



2020-21



SAHULAT MICROFINANCE SOCIETY
INTEREST FREE
MICROFINANCE
through Cooperatives



SahulatMicrofin

A Heartfelt Tribute to

Founding President



Prof. Siddique Hasan
(May 05, 1945 – April 06, 2021)

Governing Body Member



Sheikh Ashraf
(June 01, 1964 – May 04, 2021)



CA S Rafi Ahmed
(Aug 16, 1952 – May 10, 2021)

Our Fallen Heroes

We have lost following members of Interest-free cooperative family due to COVID-19. We extend our sincere homage to the departed souls. We will always be grateful to them for their services towards the strengthening of Interest Free Cooperative movement and their service to the humanity.



Maqsood Hussain
Branch Manager
Bait un Nasr



M. Ziauddin Mohd.
Director
Khidmat Medak



Mohd. Fasiuddin
BMC Member
Khidmat Siddipet



Akhtar Ali
BMC President
Seva Karimnagar



Nisar Ahmed
BMC Member
Seva Warangal



M. Abdul Jabbar
Member of Elders Council
Seva Adilabad



Mohd Ziauddin
BMC Member
Seva Subedari



Abdus Subhan
Director
Seva Karimnagar



Mohd Iqbal Ahmed
BMC Member
Khidmat Zaheerabad



Abul Arif (Jamshedpur)
Director
Al Khair Patna



Nezamuddin Siddiqui
Director
Al Khair Patna



Shahmeer Alam
Staff Member
Al Khair Patna



Abdul Kalam
Staff Member
Al Khair Patna

How A Year Went During Pandemic

1st April 2020 – 31st March 2021

The nation saw an unprecedented pandemic and a country-wide lockdown imposed on 24th March 2020. Its immediate and adverse impact was on the livelihood of daily wage earners which gradually increased and impacted almost every sector. The cooperative credit societies have also suffered with enormous difficulties in giving withdrawals and loans to its members. Also, the recovery of loan and mobilization of deposit was widely affected.

Sahulat immediately started advocacy with the policy makers at national level as well as state level to get ease for cooperative credit societies to function during the lockdown. The sectoral organizations such Sa-Dhan and NAFCUB provided all possible help in reaching out the policy making bodies and getting positive result. Maharashtra was the first state to recognize cooperative credit societies as essential services, later the central government and other states declared the cooperative credit societies as essential services.

Secondly Sahulat constituted a committee to minutely review liquidity position of affiliated cooperatives. Based on its inputs Sahulat provided advisories for managing the essential expenses, controlled withdrawal, mobilization of fresh fund and managing the liquidity. These exercises were extremely effective in controlling initial panic, the cooperatives were able to make a good balance between demand and supply and most importantly they have been able to earn confidence of their members. Eventually the cooperatives resumed their operations to be normal after the lockdown.

During the lockdown Sahulat had organized several online trainings for affiliated cooperatives on monitoring and managing liquidity on the basis of daily cash in and cash out. Another major training program conducted throughout the year was to empower them on the indicators of a healthy balance sheet followed by the methods and strategies to achieve it. These exercises created a significant acceptance level for such training programs among the office bearers and board members (which happens to be a voluntary group) of affiliated

cooperatives. Not only acceptance but their enthusiasm and capacity of implementation has improved significantly.

The good story is that Sahulat affiliated cooperatives have also improvised themselves during this period. Some cooperatives were so innovative in using digital payment platforms to fulfil their member's need and some cooperatives have taken a risk to initiate COVID19 Relief Loan in such a challenging time. These cooperatives showed great amount of empathy towards their members while providing withdrawal and while reaching out for recovery. Indeed, it was a challenging time. Sahulat affiliated cooperatives and its members were able to brave this challenge together with their mutuality and cooperation.

Sahulat whole heartedly appreciates all the efforts of the board of advisors at its regional office in Hyderabad, the efforts of Microfinance Committee chaired by Mr. Sheikh Ashraf in Maharashtra, MD of Sanghamam Kerala, MD of Alkhair Patna and all the Office Bearers, Directors, Chief Functionaries, back office staff and Field Staff of affiliated cooperatives for their selfless services.

Key Highlights

The functioning of IFCCS was hampered between March 2020 to June 2020 due to nationwide lockdown.

