VIJAYA BANK
- CORPORATION BANK
- FWWB





The other activities undertaken by Janodaya include:

- Janodaya introduced a rehabilitation centre where in the women prisoners were given an opportunity to begin afresh their life in a better way. Janodaya took up the responsibility of the release of prisoners as well as presenting the prisoners to court whenever needed. Counselling, providing legal services, processing bail for women's release and abiding by security norms of the judiciary for women bailed out, was the greatest achievement of Janodaya during the period. Almost 7000 women were relieved from the injustice through court of law and out of court settlements through "Cost-free Justice" services. It provides short stay home facility, counseling, skill training and settlement of the domestic crisis of the inmates, under socio-legal service cell for the women victims of violence.
- The counselling cell in the prisons and interaction with prisoners and their family members further introduced a Child Support Programme in Janodaya. Child support care services were integrated into the programme especially with a focus on the children of prisoners and *devadasis*. More than 2000 children were assisted with formal and informal schooling along with facilities of boarding, lodging, medical and education support.
- Janodaya also works with sex workers of its region, which is a rare initiative. They have formed 60 SHG groups of such workers and provided each group member an identity card, which is in turn registered with the police. This could provide them a protection against harassment from police and other authorities. They spread legal awareness on their rights and also spread health awareness against sexually transmitted diseases. It also helps in the release of such workers from prison.
- Janodaya also has two big projects, one to establish a self sustained and managed "home" with the capacity to house 200 women. This is for women to get through crises, desertion, and overcome their helplessness. The second is to rescue girl victims from becoming *devadasis* which is an ancient orthodox ritual and bring them to a shelter that would provide them facilities of education and becoming self-reliant.



## KALIGHAT SOCIETY FOR DEVELOPMENT FACILITATION (KSDF)

Kalighat Society for Development Facilitation (KSDF) is based at Kalighat, Kolkata. It was established in the year 2001 under the Societies Act. This entire movement started in the year 1997, when Gitanjali, founder, returned to Kolkata to stay with her parents just after completion of her master's degree. Staying there and closely discovering the lives of the poor slum dwellers and their children, she gradually started free coaching classes for the slum children. Within a short span Gitanjali started to interact with the women of Kalighat and realized that there is a need for credit facility and additional income in the families as to meet the educational expenses of their children. Initially she started by forming informal groups of such women and introduced a daily savings scheme.

Later with an increase in the activities undertaken by them, there was a need to make a legal stand of their effort that was started as a movement. Thus in August 2001 the organizers registered it under the Societies Act as Kalighat Society for Development Facilitation. Initially KSDF started its work by realizing some financial support of Rs. 50,000 from a local NGO as loan. Having clear strategies in mind they started to implement it in urban slums of Kolkata and rural setup. Till 2004 they have been able to reach 5,295 poor

**Legal Status:** Society

**Year of Inception:** 2001

**Area of Operation:**  
Kalighat, Kolkata

**CREDIT PROGRAMME:**

**Credit Methodology:** SHG

**No of SHGs:** 706

**Members:** 10,227

**Savings:** 52 lakhs

**Credit Extended:**  
Over 52 lakhs

**Funders:**

- FWWB
- Ministry of Textile
- SIDBI
- ICICI
- UTI Bank

families and initiated micro credit delivery through 131 Self Help Groups and 3,330 individual members without having external resources.

In late 2004, FWWB and West Bengal Minorities Development and Finance Corporation extended their hands towards this movement. Today many financial banks like ICICI, UTI bank, SIDBI are partners of KSDF. Its total outstanding outside borrowing is Rs. 49.50 lakhs. In the year 2005–06 it has disbursed 655 loans amounting Rs. 17 lakhs. The other various activities carried out by Kalighat Society for Development Facilitation are:

- Promotion of micro credit activities through SHGs and individual intervention and has reached out to more than 10,000 beneficiaries. Around 5,600 women both in rural area and urban slums have started income generation activity.
- Literacy programme for 1,655 illiterate women and adolescent girls.
- Non-formal education for destitute children with 250 beneficiaries till date.
- Health check-ups for children, HIV/AIDS campaign, RCH, safe motherhood programmes, pulse polio and regular immunization programmes, awareness camps on various issues.
- Crèche and daycare-cum-nutrition centre.
- Youth welfare programmes.
- Vocational and skill development trainings to women member. Till date 350 women member have been provided training.
- Capacity building training for head office, branch office and women leaders of all units.



# Struggle to Subsist

Born and brought up in Ramgao Rameshwar in Dharva district, **Jijabai** is aged 48 years and has been afflicted with polio since she was 5 years old. Despite undergoing medical treatment her lower limbs have not recovered completely and hence she is not able to walk. She lost her father at a young age and at present she stays with her aged mother while rest of the family comprising three sisters and one brother are married and busy with their own lives.



Courage and grit is written large on her face. From the age of 12 years she started working gradually by stitching cloth mattress where initially she did not even have scissors and used to do cutting with kitchen knife. Income from this activity was not enough and hence she had to work in farms with the help of crutches. When she was 18 years old a lady from her village helped her to buy hand-stitching machine by collecting funds from the entire village.

She became a member of Self Help Group started by Priyadarshini Mahila Mandal in the year 2003. Initially this group started off as a Savings Group wherein each member had to save an amount of Rs. 30 per month. Subsequently, Jijabai started availing micro credit from the SHG and here first loan was of Rs. 500. With this money she purchased the necessary material for stitching cloths. Since this activity did not earn her a steady income, after six months, she availed further loan assistance of Rs. 1500 and started 2 more activities of flourmill and stationery as well as cutlery items. Since then she has taken many other loans of Rs. 4000 and Rs. 5000 each to carry out her business smoothly and has repaid all loans on time. Due to her obvious handicap she was confined to her home while carrying out these activities.

Today, due to all these activities and her immense sense of independence she has become thoroughly self-reliant. Now she is not only able to look after herself but also her aged mother and manages to carry out all these activities successfully. She has become a respectable figure in her village. The group meetings of SHG are run from her home today. She tries to reach out to people during the times of emergencies by providing monetary help in cases of hospitalization, marriage etc.





## CAPACITY BUILDING

FWWB's Capacity Building Programme has evolved in response to the needs of its partner organizations and is designed to build the capacity of women at the grassroot level and also to build the capacity of the promoters to help them manage the activity of providing financial services efficiently to the poor. It provides need-based inputs for institution building. Such inputs include Trainings, Workshops, Technical Assistance and Exposure Visits.

### TRAINING

Trainings are designed to suit needs of different partners through in-house and outsourced training in local language and business planning workshops. Trainings are offered on various subjects like:

- Portfolio Management
- Risk Management
- Financial Management
- Accounts and Bookkeeping

### WORKSHOPS

Workshops also form an important part of the capacity building programme where not only the partner organizations but also the women at the grassroot level get a much wider platform to understand and interact and share their experiences and



learn from each other. They can discuss and debate issues related to the sector and this also helps in exploring the potential in the sector.

Looking at the current scenario and realizing the importance of audit and internal controls in micro finance activity, FWWB had organized two auditor's workshops this year for appraising the auditors on the accounting practices in the micro finance sector.

Workshop on Internal Controls and Internal Audit was conducted on 6<sup>th</sup> and 7<sup>th</sup> of October 2005, at Hyderabad. The objective of the workshop was to provide knowledge and skills to the participants on identification, assessment and mitigation of risks in micro finance operations and internal control procedures and to elicit the roles and responsibilities of internal auditors including devising audit tools and reporting. The participants, numbering 53, were either Accounts Officers/Finance Officers or Internal Auditors representing 28 partner organizations of FWWB from all over India. There were also 3 participants from FWWB staff.

*“The auditors workshop has helped us in understanding the latest trends in the micro finance sector. We shall frame branchwise procedures to be followed by MFIs and also assist the MFI to change into another legal form.”*

—Auditor, AMMACTS

- A statutory Auditors workshop was organized in Goa on 1<sup>st</sup> and 2<sup>nd</sup> of December 2005 with an objective to make the auditors aware about the best practices prevailing in the industry as well as taking stock of the statutory reports of all the partners, their presentations as well as showing them their limitations. Forty-four participants from various partner organizations and person from FWWB staff actively participated in the workshop.

## TECHNICAL ASSISTANCE VISITS

Technical Assistance Visits (TAVs) form part of FWWB's long-term strategy of institution building. The focus is on interaction with partner institutions on a one-to-one basis. These visits are organized and conducted on a continuous basis and help in building capacities of organizations in areas that are technical, including that of their operational aspects. Apart from actual ranking of an institution within particular partner categories, these visits also provide comprehensive feedback to FWWB on the overall financial and technical support provided by it.

These visits include intensive interactive sessions with chief functionary, core staff team and field staff of the organization. Field visits are also undertaken to branch offices and groups/centres to get the feel of the field operations, outreach and portfolio quality. Based on these assessment techniques, the 'gaps' are identified that needs to be addressed. Then, area specific and organization specific technical assistance interventions are provided to the organizations.

TAVs are essentially need based interventions and function with the specific objective of streamlining operations and helping the partner organizations to graduate through the institution building process i.e. from General Partner (GP) category to the Institutional Development Partner (IDP) category and finally to the financially sustainable Big Partner (BP) category.

Depending on the priorities, the effectiveness of TAV's varies from institution to institution. In many cases, these are restricted to holistic assessment of operations, streamlining of field operations and/or restructuring of major office functions. The time span needed for an institution to implement changes depends on age and size.

