



Annual Report 2008-09

RangDe.Org

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Rang De – An Overview

Background

The person-to-person (P2P) lending market, which began as a web-based market between borrowers and lenders in the US and UK, has begun to expand internationally, extending virtual communities and linking lenders in developed countries to borrowers in developing countries. The phenomenal growth of such models is encouraging and does call for concerted efforts to establish such a model in India. While the growing need for microfinance continues to rise in number, the absence of the peer to peer lending platform that focuses in India justifies the need for a platform that encourages Indian lenders to contribute to low income households.

About Rang De

The word /rung de/ in Hindi means to give color. Sharing and spreading the colors' of joy with other individuals and attempting to bring together the India that is economically progressing rapidly and the India that has been ignored and needs all attention is the reason for Rang De's existence. The objective of the organization is to create a platform for individuals to make a sustainable difference and join a mission to alleviate poverty.

Rang De is an initiative to make low cost microcredit a reality. Rang De is a non profit entity with the sole object of connecting individuals who need money to social investors.

VISION

To 'Make Poverty History in India'

MISSION

To enable individuals in India and the world to connect with low income households by participating in Microcredit in a holistic and sustainable manner through a transparent and accountable online platform.

The quest to find a sustainable solution to poverty led Rang De to Microcredit and the different approaches to it. This crystallized the core beliefs of Rang De.

The core beliefs that shaped Rang De into what it is today are:

1. Most social issues if not all, are manifestations of poverty. Unless we address poverty holistically, our attempts will remain futile.
2. Microcredit is a sustainable means of alleviating poverty if it is affordable and can be accessed by all.

Rang De’s Journey

Rang De went live on 26th January 2008. It has completed almost 18 month of its operation. This journey has given more enough reason to work aggressively to accomplish the objective.

Table given below gives the Snapshot of Rang De.

Number of Borrowers	1016
Number of Social Investors	364
Total Disbursement	Rs.58,02,000
Total Repayment	Rs.19,96,681.11
Number of Field Partners	12
Number of States Covered	8

Rang De and Microcredit

Microcredit refers to small size loans that are collateral free and are lent to low income households to meet their working capital needs. Typically, the loan size varies from Rs. 5000 to Rs. 15000. These loans are usually utilized for income generation activities. The borrower then repays the loans according to a preset repayment plan.

Microcredit provides the much needed financial stability that is needed by many low income households in Indian villages, semi urban and



urban areas.

It gives them the opportunity to access finance at reasonable rates of interest and provides a healthy and sustainable alternative to the local money lender.

Rang De hopes to bring microcredit and micro lending to the forefront by enabling individuals to become Social Investors and fulfill their Individual Social Responsibility (ISR). A Social Investor lends to make a positive social difference and also earns a nominal interest on the money lent.

