



ANNUAL REPORT 2009 - 2010



Ujjivan Financial Services Private Limited



Ranked #1 as the Best
Company to work for in
the Microfinance Industry
by Great Place to Work™
Institute, India and
The Economic Times

Legal & Regulatory Framework

Ujjivan Financial Services Pvt. Ltd. is registered as a Non Banking Financial Company.

The Company is having a valid Certificate of Registration dated 31-10-2005 issued by the Reserve Bank of India under section 45 1A of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayments of deposits / discharge of liabilities by the company.

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Letter from Managing Director

The Year: 2009-10

The year marked a major turning point in the life of Ujjivan. The start up phase where the mantra was to **grow, grow, grow and breakeven**, has been achieved. It took us 4 years to build a solid foundation with four regional hubs servicing 230 branches spread across 13 states. Ujjivan now ranks among the top ten Microfinance Institutions (MFIs) in India in terms of size. Here is a snap shot of our business growth numbers:

Particulars	Mar-08	Mar-09	Mar-10	Growth 2009-10
Customers	68,033	295,903	620,624	110%
Disbursement (Rs. Mn.)	635	3,130	9,319	198%
Outstanding (Rs. Mn.)	365	1,689	3,700	119%
Employees	551	1,691	2,830	67%
Branches	38	127	230	81%
Repayment Rate	99.22%	99.65%	98.96%	n/a

One major lesson was the mass default of customers from a minority community in a pocket of Karnataka. The branches affected were Ramnagara, Siddlaghata & Mysore. It vindicated our strategy of geographical diversification across the country. Our total portfolio was very marginally affected and our investors and bankers did not even have to blink an eyelid. The business in this area is slowly coming back to normal. The Association of Karnataka Microfinance Institutions (AKMI), as recommended by the Reserve Bank of India, has engaged EDA Rural and CGAP to conduct an independent study of this crisis, which will identify the root causes and will provide valuable lessons for all the parties involved. This report will be completed next month.

Ujjivan has been posting a profit month on month from January 2009 and closed the year with Profit after Taxes of Rs. 96.4 Million. This has enabled us to wipe out all the accumulated losses of the four start-up years, transfer Rs.19.28 Million to our Statutory Reserve and post a Cumulative Profit of Rs.18.63 Million. Accomplishing high business growth, widening the geographical spread and reaching commercial viability in four full years of operations is a unique achievement for a microfinance institution.

The Board and Management of Ujjivan have decided / recommended on the following course of actions for the three major stakeholders of Ujjivan – Employees, Customers and the Shareholders:

- Bonus for its employees who have built the Company over the last 5 years,
- Rs. 3.15 Million allocated to a social development fund for projects to be undertaken by the branches along with the customers, and
- A maiden token dividend of 2% subject to shareholders' approval

There were two other major positive developments during the year:

First, is the establishment of the Microfinance Institutions Network (MFIN) which is an association of thirty plus major Non Banking Finance Company (NBFC) MFIs. The association has two major objectives: 1) A Self Regulatory Organization (SRO), it has already put in place a code of conduct which sets out rules on overextension of credit, transparency, collection and also on human resource practices. As a part of the endeavour to reduce overextension of credit, MFIN has also initiated a process to provide the services of two credit bureaus for all MFIs. 2) MFIN is to pattern itself on NASSCOM of the Indian Information Technology industry and take us forward to provide full financial inclusion to 100 million poor households by 2020. Full financial inclusion would mean providing them at least three of the four major financial services: Loans, Savings, Remittances & Insurance. MFIN has already initiated a number of dialogues with the Reserve Bank of India, bankers, financial institutions, investors and rating agencies. We are a leading member of MFIN and are represented on the board.

Second, Ujjivan is supporting Parinaam Foundation to carry out a pilot program for the urban ultra poor in Bangalore. Parinaam has developed a holistic approach to provide support to these families in all aspects which keep them in utter poverty. You can read more about the program in a later section of this report.

The future

Ujjivan will continue to grow at an accelerated rate to reach out to the wide open spaces. Successfully launching in Mumbai, the largest metropolitan city is one of our goals for this year. In our existing structure, the primary strategy has to change to that of managing a mature business. The priority will be on managing each branch as a business unit focussing on profitability, customer retention, and service quality, deepening our relationship with customers with customized products for each major segment. In order to achieve this we have launched a mature branch plan and a service quality program including financial literacy. Along with this we will also focus on effective remedial measures in branches where we face portfolio problems, which is inevitable in the nature of this business.

The second challenge is to build a successful social enterprise for which there is no clear path and we need to pave the way as we go along. The regulators are nudging us, as we achieve profitability and scale, to pass on the benefits not only to our investors & employees but also primarily to our customers through reduced interest rates. We will certainly fulfil that objective.

We expect turbulent times for MFIs in the near future: pressure on interest rate margins; changes in the primary sources of funding; and bad press, as some of the poor business practices & governance of some MFIs come to light. As microfinance makes deeper inroads we can also expect disruptive reactions from those who have vested interests in maintaining the status quo; and most importantly, if we are not able to change many of our practices in customer selection, extension of credit and collection, it will create a climate of mass defaults from our customers. Under these

circumstances building a solid foundation, following sound business & human resource practices and ensuring good governance of our enterprises will be essential for survival & success.

Microfinance in India is a high growth industry with vast open spaces to expand. However, recourse to mass violence and terrorism from the poorest segments of our society - the tribal population and the poor minorities – underlines the pressing need for financial inclusion for equity and progress of our country. **‘Ab Aur Waqt Nahi (Running Out of Time)’**

If we successfully provide the financial inclusion services which is urgently required by the disenfranchised poor, we will be able to establish a successful industry comprising MFIs, each with their own approach. These businesses will certainly be able to satisfy all their stake holders.



Samit Ghosh

May 24th, 2010





Company Profile

Ujjivan is a Microfinance Institution serving the economically active urban and semi-urban poor. It is a Non Banking Financial Company holding a valid Certificate of Registration dated 31-10-2005 issued by the Reserve Bank of India under section 45 1A of the Reserve Bank of India Act, 1934. Ujjivan has its headquarters in Bangalore, with regional offices in New Delhi, Kolkata & Pune. It has 250 branches in sixteen states across India.

Mission

To provide financial services to the economically active poor, to enable them to lead a 'better life'

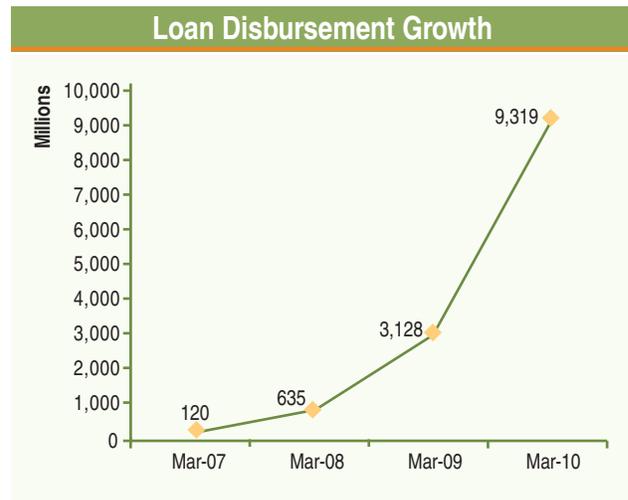
Goals

- Provide financial services to enable customers to lead a better life and get out of the poverty cycle
- Expand nationally in both urban and rural areas and serve 2,000,000 by 2012-13 with 500 branches
- Operate a viable business and target 15% ROE over a 5 year period

- Provide professionally and financially rewarding careers to employees and attract and retain top quality talent
- Participate in a holistic approach to poverty reduction through a partnership with Parinaam Foundation, an NGO with a focus on education, health, vocational training and community development

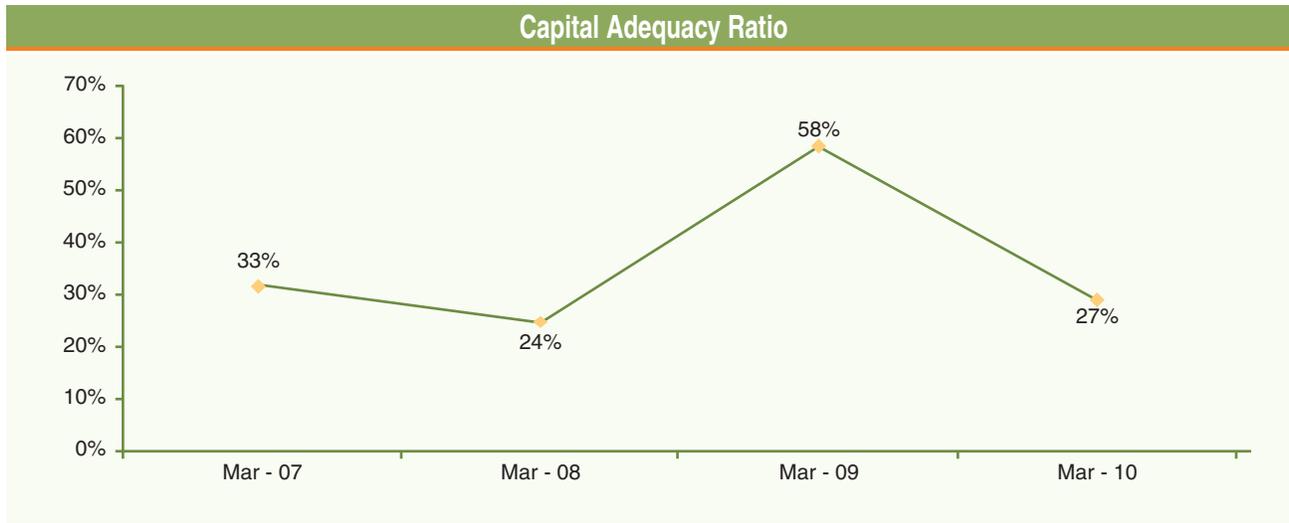
Ujjivan provides a range of financial products and services to cover our customers' needs. It combines the unique Grameen Bank methodology of selecting, training, selling to & servicing customers in the front end with that of technology, processes & disciplines of modern retail banking in the back end.

Ujjivan after completing its 18 month pilot in Bangalore in 2006 has expanded exponentially in the past few years reaching out to a total of 620,624 customers and disbursing a total of Rs. 9319 Million as of 31st March 2010. The Company broke even month on month in January 2010 after 50 months of operations, wiped out the entire accumulated losses, and posted a profit for the year 2009-10. It has 2830 employees across the country.

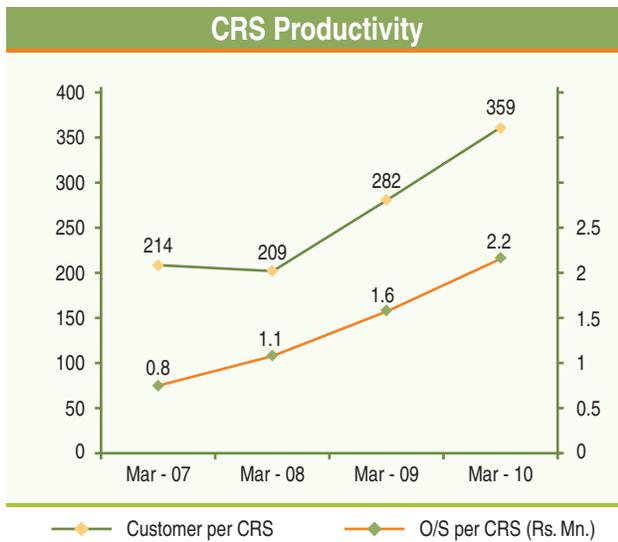


Financials & Productivity

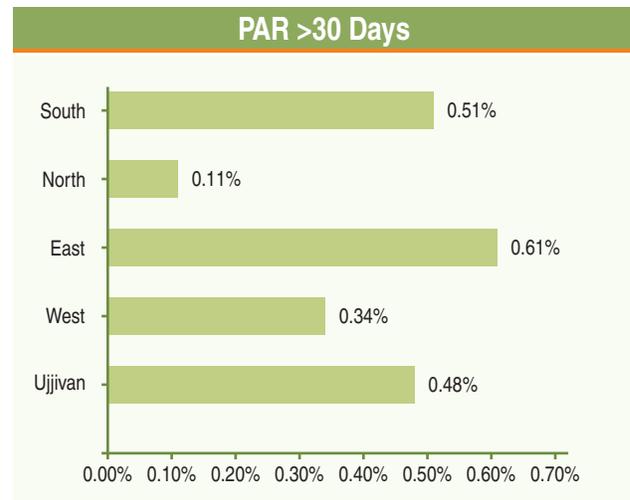
Capital Adequacy Ratio (CAR) = Net Worth / (Total Assets – Cash at Hand)



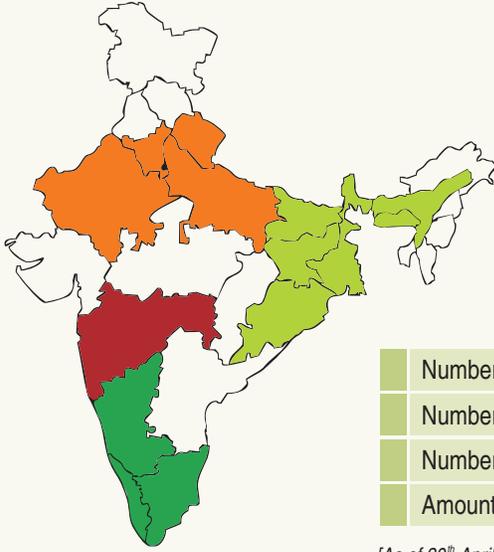
Customers and Loan Outstanding per CRS (Customer Relation Staff):



Portfolio at Risk (PAR) = Over dues above 30 days/ Corresponding Principal Outstanding



Geographical Outreach



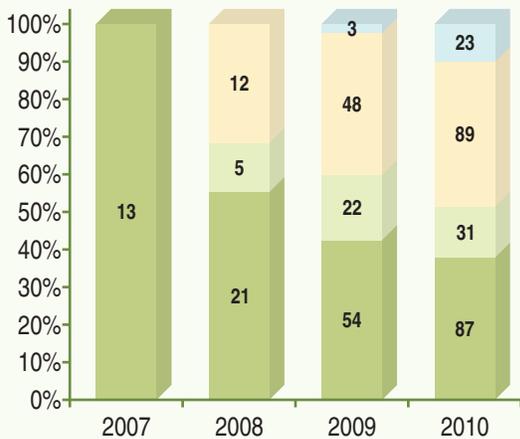
Number of States	13
Number of Branches	230
Number of Customers	620,624
Amount of Loans Disbursed	Rs. 9319 Million

[As of 30th April 2010, Ujjivan had 250 branches in 16 states and disbursed over Rs.10,000 Million, serving more than 650,000 customers]

Region	Branches	Customers	Amount of Loans Disbursed
South	87	238,040	Rs. 4342 Million
East	89	262,819	Rs. 3460 Million
North	31	83,900	Rs. 1155 Million
West	23	35,865	Rs. 361 Million

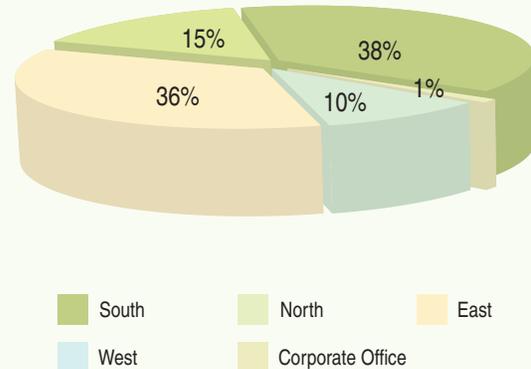
North
Chandigarh
New Delhi
Rajasthan
Uttarakhand
Uttar Pradesh
East
Assam
Bihar
Jharkhand
Meghalaya
Orissa
West Bengal
South
Karnataka
Kerala
Puducherry
Tamil Nadu
West
Maharashtra

Branch Expansion



South North East West

Region Wise Staff Distribution



South North East West Corporate Office



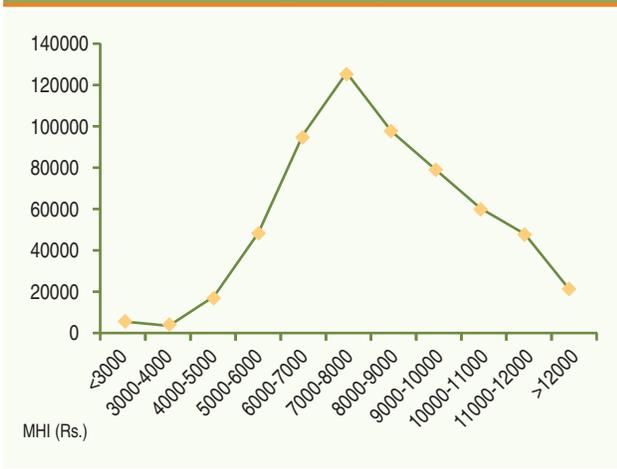
Our Customers

Ujjivan's customers are industrious, hard-working women from India's urban and semi-urban areas. They hold a variety of occupations, often owning small shops and tailoring businesses or are employed as housemaids or as piece rate workers in garment factories.

Some top occupations of Ujjivan Customers

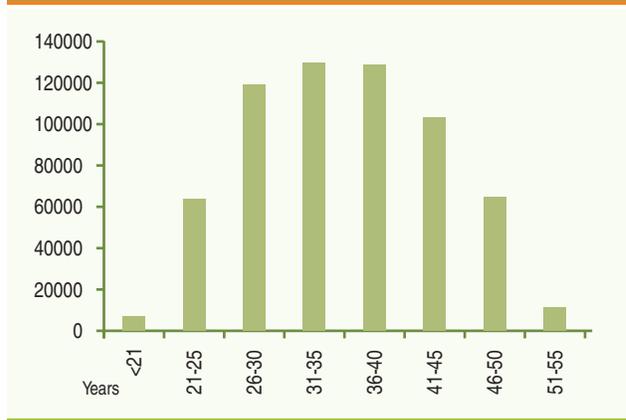
- Agarbatti (incense) rolling workers
- Beedi (mini tobacco) making workers
- Factory workers
- Flower vendors
- Housemaids
- Saree Sellers
- Tailors

Customer Breakdown by Monthly Household Income

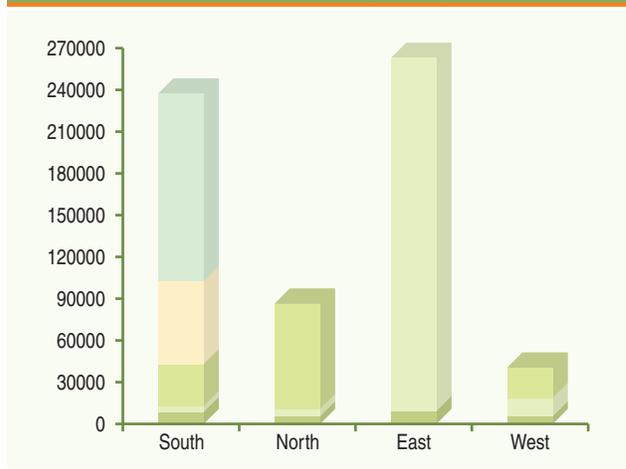


—◆— Number of Customers

Customer Breakdown by Age



Customer Breakdown by Occupation



Others
 Housewife
 Job/piecework
 Salaried
 Self-Employed

Key Milestones

2005	
October	Registered as a Non-Banking Financial Company by Reserve Bank of India
November	Opens first branch office in Koramangala (Bangalore)

October	Dutch Royal Family visits Ujjivan's head office
October	Selected from Unitus' 16 global MFI partners to receive their first ever Unitus Accelerator Award
November	Raises third round of equity (Rs.91 Million)
December	Reaches 50,000 customers nationwide

2006	
January	Disburses first loans
May	Increased share capital to Rs. 5.5 Crores, with the induction of new investors: Non-resident Indians, Unitus and Michael & Susan Dell Foundation
July	Moves Head Office to new premises
November	Reaches 10,000 customers in Bangalore
November	Releases a Market Research publication entitled "A Study of the Economically Active Poor Women in Bangalore 2005"
December	Microfinance Plus programs launched with first eye care camp in Bangalore

2008	
February	Goes live with regional operations, localizing data processing in the North and East regions
March	Conducts first ever management trainee program to prepare recent graduates for leadership roles within the company
July	Reaches 100,000 customers, Rs. 100 Crores of loan disbursement and 1000 employees nationwide
August	Rs. 1 Billion loans disbursed
August	Becomes member of Women's World Banking Network
October	Celebrates crossing 100,000 customers with staff and customers
November	Raises fourth round of equity (Rs. 878 Million)
November	Wins Microfinance Process Excellence Award for South Region
November	Opens 100 th branch at Nanjangud
December	Launches 4 th regional hub office in Pune, Maharashtra

2007	
February	Begins operations in Delhi and Kolkata
April	18 month pilot program completed in Bangalore
April	Becomes the first Indian MFI to grant stock options to employees
May	Delhi and Kolkata Regional Offices disburses first loans
June	First Housing Loans disbursed
June	Healthcare program launched at Koramangala Branch
September	Becomes founding member of the Association of Karnataka Microfinance Institutions (AKMI)

2009	
January	Introduces life insurance through ICICI Prudential to customers and their spouses
February	Included in steering committee of the 'Coalition for Client Protection in Microfinance'



2009 (contd.)	
April	First annual Business Meet held in South and East regions
June	Opens 150 th Branch in Bokaro
June	Ranked #1 in microfinance industry as Best Company to Work for, by Great Place to Work Institute (India) and the Economic Times
June	Acquires state-of-the-art data centre
September	Opens 200 th Branch in Kharagpur
September	Wins Unitus Inspiring Leadership Award
September	Ties up with Corporation Bank to make savings account accessible to customers

October	Reaches 500,000 customers nationwide
October	Wins Social Performance Award from CGAP [Consultative Group to Assist the Poor]
December	Launches operations in Mumbai
December	Begins operations in Kerala
2010	
January	Wins Financial Women's Association of New York's Leadership Award
January	Achieves 5/5 Diamond rating from MIX market
March	Adopts new fair practice code for customers
March	Becomes founding member of MFIN (Microfinance Institutions Network)

Customer Name:
Lakshamma

Occupation:
Snack maker and flower vendor

Place:
Ramanagar



Lakshamma, the only child of her parents, grew up in Mysore approximately 100 kilometres away. She did not have much schooling and by the age of ten dropped out and helped in household chores.

She moved to Ramanagar in the late 80s. Twenty years ago, Lakshamma got married and moved to her husband's home down the same street in Ramanagar. Lakshamma not having had any education herself takes special care to send her two children to school. One of the boys is in his final year of pre-graduation and the other is in eighth grade. The family lives in a one-room house which they have taken on a lease of Rs.35000.

Lakshamma and her husband are both in the same business and work together at home in making and supplying different kinds of snacks, mostly to the petty shops and homes in the surrounding areas. They typically invest Rs.15000 per month in buying raw ingredients for snack making and make around Rs.6000 per month in profits. Additionally, Lakshamma also sells flowers, investing Rs.200 per day and reaping around Rs.400 by late evening. During festivals, she earns Rs.2000 or more on an investment of Rs.500 in flowers.

An Ujjivan customer for four years now, Lakshamma's first loan was Rs.8000. This year she has taken a loan of Rs.25000 for investment in her growing business. She has used the loan to buy additional raw ingredients and a gas connection for her snack making. This helps her reduce preparation time as well as increase her sales volumes. She has also kept a part of the loan for emergency business investment during peak times. Over the years, her loans have helped grow her business and Lakshamma now feels the need to move to a bigger house with better living conditions.

Customer Name:
Sayeeda Banu

Occupation:
Wooden handicraft maker & Anganwadi
(child-care centre) worker

Place:
Channapatna



Sayeeda, 35, grew up in Kalanagar approximately 10 kilometres from Ramanagar. She is a trained teacher (Diploma in Education) and used to teach at a school in her town before marriage.

She married 8 years ago and moved to her husband's place in Channapatna where she lives in a joint family comprising four brothers-in-law and their families. Sayeeda has two girls aged six and seven. Being well educated herself, she pays a lot of importance to her children's education and future, sending her kids to a convent school near home. She has also invested in life insurance for her children.

She and her family live in a single room which is part of a larger house. She has a stove and gas connection which she uses to cook food for only her family. They share the common room with members of her joint family. The house has just one toilet shared among the families.

Sayeeda's husband has a wooden handicraft and toy making business. Sayeeda helps her husband in making various types of wooden artefacts which include children's toys, decorative items etc. She supplies these as per received orders from her clients, which include Government-owned emporiums in Bangalore and Mysore. Her children also help out in making these items. She uses the big common room in her house for this.

Eight years since she last worked, Sayeeda recently took up a job in a grass-root Government child care centre (anganwadi) to add to her household's income. She works there in the mornings and returns in the afternoon to continue with her artefact making at home.

Sayeeda has been with Ujjivan for 4 years. Loans from Ujjivan have allowed her to tide over rising raw material and transport costs, buy more wood for her business and also to pay for hired staff, thus helping her business grow quickly.

As her children grow older, Sayeeda would like to make home improvements and build a private toilet for her family.



Products & Services

Ujjivan provides a basket of customised products to meet a wide range of customer needs. Products are continually designed and developed to enable families to build assets, generate income, protect themselves from various spikes in their cash flow and to help them become self reliant.



Core Products

Business Loan

This loan gives self-employed women access to financing to support their businesses (selling fruits/ vegetables/flowers, running petty shops, tailoring, etc.) Customers typically use this to finance diverse business needs such as working capital, capital equipment expenditure, vocational training, repayment of high-cost debt etc.

- Loan Amount: Rs. 6000 - Rs. 10000 (1st year)
- Interest Rate: 23% p.a. declining (effective July 1st 2010)
- Interest Rate (repeat loan): 22% p.a. declining
- Tenure: 12 months/ 48 weeks

Family Loan

This allows low-income women to finance a range of family needs such as children's school expenses, medical care, house repairs, social and religious obligations, buying consumer durables, and the repayment of high-cost debt previously taken for family needs

- Loan Amount: Rs. 6000 - Rs. 10000 (1st year)
- Interest Rate: 25% p.a. declining (effective July 1st 2010)
- Interest Rate (repeat loan): 24% p.a. declining
- Tenure: 12 months/ 48 weeks

Combo Loan

Many women need money for both family and business needs. This loan provides flexibility to the customer and is used for both family and business purposes

- Loan Amount: Rs. 6000 - Rs. 10000 (1st year)
- Interest Rate: 23% p.a. declining (effective July 1st 2010)
- Interest Rate (repeat loan): 22% p.a. declining
- Tenure: 12 months/ 48 weeks

[Processing fee: 2% of the loan amount for all the above Loan Products]

Top Up Loan

Some women need additional finances during the year to address their business and family requirements. This loan allows customers access to additional money over and above their initial loan and is given based on a satisfactory credit history.