Total loan disbursement of IFCCS in 2020-21 is 214 crores

Vs

Total loan disbursement of IFCCS in 2019-20 is 248 crores

The microfinance sector in India witnessed a decline of 21% in loan disbursement

Vs

the IFCCS witnessed a decline of 14%.

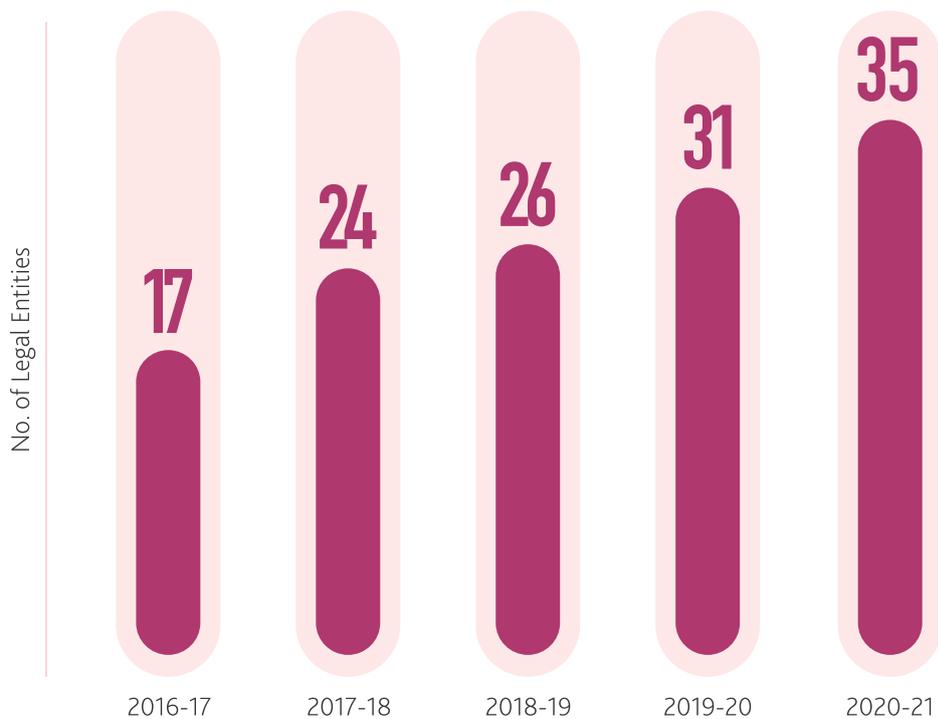
The microfinance sector in India witnessed a growth of 17% in loan outstanding

Vs

the IFCCS witnessed a decline of 10%.