## EXPOSURE VISITS

Exposure visits are one of the several capacity building inputs provided by FWWB to its partner organizations. The main objective of FWWB's exposure visits is "learning through other's experiences." The genesis of exposure visits originates from case based teaching methodology where instead of hypothetical situations, it is real life situations that form the basis of learning. The visiting partners get to study the systems and procedures followed in the host organization and also interact closely with the organizations top management, middle and lower level staff.

In the past the exposure visits played a vital role in shaping the perspective of the organization towards micro finance in general and their own growth plans in

specific. They gave new direction in systemizing the procedure and processes being practiced in the organization. This year also FWWB has provided national and international exposure visits to its partner.

■ **International Exposure: ASA & Shakti Foundation—Staff & Partner NGOs (September 2005)**

As part of its institution building activities, this year from 24<sup>th</sup> to 28<sup>th</sup> Sept 2005 FWWB organized five days exposure visit to Bangladesh. ASA is considered to be the fastest growing MFI in the world following a simple, innovative and decentralized methodology while Shakti Foundation is following Grameen model for credit programme but is also actively involved in other non credit services. In addition to the FWWB staff, eight partners from eastern region and six partners from southern region participated in the exposure visit. The objective of the exposure visit was to study the systems, loan products, HR practices, various processes and information flow at ASA and Shakti Foundation and interact with senior level management, field level staff and beneficiaries of the Organization. This will help the partners in strengthening their systems and following the best practices efficiently.

■ **International Exposure: Janashakti—FWWB staff (In December 2005)**

As a part of staff development under the Capacity Building Programme, two FWWB staff members along with the WWB team visited the Janashakti organization (WDF) in Sri Lanka. The workshop was organized specially to provide a Strategic Positioning Plan for Janashakti, which has been associated with WWB since past four years. FWWB's team participated in this exercise along with the facilitating team from WWB to oversee the entire exercise and imbibe learnings from the whole process so as to implement it with its Partner NGOs in Indian scenario.

■ **Visit: Shakti Foundation—FWWB Board members, CEO and Partner (In February 2006)**

Team consisting of some FWWB Board members and women CEOs of select partner organization visited Shakti Foundation in Bangladesh. This was arranged to understand the work of Shakti Foundation, which works in urban poor in the city of Dhaka. In order to provide an effective impact it has adopted an approach to provide credit along with non-credit services.



## CAPACITY BUILDING FOR PARTNERS IN YEAR 2005–06

### Details of Training Total No. of Participants

Training programme was organized for General Partners category to train the staff of partner NGOs in basic accounting techniques at Bhubaneswar by EDA Rural Systems.	27
Vardan Strategic Business Planning from 10 <sup>th</sup> to 14 <sup>th</sup> February 2006.	20
Internal audit Training in EDA Rural System which was attended by three FWWB staff members and three partners in March 2006.	6
West Bengal Partners meet held on 26 February 2006	10
Orissa Partners Meet held on 9 <sup>th</sup> March 2006.	10

### Details of Workshop Total No. of Participants

Auditors workshop was organized at Hyderabad to enable the partner organizations and their external auditors to understand issues related to legal and policy matters.	23
A two-day workshop was organized at Jharkhand as a step to new area initiative and to orient the NGOs to the functioning of FWWB.	20
International Workshop on Gender in Micro finance was organized at Ahmedabad	70
A workshop was held at MANAGE, Hyderabad on Internal controls Internal Audit on 6 <sup>th</sup> and 7 <sup>th</sup> October, 2005 which was attended by 53 participants from partner and 3 from FWWB	56
Statutory auditors workshop for the partners was organized at Goa which was participated by CEO and statutory auditors of ID partners	44
Workshop on Micro finance and the poor in Gujarat organized by ASAG and FWWB in December 2005.	50
Maharashtra Partners Workshop on Micro finance orientation	25

### Details of the Exposure Visits Total No. of Participants

Exposure visit to SEEDS and Janashakti, Sri Lanka	18
Exposure visit to ASA and Shakti Foundation, Bangladesh	18

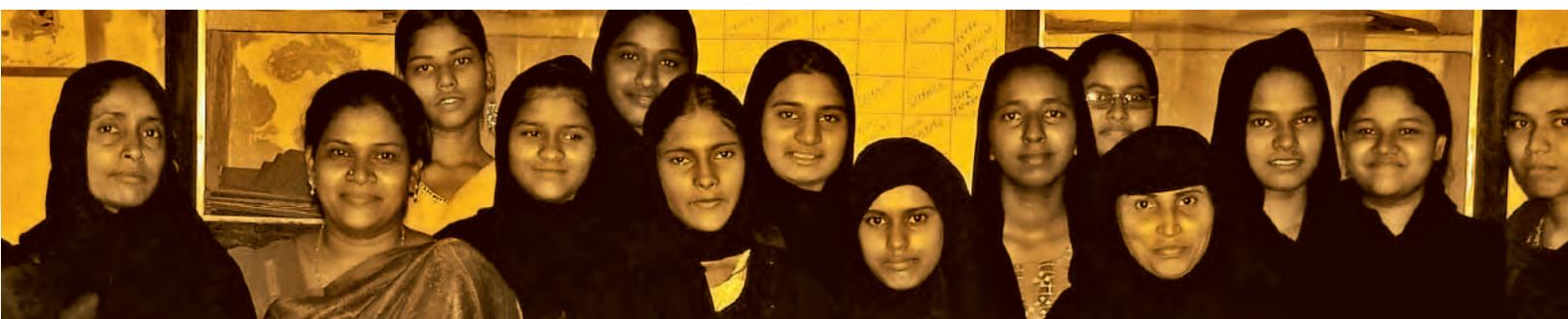
Exposure Visit of Maharashtra Partners at Sadhana Microfin Society in February, 2006.	13
Exposure visit of Jharkhand Partners to Sahara Utsarg in February, 2006	20
Exposure visit to Shakti Foundation, Bangladesh by a team of women CEOs and FWWB Board members	5

## CAPACITY BUILDING FOR STAFF IN YEAR 2005-06

Details of the Training	Total No. of Participants
Training in Financial Management for MFIs/NGOs at BIRD, Lucknow was attended by three staff members in June, 2005	3
Training on credit appraisal of MFIs was organized by EDA Rural Systems for three days on 19 <sup>th</sup> December 2005 was held at Delhi	4
Training on Product Development Strategy by BIRDS, Lucknow was attended by one staff member in February, 2006	1

Details of Workshop	Total No. of Participants
Training on Financial Risk management was organized by Citigroup and WWB on 12 <sup>th</sup> September, Mumbai	2
Workshop at Maharashtra on Micro finance orientation	3
WWB global meet organized at Morrocco was participated by two FWWB staff members and CEO	3
Workshop on micro insurance held in Mumbai	1

Details of the Visits	Total No. of Participants
Exposure visit to Sri Lanka was organized by WWB	2



## RESEARCH AND DOCUMENTATION

The main objective of FWWB is providing fund support along with capacity building inputs as per the needs of its partner organization. Likewise Research and Documentation also forms an integral part of the organization's strategy towards achieving the above goals. Research and Documentation has helped in assessing the need and scope of micro finance in a particular region and plan a strategy for the particular region accordingly.

This year FWWB had a clear strategy of venturing into the under-served regions of eastern region and thereby increase its outreach to the poor women and provide them micro finance services. With respect to the above strategy FWWB had accredited a Market Assessment Study of the three states of eastern India namely West Bengal, Jharkhand and Uttranchal. The scope of the research was to identify the need as well as demand condition in this region and identifying committed organizations that would facilitate the expansion of FWWB's activities in this region.

### POLICY AND RESEARCH

#### **National Consultation on Gender in Micro finance—Organized by FWWB at Ahmedabad**

FWWB, India organized a two-day National consultation on Gender in Micro finance at Ahmedabad on 8<sup>th</sup> and 9<sup>th</sup> of September 2005.

With an objective to spread the awareness about issues affecting Gender in MF sector and also to initiate a debate/exchange of views of experts working or associated with this field this two-day Gender Workshop acted as a platform for dignitaries to share their experiences and in some cases findings of their years of painstaking study.

About 70 participants from various states attended the National Consultation and actively participated in the debates that followed after presentations by practitioners as well as academicians involved in the MF field on topics broadly divided into four parts such as:

- Make the financial market work for the poor women borrowers
- Reclaiming the leadership of women in micro finance
- Securing women's life through essential services/product
- Impact of micro finance in women's lives and enhancing skill for creating more livelihood activities.

The most interesting and poignant session of this National Consultation was "Responses" from the grassroot level beneficiaries/members of the partner NGOs whose lives have changed and become more meaningful through Micro credit Programmes and allied capacity building activities. The unanimous opinion that was voiced by one and all was to organize such national consultations more frequently preferably biannually. FWWB has also published proceedings and the papers presented in the consultation.

## SOCIAL RATING

Micro Finance Institution's rating is largely focused on the financial and management performances. This gives an idea of sustainability of MFI but is unable to show whether there is an adherence to its development objectives.