- Loan Amount: Rs. 3000 - Rs. 6000
- Interest Rate: based on loan utilization - family/business
- Tenure: 12 months/ 48 weeks
- Processing Fee: Rs. 75

Value-Added Products

Emergency Loan

This loan is designed to meet the unforeseen emergency requirements of customers and is disbursed within 24 hours of request

- Loan Amount: Rs.2000
- Interest Rate: 25% p.a. declining (effective July 1st 2010)
- Tenure: 6 months/ 24 weeks

Festival Loan

This is a value-added loan which assists customers in covering expenses incurred during important festivals

- Loan Amount: Rs.2000
- Interest Rate: 25% p.a. declining (effective July 1st 2010)
- Tenure: 6 months/ 24 weeks

[There is no processing fee for Emergency and Festival loans]

Education Loan

This has been designed to finance the education expenses (admissions fees, text books, uniforms) of children studying between Kindergarten and 2nd year of pre-graduation

- Loan Amount: Rs.3000 - Rs.10000
- Interest Rate: 23% p.a. declining (effective July 1st 2010)
- Tenure: 12 months/ 48 weeks
- Processing fee: 2% of the loan amount

Individual Loan Products

Individual Business Loan (IBL)

This is a major individual loan and gives men and women business owners access to financing for capital expansion and asset improvement of their businesses

- Loan Amount: Rs.21000 - Rs.50000 (1st year)
- Interest Rate: 28% p.a. declining
- Tenure: 12 months/ 48 weeks

Housing Loan

An individual loan, this gives women financial access to pay for rental deposits, lease amounts, or for home improvements

- Loan Amount: Rs.10000 - Rs.50000
- Interest Rate: 24% p.a. declining
- Tenure: 6 - 24 months

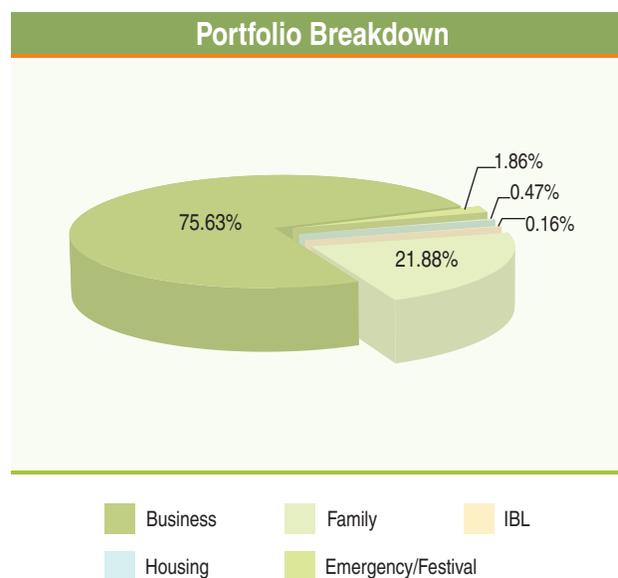
Livestock Loan

This loan provides access to capital for purchasing more cattle and increasing dairy incomes.

- Loan Amount: Rs.15000 - Rs.35000 (1st year)
- Interest Rate: 25% p.a. declining
- Tenure: 18 - 24 months

[Processing fee: 2% of loan amount for all individual loans]

Portfolio Breakdown



Life Insurance

Ujjivan offers customers a mandatory life insurance cover and spouse cover is optional. We have partnered with ICICI Prudential Life Insurance Company Limited to offer a Group Term Life (GTL) Insurance policy. This policy provides a sum assured value of Rs. 30000 in case of natural or accidental death.

Ujjivan also has a Funeral Advance facility with the objective of providing financial assistance to the bereaved family at the time of death. Under this program, Ujjivan provides Rs. 2000 in cash to the nominee or family member within 24 hours of death of an insured

member (customer or husband). Ujjivan provides this financial assistance as an advance from the claim amount receivable from ICICI Prudential.

During financial year 2009-10, Ujjivan covered 569,873 customers and 53,516 spouses. Ujjivan has settled 589 death claims of customers and 93 death claims of customer's husband across all regions. The mortality rate is 0.13 % for the last financial year. We have disbursed Rs. 17.7 Million of claim amount among nominees and family members, provided Rs. 202,000 as funeral advance and recovered loans of Rs. 3.85 Million.

Life Insurance 1 st April 2009 to 31 st March 2010			
Number of lives covered			
Region	Customers	Spouse	Total
North	77,344	20,855	98,199
East	240,505	16,072	256,577
West	34,402	761	35,163
South	217,622	15,828	233,450
All India	569,873	53,516	623,389

Particulars	All India
Total number of customer claims settled	589
Total number of spouse claims settled	93
Total amount disbursed among nominees	Rs.17,704,319
Loan amount adjusted from the claim	Rs.3,853,606
Number of customer families benefitted by Funeral Advance	101
Total amount given as funeral advance	Rs.202,000
Mortality rate	0.13%

Pushpa Devi, Haridwar (Uttar Pradesh)



Pushpa Devi and her husband Raj Kumar ran a small 'Shoe and Slipper' business in Haridwar. The family lived in their own house of 2 rooms with their children Komal and Kartik studying in 8th and 7th grade. Pushpa took a business loan on a weekly repayment frequency and also decided to take insurance policy for her spouse.

Suddenly in November she lost her husband in an accident. It was a period of financial crisis. Education fees, family expenditure, final rites expenses etc. were so huge that she could not afford to pay the security money needed to get the raw materials for her business. Pushpa's far-sightedness in having taken an insurance cover for her spouse helped her in this crisis. She wants to use her claim amount to continue her business so that she can sustain her children's livelihoods.

Pushpa was glad that she took a loan from Ujjivan who stood by her at her time of distress.

Pushpa now has more responsibilities and wants to educate her children so that they do not face the situation that she had faced. She feels proud that her decision to take Insurance policy for her spouse helped her family from suffering extreme financial crisis.

Muniyamma, Bangalore (Karnataka)



Muniyamma, an Ujjivan customer at K.R. Puram in Bangalore passed away one morning, leaving behind a grieving family. Her group members informed the local Ujjivan branch of her demise. Branch Manager Francis Loi Selvaraj rushed to her house only to find the family in distress as they had no money even to perform the last rites.

Muniyamma was a native of Tamil Nadu and the ceremonies were needed to be performed there. However the family could not arrange money for the travel expenses. After a quick approval process, her nominee was provided Rs.2000 as funeral advance by the same evening. The family was relieved that they could now proceed to Tamil Nadu to perform the last rites.

This episode evoked a sense of gratitude amongst her group members and others in the local community. The event was also narrated by the priest at the Sunday mass in the local church, despite Muniyamma belonging to the Hindu community. The priest also hailed the efforts of Ujjivan to help the poor build better lives and expressed happiness that such an organisation was working with the underprivileged in the locality.



Recognition

Best Company to Work Award: June 2009

Ujjivan has the remarkable distinction of being ranked first as the Best Company to Work for in the Microfinance sector in 2009, based on an employee survey conducted by Great Place to Work Institute, India and the Economic Times.

Social Performance Reporting Award: October 2009

In October, we were one of the two MFIs in India to be awarded the Social Performance Reporting Award, Gold category which is sponsored by CGAP, MSDF, Ford Foundation & Social Performance Task Force (SPTF) for reporting our social performance indicators on MIX market. The award recognizes microfinance providers who provide reports on a set of social performance indicators that were developed over three years through a consensus process involving industry leaders and led by SPTF. This award is of special significance as it reaffirms that

Ujjivan has stayed true to the mission of bringing people out of poverty, even as the organization has scaled up to reach over half a million customers.

Unitus Inspiring Leader Award: October 2009

Samit Ghosh won the first ever "Unitus Inspiring Leader Award" at the Unitus Annual Summit in Mussoorie on October 10th, 2009. This recognition was special as it was based on the votes by representatives of Unitus's partners across the world.

Financial Woman's Association Leadership Award, 2009

Carol Furtado won the Financial Women's Association (FWA) of New York's Leadership Award for the year 2009. The FWA sponsors the Women's World Banking (WWB) Women in Leadership Award, which is presented annually, to recognize outstanding women leaders.

Building Better Lives



In October 2009, large swathes of North Karnataka were devastated by floods. The floods affected millions, with homes destroyed, crops washed away and livestock being lost. Ujjivan's customers were relatively unaffected as most of them had urban dwellings. The worst hit was the rural areas, especially agrarian communities. Some of Ujjivan's staff hail from rural backgrounds and were severely affected by the floods. At this time of crisis, the entire Ujjivan & Parinaam Foundation employees across the country came together to extend a helping hand. They volunteered to contribute a day's salary to help staff & customers affected by the floods. Contributions from employees were

matched by the organisation helping to raise Rs.790,096 towards the relief fund.

Fortunately, most of our customers being from urban & semi-urban areas were not affected by the flood but three of our staff families were. In December monetary relief was provided to Bheemappa and Yellappa's families, both CRSs at the Gadag branch as their families had lost their livelihood with entire crops being washed away. However, Yenakanna, a CRS at Mudhol branch was much worse off as his family home located at Machanoor village in Bagalkot district was completely destroyed. Yenakanna and his wife live with his aged parents and two children. His wife is a midwife and earns Rs. 400 per delivery. Yenakanna's salary was the only regular source of income for the family. With little help from the government or other agencies reaching this remote village, Ujjivan decided to rebuild their family home.

A fresh plot of land was identified in the village which is located on a hillock on the banks of the Ghataprabha River for constructing the new house. Construction commenced in January and the new home inaugurated in May 2010. The family is now the proud owner of a concrete house, one of the few pucca houses at this remote village. The balance amount of money is used for both, customers & staff who are affected by different types of crises.

Human Resources Development & Training

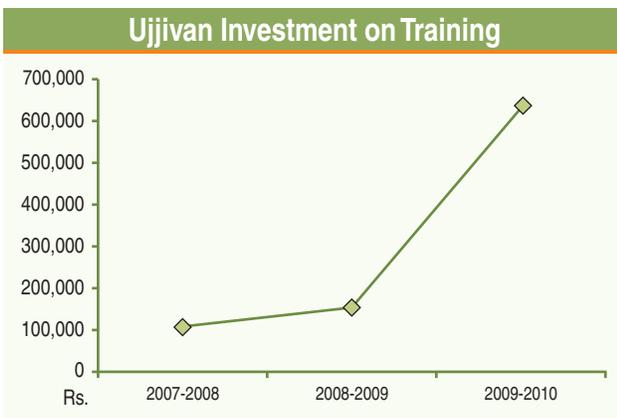
The quality of any organization is the quality of its people. Ujjivan believes that having a people-centric strategy is critical to building a successful organization.

With a focus on rapidly scaling up operations to reach specific customer segments, Ujjivan has continued its emphasis on attracting, developing and retaining good employees. The performance evaluation process was strengthened during the year to make it more objective and results driven, with due importance given to qualitative parameters. Ujjivan also set up centralized and regional Employee Grievance redressing systems to sustain staff motivation and ensure service quality.

Last year, our staff strength grew by 67%. To position internal talent at par with Industry in terms of compensation, Ujjivan participated in a structured compensation benchmarking exercise across the Microfinance Institutions anchored by Unitus through Hewitt Associates.

Training

In 2008-09, Ujjivan's training programs were limited and were mainly conducted by internal resources. In 2009-10, there was a shift in perspective in training programs, with Ujjivan investing an enormous amount for employees to participate in proficient workshops, where the main goal was to improve one's capability, performance and self development.



Ujjivan has partnered with consultants like Cocoon Consulting, Women's World Banking, Unitus, Vivienne D'souza and Microsave to conduct key training programs, which are specifically designed to address the specific needs in key roles.

Ujjivan's Training programs are classified into Basic Level, Advanced and Refresher Training Programs. Basic Level Training is mainly for new field staffs on various processes & products and we had 77 batches with 1334 participants across the country.

Soft Skills training program was designed by Cocoon Consulting for our Customer Relationship Staff (CRS) emphasized the importance and criticality of Customer Service and Communication in their role. They were trained to handle difficult situations while interacting with customers through various activities and role play. A total of 450 CRSs across the country have been trained on Customer Service in 2009-10.



Soft skills training program for CRS in session

Cocoon Consulting also designed a unique training program for Ujjivan's to enable HR Managers to deepen their HR skills and knowledge.

In FY 09-10 a First Level Supervisory Skills Training program was conducted by Unitus in collaboration with NIS Sparta for Ujjivan's first level managers, which had 120 participants. Other key training programs included Delinquency Management, Financial Literacy, Loan Portfolio Audit, Communication and Presentation Skills, Advanced Leadership Workshop, Unitus Customer Acquisition, and Maintenance Costs Training.

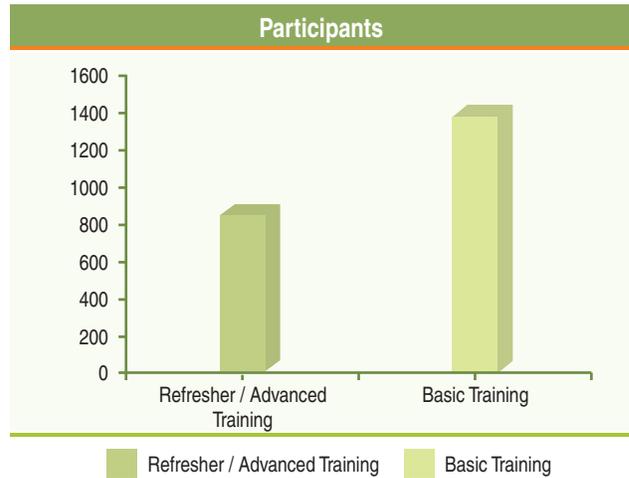


COOs Jolly Zachariah and Carol Furtado, and CFO Sudha Suresh attended Leadership Development Programs organized by Women's World Banking in India and overseas. Lok Foundation provided us financial support.

Ujjivan is in the third year of the Management Development Program (MDP). This program is designed to build future leaders, where management students are hired from B-Schools around the country. The MDP involves both classroom sessions and field exposure, to help the fresh trainees to learn more about the Microfinance industry and their future role.

Ujjivan supports all its employees for up to 80% of the cost, to pursue higher education or vocational training as a part of Self-Development at Their Own Time and Place.

In 2009-10, Ujjivan trained 2230 employees.



Veerapatheeran M, Distribution Manager - Tamil Nadu



Veerapatheeran, popularly known as Veera is one of Ujjivan's oldest employees who came on board in November 2005, before Ujjivan had even disbursed its first micro-loan. Veera hails from a rural agrarian village in Krishnagiri district, Tamil Nadu. He is the first from his village to attend college and obtain a degree. After completing his education, Veera joined the Integrated Village Development Project (IVDP), an NGO which focused on livelihood development both financial and non financial - in the rural areas of Krishnagiri district. This experience helped Veera

get a grasp of the development sector and was his first window into microfinance.

In 2005 Veera was deputed to a rehabilitation project at Bangalore and worked with the urban poor. It was around the same time that Ujjivan had commenced operations and was recruiting personnel to strengthen its young team. Veera was looking for a permanent position in Bangalore and learnt of Ujjivan through an acquaintance working in the MFI sector. He soon became Ujjivan's 25th employee and was one of Ujjivan's first Branch Managers with the opening of the Lingarajapuram branch. Within a year he was promoted to the cash department at the Head Office, where he worked with banks and other stakeholders to ensure that the cash-centric operations were smooth.

Veera's background helps him relate with customers effortlessly. He was soon promoted to Program Manager and was in charge of launching Ujjivan's operations in Tamil Nadu. Since then there has been no looking back and Veera has steadily moved up the ranks and currently serves as the Distribution Manager for Tamil Nadu and oversees 35 branches with many more on the anvil.

He relishes challenges and feels immense pride in driving the urban microfinance movement with Ujjivan. He attributes his astronomical rise to the transparent and meritorious system at Ujjivan and hopes to establish Ujjivan as the premier MFI in Tamil Nadu while devoting more time to his family in the coming years.

The Ujjivan Team



Samit Ghosh, Chief Executive Officer and Managing Director

Samit has been in international banking for over thirty years. He pioneered consumer banking in India with Ravindra Bahl and Jaitirth Rao at Citibank in 1985. He led the launch of retail banking for Standard Chartered in the Middle East and South Asia and for HDFC Bank in India. His last commercial assignment was Chief Executive (India) of Bank Muscat. He is an alumnus of Jadavpur University and Wharton School.



Carol Furtado, Chief Operating Officer - South

She is a banker with 10 years of experience with ANZ Grindlays Bank and Bank Muscat, where she specialized in modern retail operations. Carol was in Operations at Ujjivan before her current assignment. She was presented with the Financial Women's Association (FWA) of New York Leadership Award in 2009. Carol is an MBA from Mount Carmel Institute of Management, Bangalore.



Gautam Gan, Chief Operating Officer - East

He has 34 years of experience in 10 different banking institutions, most recently in retail banking as Senior Vice President of Development Credit Bank (DCB). He streamlined its retail operations through relocation and renovation of branches across India. He is an alumnus of Calcutta University and Jadavpur University.



Vikram Jetley, Chief Operating Officer - North

He has over 13 years of experience in Consumer Banking, handling portfolios such as Branch Banking, Direct & Channel Sales Management, Personal Loans, and Wealth Management. He held strategic positions with HDFC Bank and National Bank of Oman (UAE/Egypt) among others. His last assignment was with DCB as Vice President. He is an MBA from The FORE School of Management, New Delhi.



Jolly Zachariah, Chief Operating Officer - West

He has over 20 years of International Banking experience with Citibank. He led and managed Consumer Banking and Credit Card businesses across India & South Asia, Middle East, Africa and the USA before returning to India. His last assignment was with Citigroup's CitiCards as Senior Vice President & Director, Agent and Affinity Banking, based in New York.





Brian Frazier, Head of Operations

He has over 7 years of experience in engineering and project management with Marathon Oil and has served three years in Operations for Ujjivan. He received a B.S. in Petroleum Engineering from Texas A&M University and has an MBA from the University of Houston.



Sudha Suresh, Chief Financial Officer

She is a Chartered Accountant with a rich corporate career. Her corporate expertise & contributions span areas of fiscal management, strategic planning, capital & debt syndication, MIS & compliances in private and public limited companies. She is also a qualified Cost Accountant and Company Secretary.



Lalita Rao, Head of Audit

She has over 20 years of experience across departments at IDBI and SIDBI, including 4 years as AGM (Microfinance), SIDBI, Bangalore. Subsequently she was an advisor to two MFIs and a freelance microfinance consultant for over 4 years. She is a Certified Portfolio Auditor, Microsave.



Deepak Ayare, Chief Technology Officer

He is an IT professional with 20 years of experience in different aspects of Technology, who has worked in the Gulf and in East Africa for 14 years. His core strengths are in implementing ERP and developing business systems for organizations in different verticals.



G. Premkumar, Head of Administration

He has over 12 years of experience in similar positions with One World Hospital & Paul D'Souza & Associates, a leading Law firm in Bangalore. He was Ujjivan's Regional Administration Manager (South) for 2 years. He holds a Commerce degree and is a member of the Indian Society of Ergonomics (ISE).



Susan Priti, Head of Service Quality

A Chemical Engineer by training, Susan has widespread experience in the IT/ITES sector. Her previous assignments were with Avaya India & Aditya Birla Minacs where she led Transactional Quality teams in domains such as Software, Banking, and Data Processing. As an ISO Lead Auditor (Certified by IRCA), she has also successfully led multiple sites across the APAC region for Certification Audit of ISO 9001:2000.

Building Better Lives



In 2008 Ujjivan began its search for an outsourcing partner for backend processing and data entry as volumes had increased substantially. Vindhya e-Infomedia Private Limited, a Bangalore based BPO was among a short list of several reputed organizations that sent proposals. While all prospective partners offered great business value, with Ujjivan itself being a social enterprise, Vindhya's 'Philanthropy @ Work' business model had a unique appeal.

95% of Vindhya's employees are physically challenged. Its 'Philanthropy@Work' model is the brainchild of CEO, Pavithra Giri, who always cherished the idea of helping the differently-abled by giving them opportunities to lead a life of dignity. She is supported by Ashok Giri who abandoned a comfortable job in the booming IT industry and took the plunge to join Vindhya, much to the dismay of friends and family. Ashok strongly believed that it was very important for Vindhya to be economically viable as only this would enable the organization to grow.

Ujjivan and Vindhya had business and social synergies, which led to Ujjivan signing an agreement with Vindhya in May 2008 for outsourcing data entry services. Since then there has been no looking back and Ujjivan has outsourced many of its other core processes including customer documentation and loan processing to Vindhya.

Vindhya sources its employees from NGOs (Unnati, Enable India among others) in and around Bangalore, trains them and then employs them. The organization also provides them food and accommodation at subsidized rates as many come from the suburbs and are in need of suitable accommodation. The disabled people are considered of little worth in their own families but after their employment at Vindhya they are looked upon with respect as they become major earners in their families.

Today Vindhya houses nearly 200 physically challenged employees working for various Indian and international clients. Seeing these employees at work, enthusiastically conversing in sign language and rolling their wheel chairs with a sense of purpose is an awe-inspiring sight. Vindhya has helped transform the differently-abled into valuable members of society.

Pavithra Giri has won the Shell's Helen Keller Award for exemplary work in helping the disabled find positions of equality and dignity in their work place. She also won the prestigious 'Stree Shakti Puraskar' for 2009 conferred by Govt. of India for outstanding women entrepreneurs working for social causes. In March 2010, Ashok Giri was inducted into the World Economic Forum as 'Young Global Leader'.

Ujjivan's daily volumes have grown tenfold over the last two years, and Vindhya has relentlessly supported Ujjivan in achieving its targets. Its employees have an emotional connect with Ujjivan customers. They realize the value that a loan carries for an Ujjivan customer and voluntarily work harder, putting in longer hours when there are huge volumes especially in cases where the loan may be for a festival or an emergency. It is this commitment and 'human touch' that has helped move the relationship between Vindhya and Ujjivan to the next level.

Vindhya is set apart in the BPO industry as a company that can achieve the double bottom line. At Ujjivan, the partnership makes perfect sense because of the similarities of goals in reaching out to the forgotten and excluded.

We take pride that Ujjivan, through Vindhya, has been a part of providing real opportunities to the differently-abled while providing our customers with quality service at the same time.



Parinaam Foundation



Parinaam Foundation was registered in March 2008 under Section 25 as a Not for Profit organisation to provide social services including health care, vocational training and sustainable livelihood development for the urban poor and ultra poor. As Ujjivan's strategic partner it has delivered multi-dimensional initiatives for their MFI customers and families and also provides advisories for some of Ujjivan's new products and services.

Health Camps

Parinaam has been running health camps since December 2006 in Karnataka and has initiated them in Kolkata and Pune. Practically all branches in Karnataka and Tamil Nadu have been covered. After-camp services ensure that customers get Eye, ENT and Dental care at partner hospitals. It supports those customers with financial aid where they cannot afford the heavily subsidized hospital rates. Medical personnel who have provided their services, say they are some of the best run camps available for the poor. To-date there has been 23000 attendances at 67 camps.

Parinaam has also started the process of implementing its own service provider network and has agreements with hospitals, laboratories and pharmacies. It also intends to start health education classes by July 2010. Their goal for the New Year is that the Ujjivan customer/family is covered for micro health insurance.

Vocational Training & Livelihood Development

Parinaam has tied up with several excellent vocational training centres, some of which offer free training to Ujjivan's customers and their children. The lack of self-confidence in the students is a challenge that can only be solved through intense counselling of both, student and parents which precedes any sort of training. Similarly, with the Livelihood Development program, Parinaam has been approached by major retail companies such as KFC, Lifestyle, and tailoring factories etc., who are happy to support the poor by offering them job opportunities. Parinaam ensures that the service conditions are good and that staff are appropriately paid.

Financial Literacy Program for the Urban Poor

Parinaam, along with Ujjivan, initiated a Financial Literacy Program with the hope to create awareness on basic financial concepts and enable customers to make the best use of any financial service offered to them. The program aims to help them realize that poverty is not pre-ordained and that everyone has the capability to make their dream come true with some foresight and the willpower to save. The pilot was completed mid May in Bangalore and Delhi. Approximately 710 customers were taken through 5 interactive sessions. They were exposed to the importance of planning their finances, an understanding of earnings, expenditure, savings, and finally debt and the difference between good and bad borrowing. Sessions consisted of story telling through flip charts, games, homework assignments and maintaining a financial diary. Saving accounts are being started for all interested customers.

From the lessons learnt during the pilot, Parinaam & Ujjivan are working together to create a unique urban financial literacy program that will focus on the Ujjivan customer, her needs and her situation.

Toilet & Sanitation Program

Ujjivan, with the financial support of two of its main investors, has taken up the challenging task of providing individual toilets for its customers in 4 pilot branches in the Bangalore urban and semi urban areas. Parinaam has completed the groundwork before the program launch, which included the supervision of the customer

survey; investigation of, and negotiation with toilet contractors who will provide the needed technical assistance and will implement the best quality at the best available market rates. The first phase will cover 100 individual toilets in Anekal, Bangalore.

Solar Lamps

In this age of constant power cuts and lack of basic amenities for the urban poor, any source of light in the slums is a much longed for need. Shell Foundation introduced Parinaam to D.Light India who manufacture excellent and affordable solar lamps. The pilot has been launched in 2 branches with support from Ujjivan loans to enable their customers to purchase the lamps.

Scholarship Fund and “Interest-free” Education Loan

The poor never really expect to pull themselves out of poverty, but their main aspiration is to see their children move away from it. They recognize that the key lies in a good education, and they will beggar themselves to ensure that the children get into the best affordable private school. Ujjivan makes this a reality through its preferential interest-rate education loans. Parinaam goes one step further and through donations, ensures that the loans are “interest-free” by refunding the interest component to the customer. Parinaam has also set aside 20% of each education donation towards a Scholarship Fund which will cover up to 60% of the cost of higher studies. 6400 education loans totaling Rs.32 Million were disbursed last year. Parinaam needs Rs.5.2 Million to cover the interest refund and scholarship fund and has reached a little under half that amount to-date.



NIMHANS Study to understand alcohol harm to the family and the community

WHO SEARO (World Health Organisation South East Asia Regional Office) has commissioned NIMHANS (National Institute for Mental Health and Neuro Sciences), the largest mental health hospital in India, to study the effects of alcohol on the family and the community at large. Parinaam was approached to partner NIMHANS for the purpose of the study and to eventually come up with a program that could be used to combat this urgent and devastating disease amongst the poor. The study report is in the process of being finalized.



Plans for the future

Going forward, the biggest obstacle is a lack of space in slums. The poor are averse to travelling long distances. They do not want to do anything that requires them to travel beyond walking distance, be it a job, a school, a training course or for healthcare. In the slums there is never enough space to start multiple programs. Ujjivan and Parinaam will set up Community Development Centres (CDCs) in

each slum, where Parinaam can run balwadis (preschool nurseries), computer classes, financial literacy classes or community activities that will get the children off the streets and into a safe environment. Parinaam hopes to start at least 6 CDCs before the next financial year. It is a tough aspiration but worthy of every effort to achieve the goal.

Urban Ultra Poor Program (UUPP)



Despite the success of microfinance and other development initiatives, the bottom 5% of the poor are continually excluded. There are numerous slums, both declared and undeclared, without access to adequate sanitation, housing, healthcare and employment facilities. Lack of basic amenities, food insecurity and high levels of debt are just some of the characteristics of this destitute section of society identified as the “ultra poor”.

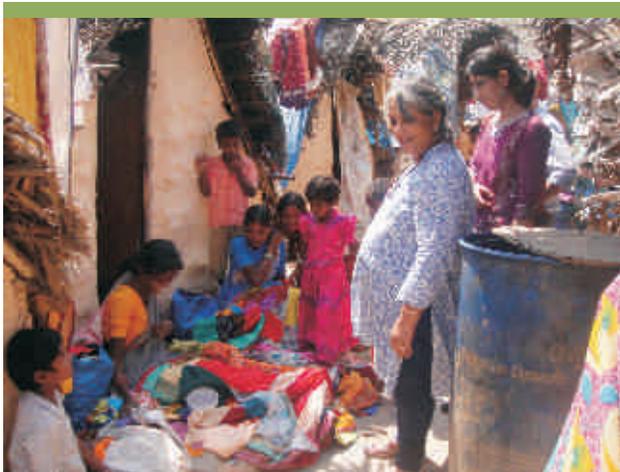
Ujjivan and Parinaam realize that to be truly effective in treating poverty, the work must start from the bottom up with the poorest of the poor. We believe that to economically and socially empower urban ultra poor (UUP) women and their families to the level of the bankable poor is through a holistic basket of assets which includes sustainable livelihood support and socio economic benefits.