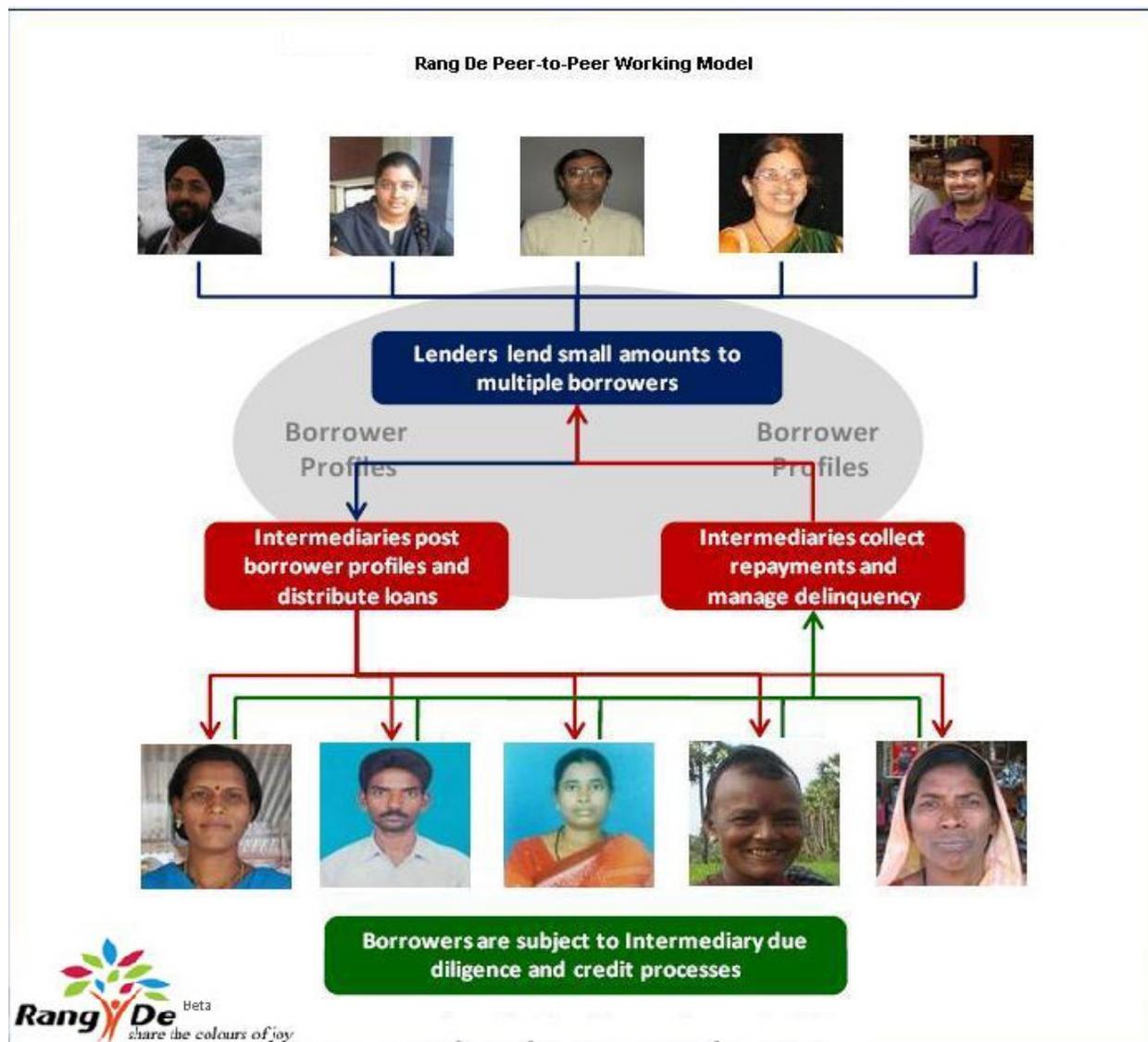
Rang De is aiming to tap into the Resident Indian and the Non Resident Indian Market to drive the movement of financial access in a holistic manner.

Rang De's Strategic Framework

Working Model

RangDe.Org connects a borrower in India with Indian investors around the world. The key players in Rang De's working model are clients/borrowers of micro credit, social investors and Field Partners.

- Borrowers are identified by Field Partners and their requirements are put in the web portal as profiles. These borrower profiles include details of the borrower, occupation, loan requirement, repayment plan and credit history.
- Any Indian who is above the age of 18 can become a Rang De social investor by lending small sums of money towards the loan. The social investor earns an interest at the rate of 3.5% p.a. on the amount lent.
- When the entire loan amount is raised Rang De initiates a transfer of the loan amount to the Field partner.
- The Field Partner in turn disburses the funds to the borrower and earns 5% flat p.a. to cover operational costs.
- Repayment of the loan follows a similar process.



Social Investors

Rang De Social Investor

Rang De provides an opportunity for individuals interested in sharing the colors of joy and making a difference to society to become *Social Investors*. Anyone interested in making low cost micro credit available to the poor sections of the

country can do so by becoming a Social Investor with Rang De. Social Investors can find borrowers whom they wish to help based on the search criteria available in Rang De's web portal. The said portal has a complete listing of small entrepreneurs in need of micro loans along with a short description of their profession, family background and social standing. The *Social Investor* can also choose entrepreneurs based on geography and occupation. With investments as little as Rs 500, anyone desiring to promote a social cause can become a Social Investor.