Social rating is a tool to assess whether an MFI is achieving or is likely to achieve development objectives. It is a graded assessment of the social performance of MFIs and it covers three main areas:

- Adherence to social mission
- Depth of outreach to low income and unreached clients
- Suitability of products to client needs

Micro-Credit Rating International Limited and its associate EDA Rural Systems are engaged in Social Rating of Micro Finance Institutions. FWWB had appointed MCRIL to rate some of its partner organizations. The MCRIL's rating report provides a detailed assessment of the rated organization on issues of governance, management and financial sustainability. The rating report provides a detailed analysis, justification of grades assigned and comments on strengths and weaknesses. It also identifies key improvement areas for the rated MFI and indicates the type of input that could help to make the improvements. This year Social Rating for some of FWWB partners like Bandhan (West Bengal), Cashpor Micro Credit (Uttar Pradesh), AMMACTS (Andhra Pradesh) and Sharda Womens Association (Andhra Pradesh) have been done, which help the partner organizations in achieving their development objectives.



## PUBLICATIONS

### MANUALS

- *A Step by Step guide for Strategic Business Planning* (English), 2000.
- SHG leaders training reference material: *Seekhein aur Sikhayein* (Hindi), 1999.
- Manual on linkages between savings and credit and women's health: *Tan Tandurust to Man Tandurust* (Hindi), 1999.
- *How to Run a Viable Income Generating Activity* (English), 1997.
- *Organising Savings and Credit Groups for Poor Women* (Hindi and English), 1994.
- *Guidelines for Starting a Bank for Poor Women* (English), 1991.
- Training of Trainers (TOT) Reference material: *Mahila Shakti Vikas na Panthey* (Gujarati) 2002.

### CASE STUDIES/PAPERS

- *Unknown Leaders of Micro-finance* (English), 1999.
- *Translating Dreams into Realities* (English), 1997.
- *India's Emerging Federations of Savings and Credit Groups* (English), 1998.
- *Role and Impact of Microfinance on the Poor—A Qualitative Inquiry in two South Indian States* (English) 2001.
- A Discussion paper: *Indian Self-Help Groups and Bangladesh Grameen Bank Groups: A Comparative Analysis* (English) 2002.
- *Insurance—A Safety Net to Poor* (English), 2003.
- *Micro Insurance—Member Profile* (English), 2003.
- *Community Health Insurance in India—A Compilation of Case Studies* (English), 2005.
- *A Documentation Study of Social Security Programme of Activists for Social Alternatives (ASA)*, (English), 2005.
- *Documentation Study of Social Security programme of People's Solidarity Association (PSA)*, (English) 2005.
- *Voice of the Voiceless—A Need Assessment Study of Micro Insurance services offered by SHEPHERD*, (English), 2005.

### NEW

- *Micro Finance and Rural Credit Markets* (English), 2005: The study was undertaken by Centre for Social Studies (CSS) based in Surat, South Gujarat who carried out a 'client-centered' benchmark study in select pockets of Gujarat and Maharashtra
- Documentation of the papers presented in *National Consultation on Gender in Micro finance*, which was held in Ahmedabad for two days in September 2005.

## NEWSLETTER

- *FWWB Newsletter* (Bi-annual) (English).  
(Topics covered: Institutional building, recommendations of the micro finance task force set up by the RBI, education loans, infrastructure financing, market research for micro finance)
- *Micro-Insurance Infoline* (Bi-annual) (English)  
(Topics covered: Concept of insurance, health and pension)

## DIRECTORY

- *Institutional Profiles of FWWB's Partner Organizations* (English), 1998.
- *Directory of Institutional Profiles of FWWB's Partner Organizations* (English), 2003.

## PROCEEDINGS OF WORKSHOP

- *Building Linkages: People's Institutions and the Financial Sector* (English), 1997.
- *Micro Insurance for the Poor: Strengthening Services and Addressing policy Issues* (English), 2003.

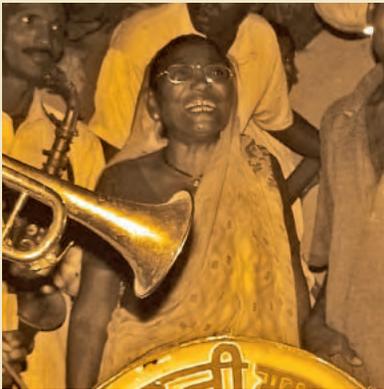
## VIDEOS

- *Ubhartee Umang* (Gujarati, Hindi and English), 1994 (Video).
- *Rukawato ko Todka* (Gujarati and Hindi with English subtitles), 2001 (Video/ CD).



# Sound of Music

Fifty-six-year-old **Pushpa Hingole** stays in Mahatoli Village along with her husband Narayan Hingole and two sons. She had lost her mother at birth. As there was an ancient tradition of “marriage at birth” prevailing in their region her father and stepmother married her off at the age of three months and she was sent to her in-laws place at the tender age of ten. She started living with her husband and his family comprising of father, mother, two brothers and two sisters. The family was engaged in farming on a small plot of land. They faced financial crisis where in the income of the family was very low and there were many mouths to feed. Many times they had to borrow money from the moneylender of the village for agriculture and marriages of her sister’s inlaw. The moneylender was lecherous and the women of the village had to face lot of problems. It was difficult to escape from his clutches.



Pushpa and her family escaped from the village with great difficulty and settled in the nearby village named Mahatoli. They lived on very little income generated from farming activity. In year 2001, Priyadarshini Mahila Mandal introduced SHG in her village and she became an active member of it. Initially the group used to save Rs. 20 per month. Pushpa started availing loans from the SHG and utilized the money to buy seeds and construct a well.

But this was not enough for her, she had big dreams. She took a bigger loan from SHG amounting to Rs. 5,000 another Rs. 5,000 from a federation and purchased a 13 instruments band costing Rs. 80,000, by paying the initial down payment. The rest of the amount was payable on monthly installment basis. She engaged 13 unemployed youth of her village in her band. Today the music band earns her an amount more than Rs. 30,000 per year. She also works as midwife for the village and earns some money from this activity.

Today she carries out many activities. Her husband is a farmer and she works with the music band and also as midwife. Her savings has increased to a higher extent. Along with increase in her own income she also provides employment to 13 other youths of the village. She has attained a respectable position in the SHG and village.





## FWWB'S NEW INITIATIVE— WEATHER INSURANCE

Agriculture is still a dominant sector in India, contributing around 24% of the GDP and providing employment to two-third of its population. However, Indian agriculture is extremely prone to inclement weather, particularly manifested as erratic rainfall during the Kharif season in the rain fed regions of India, has the potential to wreak havoc on the fortunes of a large number of farmers concurrently, which in turn would adversely impact the financial health of the MFIs lending to them.

The existing crops insurance scheme provides coverage against fires, floods, droughts, storms, tempests, riots etc. It represents comprehensive coverage against most of the possible causes for losses. However, the effectiveness of the scheme is entirely ruined by the problems of adverse selection (covers only those farmers who take loan from state banks) and moral hazard (non-quantifiable and subjective ways like crop cutting experiments to determine the crop losses). The system is also inefficient as settlement of claims generally takes more than a year, thus providing a little help to smoothen income fluctuations of the affected farmers.

Against this background, the weather insurance provides a good alternative to farmers. Weather insurance is an insurance cover against losses incurred due to unfavourable weather conditions such as deficit/excess/untimely rainfall, variations in temperature etc. Weather insurance product is designed on the basis of locations, agricultural and climatic properties and productivity levels over the last several years.

The principal benefits of weather insurance products are:

- It protects the farmers from the main production risk like temperature and rainfall causing deviation in crop yield.
- It facilitates faster settlement of claims, as the calculation of weather index is transparent and objective.
- It provides a high level of flexibility to farmers to decide the level of indemnity and coverage.

## **WEATHER INSURANCE: INDIAN SCENARIO**

The three major players in the area of weather insurance are namely ICICI Lombard general insurance company, IFFCO TOKYO general insurance company, and Agricultural Insurance Company of India (AIC). Together these companies have been able to sell weather insurance policies to about two lakh farmers across India, which amply demonstrates the high acceptability and relevance of weather insurance products. Moreover, since its initiation in the year 2003–04 the weather insurance products have been offered to a larger population covering a wider crop portfolio.

Weather insurance cover has already been developed and offered for crops like groundnut, oranges, coriander, wheat, soybean, cotton, black gram, castor and gherkins.

Products have been offered to cover various risk parameters such as deficit rainfall, excess rainfall, high and low temperatures, frost or a combination of both.

## **FWWB INITIATIVES**

In regions like Vidarbha, Telangana etc. where the large investment for cultivating cash crops like cotton gets eroded due to the vagaries of monsoon; crop failures invariably escalate into vicious debt traps. More than 400 cotton farmers have killed themselves because of debts and losses since June 2005. Particularly, situation is worse in Yavatmal where a bad cotton crop last year and low prices have pushed farmers to despair.

A report on farmers' suicides in Maharashtra, submitted in 2005 to the Bombay High Court by the Tata Institute of Social Sciences (TISS), suggests that crops had failed repeatedly for the past four years in the affected regions. The affected regions had little access to supplemental irrigation and thus were highly dependent on monsoon rains. It also exhorted that the High Court should stimulate the creation of an insurance safety net that assures a minimum life support system to cultivators.