The Parinaam Urban Ultra Poor Program aims at tackling generational and familial poverty rather than providing isolated individual female support, as do most ultra poor programs. It is one of the first in urban India and the first to take up the challenge of supporting entire destitute families with multi faceted initiatives.

The intensive program, which is grant based, covers four critical components delivered over a period of 12 months: 1) Livelihood support; 2) Healthcare; 3) Childcare and Education and 4) Financial Literacy and Social Support. Monitoring of the families will continue for an additional 12 months on a “as needs’ basis. As the women become capable of self-sustenance the goal is to “graduate” them to microfinance and micro “plus” support.

Parinaam developed unique criteria for Beneficiary selection to identify families for the program. Factors include being below Rs.1000 per capita income; irregular work or unemployment; lack of food security; little or no schooling; lack of amenities; no access to developmental credit, etc. Nuclear families of up to 7 members could include the woman, her spouse, children and older persons (parents/in-laws) living under the same roof.

The Urban Ultra Poor Program (UUPP) pilot was launched in September 2009 and will cover 240 families (1200 beneficiaries). We hope to eventually roll out the program to other cities in India. An initial 66 families were chosen in Drumshed Slum located in Old Bypanahalli (Bangalore) for the first phase. In February 2010 we began operations in two new slums having learnt and assimilated a lot of lessons from Drumshed. We currently have about 100 families in the program (excluding the drop-outs from Drumshed).



The 4 broad categories of interventions are

- **Livelihood/Vocational Training:** Choices of self employed occupations, and linkages to vocational training / placement services are offered to all adult family members, including the men, young adults, older parents/in-laws.

Initiatives are conducted with the support of Parinaam's partners and linkages created specifically for the UUPP. The biggest challenge is to encourage the women to go to work consistently and earn sustainable incomes. Husbands and small children are the most severe deterrent to this and Parinaam has initiated several support systems for such women including counselling for the husbands and childcare

through the Tuition Centre and the Summer Camp for the kids. We are also providing training for "at home" jobs.

- **Healthcare:** Eye/ENT/Dental services; vaccinations and general healthcare support for the entire family. Additionally, basic health education training, substance abuse support, and access to healthcare networks are provided.

A health camp initiates the Program with the support of the Public Health Clinic and Parinaam's Health Service Providers. Health problems are followed up with the appropriate care and operations needed. The Government Pulse Polio Programs have been held in all three slums. A tie up with Alcoholics Anonymous ensures weekly meetings as critical support to tackle one of the most dreaded diseases of the urban poor.

- **Childcare & Education Support:** Day care services (to enable mothers to go to work) and access to education - government schools; NGO run private schools; tuitions for the children.

Parinaam started a Tuition Centre in January 2010 for the Drumshed children at the local Government School. 50 children plus 10 very poor non-beneficiary kids recommended by the school principal attended 6 days a week from 4 pm to 6 pm. They were given a nutritional milk drink with biscuits/buns and were supervised for their homework.

After school closed, we started the 4 days-a-week summer camp with the strong support of Ujjivan Administration. Children were provided breakfast in the morning and a nutritional home cooked meal in the afternoon. A trained teacher conducted English and Hindi tuitions and after that it was fun time! Activities included games, fun learning, songs, outings to the zoo, and theatre workshops with the highlight being a Sports Day on the last day. Parinaam distributed toys and games to the 60 children from Lower Kindergarten to Class 7, who attended the Camp. We are not sure who had the most fun, the children or every single Parinaam and Ujjivan staff member who enthusiastically participated in the activities. The camp was the single biggest success of the UUPP.





- Financial & Social Services Support:** Financial literacy training, debt management and a savings program. Capacity building program. Food security services and nutritional support.

Financial literacy is showing positive signs of success; most of them can now sign their names, a necessity to open their Post Office savings account. 85% of Drumshed women have reported an increase in their household incomes since the initiation of the UUPP and 32 women are saving with Parinaam. Debt management is becoming a challenge as unsavoury lenders encourage these poor women to take large loans which they have no means of repaying. Nutrition demonstrations have been provided to teach the families to cook within their means and food availability.

There have been many challenges and lessons which have taught us a great deal about these folks who live their lives at the very bottom of the pyramid - often requiring thinking "out of the box" and hard work to come up with solutions. Our biggest challenge has been the struggle to move the adults, especially the women, into better paying, consistent job opportunities. Their complete lack of self-confidence is a huge barrier to "a better life". The attrition rate has sadly brought the numbers down in Drumshed. However, 6 months later, incomes have improved; they have started saving

small amounts each week, healthcare is supported through the local Public Health Clinic and our network hospitals, the men are slowly beginning to join the Alcoholics Anonymous meetings. We have taken forward these lessons to the new slums.

We are committed to the inclusion of the whole family in our program and taking a multidimensional approach to the Urban Ultra Poor. Our biggest success has been with the children. Tuition centres and summer camps have given incredible joy and made every initiative worth the effort. There is no doubt that it will be they who will benefit the most from the holistic interventions that are part of this most unique urban ultra poor program. The financial and social support is bearing fruit and on the whole, families are better off today than they were six months ago. We have no doubt that this program will prove that giving the ultra poor a head start by levelling the playing field for them can only be for the good.

Elaine Marie Ghosh
Executive Director,
Parinaam Foundation

Directors' Report

The Members,

Your Directors are pleased to present the Sixth Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2010. The summarized financial results for the year ended 31st March, 2010 are as under:

Financial Results

Particulars	FY 2009-10 (Rs.)	FY 2008-09 (Rs.)
Operating Income	828,551,045	274,733,412
Other Income	11,344,632	5,614,596
Total Income	839,895,677	280,348,008
Less Operational Expenses	-	-
Personnel Expenses	328,966,692	144,704,256
Administrative Expenses	172,070,896	70,524,431
Finance Charges	186,301,727	65,638,874
Depreciation	16,933,409	6,624,533
Provision for Doubtful Debts	16,692,137	826,967
Profit/(Loss) Before Tax	118,930,816	(7,971,053)
Excess Depreciation of Earlier Years	-	3,061,800
Profit/(Loss) For The Period	118,930,816	(4,909,253)
Less Provision For Fringe Benefit Tax	0	1,769,480
Less Income tax	27,911,630	-
Less Deferred tax	(5,372,844)	
Profit/(Loss) After Tax	96,392,030	(6,678,733)

Review of Operations

The operational highlights for the financial year ended 31st March 2010 include:

- 230 branches across 13 states
- Customer base of 620,624 and cumulative disbursement of Rs.9,319 Million

- Loan outstanding up from Rs.1690 Million the previous financial year to Rs.3,707 Million

Ujjivan has had a profitable year of operations and returned a post tax profit of Rs.96.4 Million. It has transferred an amount of Rs.19.28 Million to statutory reserve fund in accordance with the provisions of Section 45- IC of The Reserve Bank of India Act 1934. After considering cumulative loss wipe off for Rs.58.5 Million and Transfer to Statutory Reserve, Ujjivan's profit stands at Rs.18.63 Million as at 31st March 2010.

Dividend

The Board has recommended a dividend of 2% amounting to Rs.8.13 Million (including dividend distribution tax of Rs.1.16 Million.)

Credit Rating

CRISIL enhanced the Company's grading to mfR3 during the financial year. CRISIL has also assigned a BBB-/Stable' rating to Ujjivan for its term loans in July 2009.

Capital Adequacy

The Capital Adequacy Ratio of the company was 27.04% as of 31st March 2010 as against the minimum capital adequacy requirements of 12% by RBI.

Corporate Governance

Clause 49 of the Standard Listing Agreement and the Corporate Governance report under this clause are not applicable to the company. However, a corporate governance report is attached and forms part of the Directors report.

Management Discussion And Analysis

The Management Discussion and Analysis Report, highlighting the important aspects of the business, forms part of this report.

RBI Guidelines

The Company being a systematically important non deposit taking NBFC has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not having public deposits outstanding at the end of the year.



Code of Conduct, Transparency & Client Protection

The Company has fully implemented the Reserve Bank of India's Fair Practice Code and adopted the Microfinance Institutions Network's (MFIN) Code of Conduct.

Ujjivan is proud to be the sole representative of the microfinance institutions in India in the international steering committee for the Campaign for Client Protection in Microfinance initiated by Accion International and CGAP (World Bank).

Corporate Social Responsibility

Ujjivan has a holistic approach to poverty alleviation and has partnered with Parinaam Foundation, a not for profit organization programs in health care, financial literacy, education and vocational training for Ujjivan's customer and family members. Also jointly with Parinaam it is undertaking a pilot project to serve the urban ultra poor in Bangalore.

Conservation of Energy, Technology Absorption

Since the Company does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption as stipulated in the above Rules are not applicable.

Exchange Earnings and Outgo

The Foreign Exchange Inflow for the Company during the year was Rs.5,291,930 (previous year- Rs.1,509,334).

The Foreign Exchange outflow during the year towards revenue expenses is Nil (Previous year Nil)

Directors

During the financial year, Non Executive Directors Mr. Sandeep Marian Farias & Mr. Vishnu Rampratap Dusad resigned from the Board. The board places on record its gratitude for the services rendered by them towards the organizational growth. The Board composition also witnessed the inclusion of one new Director, Mr. Christopher Miles Brookfield (Nominee Director of Elevar Equity Advisors Pvt. Ltd.).

The Board of Directors of the Company consists of the following Directors as on 31st March 2010. The details of board meetings eligible to be attended and actually attended are also indicated hereunder:

SI No	Director	No of meetings eligible to attend	No of meetings attended
1	Mr. K.R. Ramamoorthy	5	4
2	Mr. Samit Ghosh	5	5
3	Mr. Ravindra Bahl	5	-
4	Mr. Viswanatha Prasad	5	3
5	Mr. Sunil Patel	5	5
6	Mr. Raghavendra Singh	5	4
7	Mr. A Vikraman	5	1
8	Mr. Mohit Bhatnagar	5	4
9	Mr. Venkatesh Natrajan	5	3
10	Mr. Christopher Miles Brookfield	2	2

Personnel

Particulars as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975, as amended) are furnished below:

Name	Samit Ghosh
Age	60
Designation	Managing Director
Gross Remuneration	Rs.30,00,000
Qualification / Experience	B.A. & MBA / 36 years
Date of Commencement of Employment	5th November 2005
Last Employment Designation	Managing Director Bank Muscat, India

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the

state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

4. The Directors had prepared the Annual Accounts on a going concern basis.

Related Party Disclosures:

A. Details of Related Parties are given below

- 1) Holding Companies : Nil
- 2) Subsidiary Companies : Nil
- 3) Key Management Personnel : Mr. Samit Ghosh,
Managing Director
- 4) Common Control : Nil

B. Summary of Transactions with Related Parties during the year is as below:

	Samit Ghosh	Sunil Patel	A Vikraman
Remuneration Paid Rs.	3000000	Nil	Nil
Sitting Fee Paid Rs.	Nil	120000	10000

Employee Stock Option Scheme

The Company has granted options under the Employee Stock Options 2008 which is in continuation with the Employee Stock options 2006 and 2007. The information pertaining to the ESOP 2008 is contained in the Notes to Accounts.

Auditors

M/s Deloitte Haskins and Sells, Chartered Accountants, Bangalore will retire at the conclusion of the forth coming Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment on remuneration to be decided by the Board.

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

Acknowledgements

The Board of Directors wishes to gratefully acknowledge the assistance and guidance received from the Investors, Lawyers, Accountants, Suppliers, Partner NGOs, Institutions & Foundations, Police & Government Departments, Advisors and all our well wishers. The Board also wishes to place on record their warm appreciation for the creative and dedicated efforts of staff at all levels.

For and on behalf of the Board



Samit Ghosh
Managing Director

Sunil Patel
Director



Place : Bangalore
Date : May 17, 2010



Management Discussion and Analysis

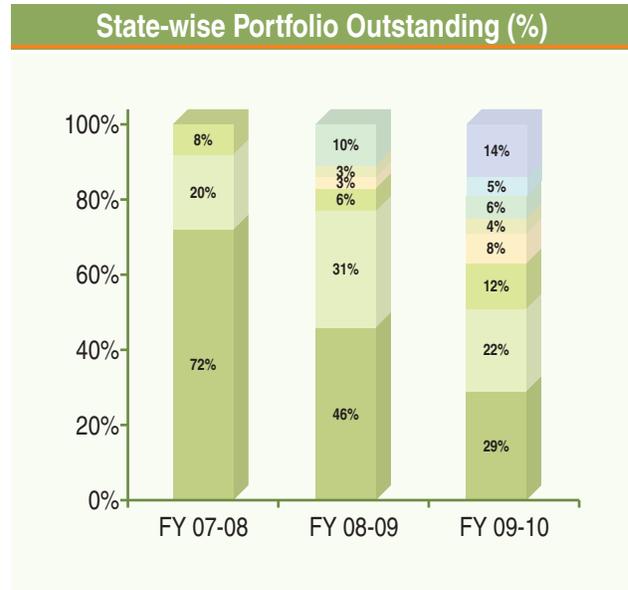
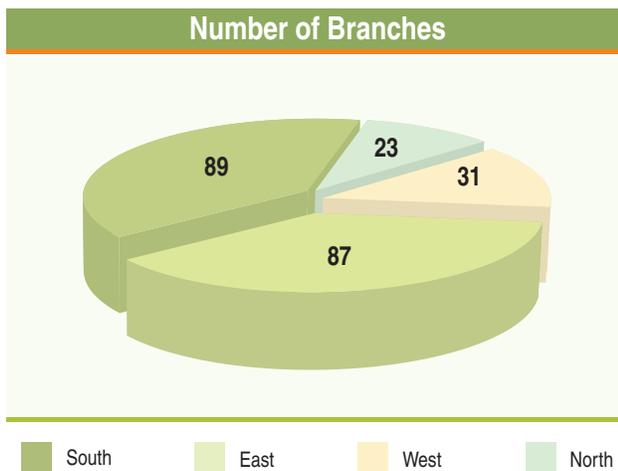
Operational Performance

Ujjivan has had an excellent year in terms of growth, outreach and profitability. The Company was able to wipe out all the losses of the start up years while doubling our customer base and increasing geographical diversification. In spite of portfolio quality issues in pockets of Karnataka, Ujjivan has been able to take it in its stride because of its well diversified portfolio and was able to achieve its plans for the year.

The Company has expanded its customer outreach and loans disbursal. The number of customers more than doubled to reach 620,624. The cumulative disbursements were Rs. 9319 Million and the loan book grew to Rs.3707 Million as at 31st March, 2010. Accomplishing a high rate of growth, geographical dispersion and achieving commercial viability in such a short time is a unique achievement for a microfinance institution in India.

Geographical Diversification

The Company has seen a robust growth in terms of number of branches increase from 127 to 230 during the financial year. Ujjivan started operations in the largest metropolis of India, opening eleven branches in Mumbai. Ujjivan spread its reach to encompass Kerala in the South, two states in the East (Meghalaya, Assam), and an additional state in the North (Chandigarh), taking our national footprint up to thirteen states. As of 30th April 2010, Ujjivan had a presence in 16 states. The following data shows the regional breakdown of branches and portfolio outstanding:



An important facet of Ujjivan's geographical diversification is presence in many of the "poor" districts as classified by Sa-Dhan. Thirty percent of Ujjivan's customers are located in these "poor" districts.

Financial Performance

Ujjivan had a very successful year in terms of profitability. Ujjivan broke even on a cumulative basis in December 2009, and has posted a post-tax profit of Rs.96.4 Million as on 31st March 2010. After adjusting the cumulative loss of Rs.58.5 Million and transferring Rs.19.28 Million to statutory reserve, the balance profit stands at Rs.18.63 Million. Proposed dividend of 2% amounting to Rs.8.13 Million (including dividend distribution tax of Rs.1.16 Million) has been factored in the financials.

The Company's operational self sufficiency (OSS) continues to improve year on year and has grown from 97% in March 2009 to 117% as of 31st March 2010. This ratio is reflective of the increase in outreach and controlling of costs we achieved in the last financial year.

Operating Self Sufficiency



Ujjivan was also able to improve its efficiency in terms of staff and expense productivity. Our operating expense ratio continues to decline as we increase our portfolio size, control our administrative and personnel cost, and improve field productivity.

Operating Expense Ratio



Resource Mobilization

With a strong equity base, the Company has an excellent leverage to debt funding essentially as term lending from both financial institutions and banks. It has a comfortable debt equity ratio of 2.24 and can leverage further during the next financial year. The company has raised term loans to the tune of Rs.3715 Million from financial institutions and availed of Rs.2565 Million during the financial year. The Company has plans to diversify its debt-funding through other debt-instruments including non-convertible debentures, subordinate debt and securitization. The resources raised during the year have been utilized for the purposes as mentioned in the respective agreements.

The Capital Adequacy ratio was 27.04% as of 31st March 2010 against the RBI CAR requirement of 12%.

Debt Equity Ratio



Credit Rating

CRISIL has enhanced the Company's grading to mFR3 and also completed its BASEL-II rating for Ujjivan and assigned a 'BBB-/Stable' rating to the term loans of Ujjivan Financial Services Pvt. Ltd, stating the outlook is stable.

RBI Guidelines

The Company is a systematically important non deposit taking NBFC and has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not having public deposits outstanding at the end of the year.

Opportunities and Risks

Opportunities

This year there are two major opportunities:

We have over 300,000 customers who have been with Ujjivan for at least two cycles. This is a year where we must retain and deepen these relationships. This is not only to enhance the profitability of our mature branches but also to help transform the lives of our customers with customized financial services.

Second, Mumbai the biggest city in India has over a million target market households. We began operations in Mumbai in October 2009 and as of 30th April 2010 we have 11 branches, 8,388 customers and have disbursed Rs.73.51 Million.



Risk Management

Credit Risk

One of major risks the industry faces is mass default by customers. This is triggered by both external forces like communal organizations (Karnataka), state government action (Andhra Pradesh and internal forces like aggressive customer centre leaders with vested interest (West Bengal). The root causes for these defaults lie in over extension of credit, coercive collection practices and poor customer induction process.

Ujjivan has introduced stringent field process in which we independently screen customers to ensure that they understand their responsibilities as Ujjivan customers both during the time of initial induction and during the repeat loan approval process.

We have put in restrictions in terms of branch opening in areas where already there is severe competition among MFIs.

To counter the risk of over indebted customers, Ujjivan does not lend to customers who have more than two other microfinance loans.

We have soft skills training programs for our field staff to handle difficult situations such as default.

In addition, Ujjivan has been a leading member of the Association of Karnataka Microfinance Institutions (AKMI) and at the national level Microfinance Institutions Network (MFIN). Through AKMI & MFIN, Ujjivan has been working on sharing of information at district level on intentional defaulters, fraudulent staff, as well as sharing of customer data through credit bureaus.

Operational Risk

Given the nature of the microfinance business, the volume of cash that is handled on a day to day basis by Ujjivan, both from collections and disbursement is extremely large. This exposes the Company to a great deal of operational risk. The fact that thousands of employees handle cash each day, only increases this risk. To mitigate this risk, Ujjivan has put into place a very rigorous field operations manual and a series of cross checks to ensure correct cash accounting and assistance of vendors for cash collection services from the field in high risk areas. Ujjivan has a dedicated Vigilance team to investigate matters related to Fraud & misappropriation of funds. Finally, in the coming financial year, Ujjivan plans to utilize cash management services and have third party vendors for cash movement services.

Funding Risk

Ujjivan, while currently well capitalized, is still largely dependent on financial institutions to fund our operations. Despite the problems faced in pockets of Karnataka, Ujjivan at no time faced any kind of liquidity problem during the year and passed the stress test with flying colours. The interest rate we pay our lenders (which directly impacts our profitability) is largely based on the banks perception of our industry and the regulatory environment as outlined by the Reserve Bank of India. To minimize this risk, Ujjivan continually evaluates its funding needs and ensures adequate funding tie up in advance. In addition, Ujjivan plans to diversify its debt funding base in this year through the use of subordinated debt and non-convertible debentures.

Industry Risk

There is regulatory pressure to reduce interest rates on loans for larger MFIs to pass on the benefits of scale to the customers. This will squeeze the interest rate margins.

Finally as microfinance comes of age in India and becomes a significant industry, this has lead to fundamental social, political and economic changes. This often bring with it disruptive reactions from parties with vested interest. We have already seen this in the two States with the highest penetration of microfinance: Andhra Pradesh and Karnataka.

Further, regulatory changes may require us to reduce our dependence on term loans from banks categorized Priority Sector Lending which may reduce the amount of debt capital available to the sector & raise the cost of funding.

Audit & Internal Controls

The Audit & Risk Management Committee of the Board approves the audit plan in the beginning of the financial year in consultation with the Head of Audit. The internal audits are conducted with a view to periodically evaluating adequacy of internal control systems in all spheres of the company's operations. This is carried on an ongoing basis in two tiers:

Ujjivan has an Internal Audit Department [IAD] to carry out audit of the field operations and the branch offices. We have introduced internationally practiced Microsave's Loan Portfolio Audit Process. Each branch undergoes Complete Audits, at least once a year, comprising a complete check of back office processes [Operations, Credit, Documentation], and all the branch processes [customer acquisition, loan disbursement, centre meeting process

as well as cash handling]. The audit findings are put up to the Audit Committee [comprising one independent director, Managing Director, and Head of Audit]. Suggestions arising out of these help in continuous improvement of policies and processes, in consultation with the relevant functional heads.

The Company has sourced the services of independent CA firms to carry out internal audit of the other processes, which are not covered by IAD, namely, Human Resources, Administration and Finance & Accounts. These audits are carried out every quarter, at each of the Regional Offices of Ujjivan.

In addition to audits, the Audit Department prepares a Branch Risk Profile, based on the Business, Credit, and Operations performance during the month. This is a very useful management tool, which brings together all the departmental parameters onto one page and analyses trends, enabling the branch to understand areas needing improvement, as well as compare itself with the other branches of Ujjivan on each of the parameters.

The scores of the Risk Profile are used not only to rate the branch's performance, but also help in fixing the periodicity of audits.

Human Resources Development

Ujjivan has experienced a high level of staff growth in the past financial year. The total headcount has grown by 67%. Our branch staff has been the primary force behind this growth, however we have also hired at key positions within our regional offices.

Region	31 st March 2009 Headcount	31 st March 2010 Headcount
South	726	1010
North	295	432
East	599	1080
West	47	279
Corporate Office	24	29
Total	1691	2830

Ujjivan has a continuous process of Training and Empowerment for its staff. During the year HR initiatives included Management Development Programs, Micro Save Portfolio Audit, Unitus Supervisory Skills and Soft Skills Training, Cocoon HR School training for HR team and periodic online and refresher training for the distribution team.

Ujjivan has already been ranked as the Best Company to Work for in the microfinance industry in India. However, we cannot be complacent and we have long way to go before we are one of the best in India among all employers. This year we will focus on further professionalizing our Human Resources functions, introducing best of class practices and developing closer bonds with the second most constituent of Ujjivan.

Employee Stock Options

The Company has granted options under the Employee Stock Options (ESOP) 2008, which is in continuation with the Employee Stock options 2006 and 2007. The information pertaining to the ESOP 2008 is contained in the Notes on Accounts.



Report on Corporate Governance

Ujivan has sound governance and a professional management team. Ujivan's Board comprises experienced and independent professionals from the financial services sector and nominees of major investors. They bring the best of industry experience and good corporate governance.

The Ujivan Board comprises the following members:

- **Mr. K. R. Ramamoorthy**
Non-executive Chairman of ING-Vysya Bank and former Chairman and Managing Director/CEO of Corporation Bank
- **Mr. A. Vikraman**
Former Chief General Manager, SIDBI
- **Mr. Sunil Patel**
Chartered Accountant and Management Consultant
- **Mr. M.K. Raveesha**
General Manager, SIDBI
- **Mr. S. Viswanatha Prasad**
Fund Manager, Bellwether
- **Ms. Geeta Goel**
Michael and Susan Dell Foundation, Global Microfinance Initiative
- **Mr. Christopher Miles Brookfield**
Managing Director, Elevar Equity
- **Mr. Mohit Bhatnagar**
Operating Partner, Sequoia Capital
- **Mr. Venkatesh Natarajan**
Managing Director, Lok Capital LLC
- **Mr. Samit Ghosh**
Chief Executive Officer and Managing Director, Ujivan

Changes in Board Composition

During the year, Mr. Sandeep Marian Farias (Managing Director, Unitus Equity Fund) resigned from the Board of Directors and Mr. Christopher Miles Brookfield (Managing Director, Elevar Equity) was nominated to Ujivan Board in his place.

During May 2010, the Board composition has undergone further changes as follows: Ms. Geeta Goel has been nominated by MSDf on Ujivan Board in place of Mr. Raghavendra Singh and Mr. M.K. Raveesha has been nominated from SIDBI and joined the Ujivan Board following the retirement of Mr. Ravindra Bahl.

Internal Guidelines on Corporate Governance

The Company ensures that their Corporate Governance practices protect the interests of all stakeholders. Since best practices on corporate governance are subject to constant barometer it is a continuing process. During the year the Board reviewed the existing procedures and policies on Corporate Governance and made certain additions to further strengthen the governance practices.

Committees of the Board

A) Nomination Committee

The Board resolved that a Nomination Committee shall be constituted from the Board of Directors.

Committee Composition:

- Mr. K. R. Ramamoorthy
- Mr. Sunil Patel
- Mr. Mohit Bhatnagar
- Mr. Christopher Miles Brookfield

The Committee is responsible for ensuring process of "due diligence" to determine the suitability of the candidate for appointment/continuing to hold appoint as a Director on the Board based upon his/her qualification, expertise, track record, integrity and other fit and proper criteria. The Nomination Committee is responsible for the overview of all other committees and their functioning.

B) Audit & Risk Management Committee

The Board reviewed the current functions of the Audit and IT Committee and proposed that as the same includes Risk Management and ALCO functions, the said committee be named the 'Audit & Risk Management Committee'. The role and responsibilities of said committee are indicated hereunder:

Functions:

The Committee is responsible for policies, procedures and reviewing the soundness and efficiency of:

- Internal control systems
- Financial disclosures
- Risk management systems
- Information technology systems

Committee Composition:

- Mr. Samit Ghosh
- Mr. Sunil Patel
- Mr. Viswanatha Prasad
- Mr. Venkatesh Natarajan

Committee meetings are generally be held in conjunction with Board meetings.

For efficient functioning of this committee, two sub committees comprising members of the Board as well as Senior Management are in operation

The Audit Sub Committee members are:

- Mr. Samit Ghosh
- Mr. Sunil Patel
- Ms. Lalita Rao (Head of Audit)

The Asset Liability Management Sub Committee members are:

- Mr. Samit Ghosh (MD)
- Ms. Sudha Suresh (CFO)
- Ms. Carol Furtado (COO – South)
- Mr. Brian Frazier (Head – Operations)
- Mr. Vikram Jetley (COO – North)
- Mr. Gautam Gan (COO – East)
- Mr. Jolly Zachariah (COO – West)

The responsibilities of the committee include Liquidity Risk Management, Management of Interest Rate Risk, and Funding and Capital Planning and ALM reporting compliances. The Committee meets on a monthly basis for the review. The Audit &

Risk Management Committee reviews the meetings held by the Asset Liability Management (ALCO) of the Company as also the Internal Audit Reports.