- Rang De on its part provides a 3.5% return on investment to the Social Investors. Transparent evaluation reports on the activities and progress of the entrepreneurs funded by the Social Investor are furnished periodically. These reports are based on evaluations carried on by the Rang De Team.
- Social Investors can make direct investment through Rang De website's smart invest link or through cheque, debit/credit card and online fund transfer.
- Currently there are 260 Social Investors who have invested on different borrowers through Rang De. The number of Social Investors, volume of investment and reinvestment is continually on the rise. All Rang De's Social Investors are assured that their small investments have made big impacts in the lives of the economically downtrodden.
- Every social investment helps lend small sums of money at low interest rates to borrowers in dire need of finance for their sustenance. This means that more and more people from the lower sections of society are able to access credit and begin to grow above their existing economic condition.

Here is what social investors feel about why they lend through Rang De:



- "When I heard about Rang De, what excited me the most was its name. There was something in the phrase "Rang De" that was really encouraging and full of hope. I am excited about Rang De because it recognises the pitfalls of the charity based NGO-model and

addresses it by

- Designing a model that is sustainable
- Transparency
- Connecting a willing group of lenders to a set of borrowers
- Leveraging technology to lower the lending threshold
- Being open to new ideas.

I wish them all the best and hope that organizations like Rang De are harbinger of the "opportunity to everyone" society that we want to create." - **Aishwarya**



“Rang De, the name itself, draws more people than anything else. For me, Rang De has become a channel to Invest. Invest, in the sense of lending a hand in the Noble Cause of Developing Entrepreneurs across India. The Life of a person blossoms with my investment. And it does not stop there-that new person will take 200% of his effort in terms of money, skills to develop another 2 persons. And this is a constructive cycle to develop our community we live in... A small amount for a person can make a Big difference of his Lifetime.. An Urge to make at least one life better than his/her previous day and an open eye for an opportunity, threw the door open with “Rang De”. A Quote from Ivan Turgenev goes with the right opportunity and the passion displayed by Ram & Smita ***“If we wait for the moment when everything, absolutely everything is ready, we shall never begin”***. - **Gurusubramanian**



“By grace of GOD, I am fortunate enough to lead a comfortable life and I strongly feel 'Until we all win, we all loose!' Therefore, I wanted to help needy people in whatever ways I can but the practical hassles (like identifying the genuine ones among a lot, managing the transactions, etc.) made it almost impossible to lend money to one with true potential. When I heard about RangDe.org, I was instantly 'sold' to the concept. It not only eliminated all the hassles but made the process a 'breeze' (especially with online registration through credit card)! “- **Harsh**

Web Portal

Rang De web portal

Rang De's web portal www.rangde.org, is an online platform for investors to connect with borrowers. Online microfinance model practiced by Rang De is unique in India. Rang De's website provides detailed information about borrowers located in different regions with diversified businesses. Social investors can select borrowers of their own choice and make a smart investment. The website also provides frequent updates, success stories, evaluation reports and upcoming news and events of Rang De.

Partners

Rang De Partners

Rang De's Partners are non profit microfinance institutions who believe in lowering the cost of borrowing for consumers of microcredit. Partner Organizations are distributed in various locations across India. Any NGO or Microfinance institution which fulfills the partnership requirement can partner with Rang De. The two core values of Rang De are Transparency and Accountability and Rang De expects its partners to understand and honor these values. In turn Rang De will provide opportunities for its partners to become champions of low cost microcredit.

Rang De is presently working with 12 partners located in Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, Rajasthan, and Maharashtra. Prospective Partners are under scrutiny in other states like, Assam, West Bengal, Gujarat, Chhattisgarh and Jharkhand.

Rang De is meticulous in selecting and making new partnerships to ensure a strategic relationship. The Rang De team follows a systematic structured process to select a partnership. Rang De's goal is to make partnership in every state of India to serve maximum number of needy people.

The following table depicts the status of the existing and upcoming field partnerships of Rang De.