FWWB has extended agriculture loans to Maharashtra Partner Organizations since last two years. The four main Partner Organizations—Asmita Institute of Development, Priyadarshini Mahila Mandal, Navchetana and Sagaras are operating in Yavatmal District i.e. Vidarbha region which is a drought prone. Dyan Vikas Grameen Bahu-Uddeshiya Sanstha is another Partner NGO operating from Amravati district. In total all five organizations have a membership base of 13,142 women. Looking to the nature of the loans, FWFB initiated the talks for Weather Insurance Product

cover to these MFIs. Accordingly, details were called for from the Partner Organizations regarding the types of crops harvested by their members, average land holding and their feedback on what parameters to be covered under the Weather Insurance Product. An orientation workshop was organized wherein Cardinal Edge management Services, a private consultancy firm experienced in designing and implementing Weather Insurance products was specially called as a resource person.

Subsequently, FWWB hired Cardinal Edge Management Services to develop Weather Insurance product for these 5 Partner Organizations. In association with the Cardinal Edge, FWWB, India initiated talks with Agriculture Insurance Corporation of India to underwrite the new Insurance product and provide Insurance cover. An extensive field survey was undertaken by Cardinal Edge Management services with an aim to:

- Assessing the insurability of covering the specific weather perils/events as deemed important by target population
- Studying, analysing, and estimating (wherever required through heuristics) the nature and extent of production losses caused by the key perils identified above
- Procuring weather-related and other necessary data from relevant agencies and cleaning the data for further processing
- Selecting appropriate form of weather insurance models for covering the various weather perils
- Developing a product covering all insurable weather perils/events
- Facilitating negotiations with insurance companies for underwriting the structured solutions at an affordable price

## **PRODUCT REVIEW AND REVISION**

Product review exercises were undertaken at two stages. Initially the structured insurance propositions were discussed with the team of FWWB-India that gave relevant inputs for making the product better suited to the requirements of the local farmers and the partner organizations of FWWB-I.

Thereafter the revised weather insurance structures were discussed in a multi-stakeholder workshop in Pune on 20<sup>th</sup> April 2006 that involved representatives from all the key stakeholders at the apex level. It was decided that an orientation and product awareness campaign for farmer clients and the staff of MFIs be jointly undertaken by the Regional Office of the Agriculture Insurance Company of India Ltd and the local partner organizations of FWWB-I in Yavatmal.

In order to compensate the partner MFIs for their support in distribution and marketing of weather insurance products to farmer clients, it was decided that a service charge (as a percentage of total premium collected) would be provided to the local MFIs, which in turn would pass it on to their personnel for their contribution to this initiative.

## CLAIM SETTLEMENT

In order to minimize the large basis risk that is inherent in rainfall and to enhance the credibility and representative ness of claim settlement, negotiations were carried out with the underwriter of the weather insurance policy i.e. the Agriculture Insurance Company of India Ltd. It was thus mutually agreed that the weather data for settling claims would be captured through third-party weather stations that would be installed in different blocks of Yavatmal where client patronage is reasonable to justify the costs of such weather stations. Such an arrangement is quite novel and could become possible only as a result of working with a government-backed insurance company.

## OUTCOME

The weather insurance initiative that has been started by FWWB-India for meeting the agricultural production risk management needs of its partner MFIs and their farmer clients can act as a precursor to more holistic community risk management programmes. Under this scheme, an estimated 3000 marginalized women farmers shall be covered for the 2006 Kharif season. Such initiatives have the potential of being spread across a large geographical landscape due to inbuilt strengths like affordability, insurability and efficiency. It is only through multi-stakeholder collaborations as inherent in this initiative that potent safety nets like micro insurance can make their way towards people at the bottom of the socio-economic pyramid.





## INNOVATION FUND

SUB PROJECTS UNDER THE FWWB-USAID PROJECTS

One of the biggest challenges facing the micro finance industry today is developing financial products and methodologies for very poor or difficult to reach rural populations, reducing their vulnerability and increasing their economic well being. To address these issues, the FWWB-USAID project has set aside a part of the project funds towards supporting and promoting innovations in micro finance. Through the innovation fund, FWWB seeks to provide timely and flexible funding awards to promote Micro finance innovations that intensify outreach and impact, and serve as an effective tool for overall socio-economic development of the clients and the region as a whole.

Some of the key defining factors for innovations are, unique and “out of ordinary” project design using micro finance interventions, addressing a felt need, scope of using existing linkages or building new ones, scalability, ability to evolve over times to address newer needs, financial viability, impact to be visible in a short time span pilot project which has a potential for up scaling.

*Innovation is the key process by which products, processes and services are created, and by which businesses generate jobs and wealth. In addition, in the social sphere, effective innovation has a direct impact on the reduction of poverty and the improvement of the quality of life of our people. It is critical, therefore, to increase the rate and quality of innovation”*

## **Outline of the Projects Supported for Funding Under Phase II of Innovation Fund**

### **Areca Nut Leaf Plate and Bowl Manufacturing Cluster Development, DHRIITI, Assam**

Through its Micro Enterprise Development initiative, Dhriti, currently is focusing on the *Areca Nut Leaf Plate and Bowl Manufacturing Cluster Development Project*. This project seeks to establish an Areca Nut Leaf Plate Manufacturing Cluster in Barpeta District of Assam. In the pilot phase 20 manufacturing units will be set up by SHGs and individuals for which Dhriiti will provide technical, financial, training and marketing support. It is basically aimed at providing self-employment opportunities through production of environment friendly, biodegradable, disposable plates and bowls. In 2005, Dhriiti has established one manufacturing unit and through it has worked on various aspects of this business, right from research and development to marketing. Dhriiti wants to make it a 100 crore industry for rural Assam in years to come.

### **Elimination of Child Labour through Setting Up of Bridge Course Camps, CENTREREDA, TN**

This projects seeks to eliminate child labour through combined effort at increasing the income level of parents by providing alternate income earning through micro finance on one hand while mainstreaming rescued child labourers into regular school systems by providing them with a one year education in BCC set up under the project.

Based on their consistent efforts and subsequent fund requirements at the end of Phase I of the project, it has been granted an extension of one more year.

### **Risk Mitigation and Management—Sugam Health Fund (SHF), SHEPHERD, TN**

The project aims to assist the women members at the time of emergency health needs by providing access to funds. Over the years, SHEPHERD has had successful experience in meeting the health needs of women. The organization also felt the need to extend its services to women, children, and husband and reach 10% of the working communities. SHEPHERD follows a three Ps approach, namely:

#### **1. Prevention 2. Protection 3. Promotion**

### **Elimination of Child Labour by Empowering Communities to Participate in Education, COVA, Hyderabad**

Setting up an alternate stream of education by combining the state and national open school systems so that working children are weaned away from work while they are provided with quality education. The experience of Phase I of the project has lead to the extension of the project for the second year.

### **Weekly Micro Finance Counter in the Role of a Commerce House, FARR, Kalahandi, Orissa**

The project looks at providing micro finance services for the tribal populations in the inaccessible areas of the Kalahandi districts so as to help in their economic development. The SHG counter besides providing micro finance services would also help in the tribal community in trading in two of the major commodities in the region are—turmeric and forest produce—so that they could get a fair price for their products. In addition the project also seeks to address food security and nutrition issues through creation of a grain bank where members would contribute grains to be used in times of need. The grain bank would also initiate kitchen gardening to help in promotion of nutrition among the tribal population. Considering, the issues aimed to be addressed by the project, it has been granted a sanction period of two years.

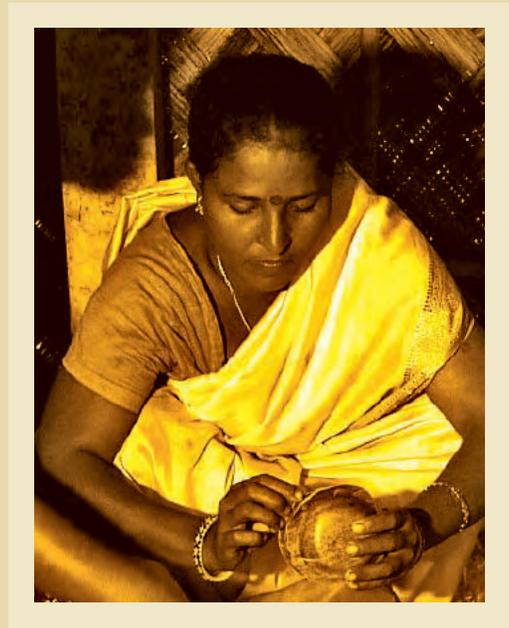
All the projects commissioned in Phase I have concluded successfully. However, it is felt necessary to develop capacity of the partners implementing such projects by providing them appropriate Technical Assistance and exposure visits. Also the self-sustainability of the projects should be well thought of.



# Dalimi Patgiri Case Study

In its endeavour to promote arecanut leaf plate manufacturing industry in rural areas of Assam, Dhriiti has been interacting with the rural populace residing in the villages of North Barpeta for over a year. Among the various individuals and self-help groups that Dhriiti has been interacting with one name stands out and that is **Mrs. Dalimi Patgiri**. Generally men are associated with any manufacturing activity, which involves physical labour and mechanical machines, and women are seen more or less as helpers in these parts of India. Thus not many women came forth to take up this activity when approached by Dhriiti. It was Dalimi *Baideo* (elder sister) who not only came forward but also encouraged and motivated other women to venture into this activity. Despite constant discouragement from fellow villagers, she supported us at each step. She comes from a poor family of Bhalaguri village where traditionally women take up activities like weaving and other farm based activities. Her husband is a teacher in a private school and she also contributes to the family income through weaving.

