

Rang De

Annual Report 2016-17





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Foreword

Rang De began with a dream to make micro finance work for the poor. Over the years we have kept chipping away at the original idea to respond to the changes in the environment, to listen to the feedback our communities were giving us, to refine the loan products and to provide our generous group of social investors a more transparent and accountable way of making a positive impact.

The year 2016-17 was significant because having successfully curated loan demand worth INR 13.2 crores in 2015-16 the challenge before us was whether we would be able to sustain the upward momentum in the following year. We did.

We were able to launch Swabhimaan to provide adaptive financial literacy training and customized loan products to communities. Going forward, we aim to incorporate the lessons we learn from the pilots that we are running in Yeshwantpura (and now in Chhattisgarh too) to help the other communities we serve chart their path to financial inclusion and self-sufficiency.

We also had a good year in terms of on-boarding new social investors and impact partners, though a lot more work needs to be done on both these fronts. On the other hand, we had limited success in recovering the overdue amounts from our inactive partners despite our efforts to seek legal counsel and engage arbitrators to resolve the issue amicably.

This year, we also made significant investments of time and effort to improve our technology platform with the aim of improving the user experience for both our social investors and our impact partners.

In February 2017, we organized our annual partners meet "Rang De Impact Confluence" and over the course of 3 days engaged in meaningful debate and conversations on varied issues.

As always we remain grateful to our generous donors and corporate partners, social investors, impact partners and most of all our borrowers who continue to inspire us to strive harder, to innovate and to dream big.

Rang De: An Introduction

Rang De is a Bengaluru based social enterprise that began its operations in the year 2008 with the mission of “poverty alleviation through technology driven financial inclusion.”

The seeds of Rang De and its model were first sown in the year 2006, the same year that Professor Muhammad Yunus and the Grameen Bank were awarded the Nobel Peace Prize. Finally, launching its operations in 2008, Rang De started small but strong.

Our objective was to create a platform for individuals to make a sustainable difference and join our mission to alleviate poverty. This crystallized our core beliefs that shaped Rang De into what it is today. These beliefs are:

- Most social issues, if not all, are manifestations of poverty. Unless we address poverty holistically, our attempts to create an equitable, environmentally sustainable and peaceful society will remain futile.
- Microcredit is a sustainable means of alleviating poverty if it is affordable and can be accessed by all.

Rang De is India’s first peer to peer lending platform that provides affordable and timely low cost microcredit for livelihood enhancement, education and sanitation projects. Rang De enables individuals from all walks of life to support and enhance the lives of men and women from low-income households, from all over the country, through its online lending portal. The investments these individuals or **Social Investors** make are returned to them in full, with nominal financial and substantial social return. Social Investors can choose to withdraw this amount or reinvest the same in other borrowers too. Rang De’s innovative technology driven crowd-funding platform enables it to keep its interest rates low.

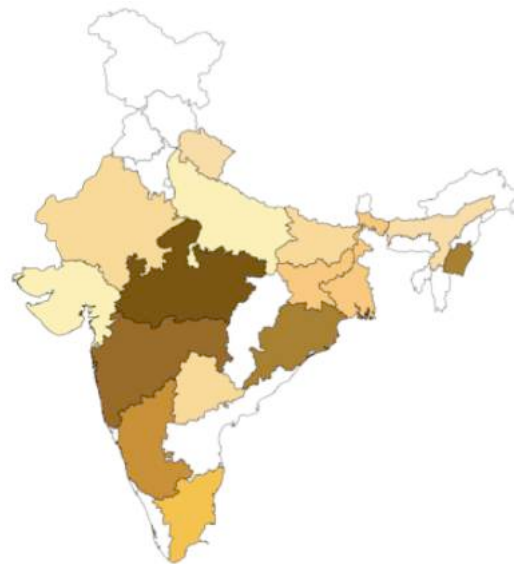
Since the individuals who make social investments via the Rang De platform expect to earn minimal or zero

financial return, the pure cost of capital to the end borrower is minimal. Rang De borrowers pay an interest rate of **2.5% to 10% flat p.a. or 4.5% to 18% APR** depending on the nature and purpose of the loan.

Rang De works with a network of partner organisations (non-profits, social enterprises, education institutions etc) to reach out to diverse set of communities who have historically been denied credit from formal financial institutions.

As on March 31st 2017, Rang De had 37 active partners in 15 states across India. Rang De’s operations extended to more than 40 districts in the country.

The field partners play the crucial role of vetting individuals who require loans, assessing their requirement, helping them apply for loans, disbursing the loan amounts to them and collecting repayments.



The map above depicts the distribution of Rang De loans across 15 states. Borrowers from Madhya Pradesh followed by Maharashtra, Manipur, Karnataka and Odisha continue to outnumber borrowers from other states.

2016-17: Milestones

Scaling up meaningfully, launching Swabhimaan

Number of new social investors nearly doubled from **1645** in **2015-16** to **3226** in the year **2016-17**

The year 2016-17 has been significant for Rang De because the organization achieved its highest numbers (loans disbursed, new capital raised, and number of social investors added).