C) Human Resources & Compensation Committee

The Committee's primary responsibility is to direct the appropriate human resource management practices.

Committee Composition:

- Mr. Samit Ghosh
- Mr. Christopher Miles Brookfield
- Mr. Mohit Bhatnagar

The Committee's responsibilities include:

- Evaluating, administering and reviewing the Company's primary strategies for executive and employee development and retention
- Ensuring the Senior Management of the Company are compensated and motivated effectively in a manner consistent with industry trends/practices
- A broad range of overall strategic Company human resources programs, compensation, benefits (including ESOP), and equity plan issues

Committee meetings have been held in conjunction with Board meetings during the year and further as and when required.

D) Social Performance Management Committee

This committee was recently formed and is constituted by:

- Ms. Geeta Goel
- Mr. Mohit Bhatnagar
- Mr. Samit Ghosh

The objective is to oversee social programs undertaken by the Company and monitor economic & social impact on customer. The Committee shall hold meetings regularly to review the status of Programmes undertaken on social performance.

The Company is well supported by a team of Auditors, Advisory Group, Resource partners, Legal counsel and Banks & Financial Institutions and who have partnered in the Company's growth and success



Advisory Group

- Mr. Jaithirth Rao
Ex- Chairman and CEO, Mphasis
- Mr. Vijay Mahajan,
Chairman, BASIX
- Mr. Bhaskar Menon
Private Equity Professional
- Mr. Vishnu R. Dusad
Founder and Managing Director of
Nucleus Software Exports Limited
- Mr. Ravindra Bahl
Managing Director, ChrysCapital

Partnerships

- Grameen Bank
- Unitus
- Women's World Banking

Membership of Industry Associations

- Association of Karnataka Microfinance Institutions (AKMI)
- Sa-Dhan
- Microfinance Institutions Network (MFIN)

Banks and Financial Institutions

Axis Bank
Bank of India
Corporation Bank
Development Credit Bank
Friends of Women's World Banking
Grameen Trust
HDFC Bank
Housing Development Finance Corp Ltd.
ICICI Bank Ltd.
IDBI Bank

Karnataka Bank
Karur Vysya Bank
Maanaveeya Holdings & Investment Pvt. Ltd.
Royal Bank of Scotland N.V.
Small Industries Development Bank of India (SIDBI)
State Bank of India
State Bank of Travancore
Syndicate Bank
Union Bank of India
Yes Bank Ltd.

Auditors

- Deloitte Haskins & Sells (Statutory)
- V. Nagarajan & Co.
- Mookherjee, Biswas & Pathak
- M.S Kamath & Associates

Market Research Agency:

- Delphi Research Services Private Limited

Legal Counsel

- Universal Legal

Auditors' Report

TO THE MEMBERS OF UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

1) We have audited the attached Balance Sheet of UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED (the "Company") as at March 31, 2010, the Profit and Loss Account and the Cash flow statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

(i) 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;

(ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.

(iii) the Balance Sheet, the Profit and Loss Account and the

Cash flow statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

(b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date and

(c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

5) on the basis of the written representations received from the directors of the Company, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

for **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S



S. Ganesh
Partner
M. No. 204108

Bangalore
May 17, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business/activities during the year clauses ii, viii, xiii and xx of CARO are not applicable to the company.
2. In respect of its fixed assets,
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. Some of the fixed assets were physically verified during the period by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern of the Company.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b) to (d) and (f) & (g) of CARO are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of services and we have not observed any continuing failure to correct major weakness in such internal controls.
5. To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has been generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year except for certain delays in remittance of provident fund and employees state insurance.
 - b. There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - c. There were no disputed dues with regard to Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010.
9. The Company does not have accumulated losses at the end of the financial year and has not incurred cash loss during the financial year and had incurred cash loss during the immediately preceding financial year.
10. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions and banks. Further the Company has not issued any debentures and hence there are no dues payable to debenture holders.

11. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

12. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks and financial institutions.

14. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application. .

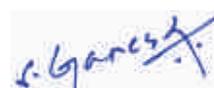
15. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the period for long term investment.

16. According to the information and explanations given to us, during the year covered by our audit report, the Company has not made any preferential allotment of equity shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956

17. According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures and no debentures were outstanding at the beginning of the year.

According to the information and explanations given to us, certain employees have misappropriated funds as identified by the management, which is estimated to be Rs.1,258,376/- of which Rs.140,740/- has been recovered as on the balance sheet date.

for **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S



S. Ganesh
Partner
M. No. 204108

Place: Bangalore
Date: May 17, 2010



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Balance Sheet as at March 31, 2010

(Amount in Rupees)

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
I. Sources of Funds			
(1). Share Holders Funds:			
Share Capital	1	348,424,600	348,424,600
Reserves and surplus	2	707,872,655	678,089,400
Share application Money		-	38,424,402
(2). Loan Funds:			
Secured Loans	3	2,365,544,749	716,166,438
Unsecured Loans	4	4,038,265	5,572,686
Total		3,425,880,269	1,786,677,526
II. Application of Funds			
(1). Fixed Assets:	5		
(a) Gross Block		109,563,928	46,184,537
(b) Less: Depreciation		28,453,647	11,528,079
(c) Net Block		81,110,281	34,656,458
(d) Capital Work in Progress (including capital advances Rs.4,135,617 (P.Y. Rs.850,000)		4,135,617	7,250,000
		85,245,898	41,906,458
(2). Deferred tax asset		5,372,844	-
(3). Investments	6	1,000,000	-
(4). Current Assets, Loans & Advance			
(a) Cash & Bank Balances	7	225,854,816	189,857,137
(b) Other current assets	8	21,096,329	9,660,615
(c) Loans & Advances	9	42,111,458	21,490,853
(d) Receivables under Financing Activities	10	3,707,647,907	1,689,769,550
		3,996,710,510	1,910,778,155
Less: Current liabilities & Provisions	11		
(a) Current liabilities		620,402,136	218,342,205
(b) Provisions		42,046,847	6,147,786
		662,448,983	224,489,991
Net current assets		3,334,261,527	1,686,288,164
Debit balance in Profit and loss account		-	58,482,904
TOTAL		3,425,880,269	1,786,677,526
Significant accounting policies & notes to accounts	17		

Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants



S. Ganesh
Partner



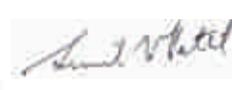
Place : Bangalore
Date : May 17, 2010

For and on behalf of the Board of Directors



Samit Ghosh
Managing Director





Sunil Patel
Director

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Profit and Loss Account for the year ended March 31, 2010

(Amount in Rupees)

Particulars	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
A. INCOME			
Income from Operations	12	828,551,045	274,733,412
Other Income	13	11,344,632	5,614,596
Total Income (A)		839,895,677	280,348,008
B. EXPENDITURE			
Personnel Expenses	14	328,966,692	144,704,256
Administrative & Other Expenses	15	172,070,896	70,524,431
Finance charges	16	186,301,727	65,638,874
Depreciation	5	16,933,409	6,624,533
Provision for Doubtful Loans		16,692,137	826,967
Total Expenditure (B)		720,964,861	288,319,061
Profit / (Loss) Before Tax (A - B)		118,930,816	(7,971,053)
Excess depreciation of earlier years		-	3,061,800
Profit / (Loss) for the year		118,930,816	(4,909,253)
Income tax		27,911,630	-
Deferred Taxes [Refer Schedule 17B Note 9]		(5,372,844)	-
Fringe benefit tax		-	1,769,480
Profit / (Loss) After Tax		96,392,030	(6,678,733)
Less: Transferred to Statutory Reserve		19,278,406	-
		77,113,624	(6,678,733)
Loss Carried forward from previous year		(58,482,904)	(51,804,171)
		18,630,720	(58,482,904)
Appropriations			
Dividend		6,968,492	-
Dividend Tax		1,157,379	-
Balance Carried to Balance sheet		10,504,849	(58,482,904)
		18,630,720	(58,482,904)
Basic and Diluted Earnings per Share:			
Profit for the year		96,392,030	(6,678,733)
Wght. Avg. no of Equity Shares [face value of Rs. 100/- each]		3,484,246	1,698,503
Basic and Diluted Earnings per Share		27.67	(3.93)
Significant accounting policies & notes to accounts	17		

Schedules referred to above form are integral part of the Profit and Loss Account
As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors



S. Ganesh
Partner

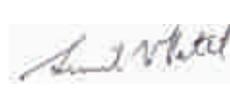


Place : Bangalore
Date : May 17, 2010



Samit Ghosh
Managing Director





Sunil Patel
Director



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2010

(Amount in Rupees)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit / (Loss) as per Profit & Loss Account	118,930,816	(4,909,253)
Adjustments for		
Depreciation	16,933,409	3,562,733
Interest Income	(3,131,136)	(3,175,536)
Income from investments	(1,073,658)	(1,078,712)
Dividend on Mutual Funds	(593,689)	-
Provision for doubtful loans	16,692,137	826,967
Profit on sale of Fixed Assets	(9,651)	-
Assets written off	-	589,388
Operating Profit before Working capital changes	147,748,228	(4,184,413)
Receivables under Financing Activities	(2,017,878,357)	(1,324,042,726)
Loans and Advances and Interest accrued	(30,418,923)	(17,383,563)
Trade and other payables	410,161,360	154,805,903
Cash flow from operations	(1,490,387,692)	(1,190,804,799)
Advance Taxes paid	(24,081,104)	(2,162,887)
Net Cash from operating activities	(1,514,468,796)	(1,192,967,686)
Cash flows from Investing activities		
Investments	(1,000,000)	-
Purchase of Fixed Assets	(60,328,538)	(30,458,471)
Sale of Assets	65,340	-
Interest Income	642,838	3,175,536
Income from investments	1,073,658	1,078,712
Dividend on Mutual Funds	593,689	-
Net Cash from investing activities	(58,953,013)	(26,204,223)
Cash flows from financing activities		
Refund of share application money	(38,424,402)	-
Issue of shares and share application money	-	263,522,258
Securities premium on issue of shares	-	653,736,550
Revolving Credit Grant	-	1,000,000
Borrowings from banks/others	2,565,203,974	749,521,503
Repayment of Borrowings from bank/others	(917,360,084)	(275,179,557)
Net Cash from financing activities	1,609,419,488	1,392,600,754

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net increase / (decrease) in cash and cash equivalents	35,997,679	173,428,845
Balance of cash - Opening	189,857,137	16,428,292
Balance of cash - Closing	225,854,816	189,857,137

Notes

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements'.

2. Cash & cash equivalents at year end includes Rs.56,473,531/- (P.Y.Rs. 17,454,055/-) in term deposits with banks, under lien against loans availed by the Company.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors



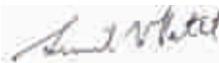
S. Ganesh
Partner





Samit Ghosh
Managing Director





Sunil Patel
Director

Place : Bangalore

Date : May 17, 2010

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Schedules forming part of Balance Sheet

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1		
SHARE CAPITAL		
Authorised Capital		
4,000,000 Equity Shares of Rs.100/- each [Previous Year 4,000,000 Equity Shares of Rs.100/- each]	400,000,000	400,000,000
	400,000,000	400,000,000
Issued, Subscribed & Paid up Capital		
3,484,246 Equity Shares of Rs.100/- each [Previous Year 3,484,246 Equity Shares of Rs.100/- each]	348,424,600	348,424,600
	348,424,600	348,424,600



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Schedules forming part of Balance Sheet

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 2		
RESERVES & SURPLUS		
Securities Premium Account		
Opening Balance	676,789,400	23,052,850
Additions on issue of shares during the year	-	653,736,550
	676,789,400	676,789,400
Statutory Reserve		
Opening Balance	-	-
Addition during the year	19,278,406	-
	19,278,406	-
Employee Loan Grant		
Opening Balance	1,300,000	300,000
Additional grant during the year	-	1,000,000
	1,300,000	1,300,000
Profit and Loss account		
Balance carried from Profit and Loss account	10,504,849	-
	10,504,849	-
	707,872,655	678,089,400
SCHEDULE 3		
SECURED LOANS		
From Scheduled Banks		
Term Loan	1,803,396,435	564,457,400
From Financial Institutions		
Term Loan	562,148,314	151,709,038
	2,365,544,749	716,166,438
[Repayable within one year Rs.1,362,492,084/- (P.Y. Rs.461,559,781/-)] (Above loans are secured by way of hypothecation of book debts and/or term deposits)		
SCHEDULE 4		
UNSECURED LOANS		
Others [Repayable within one year Rs.1,594,057/-(P.Y. Rs.427,624/-)]	4,038,265	5,572,686
	4,038,265	5,572,686





UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Schedules forming part of Balance Sheet

(Amount in Rupees)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at April 1, 2009	Additions	Adjustment / Deletions	As at March 31, 2010	Up to March 31, 2009	For the Year	Adjustment / Deletions *	Up to March 31, 2010	As at March 31, 2009
SCHEDULE - 5 FIXED ASSETS									
TANGIBLE ASSETS									
Office Equipments	8,110,233	8,750,706	7,350	16,853,589	1,170,525	1,454,949	526	2,624,948	6,939,708
Computers, Printers & Peripherals / networking	12,201,145	23,177,461	56,180	35,322,426	2,342,389	4,283,664	7,315	6,618,738	9,858,756
Furniture & Fixtures	7,882,169	5,028,072	-	12,910,241	1,855,270	2,698,173	-	4,553,443	6,026,899
Motor Vehicles	619,945	1,265,936	-	1,885,881	132,697	106,065	-	238,762	487,248
Cycles	621,150	5,512	-	626,662	621,150	5,512	-	626,662	-
Leasehold Improvements	9,926,619	19,395,784	-	29,322,403	3,835,124	6,463,815	-	10,298,939	6,091,495
INTANGIBLE ASSETS									
Software	6,823,276	5,819,450	-	12,642,726	1,570,924	1,921,231	-	3,492,155	5,252,352
Grand Total	46,184,537	63,442,921	63,530	109,563,928	11,528,079	16,933,409	7,841	28,453,647	34,656,458
Previous Year	23,589,066	23,208,471	613,000	46,184,537	7,988,958	6,624,533	3,085,412	11,528,079	34,656,458

* includes reversal of depreciation Rs.Nil (P.Y. 3,061,800/-) of earlier years due to change in company policy.



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Schedules forming part of Balance Sheet

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 6		
INVESTMENTS (Refer Schedule 17B Note 12)		
Long term Investment - Trade Unquoted - in Alpha Micro Finance Consultants Private Limited * 100,000 Equity shares (P.Y. Nil) of Rs.10/- each at cost fully paid up	1,000,000	-
	1,000,000	-
* purchased during the year		
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash balance on hand	6,419,252	7,384,129
Bank balances with Scheduled banks		
in current accounts	87,962,033	85,018,953
in deposit accounts [includes deposits under lien Rs.56,473,531/- (P.Y.Rs.17,454,055/-)]	131,473,531	97,454,055
	225,854,816	189,857,137
SCHEDULE 8		
OTHER CURRENT ASSETS		
Interest receivable on loan	18,157,707	9,210,291
Interest accrued on term deposits	2,938,622	450,324
	21,096,329	9,660,615
SCHEDULE 9		
LOANS & ADVANCES (Unsecured, Considered Good unless otherwise mentioned)		
Advances Recoverable in cash or kind or for value to be received	21,284,696	7,474,878
Deposits	20,826,762	13,165,072
Tax deducted at source receivable	-	850,903
	42,111,458	21,490,853
(Unsecured, Considered doubtful)		
Other Advances	1,845,980	-
Less:Provision for other advance	1,845,980	-
	-	-
	42,111,458	21,490,853



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Schedules forming part of Balance Sheet

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10		
RECEIVABLES UNDER FINANCING ACTIVITIES		
Business loans	2,902,564,209	1,357,903,904
Family loans	763,621,999	317,528,301
Housing loans	11,494,901	11,415,038
Individual Business loans	19,184,761	2,922,307
Education Loans	10,365,577	-
Live stock Loans	416,460	-
	3,707,647,907	1,689,769,550
SCHEDULE 11		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Dues to micro and small enterprises [Refer Schedule 17B Note 16]	-	-
Dues to other than micro and small enterprises	22,393,640	6,932,910
Credit Balance in current account with Scheduled Banks	80,000	-
Interest accrued but not due	3,196,965	2,706,228
Deposit from vendors	150,000	100,000
Other Liabilities	10,961,095	5,319,490
Security deposits from customer	583,620,436	203,283,577
	620,402,136	218,342,205
Provisions		
Provision for Dividend	6,968,492	-
Provision for Dividend tax	1,157,379	-
Provision for employee benefits	12,081,132	3,979,701
Fringe Benefit Tax payable [Net of Advance tax Rs.2,271,957/- (P.Y. Rs.2,151,557/-)]	162,523	282,923
Provision For Tax [Net of Advance Tax Rs.23,960,705/- (P.Y. Rs. Nil)]	3,100,022	-
Provision for doubtful loans	18,577,299	1,885,162
	42,046,847	6,147,786



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Schedules forming part of Profit and Loss account

(Amount in Rupees)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 12		
INCOME FROM OPERATIONS		
Interest on Loans	720,195,666	227,071,111
Loan processing fee	108,355,379	47,662,301
	828,551,045	274,733,412
SCHEDULE 13		
OTHER INCOME		
Interest on fixed deposit *	3,131,136	3,175,536
Profit on Sale of Investment [Net]	1,073,658	1,078,712
Dividend on Mutual funds	593,689	-
Profit on Sale of Fixed Assets [Net]	9,651	-
Sponsorship fee *	4,776,648	796,500
Miscellaneous Income	1,759,850	563,848
	11,344,632	5,614,596
*Includes Tax deducted at source	432,208	650,106
SCHEDULE 14		
PERSONNEL EXPENSES		
Salaries & Bonus	280,522,998	121,208,530
Employee benefits	10,793,069	3,627,459
Contribution to provident and other funds [Refer Schedule 17B Note 3]	17,522,925	7,567,653
Staff welfare	20,127,700	12,300,614
	328,966,692	144,704,256



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Schedules forming part of Profit and Loss account

(Amount in Rupees)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 15		
ADMINISTRATIVE & OTHER EXPENSES		
Electricity & Water Charges	4,084,129	2,023,630
Rent [Refer Schedule 17B Note 7]	26,791,847	14,635,068
Repairs & Maintenance		
Buildings	1,740,037	96,862
Others	9,869,374	3,997,711
Office Maintenance	4,965,224	3,624,999
Insurance	1,185,824	272,193
Rates & Taxes	1,140,178	5,284,862
Audit Fees [Refer Schedule 17B Note 6]	1,234,032	714,761
Professional Charges	12,324,560	7,789,125
Donation	11,000	-
Sitting fee	130,000	140,000
Rebate	7,601,524	1,201,961
Postage & Courier	5,269,416	1,478,826
Printing & Stationery	20,901,960	7,913,270
Recruitment Expenses	748,097	724,837
Telephone Charges	9,624,922	5,420,646
Training & conference Charges	7,526,192	2,264,339
Travelling and Conveyance Expenses	35,897,282	8,804,705
Miscellaneous Expenses	5,256,396	3,015,399
Provision for other Advances	1,845,980	-
Assets written off	-	93,670
Bad Debts written off	13,922,922	1,027,567
	172,070,896	70,524,431
SCHEDULE 16		
Finance charges		
Interest on Term Loan	178,803,086	60,323,530
Loan processing fees and Bank Charges	7,498,641	5,315,344
	186,301,727	65,638,874



SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies:

1. Basis of preparation

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the applicable mandatory accounting standards and the provisions of the Companies Act 1956 and the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the Company.

2. Use of estimates

The presentation of financial statements in conformity with Indian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from those estimates.

3. Cash flow statement

The Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3.

4. Fixed Assets

Fixed assets are stated at cost net of depreciation. The cost of an asset comprises its purchase price (net of capital grants) and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

5. Depreciation

Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the

Companies Act, 1956. Leasehold improvements are depreciated over the primary lease period.

Depreciation on additions is charged proportionately from the date of acquisition / installation. Individual assets costing less than Rs.5000/- are depreciated in full, in the year of acquisition.

6. Investments

Investments are classified into current investments and long-term investments. Current investments are carried at lower of cost or fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account. Long-term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments.

7. Loans

Loans to customers include Business Loans, Education Loans, Family Loans, Housing Loans, Individual Business Loans and Live-stock Loans. Loans are classified into 'Performing and Non-Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India as amended from time to time.

8. Revenue Recognition

Revenue from Interest on loans financed by the company is recognized on accrual basis, considering the directions issued by the Reserve Bank of India from time to time in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. Loans are classified into 'Performing and Non-Performing' assets in terms of the said Directions.

Revenues from loan documentation and meeting charges are recognised as income on cash basis.

Revenue from interest income on Fixed Deposits with Banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.



9. Grants

Grants received towards acquisition of fixed assets are adjusted against the cost of the assets. Grants related to revenue are deducted from the related expenses. Grants against employee loans are included in Reserves and Surplus.

10. Employee benefits

a) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits (such as medical care) for current employees are estimated and measured on an un-discounted basis.

b) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund and Pension fund are recognised in the Profit and Loss Account.

c) Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India, are determined by Actuarial Valuation on Projected Unit Credit Method made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

d) Liability for compensated absences is provided based on actuarial valuation carried out at the end of each financial year using Projected Unit Credit Method and is not funded.

Actuarial gains and losses are recognized immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds.

11. Lease

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss account on accrual basis.

12. Earnings Per Share

In determining the earnings per share the company considers the net profit / (loss) after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

13. Income Taxes & Deferred Taxes

Provision for current year tax is made after taking into consideration benefits/disallowances admissible under the provisions of the Income Tax Act, 1961.

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed depreciation and carried forward business losses, are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax rates.

14. Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best



estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

15. Employee Stock Option Plan

The Company has Employee Stock Option Plans for the benefit of its employees. Options granted in terms of the Stock option plans on or after April 1, 2005 are accounted in accordance with the Guidance Note on Accounting for Employee Share Based Payment Plans issued by the Institute of Chartered Accountants of India (ICAI). The difference between the intrinsic value of the stock option granted on or after April 1, 2005 and exercise price, if any, is expensed as "Employee Compensation" over the period of vesting.

B. NOTES ON ACCOUNTS

- Contingent liabilities - Rs. Nil. (PY. Rs. Nil).
- Capital commitment (net of advances) as at March 31, 2010 Rs. 4,598,211/- (PY. Rs. 9,349,477/-).
- Employee Benefits:

The details of employee benefits are as given below:

I Defined Contribution Plans

During the year, the Company has recognized the following amounts in the Profit and Loss Account

(Amount in Rupees)

Particulars	31 st March 2010	31 st March 2009
Employers' Contribution to Provident & Pension Fund	11,919,829	4,827,993
Employers Contribution to Employees State Insurance Included in Contribution to provident and other funds (Refer Schedule 14)	5,603,096	2,739,660

II Defined Benefit Plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

(Amount in Rupees)

Sl. No.	Particulars	31 st March 2010	31 st March 2009
I	Components of employer expense		
	Current Service cost	1,061,605	425,427
	Interest cost	94,800	48,915
	Expected return on plan assets	(61,184)	(39,644)
	Actuarial Losses/(Gains)	3,605,595	99,221
	Total expense/(income) recognized in the Statement of Profit & Loss Account	4,700,816	533,919
II	Actual Contribution and Benefit Payments for the year ended		
	Actual benefit payments	-	-
	Actual Contributions	1,999,868	175,350



(Amount in Rupees)

Sl. No.	Particulars	31 st March 2010	31 st March 2009
III	Net asset/liability recognized in balance sheet as at		
	Fair value of plan assets	2,664,172	603,120
	Present Value of Defined Benefit Obligation	(5,947,000)	(1,185,000)
	Excess of plan assets over present value of obligation	-	-
	Net (liability) recognized in balance sheet	(3,282,828)	(581,880)
IV	Change in Defined Benefit Obligation (DBO) during the year ended		
	Present Value of DBO at the beginning of the year	1,185,000	611,437
	Current service cost	1,061,605	425,427
	Interest cost	94,800	48,915
	Actuarial (gains)/losses	3,605,595	99,221
	Benefits paid	-	-
	Present Value of DBO at the end of the year	5,947,000	1,185,000
V	Change in Fair Value of Assets during the year ended		
	Plan assets at the beginning of the year	603,120	388,126
	Expected return on plan assets	61,184	39,644
	Actuarial gain/(losses)	-	-
	Actual Company Contributions	1,999,868	175,350
	Benefit Paid (estimated)	-	-
	Plan assets at the end of the year	2,664,172	603,120
VI	Actuarial Assumptions		
	Interest Rate	-	-
	Discount Rate	8.00%	8.00%
	Expected Return on plan assets	9.00%	9.00%
	Rate of increase in compensation	10.00%	5.00%
	Attrition rate	16.60%	20.00%
	Retirement age	58	58
VII	Investment details of plan assets		
	Government Securities	20%	20%
	Government Securities or other approved securities	40%	40%
	Approved investment	Not exceeding 60%	Not exceeding 60%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.



III Other employee benefits

Cost of Compensated absence expensed in the Profit & Loss Account for the year was Rs.6,092,253/- (P.Y.Rs. 3,093,540/-)

4. Segment Reporting

The Company's business segment is micro finance services and the principal geographical segment is India. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.

5. Related Party Disclosures

A. List of Related Parties are given below:

Key Management Personnel

Mr. Samit Ghosh, Managing Director

Mr. Ajit Grewal, Executive Director (up to 8.11.2008)

B. Transactions with Related Parties during the year:

(Amount in Rupees)

Particulars	Key Management Personnel	
	31 st March 2010	31 st March 2009
Remuneration:		
Mr. Samit Ghosh	3,000,000	1,200,000
Mr. Ajit Grewal	-	642,618
Shares purchased		
Mr. Samit Ghosh	-	5,000,250
Outstanding Balances		
Due from	-	-
Due to Mr. Samit Ghosh	476,910	32,910

6. Auditor's Remuneration

(Amount in Rupees)

Particulars	31 st March 2010	31 st March 2009
For Statutory Audit	600,000	400,000
For Tax Audit	300,000	100,000
Other attest services	310,000	200,000
Out of pocket expenses	24,032	14,761
Total	1,234,032	714,761



7. The Company has taken on operating lease premises for a period ranging from 11 months to 120 months which are non-cancellable for the period as reflected in the agreement. The total minimum lease payments for the current year, in respect of operating leases, included under rent, aggregates to Rs. 26,791,847/- (P.Y.Rs.14,635,068/-)

The future lease payments in respect of the above are as follows:

(Amount in Rupees)

Particulars	31 st March 2010	31 st March 2009
Not later than one year	28,656,962	4,479,573
Later than one year but not later than five years	48,137,182	10,614,207
Later than 5 years	14,307,000	-

8. Earnings per share

(Amount in Rupees)

Particulars	31 st March 2010	31 st March 2009
Net profit / (loss) after tax (Rs.)	96,392,030	(6,678,733)
Weighted average shares outstanding – Basic (Nos.)	3,484,246	1,698,503
Weighted average shares outstanding – Diluted (Nos.)	3,484,246	1,718,659
Earnings / (loss) per share – Basic & Diluted (Rs.)	27.67	(3.93)

Nominal value of equity shares - Rs. 100/-

* As the effect of potential equity shares, on Ujjivan Employee Stock Option Plan is anti-dilutive, the effect of such anti-dilutive potential equity shares have been ignored in calculating diluted loss per share.

9. Deferred Tax

In accordance with Accounting Standard -22 "Accounting for Taxes on Income", the company has created a deferred tax asset to the extent of Rs.5,372,844/- for the current year, which has been credited to the Profit and Loss Account.