When approached first for this activity she not only saw an opportunity for an additional source of income from a resource abundantly available in those areas but also set an example for other women in that region. While setting up the raw material banks she was also asked to collect raw material. Where many men failed, her group (Sangmishrita Mahila SHG) had collected 50,000 pieces of good quality raw material in a span of three months. Later on she had led a team of seven women on an exposure and training visit to Salem at a time when many women rarely have the courage to go beyond the precincts of the village.



After the training programme when her group's loan application was forwarded to the bank, due to some internal problems, the other members had secluded her and she had to quit the group. The main reason behind this was that she was the only Assamese woman in the group while all other members came from a Bodo Community. This incident did not break her morale. She is presently trying to set up this industry individually. A soft looking yet strong hearted women that she is, Dhriiti has strong faith in Dalimi and hopes that she would set an example for others to follow.

## FUNDING PARTNERS

FWWB would like to acknowledge with sincere thanks its funding partners for their continuous support. Without their support our efforts towards institution building would have been difficult. This year with the support of our funders we were able to provide funds for innovation projects, give support to small upcoming organizations, conduct Trainings, workshops and exposure visits that have helped in institution building of partner organizations.

### GRANT

Citigroup

Cordaid

Consultative Group To  
Assist Poor (CGAP)

Ford Foundation

German Technical Cooperation (GTZ)

Small Industries Development  
Bank of India (SIDBI)

Women's World Banking

United States Agency for  
International Development (USAID)

### LOAN

Cordaid

Dena Bank

HDFC Bank

Indian Overseas Bank

Indusind Bank

Indian Bank

National Backward Classes Finance  
Development Corporation (NBCFDC)

National Bank for Agriculture and  
Rural Development (NABARD)

Small Industries Development  
Bank of India (SIDBI)

UTI Bank

## FWWB TEAM

### VIJAYALAKSHMI DAS

(Chief Executive)

#### HEAD OFFICE—AHMEDABAD

##### PROGRAMME TEAM

**DAKSHA NIRANJAN SHAH**

(Head—Credit Programme)

**LALIT SHAH**

**SHRUTI GONSALVES**

**NEHA KANSARA**

**ANUP GHOSH**

**ABHISHEK CHAUDHARY**

**PRITA DASGUPTA**

**DEEPA SHANKAR**

**PRASHANT SUDE**

**KRISHNA KUMAR SINGH**

##### ACCOUNTS AND FINANCE

**MADHVI DESAI**

(Head—Finance)

**ANJANA JOSHI**

**BEENA THAKAR**

##### ADMINISTRATION

**SANGEETA SHARMA**

**JYOTSANA GOHIL**

**MEENU BANSAL**

**NITHYA PANICKER**

##### SUPPORT STAFF

**RAM NARESH YADAV**

**CHANDRAKANTPARMAR**

#### REGIONAL TEAM

##### SOUTH

**INDRANI SINGH**

(Manager)

##### EAST

**GITALI THAKOR**

(Manager)

## BOARD OF TRUSTEES

### **CHAIR EMERITUS**

**ELA R. BHATT**

(Founder FWWB & SEWA)

### **CHAIR**

**RADHIKA HARIBHAKTI**

(Executive Director  
JM Morgan Stanley, Mumbai)

### **VICE CHAIR**

**SWATI SOPARKAR**

(Advocate, Ahmedabad)

**ILA PATEL**

(Professor, IRMA, Anand)

**MIRAI CHATTERJEE**

(Coordinator, VIMO SEWA, Ahmedabad)

**SUDHA KOTHARI**

(Managing Trustee, CHAITANYA, Pune)

**YOGESH CHAND NANDA**

(Member, National Commission  
on Farmers, Delhi)

**D.D. TRIVEDI**

(Consultant, Ahmedabad)

**ANJALI BANSAL**

(SpencerStuart, Mumbai)

**RAJESH AGRAWAL**

(Director of Finance, ICRISAT, Hyderabad)

**VIJAYALAKSHMI DAS**

(CEO, FWWB)

## COMMITTEES

<b>EXECUTIVE COMMITTEE</b> <b>CHAIR</b> <b>RADHIKA HARIBHAKTI</b>	<b>CREDIT COMMITTEE</b> <b>CHAIR</b> <b>D.D. TRIVEDI</b>	<b>AUDIT COMMITTEE</b> <b>CHAIR</b> <b>Y.C. NANDA</b>
<b>MEMBERS</b> <b>SWATI SOPARKAR</b> <b>D.D. TRIVEDI</b> <b>VIJAYALAKSHMI DAS</b>	<b>MEMBERS</b> <b>SWATI SOPARKAR</b> <b>VIJAYALAKSHMI DAS</b>	<b>MEMBERS</b> <b>RAJESH AGRAWAL</b> <b>D.D. TRIVEDI</b>

### BOARD MEETINGS HELD

#### IN 2005–2006

18th June 2005  
 3rd December 2005  
 18th February 2006  
 Two-day visit in February\*  
 by board members

NAME OF MEMBERS	MEETINGS ATTENDED
Radhika Haribhakti	3
Swati Soparkar	2
D.D. Trivedi	2
Ila Patel	3
Rajesh Agrawal	2
Sudha Kothari	3
Anjali Bansal	2
Mirai Chatterjee	2
Y.C. Nanda	2
Vijayalakshmi Das	3

### CREDIT COMMITTEE MEETINGS

#### HELD IN 2005–2006

2nd June 2005  
 6th August 2005  
 20th September 2005  
 26th November 2005  
 17th January 2006  
 17th February 2006

NAME OF MEMBERS	MEETINGS ATTENDED
Swati Soparkar	6
D.D. Trivedi	6
Vijayalakshmi Das	6

### EXECUTIVE COMMITTEE MEETINGS HELD IN 2005–2006

22nd April 2005  
 26th November 2005  
 25th March 2006

NAME OF MEMBERS	MEETINGS ATTENDED
Radhika Haribhakti	3
Swati Soparkar	3
D. D. Trivedi	3
Vijayalakshmi Das	3

### AUDIT COMMITTEE MEETING HELD IN 2005–2006

18th June 2005

NAME OF MEMBERS	MEETINGS ATTENDED
Y.C. Nanda	–
D.D. Trivedi	1
Rajesh Agrawal	1

\* Ms. Swati Soparkar, Ms. Sudha Kothari and Ms. Vijayalakshmi Das visited an organization, Shakti Foundation in Bangladesh and reviewed their work.

# Deloitte Haskins & Sells

Chartered Accountants  
'Heritage', 3rd Floor,  
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Ahmedabad - 380 014.  
Tel: +91 (079) 27582542  
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Fax: +91 (079) 27582551

## Auditors' Report

### To the Members of Friends of WWB, India

1. We have audited the attached herewith Balance Sheet of **Friends of WWB, India** (a trust registered under the Bombay Public Charitable Trust Act, 1950 under Registration No. F/821/AHD) as at March 31, 2006 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Bombay Public Charitable Trust Act, 1950 applicable to the State of Gujarat and on the basis of such checks as we considered necessary and appropriate and according to information and explanations given to us during the course of audit, we enclose in the Annexure, a statement on the matters specified therein.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account have been kept by the Trust so far as appears from our examination of the books;
  - c) The Balance Sheet and the Income and Expenditure Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:



# Deloitte Haskins & Sells

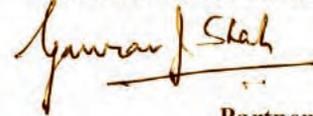
Chartered Accountants  
'Heritage', 3rd Floor,  
Near Gujarat Vidhyapith,  
Off Ashram Road,  
Ahmedabad - 380 014.

Tel: +91 (079) 27582542  
+91 (079) 27582543  
Fax: +91 (079) 27582551

- (i) in the case of the Balance Sheet of the state of affairs of the Trust as at March 31, 2006 and
- (ii) in the case of the Income and Expenditure Account of the excess of income over expenditure for the year ended on that date.

Place: Ahmedabad  
Date : June 5, 2006

**For Deloitte Haskins & Sells  
Chartered Accountants**



**Partner  
(Membership No. 35701)**

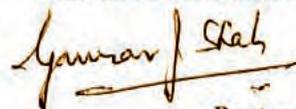
## Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date

- a) The accounts are maintained regularly and in accordance with the provisions of the Bombay Public Charitable Trust Act, 1950 and the Rules.
- b) The receipts and disbursements are properly shown in the accounts.
- c) The cash balance and vouchers in the custody of the Accountant on the date of audit were in agreement with accounts.
- d) All the books, deeds, accounts, vouchers and other documents of records required by us, were produced before us.
- e) The inventory of the movables of projects duly certified by the Accountant has been maintained.
- f) The Accountant appeared before us and furnished the necessary information required by us.
- g) No property or funds of the Trust were applied for any object or purpose other than the object of the trust.
- h) The amount of overdue loans outstanding for more than one year is Rs. 439,417 and out of total amount of Rs. 696,456,846 outstanding as at March 31, 2006, the amount written off during the year is Rs. 19,809,421.
- i) Tenders were not invited for repairs and construction involving expenditure exceeding Rs. 5,000.
- j) No money of the Trust has been invested contrary to the provision of section 35.
- k) There has not been alienation of immovable property contrary to the provisions of section 36, which have come to our notice.