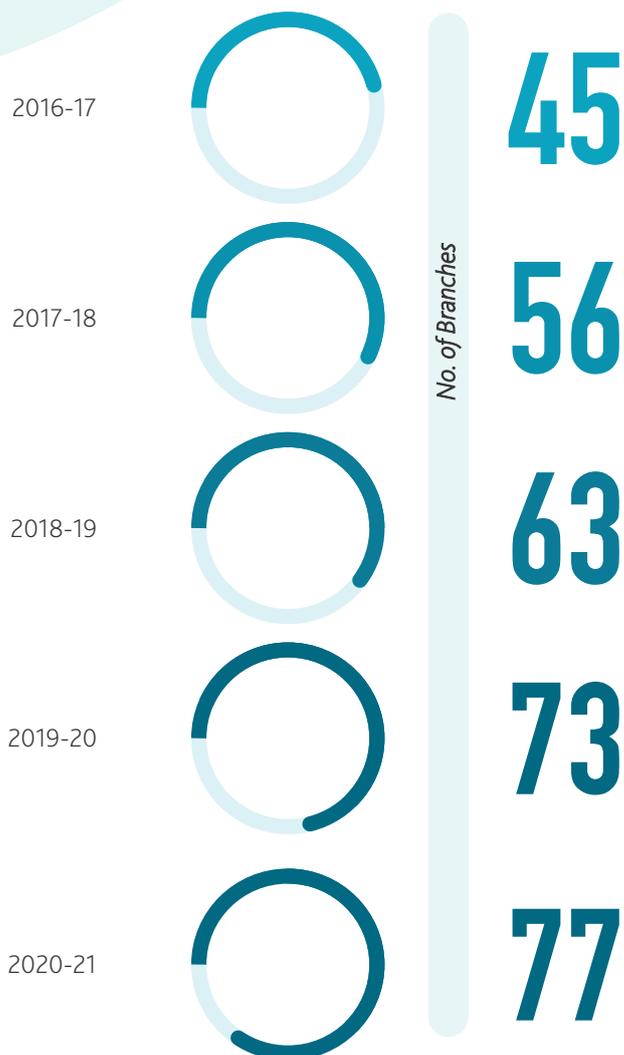
Growth in Legal Entities

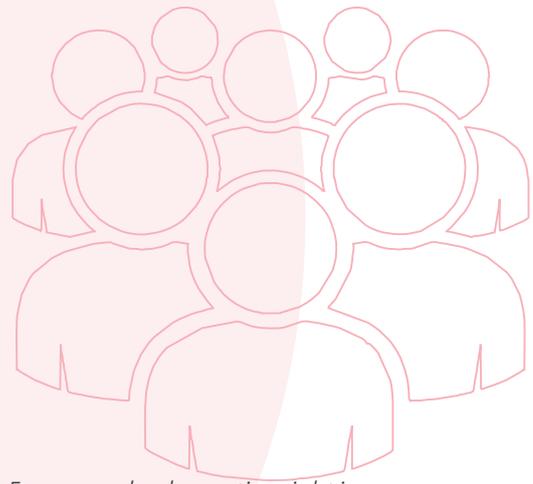
The legal entities i.e. Interest Free Credit Cooperative Societies (IFCCS) are registered under MSCS Act 2002, Liberal Acts and Old Acts of 1960. These cooperatives are affiliated to Sahulat Microfinance Society through a Memorandum of Understanding (MoU). The cooperatives are working in 12 different states of India namely Delhi, Bihar, Jharkhand, UP, Andhra Pradesh, Telangana, Maharashtra, Madhya Pradesh, Gujarat, Karnataka, Kerala & TamilNadu.



Growth in Branches

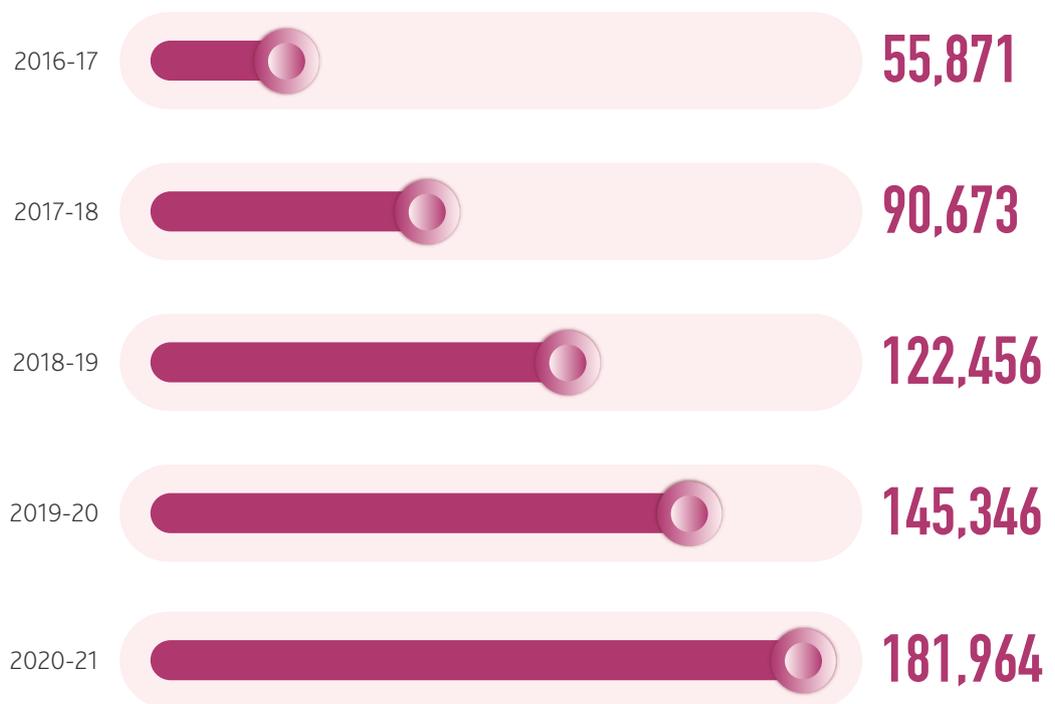
IFCCS branches extend the service of thrift to its members, maintain liquidity and provide loan to its members on their need. The IFCCS branches operate on ground and directly interact with members. It offers various deposit and loan products to its members to suit their need.