Building on the progress that had been made in the year 2015-16, Rang De strengthened its technology, fund raising and marketing/communications team.

A few key statistics from this period are:

- **26% increase** in the number of loan applications curated from INR 13.7 crores in 2015-16 to INR 16.9 crores in 2016-17
- Funds disbursed during 2016-17 were **Rs 15.06 crores** while repayments received totaled up to **Rs 12.10 crores**
- **96% growth** in the number of new social investors from 1645 in 2015-16 to 3226 in 2016-17
- Launch of a **new initiative Swabhimaan**- a financial inclusion project that aims to extend the reach of financial services and digital solutions to low-income communities in India
- **58% growth** in number of education loans from 808 loans in 2015-16 to 1283
- **17 new partners successfully** on-boarded and trained as opposed to 14 in the year 2015-16. Loan applications from **2 new states** (Uttarakhand and Chhattisgarh) **were accepted for the first time**
- Development of a **new user-friendly software application** for partners to upload and manage borrowers loan profiles. Migration of existing Rang De partners to the new application was carried out after appropriate training was given to the partner's field staff
- 26 field audits of partner organisations located in 13 states were carried out during the year

Swabhimaan: A digitally powered financial inclusion program

Over the years Rang De has realized that despite constant effort and various positive systematic changes, women, especially from rural India, still lack access to formal credit. But, far more worrying is the lack of basic financial literacy amongst individuals in India, especially those residing in rural areas. The lack of financial literacy makes individuals susceptible to fraud and exploitation by moneylenders charging exorbitant interest rates.

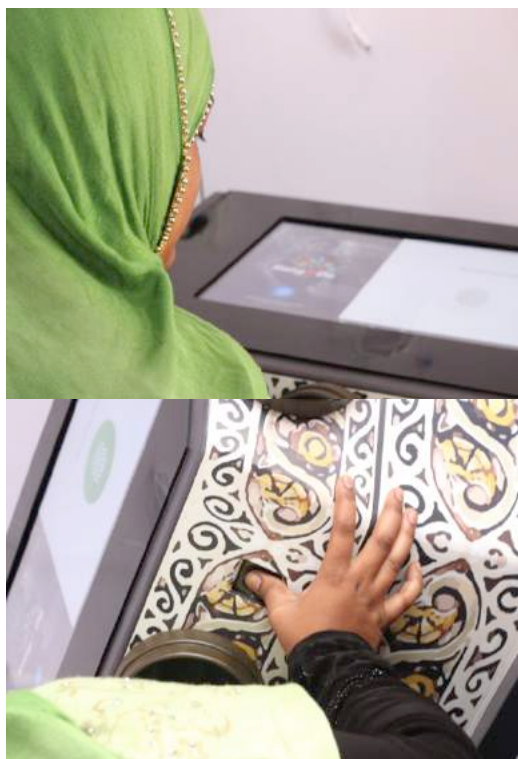
Swabhimaan is an initiative that seeks to provide adaptive financial literacy and requisite skills to women, to enable them to make well-informed financial decisions. Rang De also believes that the launch of the India Post Payments Bank (IPPB) will be a game changer in the space of financial inclusion with its wide spread network of India Post branches as well the social capital it enjoys within rural communities. Rang De aims to leverage IPPB's eventual nationwide network to provide credit support to a wider population.

Women have the freedom to choose low-cost loans, on their own terms, with dignity and self-respect. Swabhimaan uses superior technology with Aadhaar as its foundation to pioneer a credit scoring system and loan approvals based on financial literacy concepts.

Loans provided are customizable without fixed ticket sizes or tenure. The first Swabhimaan Kendra was launched on 8th March 2017 in Yeshwanthpura village in Kolar district of Karnataka.

An end-to-end application to reach out to borrowers directly, eliminate last mile cash disbursals and inculcate good financial behaviour through digital financial literacy training & assessments. A grant received from NVF enabled Rang De to engage the services of Thoughtworks – a leading technology consultancy firm located in Bengaluru – that allowed us to launch the pilot Swabhimaan centre in record time.

Rang De will launch and operate more Swabhimaan centres in the coming months and develop multi-media financial literacy training program.



Swabhimaan bioscope allows users to watch financial literacy videos, take assessment tests and to apply for a loan

2016-17: Marketing campaigns and events

2016-17 was Rang De's most successful year in terms of on-boarding impact partners as well as social investors. With different teams focusing on achieving these objectives, Rang De launched different initiatives like thematic marketing and fundraising campaigns, outreach at corporate offices, offline events such as field trips, student volunteer program etc. Some of the successful initiatives included:



A Diwali themed online campaign was carried out with 5 corporates based in Bengaluru and Mumbai that helped raise more than INR 7 lakhs of capital for loans and brought on-board nearly 550 social investors.