Details of Deferred Tax Asset are

(Amount in Rupees)

Particulars	Deferred Tax (Assets) / Liabilities as on April 1, 2009	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2010
Difference between book and tax depreciation	-	4,527,437	4,527,437
Provision for Employee benefits	-	(3,116,178)	(3,116,178)
Others	-	(6,784,103)	(6,784,103)
Net Deferred Tax (Asset) /Liability	-	(5,372,844)	(5,372,844)

10. Employee Stock Option Plan

The Company has established Employee Stock Option Plan (ESOP) for compensation to its employees, being ESOP 2006, ESOP 2007 and ESOP 2008. The Company has granted options under the ESOP 2008 plan during the period. Each option shall be exercisable for one equity share of Rs.375/- at discount of 25% each fully paid up on payment to the Company after a vesting period of one year after the grant date. The exercise period of the options is a period of up to three years after the vesting of the options.

Option activity under the plans is as given as below:

Particulars	Nos.	
	31 st March 2010	31 st March 2009
Options granted, beginning of year	20,156	4,019
Granted during the year	39,668	18,943
Exercised during the year	-	189
Forfeited / Expired during the year	5,155	2,617
Options granted, end of year	54,669	20,156
Option exercisable at the year end	12,823	7,188
Weighted average of remaining contractual life (years) at the year end	1	2

The Company has accounted the above options using the intrinsic value method. The exercise price noted by the ESOP Committee is Rs. 281.25/- which is lower than the fair value, thus there is no

stock compensation expense under the intrinsic value method for the options granted.

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and Earnings per Share (EPS) both basic & diluted. Had the Company accounted the option under fair value method, amortising the stock compensation expense there on over the vesting period, there would have been no impact on the reported profit / (loss) and the basic EPS and the effect on diluted EPS being anti-dilutive has been ignored.

The fair value of the stock option granted during the period is calculated at Rs.18.32 per option through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 1 year, a risk free rate of 6.5%, no volatility in the share price since the company being closely held and its shares not being freely traded and the company does not expect to pay dividend being the initial year of operations. The Company's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur.

11. Asset Classification & Provisioning:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. The loans inclusive of unpaid interest, when the installment is overdue for a period of six months or more



or on which interest amount remained overdue for a period of six months or more is treated as Non performing assets. Provision is made for loan assets as per the Company's policy which is higher than the provision required under the prudential norms.

Classification of Loans and provision made for Standard / doubtful assets are as given below:

(Amount in Rupees)

Classification of Assets	31 st March 2010			
	Family & other Loans	Housing Loan	Individual Business Loan	Total
Standard assets	3,669,888,534	11,226,708	19,146,932	3,700,262,174
Sub-standard assets	7,072,723	268,193	37,831	7,378,747
Doubtful assets	6,986	-	-	6,986
Loss assets	-	-	-	-
Total	3,676,968,243	11,494,901	19,184,763	3,707,647,907
Provision for doubtful loans				
Standard assets*	17,358,144	396,763	83,121	17,838,028
Sub-standard assets	707,272	26,819	3,783	737,874
Doubtful assets	1,397	-	-	1,397
Loss assets	-	-	-	-
Total	18,066,813	423,582	86,904	18,577,299

Classification of Assets	31 st March 2009			
	Family & other Loans	Housing Loan	Individual Business Loan	Total
Standard assets	1,675,285,810	11,415,038	2,922,307	1,689,623,155
Sub-standard assets	146,395	-	-	146,395
Doubtful assets	-	-	-	-
Loss assets	-	-	-	-
Total	1,675,432,205	11,415,038	2,922,307	1,689,769,550
Provision for doubtful loans				
Standard assets*	1,839,448	1,080	29,995	1,870,523
Sub-standard assets	14,639	-	-	14,639
Doubtful assets	-	-	-	-
Loss assets	-	-	-	-
Total	1,854,087	1,080	29,995	1,885,162

* provision on standard assets as per Company policy.

During the year based on internal study and approval of the Board, the Company has changed its estimate with regard to provisioning for non performing assets, which has resulted in provision being higher by Rs.5,016,350/- (P.Y.487,565) and profit for the year is lower to such extent.



12. Details of investments purchased and sold during the year:

(Amount in Rupees)

Mutual Fund	Units purchased	Amount Invested	Units Sold	Sale Proceeds
Birla Sun Life Savings Fund – Retail – Growth	59,504 (NIL)	1,000,000 (NIL)	59,504 (NIL)	1,000,750 (NIL)
Fortis Money Plus Inst plan – Daily Div. Reinvestment	13,519,679 (NIL)	135,066,722 (NIL)	13,519,679 (NIL)	135,238,701 (NIL)
Fortis Money Plus Institutional - Liquid Plus	2,239,057 (NIL)	30,000,000 (NIL)	2,239,057 (NIL)	30,106,131 (NIL)
Fortis Overnight Fund – Inst Plan – Daily Dividend	10,997,347 (NIL)	110,000,000 (NIL)	10,997,347 (NIL)	110,006,661 (NIL)
HDFC Cash Management Fund – Treasury Advantage Plan - Wholesale – DDR	7,484,750 (NIL)	75,031,212 (NIL)	7,484,750 (NIL)	75,083,274 (NIL)
HDFC Cash Management Fund – Treasury Advantage Plan - Wholesale - Growth	4,807,045 (3,684,840)	95,005,423 (70,004,189)	4,807,045 (3,684,840)	95,212,988 (70,095,952)
HDFC Cash Management Savings Plan -DDR	5,641,519 (NIL)	60,000,000 (NIL)	5,641,519 (NIL)	60,005,453 (NIL)
HDFC Cash Management Savings Plan –Growth	4,230,831 (1,102,366)	80,000,000 (20,000,000)	4,230,831 (1,102,366)	80,010,337 (20,004,189)
HDFC Floating Rate Income Fund – Short Term Plan - Wholesale – Growth	2,274,617 (NIL)	35,004,914 (NIL)	2,274,617 (NIL)	35,056,154 (NIL)
Kotak Flexi Debt Fund Inst – Daily Dividend Reinvestment	1,494,329 (NIL)	15,000,000 (NIL)	1,494,329 (NIL)	15,014,270 (NIL)
Kotak Floater Long Term -DDR	1,489,171 (NIL)	15,001,135 (NIL)	1,489,171 (NIL)	15,010,541 (NIL)
Kotak Liquid-Institutional-DDR	1,226,776 (NIL)	15,000,000 (NIL)	1,226,776 (NIL)	15,001,135 (NIL)
LIC MF Income Plus Fund - Daily Dividend Reinvestment	9,016,075 (NIL)	90,044,863 (NIL)	9,016,075 (NIL)	90,160,747 (NIL)
LIC MF Income Plus Fund - Growth	26,347,361 (9,478,709)	315,003,876 (110,024,496)	26,347,361 (9,478,709)	315,426,770 (110,769,048)
LIC MF Liquid Fund – Daily Div Reinvestment	12,068,349 (NIL)	132,500,000 (NIL)	12,068,349 (NIL)	132,511,675 (NIL)
LIC MF Liquid Fund– Growth	NIL (6,926,499)	NIL (110,000,000)	NIL (6,926,499)	NIL (110,024,496)
LIC MF Liquid Fund – Inst – Growth	3,466,738 (NIL)	57,500,000 (NIL)	3,466,738 (NIL)	57,506,888 (NIL)
LIC MF Savings Plus – Growth	1,739,521 (NIL)	25,003,012 (NIL)	1,739,521 (NIL)	25,032,236 (NIL)



(Amount in Rupees)

Mutual Fund	Units purchased	Amount Invested	Units Sold	Sale Proceeds
LIC MF Savings Plus Fund - Daily Div. Reinvestment	6,758,785 (NIL)	67,506,175 (NIL)	6,758,785 (NIL)	67,587,849 (NIL)
Templeton India TMA -Inst Plan – Growth	49,542 (NIL)	70,053,764 (NIL)	49,542 (NIL)	70,069,575 (NIL)
Templeton India Ultra Short Bond Fund Institutional Plan – GROWTH	7,189,735 (NIL)	82,502,718 (NIL)	7,189,735 (NIL)	82,667,849 (NIL)
Templeton India Ultra Short Bond Fund Retail – Daily Div Reinvestment	1,400,992 (NIL)	14,000,000 (NIL)	1,400,992 (NIL)	14,024,768 (NIL)
UTI Liquid cash Plan – Inst – Daily Dividend - Reinvestment	9,810 (NIL)	10,000,000 (NIL)	9,810 (NIL)	10,000,845 (NIL)
UTI Liquid Fund- Institutional Plan- Growth	NIL (21,019)	NIL (30,000,000)	NIL (21,019)	NIL (30,005,786)
UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	46,501 (25,843)	55,000,001 (30,005,786)	46,501 (25,843)	55,057,688 (30,213,712)
UTI Treasury Advantage Fund Institutional Plan – Daily Dividend Reinvestment	125,110 (NIL)	125,038,933 (NIL)	125,110 (NIL)	125,136,810 (NIL)
Total	123,683,144	1,710,262,748	123,683,144	1,711,930,095

(Amounts in bracket represent previous year amount.)

13. Director's Remuneration:

(Amount in Rupees)

Particulars	31 st March 2010	31 st March 2009
Salaries and Allowances	2,990,640	1,827,018
Contribution to provident & other fund *	9,360	15,600
Total	3,000,000	1,842,618

*Contribution towards Gratuity fund and Leave encashment are not included as the same is recognized based on actuarial valuation of all employees and hence identifying to an individual is not possible.

14. Disclosure on foreign currency exposure:Foreign Currency Exposure as at 31st March, 2010, that have not been hedged by a derivative instrument or otherwise:

Particulars	Amount (in Rs.) 31 st March 2010	Amount (USD) 31 st March 2010	Amount (in Rs.) 31 st March 2009	Amount (USD) 31 st March 2009
Advances Received	2,908,456	64,432	-	-



15. Disclosure Pursuant to Reserve Bank OF India Notification DNBS.200/CGM (PK)-2008 dated 1st August 2008

(i) Capital Adequacy Ratio

(Amount in Rupees)

	Particulars	31 st March 2010
1	Tier I Capital	1,040,473,839
2	Tier II Capital	-
	Total	1,040,473,839
	Total Risk Weighted Assets	3,847,570,337

Capital Ratios		
1	Tier I Capital as a percentage of Total Risk Weighted Assets (%)	27.04%
2	Tier II Capital as a percentage of Total Risk Weighted Assets (%)	-
	Total Capital (%)	27.04%

(ii) Exposure to Real Estate Sector, Both Direct & Indirect

The Company does not have any Direct or Indirect exposure to the Real Estate Sector as at 31st March 2010 and 31st March 2009

(iii) Maturity Pattern of Asset Liability

Maturity pattern of certain items of assets and liabilities as on March 31, 2010

(Amount in Rupees)

	Up to one month	Over one month to 2 months	Over 2 month up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks and other financial institutions	49,897,513	114,531,703	171,372,762	354,291,687	673,992,476	972,513,573	32,983,300	-	2,369,583,014
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Advances	456,719,440	480,465,034	520,503,786	1,189,216,495	1,043,797,915	16,599,041	203,141	143,055	3,707,647,907
Investments	-	-	-	-	-	-	-	1,000,000	1,000,000

Notes:

1. The Above borrowing excludes interest accrued but not due .
2. The above information has been considered as per the Asset Liability Management Report compiled by the Management and reviewed by ALM Committee.



16. There are no Micro, small and medium enterprises to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The information regarding, Micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

17. The Company's objectives is to provide micro finance and hence the particulars under clauses 4, 4A, 4C, 4D of part II of schedule VI of the Companies Act 1956, are not applicable to the Company.

18. Earnings/ inflow in foreign currency– Rs.5,291,930/- (PY. Rs.1,509,334/-)

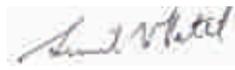
19. Expenditure in foreign currency – Rs. Nil (PY. Rs. Nil)

20. Previous year's figures have been regrouped/ reclassified to conform to the current year grouping/ classification.

For and on behalf of the Board of Directors



Managing Director



Director



Place: Bangalore

Date: May 17, 2010

**Schedule to the Balance Sheet of Ujjivan Financial Services Pvt Ltd - a Non Deposit taking
Non Banking Financial Company**

(as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) companies Prudential
Norms(Reserve Bank) Directions,2007)

Rupees in Lakhs

	Particulars	Amount Outstanding as on March 31,2010	Amount Overdue
	Liabilities		
(1)	Loans and advances availed by the Non Banking finance company inclusive of interest accrued thereon but not paid		
	a) Debentures - Secured	Nil	NA
	- Unsecured (other than falling within the meaning of public deposits)	Nil	NA
	b) Deferred Credits	Nil	NA
	c) Term Loans	23727.80	Nil
	d) Inter-corporate Loans and borrowings	Nil	NA
	e) Commercial Paper	Nil	NA
	f) Other loans (specify nature)	Nil	NA
	Assets		
(2)	Break-up of Loans and advances including Bills Receivables (Other than those included in 4 below:)		
	a) Secured		
	b) Unsecured		
	(i) Rental & other deposits	208.27	
	(ii) Advances Recoverable in cash or kind or for value to be received	212.85	
	(iii) Interest accrued on Fixed Deposits placed with Bank	210.96	
	(iv) Receivables under Financing Activities	37076.48	
(3)	Break up of Leased assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under Sundry Debtors		
	(a) Financial Lease	Nil	
	(b) Operating Lease	Nil	
	(ii) Stock on assets including hire charges under Sundry Debtors		
	a) Assets on Hire	Nil	
	b) Repossessed Assets	Nil	
	(iii) Other loans counting towards AFC activities		
	a) Loans where assets have been repossessed	Nil	
	b) Loans other than (a) above	Nil	



	Particulars	Amount Outstanding as on March 31,2010	Amount Overdue
(4)	Break up of Investments		
	Current Investments	Nil	
	1. Quoted		
	(i) Shares - (a) Equity		
	(b) Preference		
	(ii) Debentures and bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others		
	2. Unquoted		
	(i) Shares - (a) Equity		
	(b) Preference		
	(ii) Debentures and bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others		
	Long term investments		
	1.Quoted		
	(i) Shares - (a) Equity		
	(b) Preference		
	(ii) Debentures and bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others		
	2. Unquoted		
	(i) Shares - (a) Equity	10	
	(b) Preference		
	(ii) Debentures and bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others		



Rupees in Lakhs

Particulars			
(5)	Borrower Group-wise Classification of Assets Financed as in (2) & (3) above Please see note 2 below		
		As at 31 st March 2010	
		Amount in Rs. (Net of Provisions)	
	Category	Secured	Unsecured
			Total
	(1) Related parties**		
	a. Subsidiaries	Nil	Nil
	b. Companies in the Same Group	Nil	Nil
	c. Other related parties	Nil	Nil
	(2) Other than related parties	Nil	37069.09
	Total	Nil	37069.09
(6)	Investor Group-wise Classification of all Investments (Current and long term) in shares and securities (both quoted and unquoted) please see note 3 below		
	Category	Market value/Breakup or fair value or NAV	Book Value (Net of Provisions)
	(1) Related parties**	Nil	Nil
	a. Subsidiaries	Nil	Nil
	b. Companies in the Same Group	Nil	Nil
	c. Other related parties	Nil	Nil
	(2) Other than related parties	Nil	10
	Total	Nil	10
	** as per accounting standard of ICAI (Please see Note 3)		
(7)	Other information		
	Particulars		Amount
	(i) Gross Non performing Assets		
	a. Related parties		Nil
	b. Other than related parties		73.86
	(ii) Net Non performing Assets		
	a. Related parties		Nil
	b. Other than related parties		66.47
	(iii) Assets acquired in satisfaction of debt		Nil



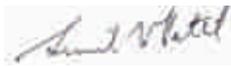
Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance in public Deposit (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial(non-Deposit Accepting or Holding) companies prudential Norms(Reserve Bank) directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

For and on behalf of the Board of Directors



Samit Ghosh
Managing Director



Sunil Patel
Director



Place : Bangalore

Date : May 17, 2010

Part IV of Schedule VI of the Companies Act, 1956 (As Amended) Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. : 035329 State Code : 08
 Balance Sheet Date : 310310

II Capital Raised during the year (Rs. in thousands)

Public Issue : NIL Right Issue : NIL
 Bonus Issue : NIL Private Placement : NIL

III Position of Mobilisation and Deployment of Funds (Rs. in thousands)

Total Liabilities : 4088329 Total Assets : 4088329

Source of Funds

Paid-up Capital : 348425 Reserve and Surplus : 707873
 Secured Loan : 2365545 Unsecured Loans : 4038

Application of Fund

Net Fixed Assets : 85245 Investments : 1000
 Net Current Assets : 3334261 Misc Expenditure : NIL
 Accumulated Losses : NIL

IV Performance of Company

Turnover : 839895 Total Expenditure : 720965
 Profit (Loss) before Tax : 118931 Profit (Loss) after tax : 96392
 Earnings per Share : 27.67 Dividend Rate : 02

V Generic Name of Three Principal Products/Services of Company (As per Monetary terms)

Item Code No : NIL
 Product Description : MICROFINANCE

For and on behalf of the Board of Directors



Samit Ghosh
 Managing Director





Sunil Patel
 Director

Place: Bangalore
 Date: May 17, 2010





Registered Office:
Ujjivan Financial Services Pvt. Ltd.
#93, Jakkasandra Extension, Sarjapur Main Cross Road, 1st Block, Koramangala, Bangalore - 560 034
+ 91 80 4071 2121 | www.ujjivan.com

Photography: Nihal Ghosh | www.somalight.com



Social Performance Management

**Pilot Impact Evaluation Study
Among Customers of Ujjivan for the Period of 2006-2009**



Ujjivan Financial Services Private Limited



Study Commissioned by:
Ujjivan Financial Services Pvt. Ltd.

Research*
Delphi Research Services Pvt. Ltd.
988, 12th Main, 1st Cross,
HAL 2nd Stage, Indiranagar
Bangalore - 560 008
www.delphiindia.com

** Research findings and Case Studies provided by Delphi*

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Nihal Ghosh
www.somalight.com

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Foreword

Ujjivan was founded in 2005 with the social mission to provide financial services to the economically active poor and enable them to lead a 'better life'. Over the past five years, Ujjivan has expanded its outreach across India in 16 States to over 650,000 customers and has financially broken-even, while still remaining deeply committed to its fundamental purpose - poverty alleviation. In order to track and enhance Ujjivan's social impact, Ujjivan developed and implemented a multi-faceted Social Performance Management (SPM) program.

The Pilot Impact Evaluation Study among customers of Ujjivan in Bangalore for the period 2006-09 is one of the first efforts to gain a better understanding of Ujjivan's impact on the lives of the urban poor. The survey is designed to capture changes in the overall wellbeing and financial situations of 300 Ujjivan customers in their third loan cycle. However, poverty is a complex phenomenon. In order to gain a deeper understanding of customers' finances and how they utilize Ujjivan loans, as well as the impact of the loans on their quality of life, Ujjivan developed in-depth case studies of 20 Ujjivan customers.

Overall, the results of the survey are encouraging. The surveys indicate significant improvements in the monthly household income of customers, an increased ability to save, and improvements in the overall wellbeing of customers and their households. We have also observed that after joining Ujjivan, customers are able to free themselves from high-cost debt taken from informal sources: moneylenders, pawn brokers etc. They are also relieved that their neighbourhoods are "safer and more peaceful" as the presence of moneylenders has decreased.

Moving forward, Ujjivan will continue to prioritize the development of a strong SPM program to gather information on Ujjivan's impact, and use it strategically to enhance our products and services. Last year, Ujjivan was selected as the first microfinance institution to participate in the SPM Implementation Program, sponsored by Unitus, Michael and Susan Dell Foundation and Grameen Foundation. As part of this program, Ujjivan has launched a large-scale longitudinal impact study: 3,200 customers across 13 States will be tracked over a period of three years to monitor the impact of Ujjivan and its services.

Additionally, we have conducted an internal social audit using the CERISE SPI™ tool and conducted a workshop for senior management to devise strategies and systems to enhance social impact. In the coming months, Ujjivan plans to implement a new MIS system which will capture Grameen Foundation Progress out of Poverty Index (PPI™) poverty scoring for all incoming clients. In recognition of its leadership, Ujjivan was one of the two MFIs in India to be presented with the Social Performance Reporting Award Gold Category in October 2009. The award was presented by CGAP, Michael & Susan DELL Foundation and Ford Foundation and powered by MIX.

Our mission at Ujjivan has always been to have a holistic approach to poverty alleviation and work closely with our sister organization Parinaam Foundation. Together, in addition to microfinance, we are able to provide other critical interventions required for poverty alleviation, such as healthcare, education, vocational training & community development. Parinaam is piloting pioneer work with the urban ultra poor with the help of Ujjivan.



We believe that monitoring impact provides crucial feedback as we strive to develop new and innovative products and services to alleviate poverty. It is a great source of pride for our organization to be pioneers in social performance management among Indian MFIs. We are pleased to collaborate in this endeavour with Delphi Research Services, Unitus, Michael & Susan Dell Foundation and Grameen Foundation. We look forward to share this study with Ujjivan's friends, supporters, academics and the microfinance community at large, and hope to continue to provide relevant and interesting information for our peers.

Finally, we have incorporated this in our Annual Report to underscore the importance of the double bottom line for a social enterprise like Ujjivan.



Samit Ghosh

May 13th, 2010

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1.0. Introduction

1.1. About Ujjivan Financial Services Pvt. Ltd.

a) Ujjivan Financial Services Pvt. Ltd. (Ujjivan) is a microfinance institution founded in 2005. The majority of microfinance institutions (MFIs) focus primarily on rural India but very few serve India's urban population. To bridge this gap, Ujjivan's focus is on the urban poor. This is a fast growing segment that is relatively new ground for the Indian microfinance industry. Ujjivan's surveys and interaction with the urban poor show that they are exposed to a relentless onslaught of contingencies, some of which take an enormous toll on their lives and fiscal stability. The urban poor are required to share their meagre resources with neighbours, friends, relatives and colleagues. Hence, there is a tremendous amount of bonding and affinity among them. Ujjivan's experience suggests that, contrary to popular belief, the urban poor are a stable population.

b) The primary target customers are women because there is a wealth of empirical evidence suggesting they are a much more bankable population for microfinance than their male counterparts. They are proven to spend a larger portion of their money on the welfare of their family and therefore create systemic changes needed to move their families out of poverty. Alternative sources of loans for urban poor women, besides MFIs, are predominantly moneylenders and a host of non-formal sources.

c) Ujjivan's strategy, products and distribution methods evolved based on the results of an 18 month pilot program and an extensive market research study, both based in Bangalore, and has been refined over the past three years based on its experience in each of the regions where it operates. Ujjivan's research and experience indicates that income is not a reliable determinant to establish economic status of the urban poor, so it also considers a variety of other factors such as housing, occupation, education, expenditure etc. Unlike in rural areas, a substantial portion of the urban poor are employees with a salary income, working as domestic housemaids or cooks or working in factories, hospitals, offices and hotels. The self-employed are mainly vendors, small shopkeepers, tailors, owners of small businesses, petty shops etc.

d) As of 30st April 2010, Ujjivan has disbursed over Rs.10,088 million to over 653,370 customers in 16 states across India and plans to expand nationally to serve 2,000,000 customers with 500 branches by 2012-13.



1.2. Survey Background

Ujjivan was founded with the mission of helping women by providing financial services to the economically active poor, to enable them to lead a 'better life'.

- a) The purpose of this survey is to try and determine the extent to which Ujjivan is on track towards its social mission of helping economically active poor women to emerge from and, eventually, escape poverty.
- b) As the volume of research on microfinance suggests, there is no clear consensus on the most efficient way to measure the impact of microfinance on the lives of the poor. Several approaches have been used in India and other parts of the world, each with their distinct pros and cons.
- c) Despite the various challenges of measuring impact, it was decided, as a first step in this direction, to conduct a Pilot Impact Evaluation Survey in Bangalore. Such a survey would entail interviewing a sample comprising 'first cycle' customers (new customers who have been with Ujjivan for less than a year) and 'third cycle' customers (those who have been with Ujjivan for more than 2 years).
- d) Ujjivan commissioned Delphi Research Services Pvt. Ltd. (DELPHI), an independent market research company, to design and undertake a customized Impact Evaluation Survey among 'first cycle' and 'third cycle' customers in Bangalore.
- e) The study was conducted between July and September 2009.
- f) The findings from this survey provide some insights into the impact of Ujjivan's microfinance services on the lives of its customers as well as offers an opportunity to gauge the efficacy of the approach adopted for the study.
- g) A more rigorous impact evaluation study was done in December 2009 based on a sample of 3,200 'first cycle' customers nationwide. Baseline data from these customers was collected between January and February 2010. The same customers will be re-visited in 2012.

1.3. Methodology

Two-Pronged Approach

Semi-structured interviews were conducted to obtain quantifiable data as well as some qualitative insights into the quality of lives of Ujjivan's customers and the impact of Ujjivan's support on their lives

- 3rd loan cycle customers were met to gather information about their lives, the household's financial situation, savings and loans, as well as changes in the quality of their lives since the time that they joined Ujjivan
- 1st loan cycle customers were met to gather similar information as well as baseline data that can be benchmarked against, 2 to 3 years down the road. Data from these customers also served as a "surrogate control group" for comparison against similar data obtained from 3rd loan cycle customers.
- The research instrument was a Semi-structured questionnaire.

Case Studies were conducted to gather detailed and in-depth information about the lives and financial situations of Ujjivan customers.

- 20 Case Studies were compiled via In-Depth Interviews over multiple sittings
- 10 Case Studies featured 3rd loan cycle customers while 10 Case Studies featured 1st loan cycle customers

Sampling

Stratified random sampling was adopted to randomly select customers from ten branches in Bangalore. Equal representation was given to Family and Business Loan Customers. The table below shows the number of customers included in the survey by vintage (loan cycle) and loan type.

	Vintage (Loan Cycle)		Loan Type	
	1st Loan	3rd Loan	Business	Family
Total				
528	266	262	259	269



Representation of Occupation Groups

Customers in the sample primarily comprised four occupation groups. The graph below shows the number of customers falling into each sub-group, by loan cycle. The occupation groups are defined as follows:

Salaried

A customer who is working for an employer on a regular payment schedule. The most common salaried positions are:

- Housemaid
- Tailor
- Garment factory worker

Self-employed

A customer who is running a small business. Most common self-employed occupations are:

- Saree seller
- Flower vendor
- Fruit or vegetable vendor
- Petty shop owner

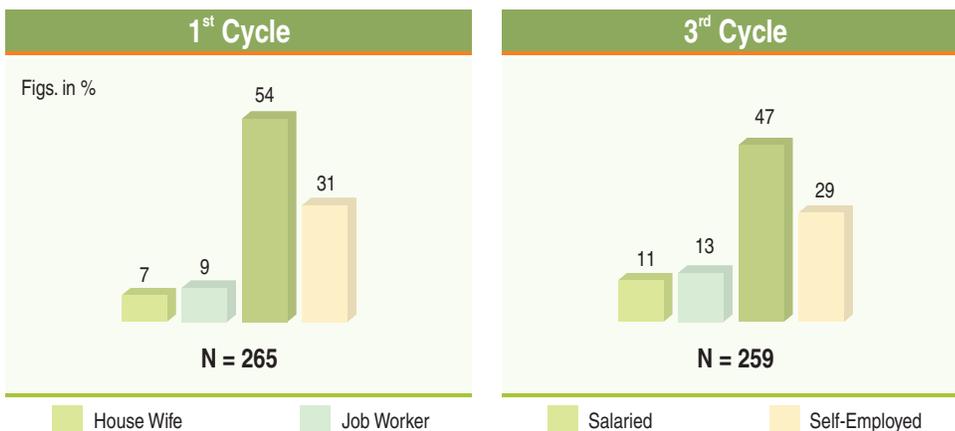
Job worker

A customer who is being paid for work on a piece-rate basis. Most common examples of piece-rate work are:

- Agarbatti rolling (incense sticks)
- Beedi rolling (dried-leaf mini cigarettes)
- Embroidery

Housewife

Customer who does not receive any income of her own



1.4. Definition of Some Key Indicators for Impact Evaluation

1. Overall Wellbeing Rating

This rating reflects the customer's perception of the overall welfare of her household. Customers in the sample were asked to indicate, taking everything into account, the Current Overall Wellbeing of the Household. Responses were obtained along a 5 Point Scale.