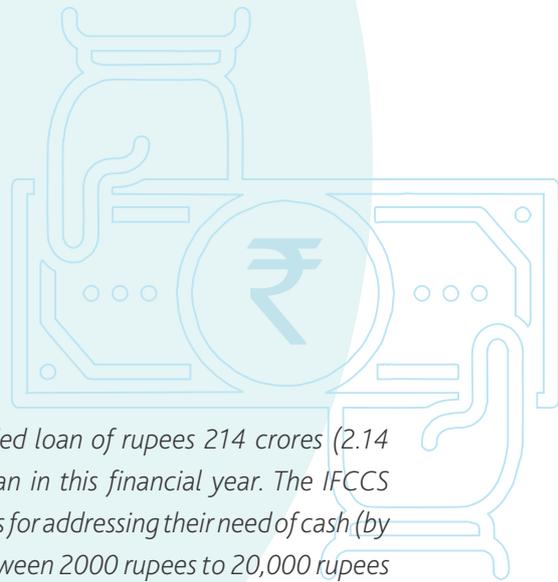




Growth in Membership

By purchasing share of the IFCCS a person becomes its member. Every member has voting right in the cooperative. It is a precondition for any individual to become member of the cooperative to get the benefit of deposit and credit facilities. These members of the cooperatives mostly belong to lower strata of the society and come under the definition of microfinance beneficiary. The members keep their deposits with the IFCCS branches. The IFCCS offers various call deposit products to suit the demand of their members. Mostly the members belong to the low-income group, cooperatives offer them 'Daily Deposit' products. It also offers time deposit products such as 'Umrah Deposit' or pilgrimage deposit.





Loan Disbursement

In financial year 2020-21 the IFCCS branches provided loan of rupees 214 crores (2.14 billion) to its members, 31,000 members availed loan in this financial year. The IFCCS branches offer mainly three type of loans to its members for addressing their need of cash (by Cash Loan), under this scheme loan amount varies between 2000 rupees to 20,000 rupees and sometimes it goes up-to 100,000 rupees. The IFCCS takes service charge on it. The other schemes are Murabaha loan (Cost Plus Loan) and business loan where it shares profit or loss of the business. In the FY2020-21 the average loan size was 68,000 rupees.