States and Union Territories		
Andhra Pradesh	Hope, Roshan Vikash	
Arunachal Pradesh		
Assam		IIRM
Bihar	Jai Prabha	
Chhattisgarh		
Goa		
Gujarat		
Haryana		
Himachal Pradesh		Upcoming Partners
Jammu and Kashmir		
Jharkhand		
Karnataka	GMAS, VGKK	
Kerala	HOPE Foundation	
Madhya Pradesh	Sambhav	
Maharashtra	CBMD, SAGRAS	
Manipur		
Meghalaya		
Mizoram		
Nagaland		
Orissa	Pragati, Gram Utthan	
Punjab		
Rajasthan	Udyogini	

Sikkim		
Tamil Nadu	ASSCOD, NewLife	
Tripura		
Uttarakhand		Upcoming Partners
Uttar Pradesh	BMSKSS	Upcoming Partners
West Bengal		Upcoming Partners
Andaman and Nicobar Islands		
Chandigarh		
Delhi		Upcoming Partners
Dadra and Nagar Haveli		
Daman and Diu		
Lakshadweep		
Puducherry		Upcoming Partners

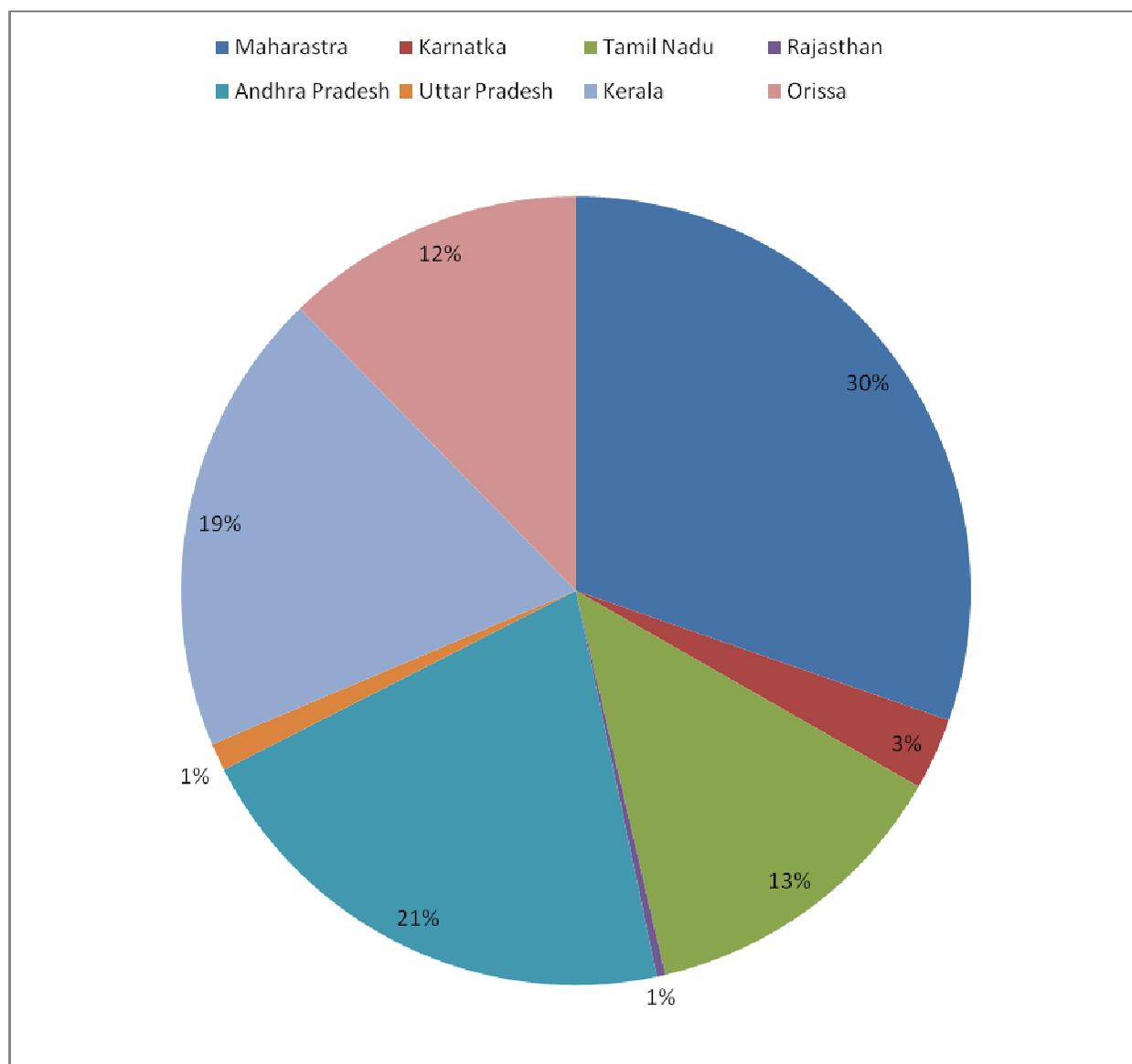
Client Profile

Clients/Borrowers

Borrowers of microcredit are typically people of very low income households who require working capital and credit. The investment made by the social investor is usually towards the working capital of an individual whose occupation is farming, livestock rearing, dress making or small businesses.