Place: Ahmedabad  
Date: June 5, 2006

For Deloitte Haskins & Sells,  
Chartered Accountants

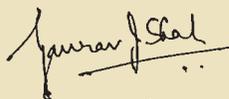


Partner  
(Membership No. 35701)

## BALANCE SHEET AS AT MARCH 31, 2006

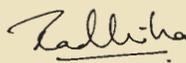
Schedule	AS AT MARCH 31, 2006 (Rupees in Millions)	AS AT MARCH 31, 2005 (Rupees in Millions)	
<b>SOURCES OF FUNDS</b>			
Corpus	1	106.73	96.88
Reserves and Surplus	2	85.63	56.08
Loan Funds			
Secured	3	619.25	598.88
Unsecured	4	76.45	42.94
<b>TOTAL</b>		<b>888.07</b>	<b>794.79</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		15.37	14.88
Less: Accumulated Depreciation		<u>8.26</u>	<u>6.96</u>
Net Block		7.11	7.91
Investments	6	5.37	5.28
<b>Current Assets, Loans and Advances</b>			
Stock in Trade	7	0.003	0.004
Cash and Bank Balances	8	208.62	205.26
Other Current assets	9	11.72	8.70
Loans and Advances	10	<u>674.11</u>	<u>583.17</u>
Total Current Assets, Loans and Advances		894.45	797.12
Less: Current Liabilities and Provisions	11	18.86	15.53
<b>Net Current Assets</b>		<b>875.59</b>	<b>781.59</b>
<b>TOTAL</b>		<b>888.07</b>	<b>794.79</b>
Significant Accounting Policies	16		
Notes on Accounts			

As per our report of even date attached  
**FOR DELOITTE HASKINS & SELLS**  
**Chartered Accountants**

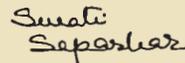


Partner  
 Place: Ahmedabad  
 Date: June 5, 2006

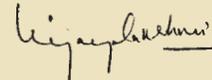
**FOR FRIENDS OF WOMEN'S WORLD BANKING, INDIA**



Trustee  
 Place: Ahmedabad  
 Date: June 3, 2006



Trustee

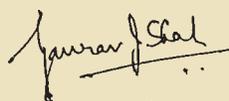


Chief Executive Officer

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2006

	Schedule	YEAR ENDED MARCH 31, 2006 (Rupees in Millions)	PREVIOUS YEAR ENDED MARCH 31, 2005 (Rupees in Millions)
<b>INCOME</b>			
Grants & Donations	12	15.23	15.77
Bank Interest		6.58	5.47
Surplus from Micro Finance Activity (Note - C.2 of Schedule - 16)		3.53	4.48
Other Income	13	0.83	1.17
<b>TOTAL</b>		<b>26.17</b>	<b>26.89</b>
<b>EXPENDITURE</b>			
Employee Cost	14	2.59	2.82
Operational Support to Partner Organizations		2.05	4.91
Training and Workshop Expenses		3.34	2.75
Flood Fund Support (P.Y. Tsunami Fund Support)		0.71	0.87
Support to Non Partner Organizations		2.03	1.58
Legal & Professional Fees		1.92	3.16
Administrative and Other Expenses	15	4.46	4.26
Depreciation		1.30	1.53
<b>TOTAL</b>		<b>18.39</b>	<b>21.88</b>
<b>Excess of Income over Expenditure for the year</b>		<b>7.78</b>	<b>5.01</b>
Add: Balance brought forward from the previous year		46.01	41.01
<b>Balance carried to the Balance Sheet</b>		<b>53.79</b>	<b>46.01</b>
Significant Accounting Policies Notes on Accounts	16		

As per our report of even date attached  
**FOR DELOITTE HASKINS & SELLS**  
Chartered Accountants

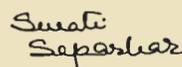


Partner  
Place: Ahmedabad  
Date: June 5, 2006

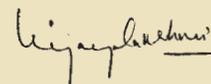
**FOR FRIENDS OF WOMEN'S WORLD BANKING, INDIA**



Trustee  
Place: Ahmedabad  
Date: June 3, 2006



Trustee



Chief Executive Officer

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE 1

#### CORPUS AND OTHER TRUST FUNDS

(Rupees in Millions)

	AS AT APRIL 1, 2005	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT MARCH 31, 2006
<b>For Development Activity:</b>				
Corpus Fund	96.88	9.85	–	106.73
<b>TOTAL</b>	<b>96.88</b>	<b>9.85</b>	<b>–</b>	<b>106.73</b>
Previous Year	73.74	23.14	–	96.88

### SCHEDULE 2

#### RESERVES AND SURPLUS

(Rupees in Millions)

	AS AT APRIL 1, 2005	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT MARCH 31, 2006
<b>For Micro Finance Activity</b>				
Risk Fund	6.61	5.22	0.01 <sup>1</sup>	11.82
Loan Loss Reserve	3.46	16.57	–	20.03
<b>Balance of Income and Expenditure Account</b>				
For Development Activity	31.22	4.24	–	35.46
For Micro Finance Activity	14.79	3.53	–	18.33
Total	46.01	7.78	–	53.79
<b>TOTAL</b>	<b>56.08</b>	<b>29.57</b>	<b>0.01</b>	<b>85.63</b>
Previous Year	47.45	12.51	3.88	56.08

Note: 1. Utilized to write off bad loans of Micro Finance Activity.

### SCHEDULE 3

#### LOAN FUNDS - SECURED

(Rupees in Millions)

	NOTES	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>For Micro Finance Activity:</b>			
UTI Bank Limited	1	43.75	65.62
Small Industries Development Bank of India	2	223.13	137.34
National Bank of Agriculture & Rural Development	1	65.13	43.94
Dena Bank	1	48.75	92.49
Indian Bank	1	67.50	51.00
Indusind Bank	1	10.00	22.50
Indian Overseas Bank	3	157.00	167.99
HDFC Bank Limited	4	4.00	18.00
<b>TOTAL</b>		<b>619.25</b>	<b>598.88</b>

Notes: The above loans are secured by

1. Charge on Book Debts arising out of the loan fund.
2. Pledge of Fixed Deposits amounting to Rs.23 million and charge on book debts arising out of the loan fund.
3. Pledge of Fixed Deposits amounting to Rs.12.58 million and charge on book debts arising out of the loan fund.
4. Pledge of Fixed Deposits amounting to Rs.2 million and charge on book debts arising out of the loan fund.

## SCHEDULE 4

### LOAN FUNDS—UNSECURED

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>For Development Activity:</b>		
CARE India	—	5.54
<b>For Micro Finance Activity:</b>		
Small Industries Development Bank of India	10.00	10.00
CORDAID	66.45	27.40
<b>TOTAL</b>	<b>76.45</b>	<b>42.94</b>

## SCHEDULE 5

### FIXED ASSETS

(Rupees in Millions)

PARTICULARS	Gross Block			Depreciation			Net Block			
	As on April 1, 2005	Additions during the year	Deletion during the year	As on March 31, 2006	Upto April 1, 2005	For the year	Deletion during the year	Upto March 31, 2006	As on March 31, 2006	As on March 31, 2005
Buildings	1.30	-	-	1.30	0.96	0.03	-	1.00	0.30	0.33
Leasehold Premises	6.25	-	-	6.25	1.45	0.48	-	1.93	4.32	4.81
Computers	0.83	0.44	-	1.27	0.38	0.21	-	0.59	0.68	0.45
Office Equipments & Furniture	5.99	0.06	0.01	6.04	4.01	0.50	0.00	4.51	1.53	1.98
Vehicles	0.50	-	-	0.50	0.16	0.07	-	0.22	0.28	0.34
<b>TOTAL</b>	<b>14.87</b>	<b>0.50</b>	<b>0.01</b>	<b>15.36</b>	<b>6.96</b>	<b>1.30</b>	<b>0.00</b>	<b>8.25</b>	<b>7.11</b>	<b>7.91</b>
Previous Year	16.94	0.61	2.68	14.87	6.86	1.53	1.43	6.96	7.91	10.08

## SCHEDULE 6

### INVESTMENTS (AT COST)

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>Long Term Investments—Quoted</b>		
<b>For Development Activity:</b>		
Government of India 8% Savings (Taxable) Bonds, 2003	4.87	4.87
4,150 Units of Unit Trust of India of Rs. 100/- each	0.50	0.50
Less: Provision for diminution in the value of investments	<u>—</u>	<u>0.09</u>
	0.50	0.41
<b>TOTAL</b>	<b>5.37</b>	<b>5.28</b>

## SCHEDULE 7

### STOCK IN TRADE (AT COST)

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
For Development Activity	0.003	0.004
<b>TOTAL</b>	<b>0.003</b>	<b>0.004</b>

## SCHEDULE 8

### CASH AND BANK BALANCES

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>For Development Activity:</b>		
Cash on Hand (including foreign currency)	0.16	0.05
Bank Balances with Scheduled Banks:		
In Saving Accounts	4.29	2.02
In Fixed Deposit Accounts	132.44	124.18
<b>For Micro Finance Activity:</b>		
Bank Balances with Scheduled Banks:		
In Current Accounts	9.37	16.57
In Saving Accounts	51.75	61.93
In Fixed Deposit Accounts	10.61	0.50
<b>TOTAL</b>	<b>208.62</b>	<b>205.25</b>