2. Monthly Household Income (MHI)

The monthly household income has been derived for each household based on the combined income of all working members in the family, based on the number of days worked each month by each working member of the household.

For many urban poor households, the Monthly Household Income remains a "notional" figure, since some husbands work erratically during the year and some contribute only a fraction of their income to the household, etc. This is an important aspect to bear in mind, while looking at MHI.

3. Monthly Household Expenditure (MHE)

The monthly household expenditure has been computed for each household, based on the typical amount spent by the household for each head of expenditure. Expenses that are incurred once a year or on a non-monthly basis for certain heads of expense such as school fees, for example, have been computed on a monthly basis.

4. Notional Monthly Surplus

The monthly surplus refers to the notional surplus or deficit after subtracting the Monthly Household Expenses (MHE) from the Monthly Household Income. For all practical purposes, this is a "notional" figure and merely indicative of the monthly financial pattern of a household.

5. Savings

Respondents were asked about their ability to save money "from time to time." For those responding "yes," information was obtained regarding the frequency with which customers were able to save, maximum and minimum amount they were able to save and the places where savings are deposited.

6. Debt

Debt refers to all outstanding loans held by the customer. Customers were asked to list all loans they had current outstanding, the amount of each loan, interest rate and the purpose for which they had availed of the loans



7. Changes in Food Consumption Pattern - 3rd loan cycle customers

Due to the sensitivity of this subject amongst respondents, customers were not asked detailed questions regarding food consumption. Third Cycle customers were merely asked to indicate whether their “food consumption habits” had improved, remained the same or become worse over the past two years, since joining Ujjivan.

8. Changes in Living Conditions - 3rd loan cycle customers

Living conditions refers to the basic quality of the dwellings in which customers reside and their access to basic amenities. Here too, customers were merely asked to indicate whether their “Living Conditions” had improved, remained the same or become worse over the past two years.

9. Per Capita Income Pattern

The distribution of households among 1st and 3rd loan cycle customers in terms of per capita income per day offers some cues and adds another yardstick to gauge the impact of loans from MFIs such as Ujjivan, on the households.

10. Grameen Foundation Progress out of Poverty Index (PPI)™

The Grameen Foundation Progress out of Poverty Index (PPI)™ is a tool designed to give microfinance clients a poverty scoring based on ten indicators correlated with poverty levels in India. Based on the score customers receive, the PPI predicts the likely proportion of customers living below the poverty line, using various working definitions of the “poverty line”.

2.0. Key Findings

2.1 Quantitative Findings

Monthly Household Income (MHI)

The table below shows the average MHI for customers by loan cycle. As the table shows, the majority of customers in both the 1st and 3rd loan cycle earn reported MHI in the range of Rs.4,001 - 15,000.

There is little variation between customers in either loan cycle, although there is a slight difference in the average MHI reported by the two groups:

- Average MHI reported by 1st Loan cycle Customers: Rs.9,352
- Average MHI reported by 3rd Loan cycle Customers: Rs.10,333

Monthly Household Income	1 st Loan Cycle	3 rd Loan Cycle
Up to Rs.2000	2%	1%
Rs.2001 to 4000	3%	5%
Rs.4001 to 6000	15%	15%
Rs.6001 to 8000	23%	22%
Rs.8001 to 10000	27%	20%
Rs.10001 to 15000	23%	24%
Rs.15001 to 20000	5%	9%
Rs.20000+	2%	4%

Major Occupations by Loan Cycle

The table below describes the major occupations of clients surveyed by occupation sub-group and loan cycle.

Categories	1 st Cycle	3 rd Cycle
Housewife	N=18	N=28
Housewife	100%	100%
Job Worker	N=24	N=34
Agarbathi	50%	38%
Beedi Roller	13%	38%
Embroidery	29%	18%
Others	8%	6%

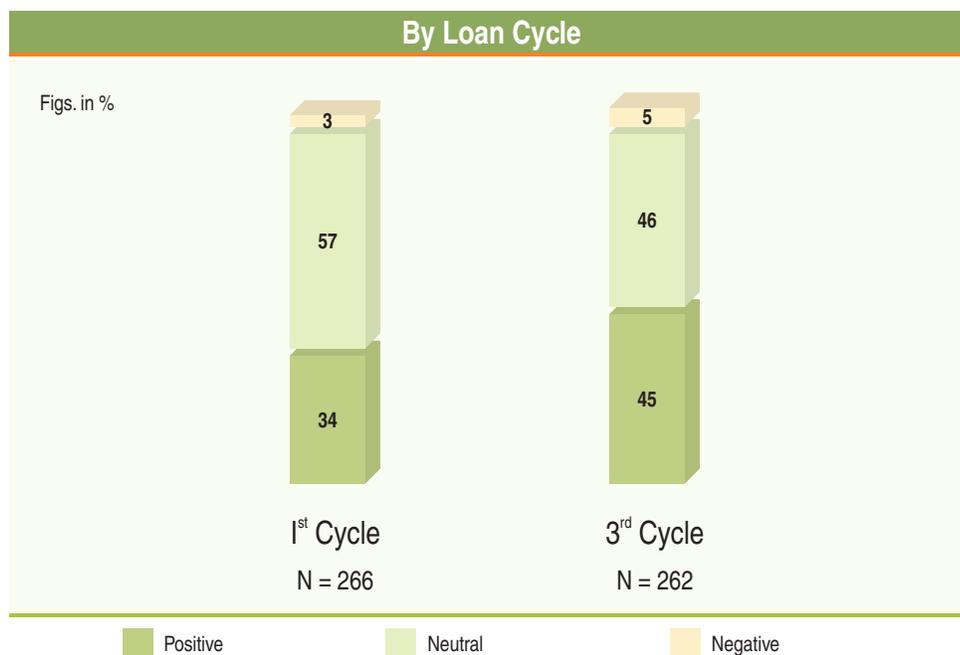


Categories	1 st Cycle	3 rd Cycle
Salaried	N=142	N=122
House Maid/Housekeeping	37%	41%
Tailor	35%	36%
Garments	11%	5%
Others	17%	18%
Self Employed	N=81	N=75
Saree Sales	32%	40%
Flower Vendor	21%	12%
Vegetable Vendor	7%	3%
Petty Shop	4%	7%
Others	36%	38%

Indicator 1: Overall Wellbeing

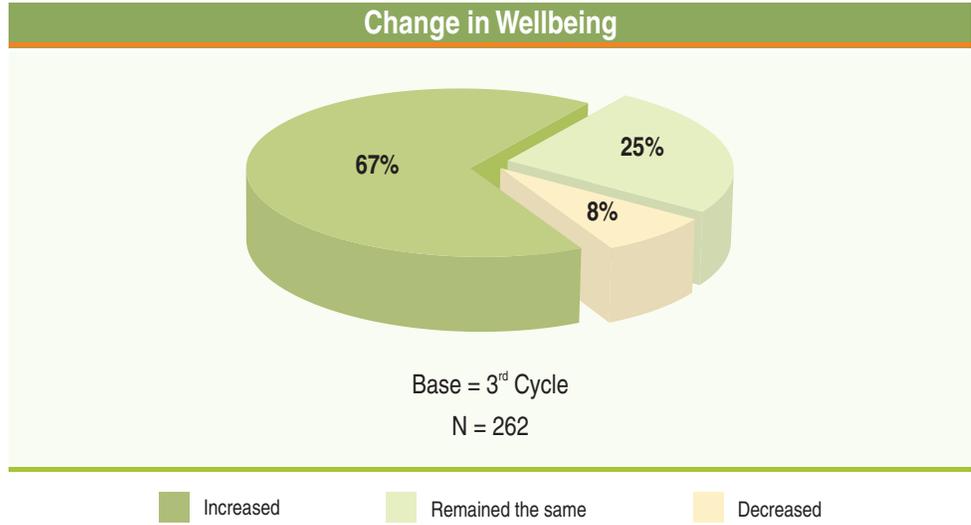
Current Overall Wellbeing

45% of 3rd cycle customers rate their current overall wellbeing positively, as opposed to 34% of 1st cycle customers.



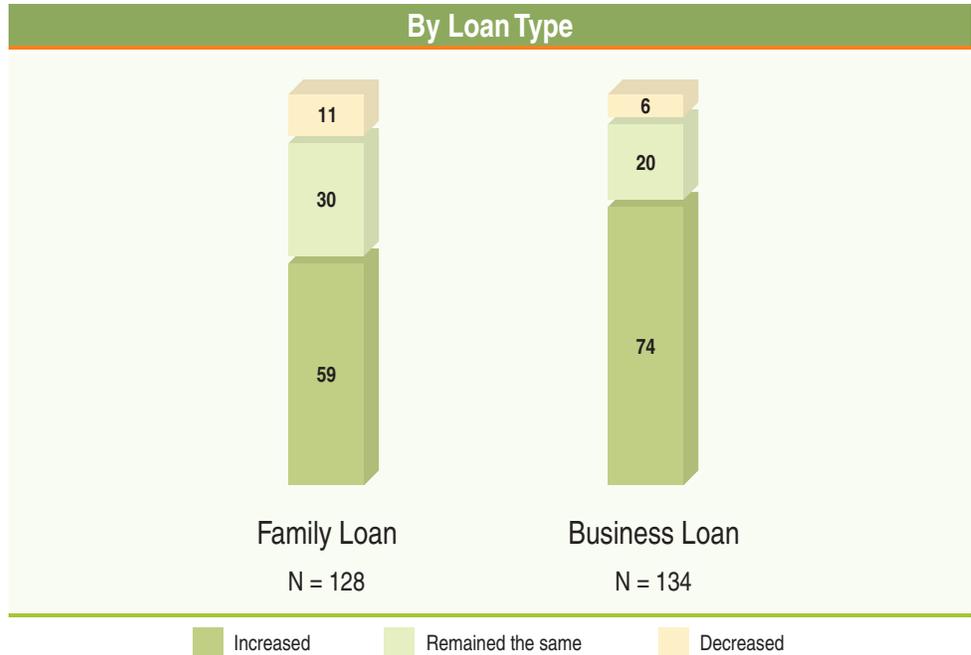
Changes in Overall Wellbeing by 3rd Cycle Customers

Overall, two thirds of 3rd cycle customers feel the overall wellbeing their household has increased over the last 2 years.



Changes in Overall Wellbeing by Loan Type

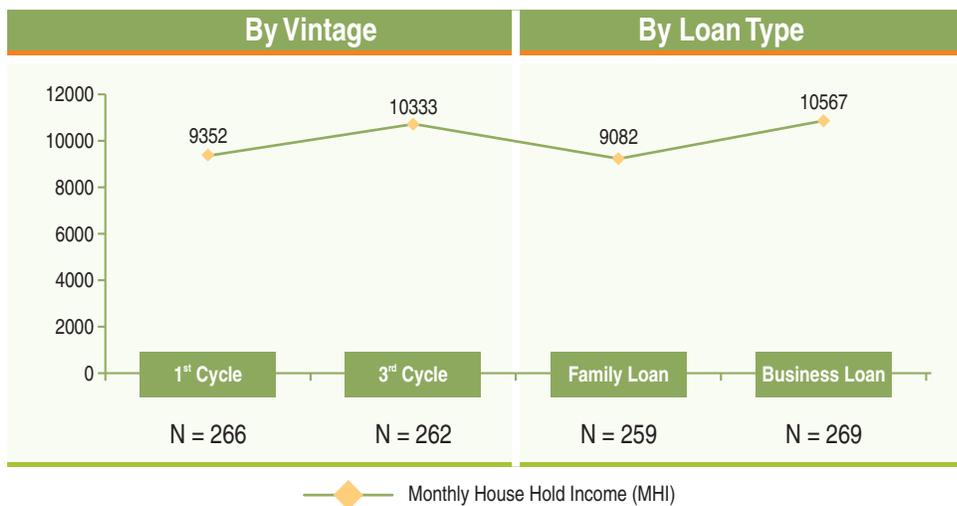
- A majority of both Business and Family Loan customers reported an 'increase' in the overall wellbeing of their household.
- This proportion is higher among Business Loan customers at 74% as against Family Loan customers at 68%.



Indicator 2: Monthly Household Income (MHI)

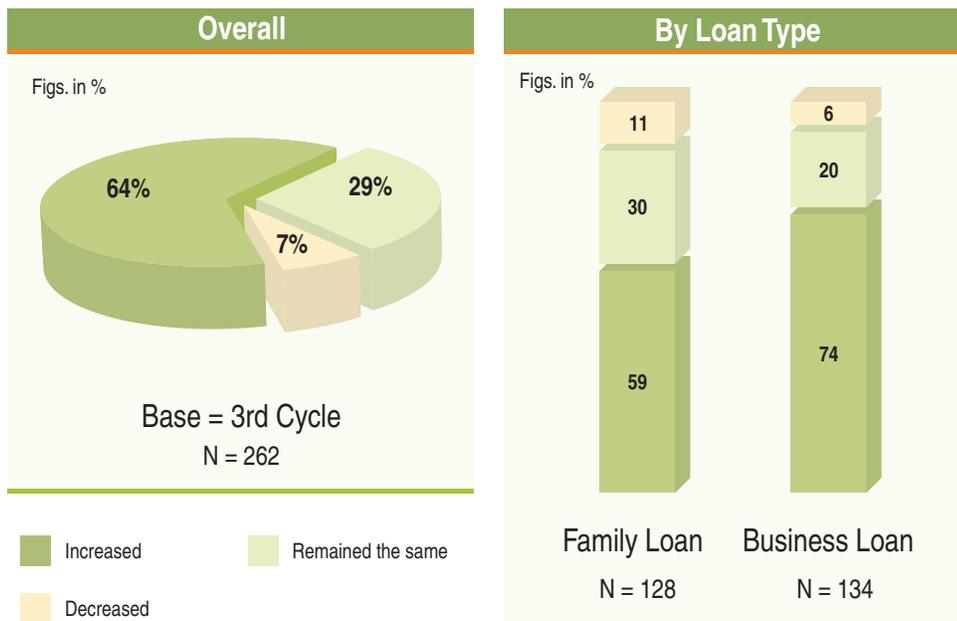
Monthly Household Income

- The average MHI of 3rd loan cycle customers is almost Rs.1000 higher than that of 1st Cycle customers
- Business Loan customers (across both 1st and 3rd Cycles) tend to have a higher income than do Family Loan customers



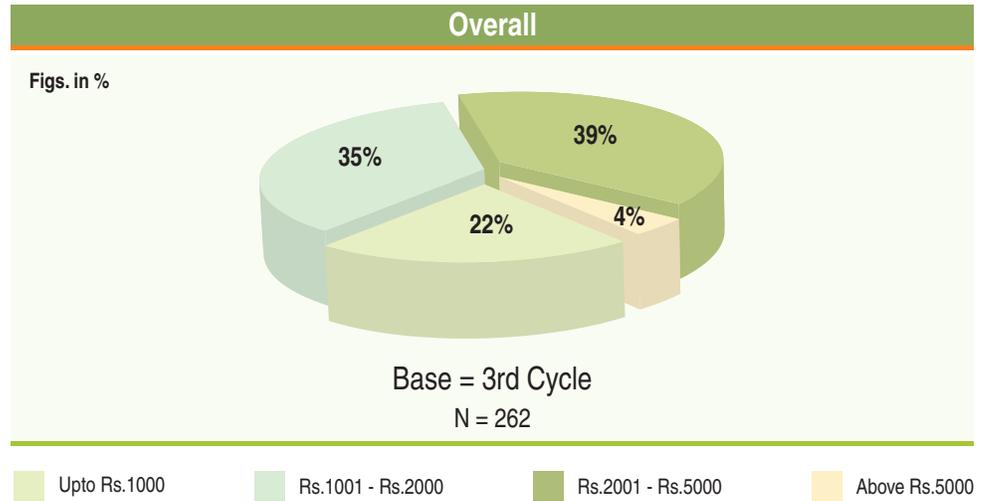
Change in MHI since joining Ujjivan - 3rd Loan Cycle

- 64% of all 3rd cycle customers report that their monthly household income has increased over the last 2 years
- A relatively higher proportion of Business Loan customers report an increase in their monthly household income over the last 2 years



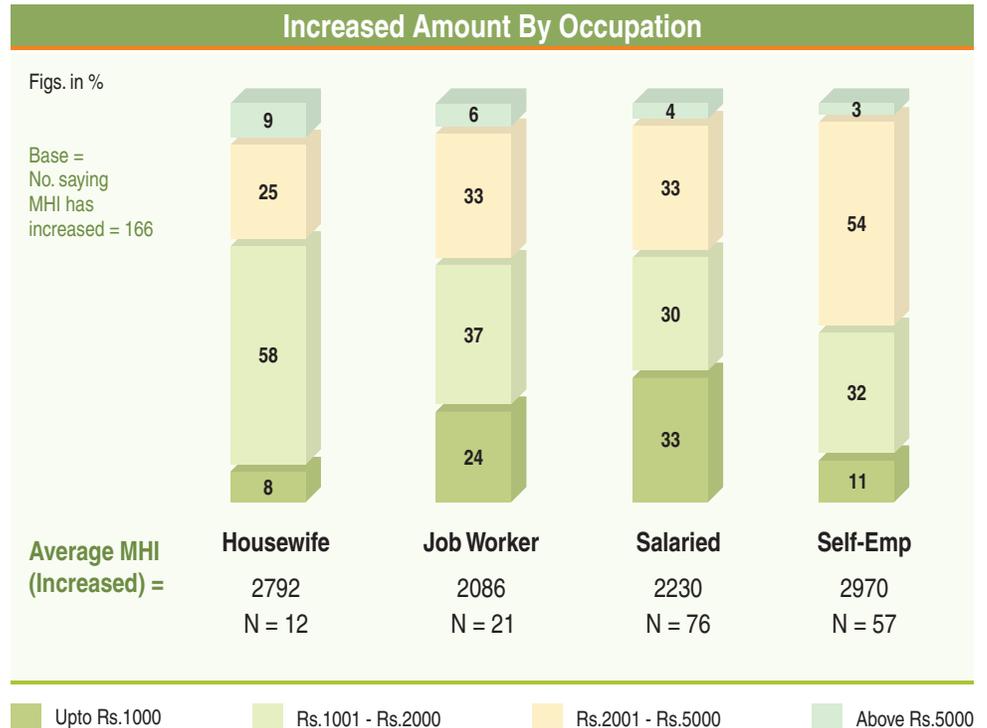
Increase in MHI Over Last 2 Years – 3rd Cycle Customers

- 74% of 3rd Cycle customers report an increase of between Rs.1,000 and Rs.5,000 in their MHI over the last 2 years.



Increase in MHI Over last 2 Years – 3rd Cycle Customers by Occupation Type

- The Self-Employed tend to see higher monthly household income increase over a 2 year period than do their counterparts in other occupation groups.

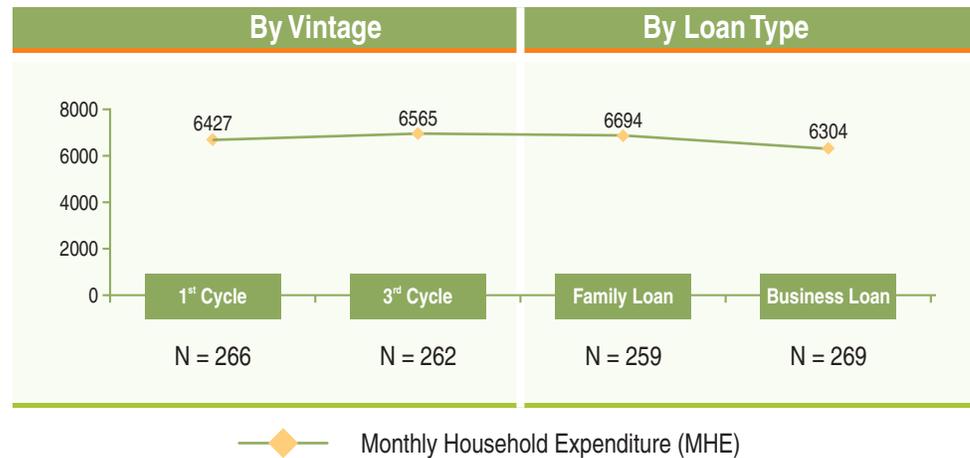




Indicator 3: Monthly Household Expenditure (MHE)

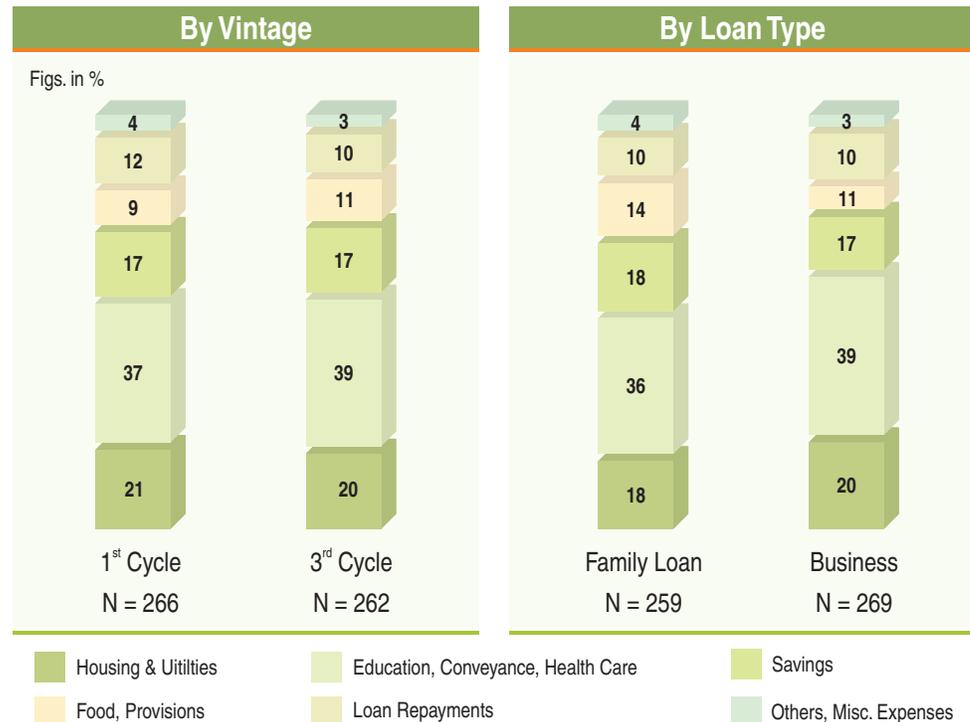
Monthly Household Expenditure (MHE)

- 3rd Cycle customers tend to have marginally higher monthly household expenses than do 1st Cycle customers. The difference is not significant.



Composition of Monthly Household Expenditure (MHE)

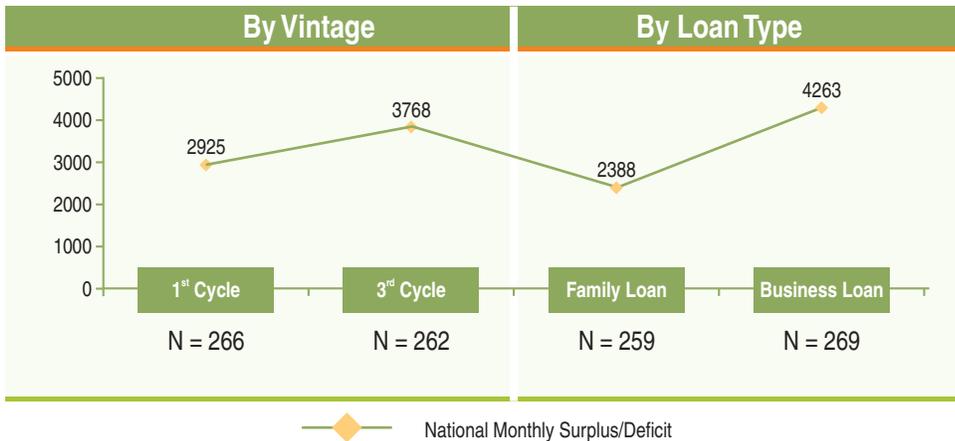
- There are no significant differences in the composition of MHE between 1st and 3rd Cycle customers.



Indicator 4: Notional Monthly Household Surplus

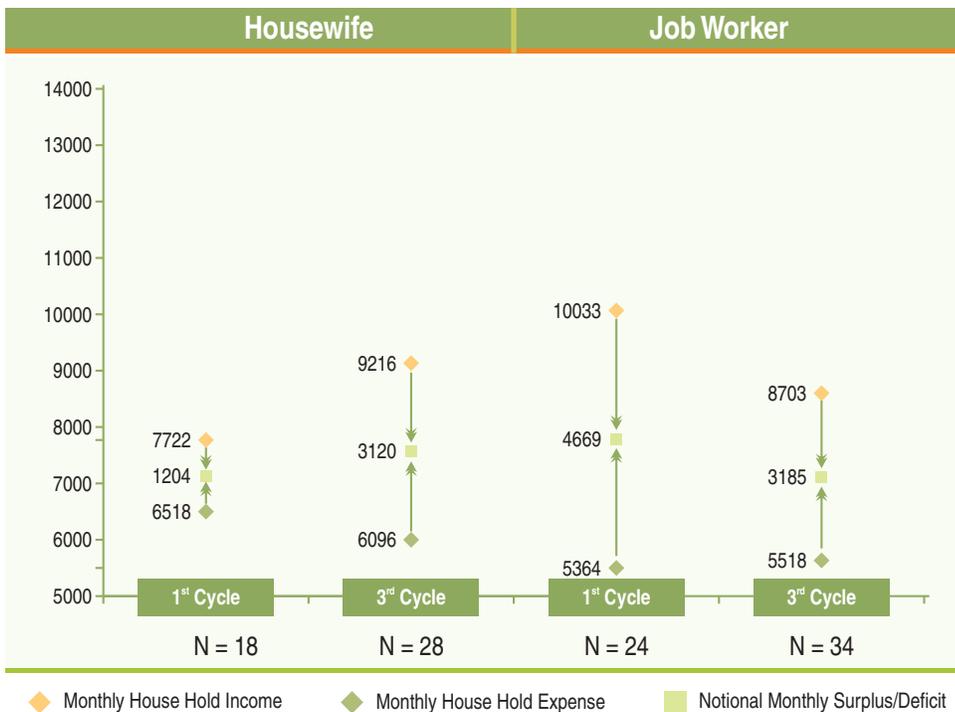
Monthly Household Surplus by Loan Cycle, by Loan Type

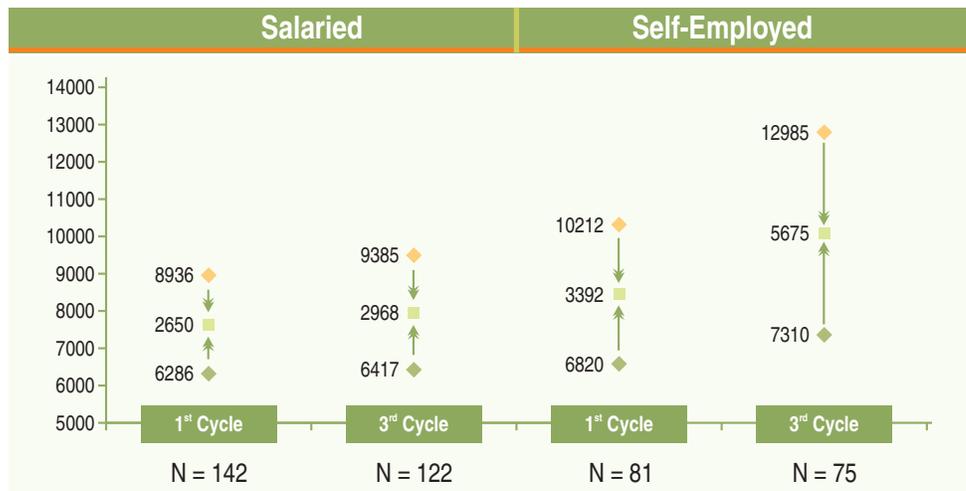
- 3rd Cycle customers tend to have a significantly higher Monthly Household Surplus. Surplus considered as difference between income and expenditure.
- Business Loan customers (across both 1st & 3rd Cycles) have a higher monthly surplus.