Rang De's clients come from diverse social, cultural, economical and regional backgrounds. However Preference is given for women entrepreneurs, widows and divorcees. Rang De believes that everyone - irrespective of gender should have access to microcredit. Rang De will facilitate microcredit for men and women as long as they are members of either a self help group or a joint liability group. Self Help Groups (SHGs) are usually informal groups whose members create a common fund by contributing their small savings on a regular basis. Request for loans are considered by the group in their periodic meetings and competing claims on limited resources are settled by consensus. The amounts loaned are small, frequent and for short duration. Defaults are rare mainly due to group pressure and intimate knowledge of end use of credit. A Joint Liability Group (JLG) is an informal group of 4 to 5 individuals coming together for the purposes of availing micro credit either singly or through the group mechanism against mutual guarantee. Rang De does not facilitate individual loans.

Borrowers Breakdown by States



Products and Services

1. **Rang De Micro loan-** Rang De micro Loan is a prime product of Rang De. This products amount ranges between Rs. 5000 to 10000. Rang De micro loan consist majority stake in Rang De product portfolio.
2. **Rang De Education-** Good infrastructure in schools is essential to ensure quality education. Unfortunately, even basic amenities are missing in some of our schools. Through the empower schools program, schools and NGOs will be able to express their needs to create a better and positive learning environment for children. The Empower Schools programme will work through grants and schools and organizations will need to demonstrate complete transparency in using the money for the said purpose.
3. **Mentorship Program-** Rang De believes mentorship could be one of the better ways to nurture small entrepreneurs. Rang De selects field mentors in association with partners in different field. Selected field mentors work closely with micro-entrepreneurs to mentor them, conduct a market feasibility and help them scale up the business to the next level. Field Mentors are often members from the community itself and have a greater ability to influence peers.

Rang De's Impact

Borrowers Success stories

Rang De's success is derived not out of facts and figures but out of the confidence instilled in the minds of the entrepreneurs funded. The success stories are many and a complete listing of borrower details is available on the web portal. Her below are the stories of Asha and Subbu, successful borrowers who are now on their feet and full of determination to use the opportunity microfinance has created for them to the fullest.

Asha

Asha wanted to do her part in stabilizing her family's weakening finances. Her husband works as a security while her mother tries to contribute by taking up odd jobs on a daily wage basis. Asha's mother's income is not steady or sufficient and Asha decided to set up a small business which she could handle on her own and earn for her family. Being a skilled tailor, Asha soon decided to set up her



own tailoring shop and take up orders. However making the initial investment in purchasing a sewing machine and related supplies was a huge mountain gaping at Asha. It was at this juncture that Asha availed a loan for Rs 5000 from Rang De. The flow of funds helped Asha start off and using her expertise, Asha adds several accessories to the garments she makes and this has helped her gain an edge over her competitors in the field. She now earns Rs 600 to Rs 700 every month and her additional income is a boon to the family. Asha displays her work with pride and is grateful for the loan that has helped her be self reliant.

Subbu



To the onlooker, Subbu poses to be yet another ordinary Indian woman. Behind her warm smile Subbu conceals the dark, depressing truth of her life. Subbu is separated from her husband and belongs to a backward community which is looked down in the village. With no proper education or training, Subbu has been striving hard to make ends meet. Her sole purpose in life is to educate her only son who is a brilliant student with a good track record at School. Subbu works from dawn to dusk to send her son to a private school and afford the best education. She works as a daily wage labourer, operates her petty shop and also sells her ware in front of schools and in the local market. Industrious Subbu walks 3 km in the scorching sun instead of taking a bus as she can save Rs 3 by so doing. Her state of poverty and need forces Subbu to deny the luxury of even a bus ride. Subbu had many more strategies to improve her earnings and she needed financial assistance to help her launch off. Knowing that a loan from the village money lender will only increase her debt, she applied for a loan of Rs 10000 from Rang De. With funds in hand, Subbu's petty shop business picked up and she was able to build a structure to house her goods. This is not without results. Her profits have been on the high and Subbu is able to continue educating her son in a good English medium school. Subbu feels financially stable and is seen beaming with self confidence!