₹ 1,19,85,78,831



₹ 46,52,35,347



₹ 37,44,27,602



₹ 9,43,67,000



₹ 88,15,600

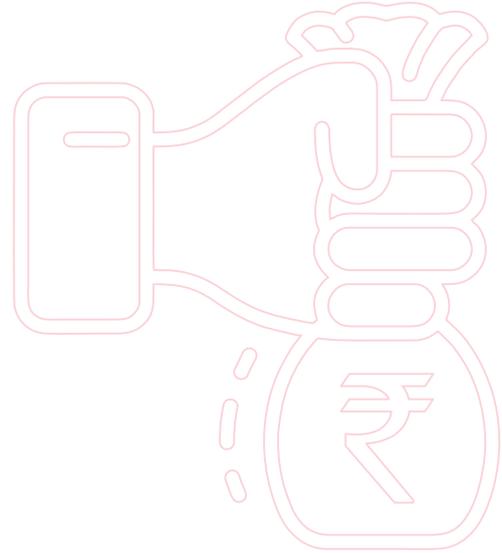
Distribution of Branches



Total No. of Branches

77

Beneficiary Story 1



Mrs. Hajra Abdul Salam **Sanghamam MSCCS Ltd. Kerala**

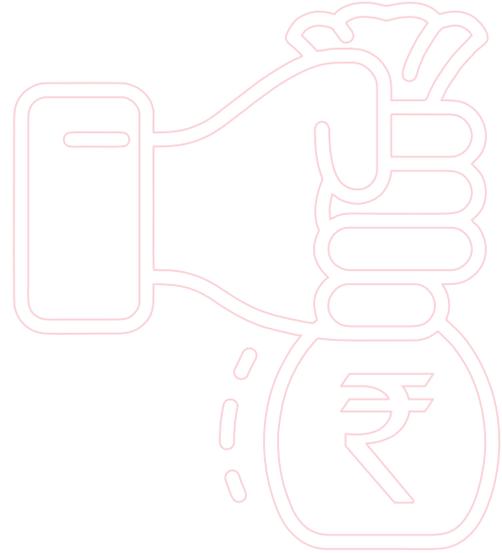
Mrs. Hajra Abdul Salam is a resident of Aluva district in Kerala. She has a small family and lives with her husband Mr. Abdus Salam and two kids Yasin (son) and Hadiya (daughter), both are school going kids. Mrs. Hajra runs a small food product manufacturing business and she named it on the name of her kids, 'Hadiya Yasin Food Products'. Under this brand name Mrs. Hajra makes potato Chips, banana chips, namkeen mixture, various pickles and other types of regional snacks.

Mrs. Hajra is associated with Aluva branch of Sanghamam Multi-state Cooperative Credit Society Ltd. since it was inaugurated back in 2014. She took her first loan of 100,000 rupees from Sanghamam for expansion of her business, she bought two machines one for mixing the ingredients and other one for processing. Due to this upgradation, she increased the production and reached to new customers. She took second loan of rupees 50,000 for purchasing of raw material in bulk.

This expansion resulted in increase of her household income, she opened a daily deposit account of INR 600/day. In six months, her savings was 90,000 rupees and on its guarantee, she took a loan of 150,000 under moneybee scheme. This loan helped her in completing the second floor of her house and its furnishing.

The loans from Sanghamam not only helped her in expansion of her business, but helped her in securing extra income from expansion and provided her the opportunity to live in better living conditions. Mrs. Hajra says that she enjoys good relation with Sanghamam and the key factor is 'Sanghamam entertains with empathy and promptness and in return she is always punctual with her dues.

Beneficiary Story 2



Mohd. Iqbal Ansari **ALKhair MSCCS Ltd. Jamshedpur**

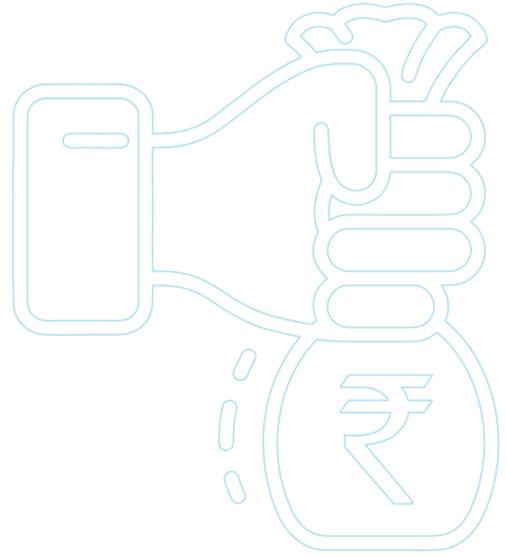
Mr. Iqbal was a cloth merchant in Dhanbad Jharkhand, previously he used to do business in the weekly markets around the vicinity of Dhanbad. Having a desire to set up a permanent shop he moved to Jamshedpur in 2016. He set up his kids-wear shop in Sakchi area of Jamshedpur.

He was in search of an option from where he can fulfill the capital requirement for his business. Then he came into contact with Sanjay a daily collector of ALKhair Jamshedpur Branch. Mr. Iqbal also trusted the goodwill of ALKhair in the market and joined the cooperative by opening a daily deposit account.

He took his first loan of 20,000 rupees to purchase garments for his shop and easily repaid the full Loan in 4 months. This loan has increased his income. Motivated from it he took his second loan of 60,000 rupees, third loan of 100,000 rupees and fourth loan of 2 lakh rupees. All these loans were for the expansion of his business which resulted in growth in business and increase in income.

Now he has his own house and a good running business, he says that now he feels more confident and self-reliant. He says that the saving account in ALKhair is also a great help to him. In 2 or 3 months he withdraws the savings for purchasing garments to be stocked in his shop.