Monthly Household Surplus by Occupation Type

- Among Occupation groups, the Self-Employed tend to have the highest monthly household surplus.
- In all but one occupation groups, namely, Job Workers, 3rd Cycle customers tend to have higher monthly household surplus than do 1st Cycle customers.



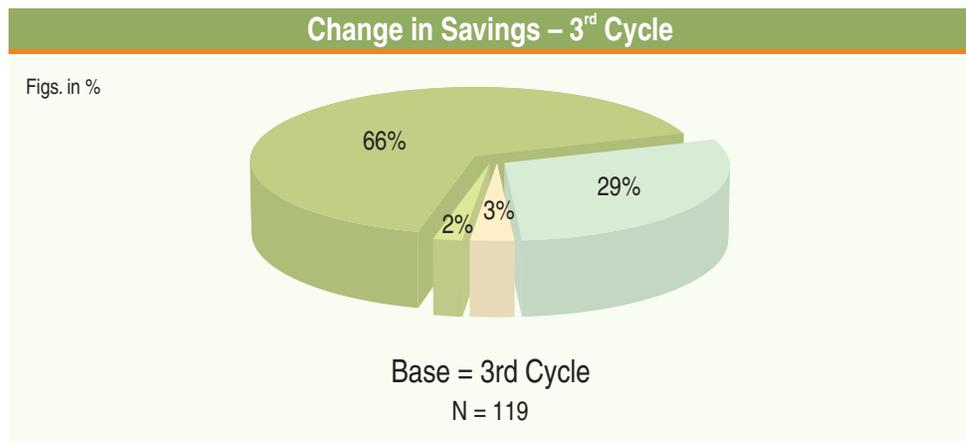


◆ Monthly House Hold Income
 ◆ Monthly House Hold Expense
 ■ Notional Monthly Surplus/Deficit

Indicator 5: Savings

Changes in Savings Over Last 2 Years – 3rd Loan Cycle Customers

- 81% of 3rd Cycle customers are able to save some money from time to time. Of these, 29% indicate the savings of the Household has increased in the last 2 years
- 66% say their savings have remained the same.

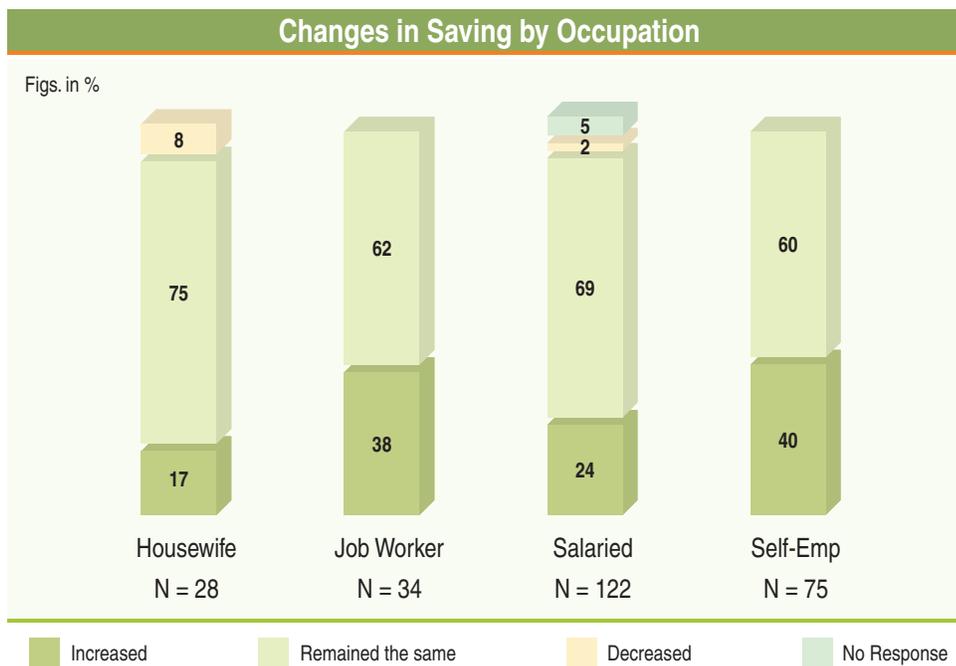
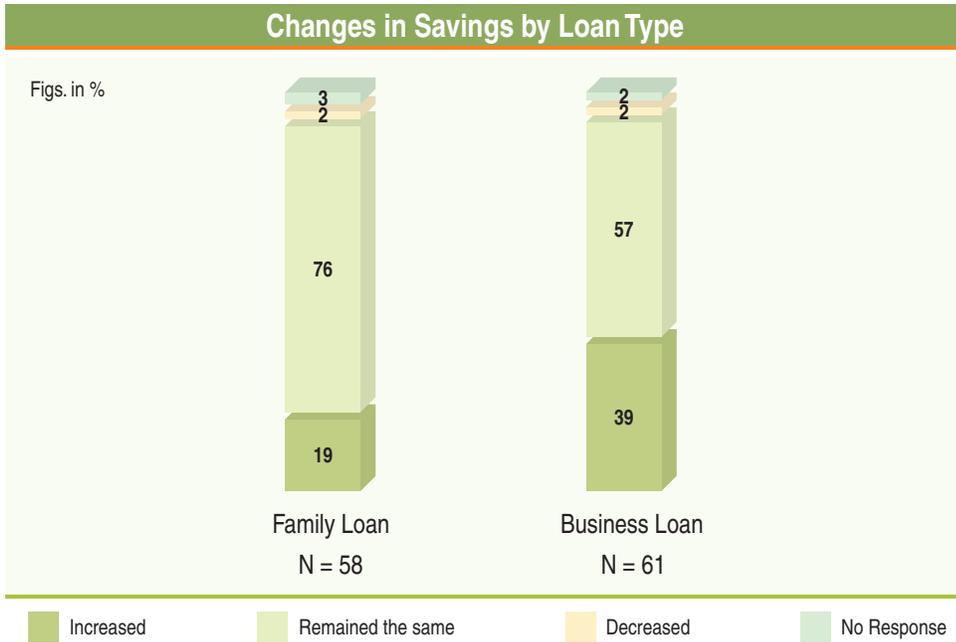


■ Increased
 ■ Remained the same
 ■ Decreased
 ■ No Response



Changes in Savings - 3rd Cycle : by Loan Type, Occupation

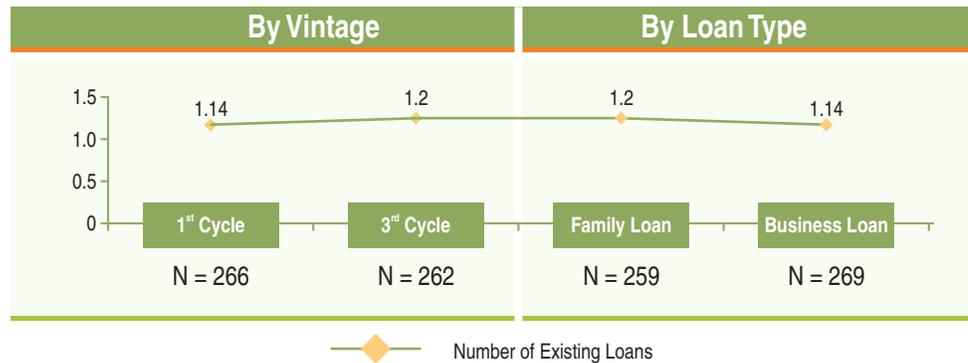
- 39% of Business Loan customers report an increase in their household savings as against 18% of Family Loan customers
- Among Occupation groups, 40% of Self-Employed and 38% of Job Workers report an increase in their household savings, considerably higher than among Salaried and Housewives.



Indicator 6: Debt

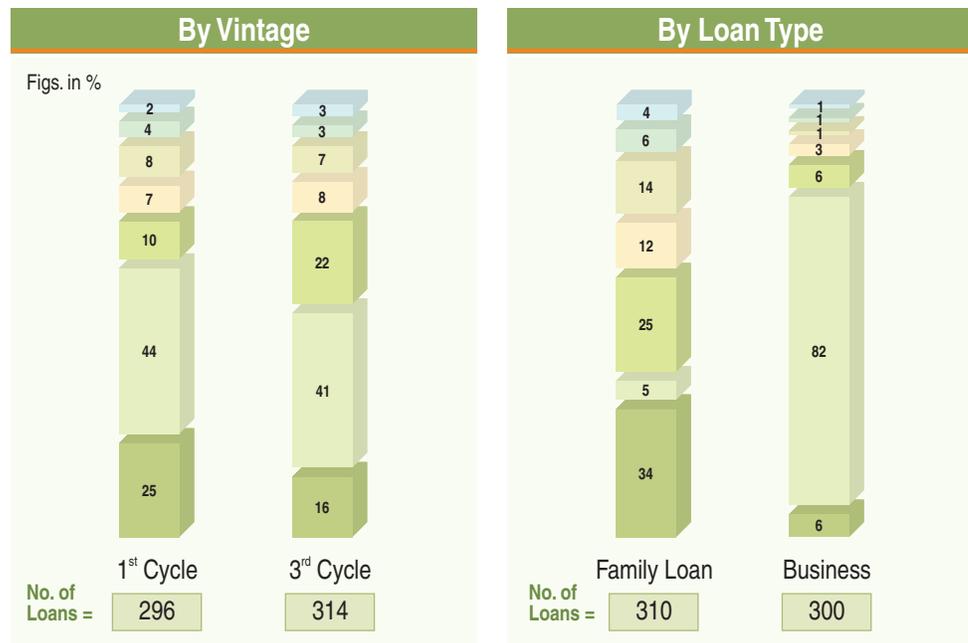
Level of Indebtedness : Number of Loans Being Serviced

- 3rd Cycle customers tend to have a relatively larger number of loans being serviced; the average number of loans for 3rd loan cycle customers was 1.2 compared to 1.14 amongst 1st cycle customers.
- Family Loan customers (across both 1st and 3rd Cycles) tend to have a relatively larger number of loans being serviced.



Loan Usage

- 79% of 1st Cycle customers have taken a loan for Business (44%), and Education (25%) and Medical expenses (10%)
- 81% of 3rd Cycle customers have taken a loan for Business (41%), Education (18%) and Medical expenses (22%)

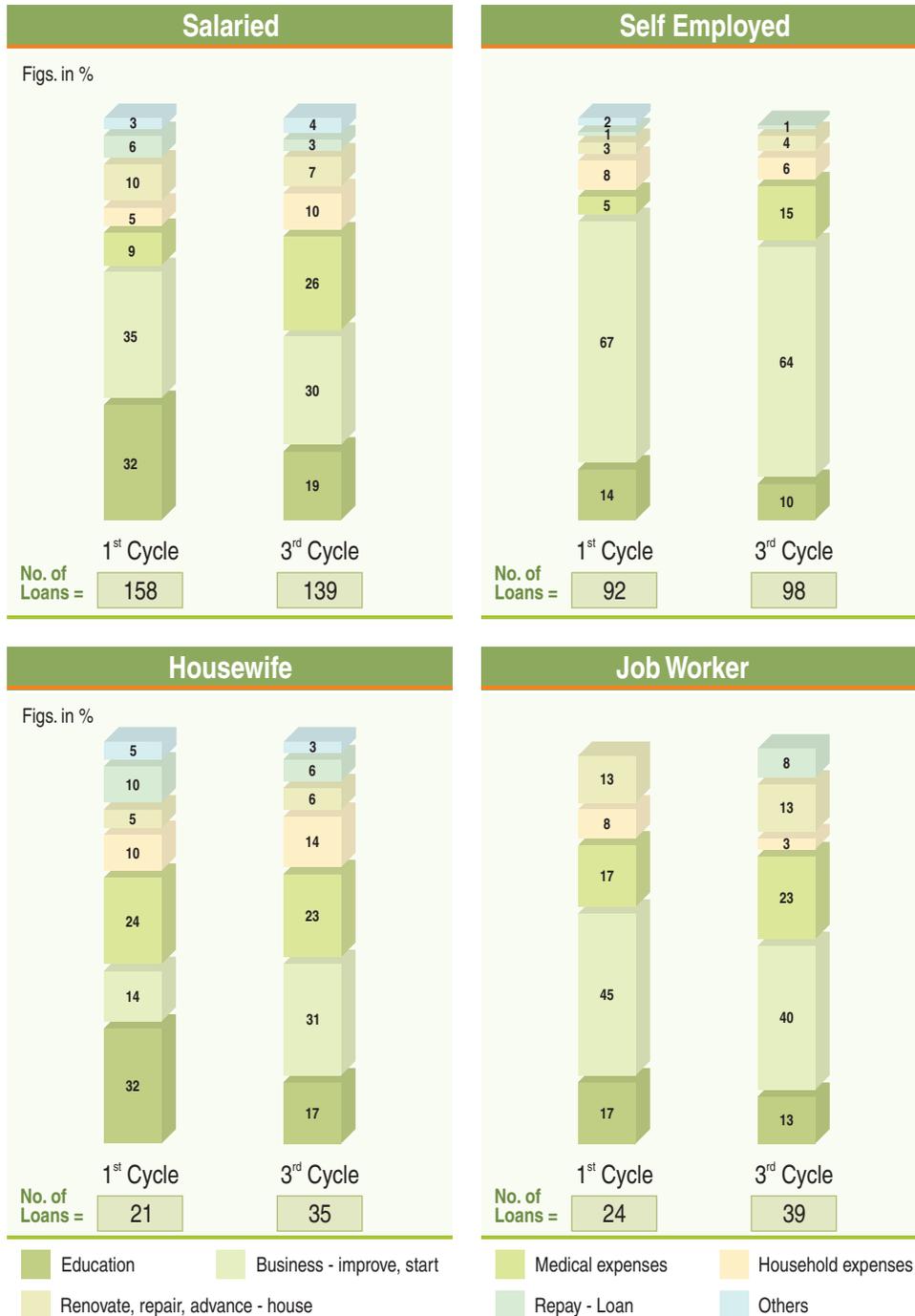


- Education
- Business - improve, start
- Medical expenses
- Household expenses
- Renovate, repair, advance - house
- Repay - Loan
- Others



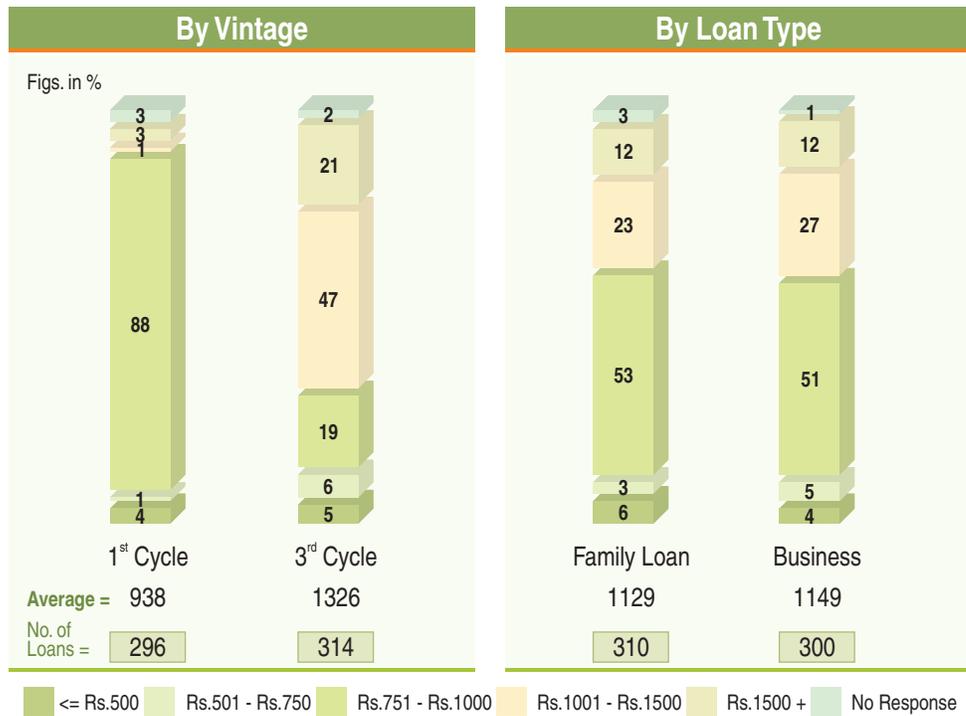
Loan Usage : By Occupation, Loan Cycle

- The three major purposes for which loans have been taken are Business, Education and Medical expenses, across all groups.
- Self-Employed customers and Job Workers, on average, spent a larger percentage of their loans on business investments than Salaried workers and Housewives.



Amount Repaid per Month for Existing Loans

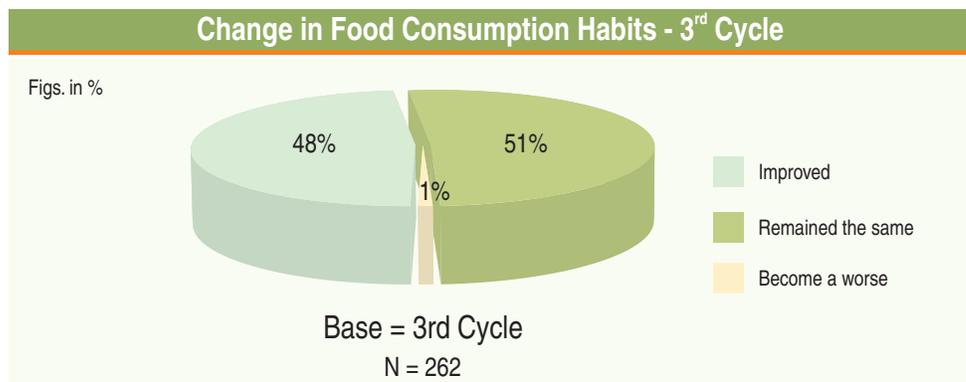
- The chart below shows the amount that customers are spending each month on loan repayment, for loans taken from Ujjivan and other sources.
- On average, 3rd loan cycle customers are spending more each month on servicing the loans they are taking.
- Average 1st Cycle Customers : Rs.938
- Average 3rd Cycle Customers : Rs.1,326



Indicator 7: Changes in Food Consumption – 3rd Cycle Customers

Change in Household Food Consumption

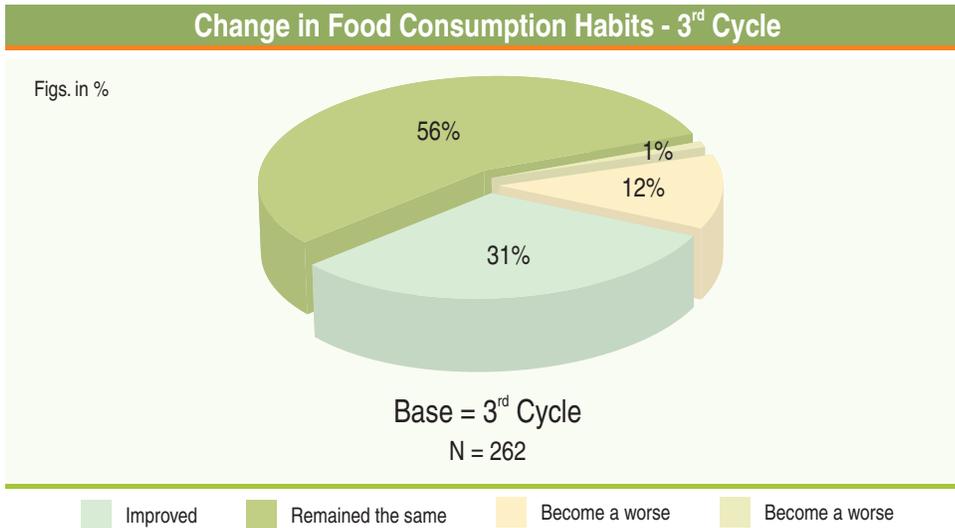
- 48% of 3rd Cycle customers indicate the household's food consumption pattern over the last two years has improved.



Indicator 8: Changes in Living Conditions – 3rd Cycle Customers

Change in Living Conditions

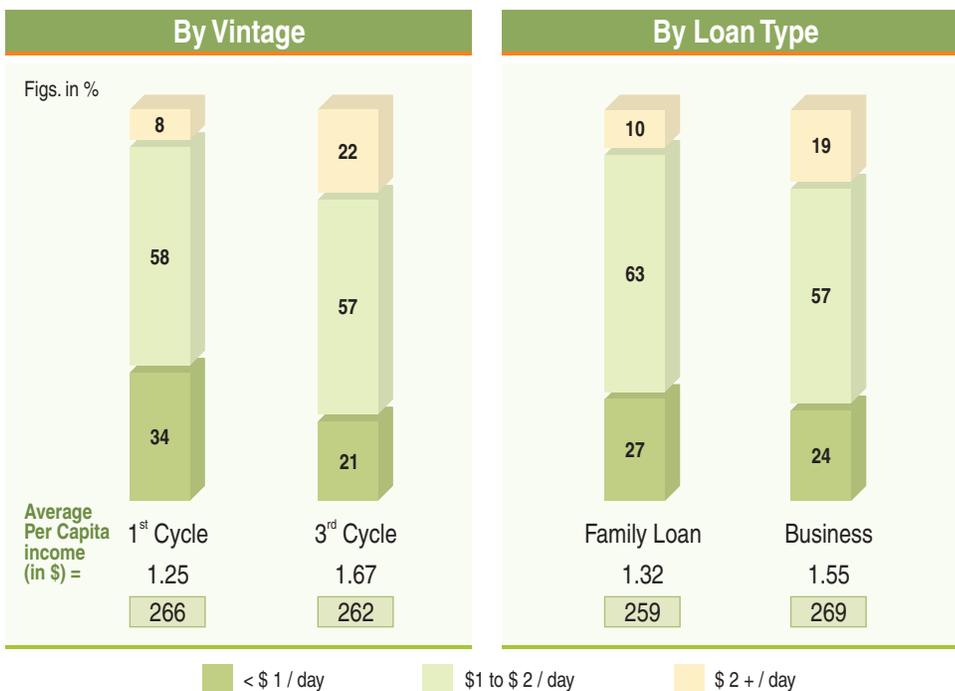
- 31% of 3rd Cycle customers say their Living Conditions have improved over the last 2 years.



Indicator 9: Per Capita Income in US\$ (INR 45 = US\$1)

Per Capita Income

- 21% of 3rd Cycle customers households and only 8% of 1st loan cycle customer households have a per capita income of more than US\$2 per day
- 19% of Business Loan customers households (across 1st and 3rd cycles) tend to have a per capita income of more than US\$2 per day



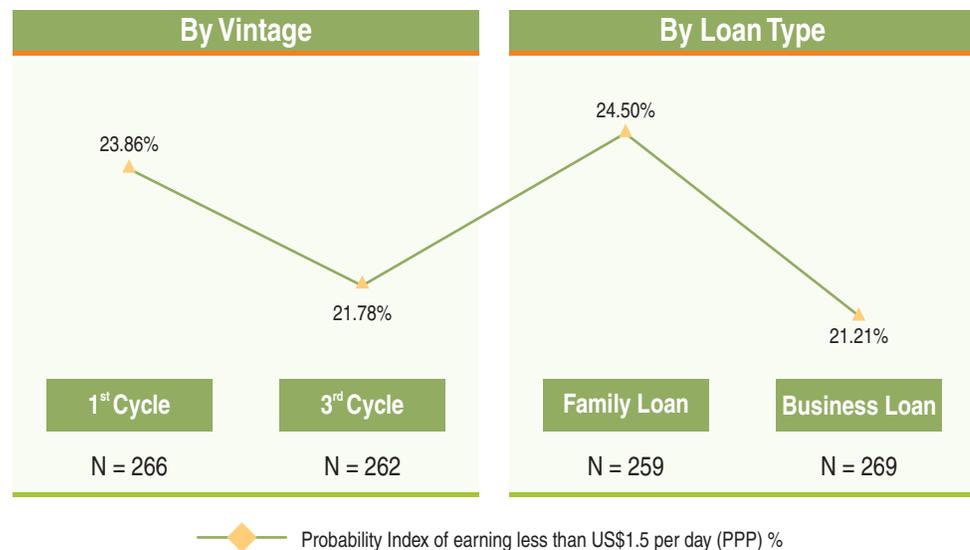
Indicator 10: Grameen Foundation Progress out of Poverty Index

Progress out of Poverty Index (PPI)

The PPI is a tool developed by the Grameen Foundation to allow microfinance institutions measure the poverty levels of their customers. Based on 10 indicators correlated with poverty data, the PPI generates a score for clients. The score indicates the likelihood that the client will be living below the poverty line, defined at US \$1.50 per day at purchasing power parity (PPP). This poverty line was chosen as the indicator because the clients sampled are living in an urban setting, and thus incur relatively higher living costs than their rural counterparts.

Probability Index* based on PPI Scores

As the figure below shows, the overall probability a 3rd cycle customer earning less than US\$1.50 per day (PPP) is lower than that of a 1st loan cycle customer. Moreover, business loan customers tend to be above our defined urban poverty line compared to family loan customers.



*Calculations are based on Grameen Framework





2.2 Qualitative Findings

More Positive Outlook towards Life and the Future

Overall, 3rd loan cycle customers seem to have a more positive outlook on life. This suggests that joining Ujjivan has had an impact in terms of infusing customers with a sense of optimism and confidence about the future.

Improvements in Household Wellbeing and Financial Situation

- We cannot assume that major and substantive changes can come about in the lives of an MFI's customers within a span of 2-3 years solely due to access of one or more small loans. However, the findings of this component of the study suggest the following indicative beneficial changes in some households:
- They have now got an additional earning member in the household.
- They have been able to retire high cost loans from moneylenders and other sources charging higher rates of interest.
- They are more able to save money, from time to time.
- They have gained confidence in their ability to save some money with each passing year, and their ability to do so in the future.
- They have been able to start a new business, or help to support another member of the household in starting a new business.
- They have helped in learning a new skill and supplementing the household income, through job work.
- They have helped buy animal husbandry-poultry, goats etc.
- They have helped in attending to medical emergencies.
- They have helped put a fledgling business/micro enterprise on a sounder footing
- They have helped in meeting Education expenses to children who, in the future, can get jobs, ideally reasonably well paying jobs.
- They have helped in a small way in improving the quality of lives.

Quieter Neighbourhoods

In many of the urban poor clusters where Ujjivan's customers reside, reportedly, their neighborhoods have become far more peaceful than they used to be some years ago.