Achievements

Repayment Record

The repayment rate in the microfinance industry has been higher than 92% and sometimes as high as 97 or even 100 % even though there is no collateral. There are several reasons for this. Borrowers of microcredit are usually women and loans are given to people in groups of 10 or 15. This creates a social collateral and if there is a default from one borrower, the peers in the group pitch in. There is also peer pressure that is created within the group so that defaulters are always under pressure by peers to repay.

Significant milestones

Rang De launched out on an eventful journey on 26th January 2008, a journey full of challenges and rich in learning. Several significant milestones were reached and processes worked out in the past one year of Rang De's existence. Many valuable lessons have been learnt and Rang De shaped out its identity. This journey is an unending one which has just sparked off and the last one year has certainly carried Rang De forward and given direction as well as correction. Rang De had to experiment its unique model and many a time burnt its fingers in doing so. Each of these experiences have strengthened Rang De's working model. Rang De is still in a nascent stage, however the past year has given a great start and several operating procedures have fallen into place.

- **Social Investors**

The social investors during January to April grew organically. There were no employees at Rang De. Efforts were invested in building Rang de's relationship with the partners. Social investors turned out to be friends and contacts within their own networks. Right from day one, the attempt was to ensure that no entrepreneur on Rang De goes unfunded. Initially Rang De tapped into own networks and gradually urged them to tap into their contacts.

- **Rang De Team**

The need to build a workforce with team members committed to the vision and mission of Rang De was another important issue that was addressed during the last year.

Milestones at a glance

Key Areas					
Loans Disbursed	Field Partners	Social Investors	Rang De Team	Marketing	Funding
Loans ranging between Rs 5000-50000 disbursed	CBMD becomes first field partner	Rapid growth in investors from January to April	Rang De strives to ensure that team members understand the start up culture and the importance of functioning as a corporate and not as any other NGO	Word of mouth voiced Rang De to start off	Funds received to run operations for 1 year.
400 entrepreneurs funded 25 Lakhs disbursed	Partnership Model finalized	Attempt was to ensure that no entrepreneur on Rang De goes unfunded	The Rang De team now works with commitment and they work as activists with a sense of emergency	Rang De features in leading journals across the country	Efforts are on to cut costs and develop best practices
	Application forms designed to capture significant borrower details				
	Mentoring Partners			Web site launched to provide transparency	
	Diligence Manual				

	worked out			to investors.	
	Induction Kit designed				
	A network of 11 partners established in 8 Indian States by Jan 2009			Efforts on to make the web site more interactive and a fun initiative	