Beneficiary Story 3



Gurchin Kishan **SEVA MACCS, Hyderabad**

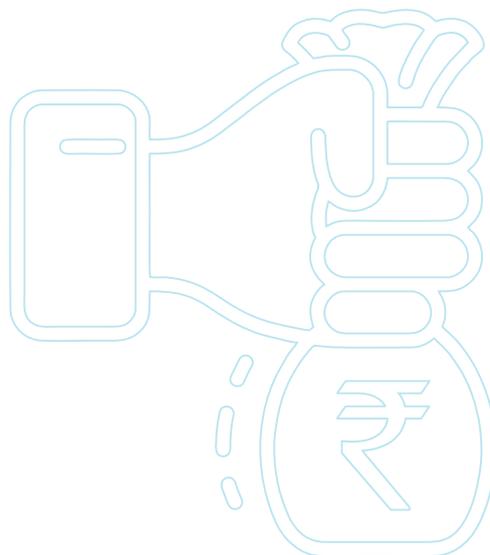
Mr. Gurchin is 66 years old gentleman runs a laundry in Tolichowki area of Hyderabad city. He is running the laundry since 22 years in the same area. One of his customer Mr. Taj has introduced him with SEVA MACCS and became the guarantor of Mr. Gurchin for opening of saving account in SEVA.

One brass iron cost 5000 rupees, Mr. Gurchin needed 2 new brass irons for his laundry. Mr. Gurchin took loan from SEVA to purchase the irons and repaid in two months only.

As of now Mr. Gurchin has taken 10 loans from SEVA for various purposes including medical treatment and purchase of equipment for laundry. Mr. Gurchin saves 50-100 rupees daily in his daily deposit account. This saving helps him at the time of need or festivities.

Mr. Gurchin says that earlier he used to take loans from money lender and suffered a lot from their heavy interest rates and their inhumane recovery methods. He further adds that service charge on SEVA loans is very nominal and SEVA easily gives extension in repayment period if there is a genuine reason and that too without any penalty. He says that services of SEVA MACCS are a great relief for the small earning people like him.

Beneficiary Story 4



Malik Mehtab Rahat, Osmanabad

Mr. Malik Mehtab Bagban migrated to Osmanabad city from a small village Khedegaon in search of employment. Now he lives in Khwaja Nagar in Osmanabad with his wife, four kids and holds a vegetable cart in municipal corporation market.

Mr. Malik took 4 loans from the local money lenders before becoming a member and account holder in Rahat. He says that the loan of money lenders was too exploitative, for each non-repayment he had to pay 100 rupees penalty.

He started in Rahat with a daily deposit account in which he saves 50 rupees on daily basis. He got his first loan from Rahat of 10,000 rupees for his business and as of now he has taken 8 loans from Rahat, all for his business. According to him there are two important things to be noted, 1) the service charge on Rahat loan is nominal and 2) with these loans he was able to purchase the stock in bulk and on cheaper price. This helped him in extra income, it helped Mr. Malik to grow his business and improve his living condition as well.

When he started, he used to live in a small room on rent of 500 rupees per month, now he owns a small house with tin roof. He says that 'most importantly loan from Rahat helped him in creating asset and achieving growth in business.' He further added that in future with the help of Rahat loan he wants to do goat farming at small scale to bring more fortune to his family.

Beneficiary



Branches & Support System



Who we are

SAHULAT MICROFINANCE SOCIETY is a national NGO established in 2010 as a voluntary, non-political and non-profit making organization. It aims to promote Interest free microfinance options for reducing socio economic disparities and to achieve justice and equity for financially backward section of the society at large. "Its main function is to facilitate, organize, promote and develop Interest free microfinance institutions, more particularly in cooperative sector". Sahulat is trying to find a niche in the overall national goal of financial inclusion. Sahulat advocates for it as a separate sector naming, "Interest Free Microfinance through Cooperative". Sahulat operates through its affiliated cooperatives based on the learning of three sectors namely, 1) Cooperative, 2) Microfinance and 3) Interest Free.