## SCHEDULE 9

### OTHER CURRENT ASSETS

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>For Development Activity:</b>		
Accrued Interest on Bank Deposits	9.98	7.38
Tax Deducted At Source	0.23	0.21
Other Advances	0.65	0.52
<b>For Micro Finance Activity:</b>		
Accrued Interest on Loans	0.81	0.55
Accrued Interest on bank Deposits	0.03	0.02
Tax Deducted At Source	0.00	0.00
Other Advances	0.02	0.02
<b>TOTAL</b>	<b>11.72</b>	<b>8.70</b>

## SCHEDULE 10

### LOANS AND ADVANCES

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>For Development Activity:</b>		
Unsecured and Considered good	6.56	3.69
<b>For Micro Finance Activity:</b>		
Unsecured and Considered good	667.55	579.47
Considered doubtful	2.54	12.31
Less: Loan Loss Provision	<u>2.54</u>	<u>12.31</u>
	667.55	579.47
<b>TOTAL</b>	<b>674.11</b>	<b>583.17</b>

## SCHEDULE 11

### CURRENT LIABILITIES AND PROVISIONS

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>For Development Activity:</b>		
Sundry Creditors	0.97	1.20
Unspent amount of grants	11.82	9.79
<b>For Micro Finance Activity:</b>		
Sundry Creditors	6.08	4.54
<b>TOTAL</b>	<b>18.86</b>	<b>15.53</b>

## SCHEDULE 12

### GRANTS AND DONATIONS

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
<b>Foreign Agencies</b>		
German Technical Co-operation	0.26	2.68
Ford Foundation	0.28	1.91
Cordaid	0.34	-
Consulative Group to Assist the Poorest	1.46	0.33
US Agency for International Development	10.38	8.22
CARE India	0.21	0.12
Secourses populaire	-	0.73
WWB—Tsunami Relief	0.05	0.27
<b>Indian Agencies</b>		
Small Industries Development Bank of India	1.76	0.73
Others	0.49	0.78
<b>TOTAL</b>	<b>15.23</b>	<b>15.77</b>

### SCHEDULE 13

#### OTHER INCOME

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
Training & Professional Fees	0.13	0.33
Provision for Diminution in the value of Investment W/back	0.09	-
Income from Invesments:		
Dividend	0.04	0.04
Interest	0.40	0.23
Profit on sale of fixed assets	-	0.25
Other income	0.17	0.32
<b>TOTAL</b>	<b>0.83</b>	<b>1.17</b>

### SCHEDULE 14

#### EMPLOYEE COST

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
Salaries & Allowances	2.21	2.49
Contribution to P.F. & other funds	0.22	0.25
Staff Insurance Premium	0.09	0.02
Gratuity Premium	0.07	0.06
<b>TOTAL</b>	<b>2.59</b>	<b>2.82</b>

### SCHEDULE 15

#### ADMINISTRATIVE AND OTHER EXPENSES

(Rupees in Millions)

	AS AT MARCH 31, 2006	AS AT MARCH 31, 2005
Office and Administration overheads	1.69	1.51
Travelling Expenses	2.59	2.51
General Expenses	-	0.02
Membership Fees	0.01	0.01
Books, Periodicals & Audio Visuals	0.07	0.11
Contribution to Public Trust Administrative Fund	0.05	0.05
Loss on sale of fixed assets	0.004	-
Auditors' Remuneration	0.05	0.05
<b>TOTAL</b>	<b>4.46</b>	<b>4.26</b>

Schedules forming part of the accounts for the year ended on March 31, 2006

## SCHEDULE 16: NOTES TO THE FINANCIAL STATEMENTS

### GENERAL:

Friends of Women's World Banking, India, (FWWB, India) is an Non-Profit organization established to advance and promote direct participation of poor women in the economy through access to national and international institutions working for the development of the women in India. FWWB, India is a trust registered under the Bombay Public Charitable Trust Act, 1950 and a society registered under the Society Registration Act, 1860. FWWB, India has been registered as a charitable trust under section 12A of the Income Tax Act, 1961.

FWWB is committed to building a society based on equity and social justice where women are leaders of social change.

To promote and strengthen the capacities of peoples organizations and institutions providing financial and related services to the poor women so as to improve their livelihood and make them self reliant.

### SIGNIFICANT ACCOUNTING POLICIES:

#### 1. ACCOUNTING CONVENTION

The financial statements are prepared on accrual basis under the historical cost convention and are in consonance with applicable accounting standards of The Institute of Chartered Accountants of India to the trust.

#### 2. GRANTS

Grants in the nature of capital receipts are credited to the Corpus in the Balance Sheet. Grants received specifically relating to fixed assets are credited to the Capital Grants in the Balance Sheet. Such grants are recognized in the Income and Expenditure Account on a systematic and rational basis over useful life of the fixed assets. The allocation to the income is made over periods and in the proportion in which depreciation on the related Fixed Assets are charged to the Income and Expenditure Account.

Grants for specific purpose i.e. restricted grants, are recognized as income to the extent of amount spent during the year, in the Income and Expenditure Account. Unspent balances of the restricted grants are carried as liability in the Balance Sheet. Other grants are recognized as income in the Income and Expenditure Account of the year.

#### 3. REVENUE RECOGNITION

In respect of the micro finance activity, income of interest on the loans granted is recognized on accrual basis and when no significant uncertainty as to collectability exists. The recognition is in accordance with the terms of the relevant agreements. Income on Loans doubtful of recovery is recognized only when realized.

In all other cases, revenue is recognized when no significant uncertainty as to measurability or collectability exists.

#### 4. FIXED ASSETS

Fixed assets are recorded at cost less accumulated depreciation. The cost comprises of purchase price and all incidental costs related to acquisition and installation.

#### 5. DEPRECIATION

Depreciation has been provided over the useful life on the written down value method on pro-rata basis from the date of purchase up to the date of sale, at rates specified as under:

Buildings	10%
Furniture & Office Equipments	25%
Computers	40%
Vehicles	20%

#### 6. INVESTMENTS

Investments are carried at cost or market value whichever is lower.

#### 7. INVENTORIES

Inventories are valued at cost or net realizable value, whichever is less.

#### 8. FOREIGN CURRENCY TRANSACTIONS

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of the transaction. Current assets and current liabilities are translated at the year end rates. Gains/losses on foreign exchange translation/

settlement other than those relating to fixed assets are recognized in the Income and Expenditure account. Gains/losses on translation/settlement of foreign exchange liabilities incurred to acquire fixed assets are adjusted in the carrying cost of such fixed assets.

## 9. RETIREMENT BENEFITS

Liability for gratuity is provided and charged to the Income & Expenditure Account on the basis of contribution made to the Life Insurance Corporation of India under a Gratuity Assurance Scheme on defined benefits.

Contributions, as required by the statute, are made to Government Provident Fund and are charged to the Income and Expenditure Account for the period.

## 10. BAD LOANS OR PROVISION FOR LOANS DOUBTFUL OF RECOVERY

In respect of the micro finance activity, as regards loans granted, for which:

- a. Installments have not been received for more than a year are treated as sub-standard loans. At the end of two years, the total outstanding balances of such loans are written off as bad debts.
- b. Installments due for more than 180 days are considered as doubtful. At the end of one year, full provision for the same is made for the total amount outstanding.

## NOTES TO THE ACCOUNTS:

1. Corresponding figures of the previous year have been regrouped, rearranged, wherever necessary, to make them comparable with the figures of the current year.
2. FWWB, India is registered under section 12 A (a) of the Income tax Act, 1961 and its income is exempt from the income tax under the provisions of section 11 of the Act. It fulfills applicable requirements of the Income tax Act, 1961 for claiming the exemption, including requirements of the provisions of section 11 (4A) as regards the micro finance activity and hence it does not anticipate any tax liability.

In view of the micro finance activity being carried out as an activity incidental to the attainment of the main objectives of FWWB, India, only net financial results for the year, as arising from the micro finance activity is carried and disclosed in the Income and Expenditure Account. FWWB, India has maintained separate set of books of accounts in respect of this micro finance activity. However, details of such income and expenditure for the year are as under:

	YEAR ENDED MARCH 31, 2006 (Rupees in Millions)	PREVIOUS YEAR ENDED MARCH 31, 2005 (Rupees in Millions)
<b>INCOME</b>		
Income on Loans given for the object of the Trust	93.05	80.81
Interest from Bank	0.38	0.10
Other Income	0.23	0.10
<b>TOTAL</b>	<b>93.66</b>	<b>81.01</b>
<b>EXPENDITURE</b>		
Financial Cost	61.68	51.68
Personnel Cost	0.92	1.11
Administrative and Other Operative cost	0.89	0.37
Auditors Remuneration	0.05	0.05
Loans & Advances Written Off	19.79	18.09
Provision for Doubtful Loans	-	5.23
Loan Loss Reserve	6.80	-
<b>TOTAL</b>	<b>90.13</b>	<b>76.54</b>
Surplus of income over Expenditure for the year from the micro finance activity	<b>3.53</b>	<b>4.48</b>

**3. Auditor's Remuneration includes:**

	YEAR ENDED MARCH 31,2006 (Rupees in Millions)	PREVIOUS YEAR ENDED MARCH 31, 2005 (Rupees in Millions)
Audit Fees	0.10	0.10
Taxation and Other consultancy services	0.03	0.03
Out of Pocket expenses	-	-
<b>TOTAL</b>	<b>0.13</b>	<b>0.13</b>