Our brand ambassador, Raghu Dixit, also spearheaded a campaign called "Rang De Raghu" aimed at introducing his community of music lovers to Rang De and its concept of social investing. The campaign helped in raising more than INR 5 lakhs as loans for our community of borrowers.



Coffee conversation, an informal gathering of Rang De team members and social investors, was re-introduced in 2016. These events provide an excellent platform for the team to understand the perspective of social investors, gather ideas, seek feedback and also solicit help from our committed social investors. Rang De organized two coffee conversations in Bengaluru in 2016-17.

2016-17: Marketing campaigns and events



With the assistance of Saurabh Chatterjee, a social investor and a professional photographer, Rang De organized a field trip to Mahabubnagar district, Telangana state for a group of amateur photographers. The group interacted with the women farmers and captured a day in their lives on camera. An exhibition of selected photographs titled ***Matti Manshulu*** from the trip was organized in Hyderabad and Bengaluru.



Rangdezveous is a platform that introduces Rang De's community of social investors (and other like minded individuals) to the work that change-makers from all walks of life are doing to bring about a positive change in society. In 2016-17, the following Rangdezveous were organized:

- Rangdezveous with Access Livelihoods Consulting in Hyderabad
- Rangdezveous with Sant Singaji Institute of Science and Management in Bengaluru
- Rangdezveous with Guardians of Dreams in Bengaluru

2016-17: Impact Stories

Rajavairam P is no stranger to the sweltering temperatures of Arasadikuppam village in Tamil Nadu and neither to hard work and perseverance. Come what may, her day at her humble grocery store starts at 9 am and lasts until 9 pm. It has been this way since December 2015 when she decided to move on from the arduous task of de-shelling cashews and take her first step towards opening a grocery store.

Rajavairam and her husband Ponnusamy, 67, looked forward to a loan of Rs 8,000 to be able to contribute to the income of a family that comprises of their three sons, daughter-in-law and two grandchildren.



Rajavairam's efforts towards earning a daily profit of at least INR 150 is also supplemented by selling *chaat* such as *paani puri* from afternoon to evenings. Her sons help out in running the family too. Her eldest son used to work for a private company that was unfortunately shut down in the wake of the floods that hit Cuddalore district in late 2015. He has since been working as a manual labourer and faces the challenge of irregular availability of work.

As challenging as opening a grocery store and maintaining the necessary provisions to satisfy her customers has been, her beaming smile radiates a sense of satisfaction. She deems herself fit and healthy and remains confident in her belief that if granted another loan, she will be able to expand her business considerably.

Kumbaya, a producer company operates out of three different centers in Madhya Pradesh and has evolved into a well-known label that provides jobs to many women living in remote tribal areas. For the local people who have traditionally engaged in agrarian livelihoods, becoming a part of the contemporary clothing industry has been quite a journey. Both women and men are trained, free of cost, in tailoring a wide range of garments and learn how to sew trendy clothes within a short span of time.



During a recent interaction with producers from different centers, we heard their stories first-hand and learned of how Kumbaya changed their lives. Ranjana never dreamt that she would venture out of the village much less the state but working at Kumbaya changed all of that. She traveled to Indore and Delhi to participate in exhibitions and benefitted from many new experiences like learning how to market and sell products.

For Gora, who spent nearly all her time at home, Kumbaya opened a way for her to contribute financially to her family. The center purchased a special hand-operated sewing machine and taught her how to use it. Today, she is one of many differently-abled producers who work on Kumbaya's signature patchwork products. Kumbaya's struggle for affordable credit was met in part with a Rang De loan. Through a small working capital loan via Rang De Kumbaya could fulfill standing orders, participate in exhibitions and thus continue on its journey to becoming a profitable and sustainable community owned enterprise.

Impact Statistics and Financial Health

2016-17	
Number of loans	10813
First time investors	3245
% Male borrowers	7%
% Female Borrowers	93%
States covered	16
New Field Partners	17
Average loan size	INR 15670

Microcredit loans for livelihood generation constituted approximately 88% (by volume) of the loans approved during 2016-17. Education loans constituted another 11%, while loans for low cost toilet construction and working capital loans for community owned enterprises together constituted approximately 1% of the loan (by volume).

Women constitute more than 90% of the loan applicants though in many cases the women of the household borrow money for the livelihood activity that their sons or husbands pursue. Our field audits indicate that while income resulting from the livelihood activity is variable there is little change in attitude towards savings or planning for future financial emergencies. Initiatives like Swabhimaan that focus on behavior change through customized financial literacy training and learning plans are thus the need of the hour.

2016-17	
Total Revenue	INR: 70,92,418/-
Total Expenditure	INR: 4,47,95,693/-
% Self Sufficiency Attained	15.83%
Total Social Investment Raised	INR: 15,60,43,602/-
Total Corporate Investment	INR: 2,64,74,033/-
Other grants and funds	INR: 3,19,86,442/-



Rang De

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