What we do

- Facilitating, promoting & developing interest-free micro-finance institutions (IFMFI).
- Providing handholding support to affiliated IFMFIs.
- Undertaking and promoting need based research and developing different products and financial instruments for IFMFI.
- Evolving internal check system and audit facilities and coordination with affiliated institutions.
- Advocating with policy makers for a national policy conducive to interest-free micro-finance in India.

Sahulat's Definition of Interest Free Microfinance through Cooperative

"A Cooperative Credit Society is formed by its members for pooling their funds and creating loanable funds therefrom for addressing their loan demands from time to time, mutually sharing the operational cost and owning the benefit and risk of operations".

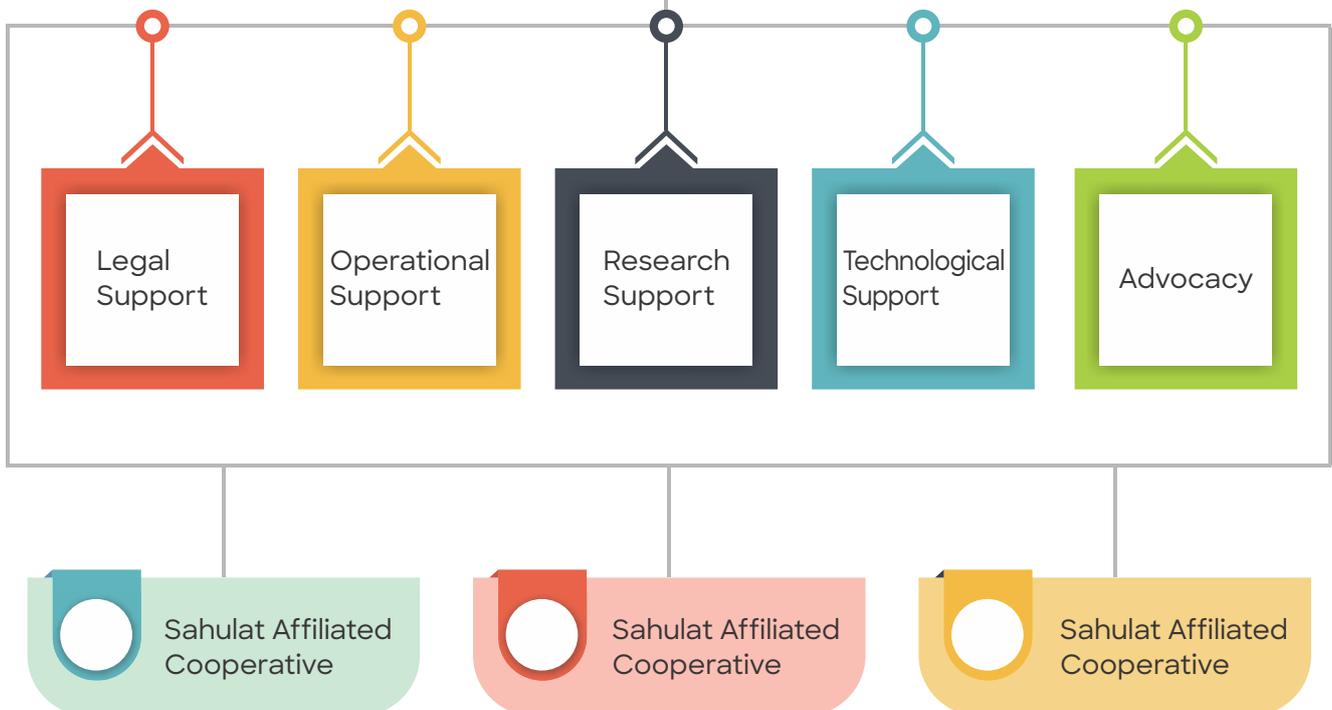
Handholding

MANDATE

- a** Interest-free
- b** Microfinance
- c** Cooperative



Microfinance Society



Awards



Sahulat has received Gold Award in the category of 'Microfinance Company/Project of the Year 2020', in an online ceremony organized in Colombo. The combination of self-sufficiency and Interest Free in Sahulat model of Credit Cooperative Society is being appreciated world over.

Sahulat was awarded by the Minority Finance Commission in 2020 for outstanding work for minority communities.

Office Bearer

President



T Arif Ali

Vice President



Mohd Jafar

Chief Operating Officer



Arshad Ajmal



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