**4. Managerial Remuneration:**

	YEAR ENDED MARCH 31,2006 (Rupees in Millions)	PREVIOUS YEAR ENDED MARCH 31, 2005 (Rupees in Millions)
Remuneration to Chief Executive Officer	0.66	0.58
Travel and other expenses to Managing Committee Members	0.73	0.29
<b>TOTAL</b>	<b>1.39</b>	<b>0.87</b>

**5. Earnings in Foreign Currency:**

	YEAR ENDED MARCH 31,2006 (Rupees in Millions)	PREVIOUS YEAR ENDED MARCH 31, 2005 (Rupees in Millions)
Grants & Donations	12.98	14.26
<b>TOTAL</b>	<b>12.98</b>	<b>14.26</b>

**6. Expenditure in Foreign Currency:**

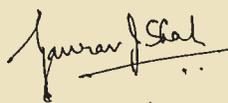
	YEAR ENDED MARCH 31,2006 (Rupees in Millions)	PREVIOUS YEAR ENDED MARCH 31, 2005 (Rupees in Millions)
Travel & Other Expenses	0.36	0.40
<b>TOTAL</b>	<b>0.36</b>	<b>0.40</b>

**Signatures to Schedule 1 to 16**

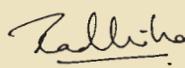
As per our report of even date attached

**FOR DELOITTE HASKINS & SELLS**  
Chartered Accountants

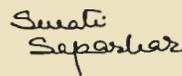
**FOR FRIENDS OF WOMEN'S WORLD BANKING, INDIA**



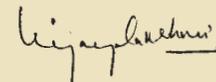
Partner  
Place: Ahmedabad  
Date: June 5, 2006



Trustee  
Place: Ahmedabad  
Date: June 3, 2006



Trustee



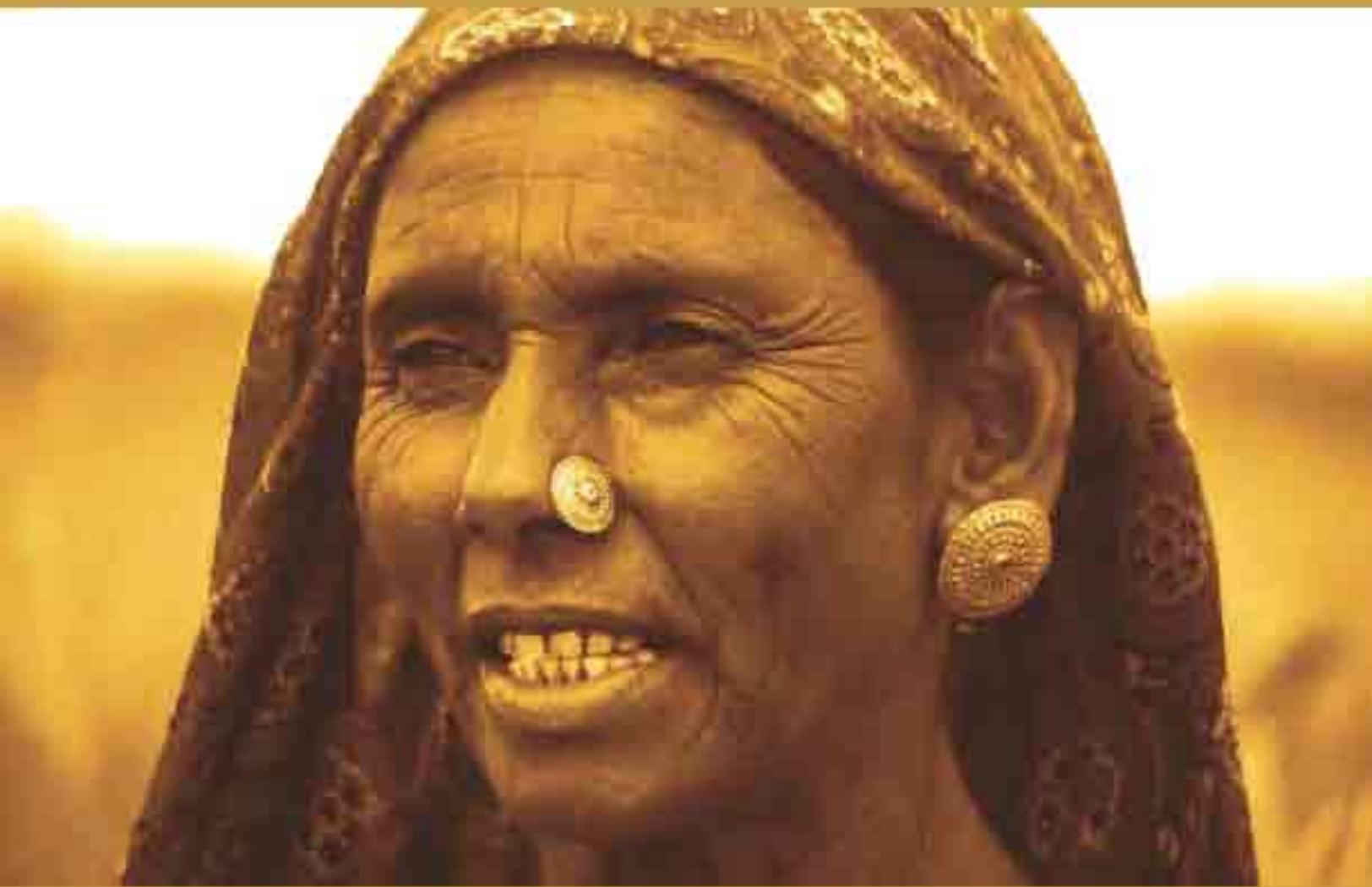
Chief Executive Officer

## CORE INDICATORS FOR THE YEAR APRIL 2005 TO MARCH 2006

	DEFINITIONS	PREVIOUS YEAR 2005	CURRENT YEAR 2006
<b>A. Portfolio Quality</b>			
1. Repayment Rate as of 30 days	$\frac{\text{Outstanding Balance of Loans with Arrears} > 30 \text{ days}}{\text{Ending Portfolio Outstanding}}$	98.61%	99.73%
2. Portfolio At Risk as of 30 days	$\frac{\text{Outstanding Balance of Loans with Arrears} > 30 \text{ days}}{\text{Ending Portfolio Outstanding}}$	2.07%	0.38%
<b>B. Sustainability</b>			
1. Operational Self Sufficiency (Overall)	$\frac{\text{Total Internally Generated Income}}{\text{Total Expenses}}$	99%	101%
2. Financial Self Sufficiency (Overall)	$\frac{\text{Total Internally Generated Income}}{\text{Total Expenses} + \text{Imputed Cost of Capital}}$	92%	94%
<b>C. Efficiency</b>			
1. Operating cost per unit of money lent	$\frac{\text{Operating Costs}}{\text{Average Portfolio Outstanding}}$	0.01	0.01
2. Yield on Portfolio	$\frac{\text{Interest Income on Loan}}{\text{Average Portfolio Outstanding}}$	13.06%	12.18%
3. Average loan size on disbursement	$\frac{\text{Amount of Loans Disbursed}}{\text{Total Number of Loans Disbursed}}$	4,974	5,008
<b>4. Caseload</b>			
a. Number of loans per loan officer	$\frac{\text{Average number of Loans Outstanding}}{\text{Average Number of Loan Officers}}$	85	63
b. Average portfolio per loan officer	$\frac{\text{Average Loan Portfolio}}{\text{Average Number of Loan Officers}}$	103,283,399	84,860,437
<b>D. Capital Structure</b>			
1. Equity Multiplier	$\frac{\text{Total Assets}}{\text{Total Equity}}$	5.5	5.4
<b>E. Outreach</b>			
1. No. of active clients/ Organisation	Number of clients	79	79
2. Number of Active Borrowers	Number of borrowers	186,170	217,214

## DETAILS OF FWWB PARTNER ORGANIZATIONS AS ON 31ST MARCH 2006

STATES	ORGANI- ZATIONS	TOTAL MEMBERS OF PARTNER ORGANIZATIONS	MEMBER SAVINGS	TOTAL ACTIVE BORROWERS OF PARTNER ORGANIZATIONS	FWWB LOAN BORROWERS (OUTREACH)	FWWB LOAN OUTSTANDING
Andhra Pradesh	15	2,416,230	351,990,671	2,164,125	106,650	310,452,686
Assam	1	1,122	329,935	407	200	1,000,000
Gujarat	11	30,528	10,600,750	11,101	9,075	28,023,326
Jharkhand	5	7,639	930,579	1,649	600	1,491,663
Karnataka	4	97,211	51,498,275	71,661	15,400	59,958,322
Kerala	2	61,904	249,000	42,873	4,525	9,876,211
Maharashtra	8	28,469	13,617,331	7,246	3,100	7,852,495
Orissa	4	206,278	34,713,122	98,268	6,600	23,114,039
Rajasthan	2	1,185	766,885	243	200	321,196
Tamil Nadu	17	411,953	197,290,222	205,661	41,264	124,495,671
Uttar Pradesh	1	145,269	-	123,359	9,500	33,955,116
West Bengal	9	349,788	88,020,571	280,841	20,100	69,547,875
<b>TOTAL</b>	<b>79</b>	<b>3,757,576</b>	<b>750,007,341</b>	<b>3,007,434</b>	<b>217,214</b>	<b>670,088,600</b>





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