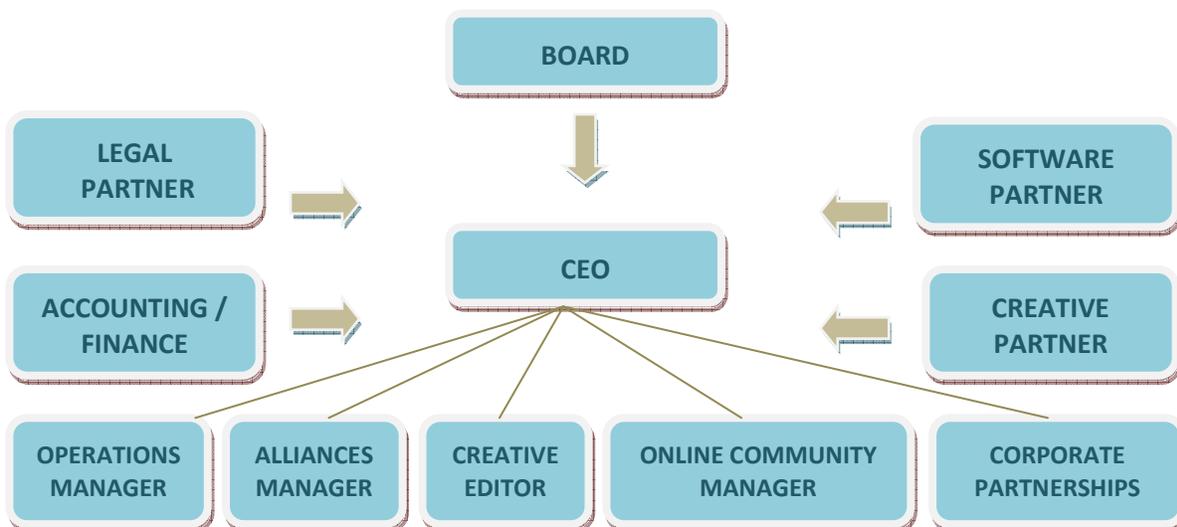
Outcomes Expected

Rang De aims to achieve the following outcomes at the end of 5 years of its operations:

- To build a brand that stands for transparency and accountability.
- Access to affordable credit to low income households in a scalable and sustainable manner.
- Create a social networking in its true sense by building a strong bond between urban households with their rural counterparts.

Team

Rang De Team Structure



Governance

Rang De is a registered charitable Trust and is governed by a Board of Trustees. The Board consists of individuals who have a strong set of specialized skills and bring to Rang De a richness of experience and wisdom. The board members have been associated with Rang De since its inception and continue to contribute to the overall mission.

The Board currently consists of the following Trustees:

Prof. P Sudarshan has been associated with Rang De since its inception as an idea about a year ago. He is currently the Director of TALGEA (The 'Art of Living' Global Entrepreneurship Academy), Bangalore. Prof. Sudarshan is the Founder of many companies and has been a mentor to many successful businesses. He is the Founder-CMD of Intell Southtech Ltd and also the Founder of "The Gateway 2010 Seminars." He is also the President of IIM-Ahmedabad Alumni Assoc, Bangalore and Mentor for TiE Network.

Prof. Sudarshan is the Founder-President of TDICI-India's 1st Venture Capital Co (now ICICI Ventures Ltd) and the Founder-Director of Biotech Consortium of India Ltd, New Delhi.

Suranga Chandratillake is a technology entrepreneur with over a decade of experience in next-generation search. Suranga Chandratillake founded blinkx in 2004 and launched the company in 2005. After early success, Suranga took the company public on the London Stock Exchange in May 2007. Prior to founding blinkx, Suranga was U.S. CTO of Autonomy Corporation, responsible for growing Autonomy's research and development division in the United States. Before joining Autonomy, Suranga held a variety of roles in technology, sales and marketing at Morgan Stanley, net decisions and a non design. Suranga received his MA in Computer Science from the University of Cambridge.

Kiruba Shankar is CEO of Business Blogging and Director of F5ive Technologies. Prior to this, he was Associate Director at Sulekha.com. Kiruba is one of the

founders of The Knowledge Foundation, the group behind successful events like BlogCamp, Proto.in, PodWorks, MobileMondays and BarCamps. Kiruba loves teaching and has taught at Anna University, Madras Ad Club, SRM University and Asian College of Journalism. He authors technology columns at the New Indian Express and Business Standard Newspaper . He is an official blogger for NASSCOM and IAMA. He is a professional podcaster and hosts a show called 'The Kiruba Show' where he interviews CEOs of Indian IT companies. Business World Magazine ranks his blog www.Kiruba.com as one of India's top blogs.

Staff Structure and Personnel Distribution

Staff Remuneration (Gross Salary + Benefits) in Rupees

Payments	Rupees paid during the Financial Year
Head of Organization	60,000
Highest salary paid	60,000
Lowest salary paid	30,000

Distribution of Staff According to Salary

Slab of gross salary + benefits paid to staff per month (In Rupees)	Male Staff	Female Staff	Total Staff
Less than 5,000	-	-	-
5,000 – 10,000	-	2	2
10,000 – 25,000	-	-	-
25,000 – 50,000	2	1	3
50,000 -1,00,000	-	1	1

Staff International Travel Details

Name	Mr. Ramakrishna NK Ms. Smita Ram
Designation	(Co-Founder and Trustee)
Destination	(CEO, Co-Founder and Managing Trustee)
Purpose	To attend Online giving conference organised by Omdiyar Network at Stanford University, California
Gross Expense (Rs)	102,588.13