Apparently, before Ujjivan and other MFIs came to these areas, moneylenders were the major source of loans for residents. At that time, there used to be bedlam especially when moneylenders came to collect from customers who were behind in their repayments.



3.0. Case Studies

This section includes the findings from a Qualitative Phase of research, involving detailed Case Studies with 20 customers. This includes 10 customers in the First Loan Cycle, and 10 customers in the Third Loan Cycle.

Case studies are designed to gain further and deeper insights into the lives of Ujjivan customers.

An in-depth interview guide was used as research instrument for the Case Studies which were recorded, translated and transcribed. Case studies include comprehensive data on the financial situations of urban poor households.

In both segments, First Loan Cycle customers were approached to get baseline data for further studies while Third Loan Cycle customers were approached to assess the changes in the quality of lives of customers who have been associated with Ujjivan for some time.

- **First Cycle Business Loan Customers**
- **Third Cycle Business Loan Customers**
- **First Cycle Family Loan Customers**
- **Third Cycle Family Loan Customers**

First Cycle Business Loan Customers



Rathna Mallikarjuna

Occupation : Tiffin Vendor

Date of interview : 12-9-09

Childhood

Rathna was born in a village called Kalavur, near Chikamagalur in Karnataka in 1972. She was the sixth of seven children, with five sisters and one brother. Rathna's parents owned a coconut farm consisting of about two acres. Rathna's father tended the farm and her mother was a housewife. Rathna and her siblings did a few years of schooling in a Kannada medium village school and therefore can read and write Kannada. Rathna studied till class 5 after which she was taken out of school so that she could help her mother at home.

Rathna had an arranged marriage at the age of 17 to Mallikarjuna, who worked as a mechanic with KSRTC, a government run state transport organization in Bangalore. Mallikarjuna had done his PUC (pre-graduate).

Transition To Adulthood

After marriage, Rathna moved to Bangalore, where her husband had a job. They lived in a rented house close to where he worked. Soon, Rathna gave birth to a baby boy. As her husband held a well-paying government job, Rathna did not feel the need to work full-time. She however did some job-work from home in her spare time which involved stringing flowers into garlands for flower vendors. She also made agarbathi covers. Rathna earned about Rs. 50 a day from this and used the money for her own expenditure. Rathna's son went to a government school near their house.

In 2002, Rathna's husband Mallikarjuna had a stroke. He was admitted to a hospital and Rathna incurred serious medical expenses. After the stroke, Mallikarjuna had to quit work and take up voluntary retirement for which he received compensation. The family was able to pay off the hospital expenses with the compensation from Mallikarjuna's former employer. He was in bed for about two years as he had lost the use of his limbs.

After the stroke, Rathna could no longer rely on her husband for financial support. She could not earn enough by stringing flowers and had to think of something else to do. Rathna knew how to cook and someone suggested that she could supply food to people working in offices. Rathna started this



business. She used to make food parcels and delivered food to the staff at a bank and some other offices in her neighbourhood. Her son, who was 12, would accompany her on these trips, at times.

Rathna worked hard delivering food parcels for about two years, but eventually closed the business due to problems with collecting money. She also grew tired of travelling to different places during lunchtime. There were times when she could not get to a place on time and her customers would not accept her meal and the food would go to waste. At this time, Rathna moved out of the rented accommodation in which they were staying and into her mother-in-law's house in another part of Bangalore as she could not afford the rent on the earlier house. Her mother-in-law gave Rathna a part of her own house on lease. Rathna's brother helped her out with the lease amount.

Rathna began her search for another job to earn money. A lady friend of her mother-in-law in her new neighbourhood ran a tiffin business and suggested that Rathna take on the business from her as she was too old to continue with the work herself. Rathna agreed and her brother supported her by helping her buy a pushcart and some utensils. Rathna says she did not borrow money from any moneylender at any time for the business as her brother helped her in times of need.

Rathna started making tiffin in the mornings for workers, drivers and school-going children in the area. She started this business five years ago and has been in this business to date. Rathna's husband began to recover from the stroke and started looking for something to do for a living. He began to drive a hired auto-rickshaw on some days of the week, when he felt well enough to do so. Rathna's son grew up and took up a job in the mornings and attended evening college. Rathna's financial situation improved.

Current Situation InThe Household

Currently Rathna lives with her husband, son and nephew in a small house in Ulsoor, a locality in Bangalore. Rathna runs a tiffin business in the mornings. She earns about Rs. 150 a day from the business. Rathna's husband has recovered from the stroke that he had seven years ago and drives a hired auto-rickshaw. He keeps his earnings for his own expenses and does not contribute to household income. Their Total Monthly Household Income is Rs. 8000.

Rathna's son, who is 18 years old, works with a dealer in household durables. He earns Rs. 3500 a month. He also goes to evening college. Rathna's nephew has come to stay with them from Chikamagalur. Rathna hopes he can help her with her business. Rathna also hopes to set him up in some business for himself. She would like to keep her shop open in the evenings and have her nephew operate it.

Housing Details

Rathna lives in a small house with an RCC roof. Her house is part of her mother-in-law's dwelling, part of which has been leased out to Rathna. She paid a lease amount of Rs. 1 lakh for the house last year. As mentioned earlier, Rathna's brother gave her the lease amount. Rathna has not paid back any part of the amount to her brother yet. The house has two rooms and a kitchen. The bathroom and toilet are outside the house and have to be shared with the mother-in-law. There is electricity and water supply in the house.

Details Of Current Job

Rathna has a tiffin shop on a busy street in Ulsoor. She sells idlis, dosas, chithra anna and chapattis with accompaniments. She makes the garnish, chapattis and chithra anna at home but makes the idlis and dosas in the shop itself and serves them hot to the customers. The shop consists of a pushcart which is parked on a footpath. Rathna started this business five years ago with encouragement and support from her brother and a lady friend of her mother-in-law.

Rathna sells one dosa for Rs. 4 and an idli or vada for Rs. 2. She sells a plate of chithra anna for Rs. 10. Rathna invests about Rs. 700 to Rs. 1000 into business everyday and makes about Rs. 150 to Rs. 200 in profits each day. She pays the municipality and police officials a bribe of Rs. 10 to Rs. 20 a day so that she can keep her stall on the footpath.

Rathna's customers are the local school children, labourers and auto drivers who pass that way. She says business is brisk on week days but goes dull on Saturdays and Sundays and holidays.

Rathna goes to her village once a year to visit her mother and sisters. From her recent visit she brought back her sister's son to Bangalore as she needed a helping hand at her business. Rathna also wants to encourage him to open a stall in the evenings in the space where she has a shop in the mornings. The boy can make egg preparations and chapattis and Rathna wants to encourage him to start that business.

Rathna's place of work is close by and she walks to work. Her son helps her transport the food items to her workplace from home. Rathna's son has a cycle and they load the items onto the cycle and wheel it along to the workplace. Rathna buys the items that she needs for her business from the neighbourhood. At times her son goes on his cycle to buy her items for business from the city market.

As Rathna starts her tiffin stall very early around 7.30 am, she cuts vegetables and prepares the masalas and spice mixes in the afternoon, a day before. As it is, she wakes up around 4am to complete the household chores and get to her business. Rathna runs the shop between 7.30 am and 1 pm, six days a week. She takes an off on Sundays.

Education of Children

Rathna has an 18 year old son who is in his second year of PUC (pre-graduation) at an evening college. Rathna's son was very reluctant to join an evening college as he wanted to join regular college. He however needed to work in the mornings to earn for the household. He therefore took up a job as a salesman in a retail store selling household durables and enrolled in an evening college. He is very keen on doing his graduation. He is doing a computer course in addition to the PUC course in the evening college. Rathna spends around Rs. 15,000 annually on his education.

Asset Ownership

Rathna says she has been able to make enough over the last two years to indulge in some luxuries. Rathna has invested some of her surplus into buying household durables. As her son works at a durables retail store, he gets to buy their merchandise in instalments. Rathna has a gas stove and a mixer that she bought five years ago. She also has a colour TV and a refrigerator that she bought from



her son's shop a few years ago, on instalments. Rathna uses the refrigerator to store her food items overnight. This way excess food from any dull business the previous day does not go waste and she can sell it the next day. Rathna recently bought herself a mobile phone.

Levels of Indebtedness

Rathna claims she does not borrow from any moneylender to meet her business needs. Instead she invests her profits partly into business. Rathna's brother too helps her when she needs money. He lent her Rs. 1 lakh some time ago in order to pay the lease amount on her house. Rathna says she will give him back the money without interest whenever she can.

Rathna recently became a member of Ujjivan and has taken a first cycle loan of Rs. 10,000 from Ujjivan to invest in her business. She pays Rs. 960 per month towards her Ujjivan loan.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.10,000/-	To invest in business	Ujjivan	12 months	1.17%	Rs. 960/- per month
Rs.100,000/-	To pay the lease on house	Brother	To be repaid whenever she can		
Total Current Indebtedness = Rs.1,10,000/-					

Savings, Insurance & Health

Rathna does not have a bank account. She does not invest in any chit either. If she gets a significant surplus, she invests in jewellery or durables. She keeps some of her money at home for any emergency and generally holds about Rs. 500 in these savings at a time.

Rathna has insurance in her name. This is a 20-year policy and she has to pay Rs. 1320 every six months as premium for it. Earlier, when Rathna used to supply food to a bank, the staff of the bank encouraged her to open this policy.

Rathna says that neither she nor her son have had any major health problems so far. Her husband had a stroke and had to be admitted to a hospital. Rathna spent the proceeds from his gratuity for the illness. For any minor ailments, they go to a local general practitioner for medical advice. Rathna says they would probably access a government hospital in case they needed medical admission and care.

Overall Socio-economic Wellbeing

Rathna believes she is much better off today than she was some years ago. Not only does she have a good business, her son has also begun to contribute to the household's income. Her husband has recovered from his stroke and is currently earning too. They have been able to buy some household durables and are hoping to expand Rathna's business. Rathna is hopeful of the future and rates her current state of wellbeing as 'good.'



Chandrakala

Occupation : Petty Shop Owner

Date of interview : 11-9-09

Childhood

Chandrakala was born in a village called Sagaya Saragur in Malvalli near Bangalore in 1983. She was the fifth of six children. Her father was a farmer, but had died in a bus accident when Chandrakala was barely three years old. Her mother found it very difficult to bring up six children on her own and therefore gave the three younger siblings up for adoption to family members. Chandrakala was adopted by her paternal aunt who brought her up hoping to get her married to her own son. Her aunt lived in Bangalore and Chandrakala was brought there.

Chandrakala was sent to a government school near her aunt's house, while the aunt sent her own children to private schools. Chandrakala was also asked to help her aunt, a vegetable vendor, with her business. Chandrakala was very good at the

business and her aunt took her out of school when she was 12 years of age in the hope of engaging her in business on a full time basis. Chandrakala was very unhappy with the turn of events and insisted on going back to her mother in the village. She was 13 when she returned to her mother.

Transition to Adulthood

After moving back to her mother's house, Chandrakala took care of household chores, while her mother went out to work as farm labour. A boy who lived near Chandrakala's house in the village offered to marry her. There was objection to their wedding from the boy's mother as well as from other relatives and the ceremony was brought to a halt. However, Chandrakala's brother supported the couple and they registered their marriage before a magistrate and were legally wed.

Chandrakala faced a lot of problems in her in-laws' house. Her husband's family was very unhappy with her as she had been bad-mouthed by her paternal aunt before the wedding. They barely spoke to her. There was never enough to eat in the house as the family was large. Chandrakala's husband had two brothers, so although the family owned two acres of land, her husband's share in the land holdings was about a third of that and not large enough to sustain their household.



Chandrakala, who was familiar with the city of Bangalore convinced her husband to move there in search of livelihood. She had a son by then and left her new-born in her mother's house so that she would be free to take up a job. The couple moved to Bangalore and initially stayed with Chandrakala's husband's friend. Later they rented a dwelling of their own in the neighbourhood that Chandrakala was familiar with.

Chandrakala's husband who had worked with an electrician in the village had picked up some skills in the trade. In Bangalore, he took up a job as an assistant under an electrical contractor. Chandrakala joined a garment factory. She did not have any sewing skills and was therefore recruited as a helper. She worked for a year and a half and then gave birth to another baby boy. This time, Chandrakala went back to the village to fetch her older son. They began their household as a family of four in Bangalore.

With a larger household now, Chandrakala needed to earn to supplement her husband's income. However, with an infant to care for, she was unable to take up employment and work to a prefixed schedule. In order to have control over her time, she started the business of flower vending. She was familiar with the business of vending as she had earlier worked as a vegetable seller with her aunt. Flower vending required a relatively low investment when compared to other businesses. Flowers are also lighter to carry and therefore a sensible choice in her case considering she often had to carry her second-born to her place of business. Chandrakala sold flowers on a footpath in a traditional upper-middle-income residential area near her dwelling. People bought flowers regularly for puja. Chandrakala's husband helped her with buying and transporting her flowers from the city market.

This went on for a few of years. Eventually, her younger son joined the older one in school and Chandrakala was left with more time on her hands. It was then that Chandrakala attracted the attention of one of her customers who appointed her to work as a maid in her house. Chandrakala worked as a maid in the mornings and continued with her flower vending in the evenings. Chandrakala's employer also helped her open a recurring deposit account at a post office.

After a few years into the flower vending business, Chandrakala heard of a small provision shop for sale near her house. She decided to buy it. With the help of elders in the area who knew her and also with her husband's approval, Chandrakala negotiated and decided to buy the business for Rs. 72,000. This included the price of the existing contents for sale in the shop, the shelves, storage containers and a refrigerator. It also included a Rs. 50,000 advance on the rent for the premises.

Current Situation in the Household

Chandrakala now runs a small provision store business from a shop near her house. Chandrakala's husband continues to work as an electrician. In addition, her husband, being familiar with farming, has taken up a part-time job as gardener in the house where Chandrakala worked as a maid.

According to Chandrakala, her husband works very hard and is very supportive of her. He earns about Rs. 4500 from both his jobs. He also helps Chandrakala with running her provision store. Their total monthly household income is Rs. 11,500.

Chandrakala's sons, aged twelve years and nine years go to an English medium school in the neighbourhood.

Housing Details

Chandrakala recently moved into a new house as the owner of the earlier dwelling wanted the house back. Chandrakala pays a rent of Rs. 2000 per month for the new dwelling. She has paid a deposit of Rs. 20,000 as advance. The advance was sourced from the lease amount of Rs. 60,000 received when they vacated their previous house. After paying the advance, Chandrakala used the remainder of the lease amount partly on school fees for her children and partly to buy merchandise for trade.

Their house measures 15'X10' in all and consists of a room. The house has an RCC roof and consists of a kitchen and a bathroom packed into that space. There is running water in the house but Chandrakala prefers to collect water for cooking and drinking from the tap outside their house, where water is supplied by the city corporation. As this water is not sourced from the bore-well it tastes sweet and not brackish like the bore-well water which is supplied through taps in their houses.

Their present house is in the locality where they lived earlier. They prefer to live in this locality as they have the goodwill of people here. This helps in running their business. Further, it is close to the school that the children walk to.

Details of Current Job

Chandrakala's shop is sized 7'X 5' and has practically every daily need item from torch batteries and shaving cream to vegetables and rice in store. Chandrakala works all days of the week. She keeps her shop open between 7 am and 11 pm.

It is peak sales time between 7 am and 10 am and then again from 6 pm to 10 pm. As she lives close to her shop, she moves between home and work several times a day, when she can get her husband or sons to mind the shop for her. This way, she catches up on household chores too.

Chandrakala does not need to travel to buy her goods as most of the goods are delivered to the shop by wholesalers who have their delivery boys/agents. The only time Chandrakala travels is when she visits her village. These trips are very rare as the couple is busy running their business and cannot afford to take too much time off from it.

Chandrakala pays a rent of Rs. 3000 per month for the shop. This includes payment towards electricity. As mentioned earlier, Chandrakala bought her provision store business for Rs. 72,000. The money to buy the business was raised by borrowing Rs. 50,000 from Chandrakala's cousin. He is not taking any repayment as of now. He runs a chit fund into which Chandrakala is investing Rs. 3000 per month. It will mature in a year and amount to Rs. 90,000. The cousin hopes to recover his money then.



An additional Rs. 25,000 was raised from an SHG in the village with the help of Chandrakala's mother-in-law, who is back on talking terms with her daughter-in-law. Chandrakala believes this is because she has borne her two grand-sons. Chandrakala is not sure of the terms of the loan but her husband sends home Rs. 1000 per month from which the mother-in-law repays the loan.

Chandrakala invests part of the proceeds of her business into working capital. She invests Rs. 200 every day in a pygmy deposit. She hopes to use this money in her business in the future. She also repays a 100-day loan at the rate of Rs. 300 per day. After deducting this, Chandrakala takes home around Rs. 7000 from the business every month. Chandrakala works very hard at her business. She says she wants to do very well and prove a point to her aunt who denied her a good education.

Education of Children

Chandrakala's sons aged twelve years and nine years, go to an English medium school in the neighbourhood. They attend classes 6 and 3 respectively. Chandrakala is very eager that they get a good education. Chandrakala pays school fees of Rs. 1200 per month for the boys.

The children also attend tuition classes run by a teacher from their school. The teacher helps them do their homework and learn their lessons as Chandrakala herself does not have the time and is not well-read enough to teach them. She pays the tuition teacher Rs. 400 per month for helping the boys with their studies.

Asset Ownership

Chandrakala has a gas stove and mixer that she bought four years ago and a TV and a mobile phone that she bought three years ago. She also has a refrigerator at the shop which she uses occasionally to store food made at home.

Levels of Indebtedness

Presently, Chandrakala has loans amounting to Rs. 1.13 lakhs. These loans have been taken to buy and run her business. The most recent loan that she has taken is from a moneylender. The amount of loan is Rs. 30,000 to be paid over 100 days at Rs. 300 per day.* Chandrakala has used this money to invest in working capital and to increase the stock of goods at her shop.

Chandrakala has also taken a loan from Ujjivan. The loan amount is Rs. 8000, to be paid over twelve months at the rate of 1.17% per month. Chandrakala has paid five installments. Chandrakala says she would like to take another loan of Rs. 10,000 from Ujjivan at the same rate of interest, to invest in working capital.

* As stated by Chandrakala

Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.50,000/-	To buy business	Cousin	To be paid lump sum after a chit of Rs. 90,000 matures		
Rs.25,000/-	To buy the business	SHG in the village	Obtained through the mother-in-law, Chandrakala is not aware of the terms but says her husband sends Rs1000/- per month to his mother from which she pays the EMI.		
Rs.8,000/-	To invest in working capital	Ujjivan	12 months	1.17%	Rs.760/- per month
Rs.30,000/-	To invest in working capital	Money lender	Loan obtained on a 100 day cycle on daily repayment of Rs.300/-*		
Total Current Indebtedness = Rs. 1,13,000 /-					

* As stated by Chandrakala

Savings, Insurance & Health

Chandrakala invests Rs. 3000 in a chit fund every month. She also has a recurring deposit in a post office into which she invests Rs. 300 per month. As mentioned earlier, she deposits Rs. 200 daily with a pygmy deposit collector who comes to her shop. When Chandrakala gets an unforeseen surplus from business, she buys clothes for her family. Chandrakala is very particular about saving money. She believes it will save them from humiliation in times of dire need.

Chandrakala has a life insurance policy through Ujjivan, which offers her an insurance cover of Rs. 30,000. She has to pay a premium of Rs. 100 per year. They do not have a health insurance policy. If anyone in their house needs to go to a doctor, they visit a general practitioner near their house. Each time they visit, they have to spend Rs. 50 on consultation and Rs. 100 or so, on medicines. Fortunately for them, they have not incurred any big ticket medical expenses so far.

Overall Socio-economic Wellbeing

Chandrakala feels that her overall wellbeing and economic condition have improved over the last two years. This is primarily because she has been able to start a profitable business of her own. Two years ago, when Chandrakala was a flower vendor, she was unable to make as much money as she is making today.

Presently Chandrakala feels their overall economic condition is 'good.' Business at the shop has picked up well in the last six months and she feels she will be able to pay back her loans. She feels it will take more than two years for her economic condition to improve significantly as she still has large sums to pay back in loans. Also, her children are young and education expenses are bound to be high.



Manjula Gunashekar

Occupation : Tiffin Vendor

Date of interview : 11-9-09

Childhood

Manjula was born in Channapatna near Bangalore in 1960. She was one of the younger siblings amongst nine children. Her father was a tailor and mother, a food vendor who sold idlis and tea near a busy bus stop in Channapatna. All nine children were sent to school and all managed to complete their SSLC. One of the brothers even completed his graduation.

Manjula studied till her SSLC and then dropped out to help her mother with the idli business. Manjula was married at the age of 21, to a distant relative in Bangalore. Her husband worked in a factory and was 27 years old at that time.

Transition to Adulthood

After marriage, Manjula moved to Bangalore to live with her husband. Manjula and her husband live in an owned house shared with her husband's mother and brothers. Manjula says that they were not very well off when she was married into the household. After they married, Manjula's husband lost his job in the factory and did odd jobs for a while. Eventually Manjula helped him buy an auto-rickshaw with some of her savings from chit funds. They also borrowed from moneylenders and hypothecated the auto-rickshaw to the bank.

Manjula gave birth to three sons. When the boys were young, Manjula could not hold a full-time job and instead worked from home in her free time. She took up various small piece rate jobs such as stringing flowers and making paper envelopes. She earned Rs. 3-5 a day from these jobs. Manjula says that what she earned was quite sufficient to buy food for the household about 25 years ago, when her children were young.

As the children grew up and expenses mounted, Manjula decided to do something more profitable for a living. Manjula's mother and sisters advised her to get into the food business as she was familiar with it. Manjula realized that there was a workshop close to her house and recognized that men from the workshop started early from home and needed a place to eat. Manjula started the business of providing lunch to them. She would cook food and serve it in her living room. Manjula's business picked up. At lunch time she would provide the men with food in plates. Business lasted for about an hour during lunch time.



Manjula soon realized that this business was not very profitable as large crowds gathered in front of her house at lunch time and she was unable to handle them alone. The men would eat and leave their plates here and there and Manjula would have to go around collecting the plates. In the large crowds that gathered, Manjula was not sure that every one paid for their lunch. Manjula decided to stop supplying food at lunch time. She decided to serve them breakfast instead. The crowds at breakfast time were smaller and easier to handle. Further, she decided to give them food parcels tied in newspapers. That way she would not have to go around collecting the plates or having to wash the soiled plates. Manjula settled into the business.

With time, Manjula's husband and his three brothers decided to divide the property amongst them. The original plot was about 18'x 45'. Each brother got a piece measuring 18'x15'. Manjula decided to rebuild her portion of the house.

Current Situation in the Household

Currently, Manjula lives with her husband, their three sons, who are now all in their twenties, and her 105-year old mother-in-law in her portion of the ancestral property. Manjula is a tiffin vendor. She earns about Rs. 200 a day from her business. Manjula's husband is an auto-rickshaw driver. He contributes Rs. 150 a day to household income. Manjula's sons are 24, 22 and 20 years of age. The oldest son works as a courier delivery boy and earns Rs. 4000 per month. He contributes about Rs. 3500 a month to household expenses. Manjula's second son is a sales boy and the third is an office boy.

The two younger boys joined the work force recently and do not contribute any part of their income to household expenses. Manjula says that two of her older sons studied till their SSLC while the third could not pass it. Their Total Monthly Household Income is Rs. 12,600.

Housing Details

In 1993, Manjula rebuilt her portion of the house originally belonging to her in-laws. The house is a pucca house with an RCC roof. It has two floors above the ground floor. The ground floor consists of a room, a kitchen and a bathroom and both the floors above it have a similar pattern. Each of the houses above the one on the ground floor has its own stairway. Manjula has not given any of these houses on rent. Her two younger sons live on the first and second floor and her oldest son lives with her on the ground floor. Each of these houses has its own TV set for the sons. The house also has a pump and there is no shortage of water in the house. There is electricity in the dwelling.

Manjula spent Rs. 4 lakhs on the renovations of her home. She financed this renovation by taking Rs. 2 lakhs from savings in chits and an interest-free loan of Rs. 2 lakhs from her brother. Manjula repaid her brother by paying him Rs. 5000 over the course of 40 months.

Details of Current Job

Manjula is a tiffin vendor and runs her business from home. She works on her own and does not have anyone to help her with the business. She wakes up at 4 am to begin preparing for business and sets up shop every morning from 7 am to 8 am in the living room of her house. Men from the army workshop



close by come to her house to buy their breakfast parcels from her. Manjula does a high volume of business for about an hour in the mornings and then closes her business for the day.

Manjula has been doing this business for the last 22 years. She sells chapathis, dosas, idlis, chithra anna and vadas. Manjula prices them low between Rs. 3 and Rs. 7 per plate so that the workers at the workshop can afford her food. She does good business in the mornings and manages to sell most or all the food.

Manjula's daily revenues are normally around Rs. 600, leaving her with Rs. 200 in profits. Each month, Manjula invests Rs. 10,000 to Rs. 12,000 into her business. Before joining Ujjivan, Manjula bought raw materials from retail stores close to her house. She would buy from time to time, whenever she needed the ingredients.

After becoming a member of Ujjivan, Manjula has started buying her materials in bulk on a monthly basis from a market in Yeshwantpur. Manjula pays Rs. 500 to travel to Yeshwantpur market. However she estimates that she is able to save Rs. 2000 per month by buying materials at reduced wholesale rates. Manjula says the loan from Ujjivan is helping her do this and save some money.

Manjula hopes she can get another loan from Ujjivan to help one of her sons start a business from home in the afternoons with her help. She believes that there is profit in the food business but feels that she is now too old to expand her own business and does not have the energy to carry on if her sons do not show interest in it.

Education of Children

Manjula's children are now in their twenties and are no longer attending school. Manjula says they never showed much interest in their lessons and struggled to study—her oldest son and second son have completed their SSLC while the youngest was unable to pass the SSLC.

Asset Ownership

Manjula's husband drives an auto-rickshaw. The auto is their own now as they have paid off all the loans accruing to its purchase. All of Manjula's sons have their own two-wheelers, bought through hire-purchase schemes. Manjula helped her oldest son to buy his two-wheeler by giving him Rs. 10,000 from her savings. He has now paid off the loan on the vehicle. For her second son, Manjula raised a loan against an LIC policy of her husband's and gave him Rs. 20,000 to buy his two-wheeler. The son is paying off the loan on the policy himself. Manjula's third son has also invested in a two-wheeler but Manjula is unaware of his source of finance.

Manjula has a gas stove and a mixer that she bought 16 years ago when she built her house. Manjula needs four cylinders every month. She has two in her name and two in her son's name. At times, Manjula has to buy an extra cylinder in black, for her business. They have three TVs and three mobile phones in their house, one for each of the sons. They do not have a refrigerator. Manjula says her oldest son is very keen on buying durables for the house.

Levels of Indebtedness

Currently, Manjula is not servicing any loans other than the one she has availed from Ujjivan. She has borrowed Rs. 10,000 from Ujjivan and is paying back Rs. 960 per month. Manjula says the loan from Ujjivan has helped her buy a month's stock of raw materials in bulk at wholesale prices rather than from the retail store near her home. As a result, Manjula has been able to save Rs. 2000 each month on working capital.

Manjula has taken a Rs. 20,000 loan on her son's behalf from her husband's LIC policy. Her son has assumed responsibility for this debt, and makes payments on the loan each month.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.10,000/-	To invest in business	Ujjivan	12 months	1.17%	Rs. 960/- per month
Total Current Indebtedness = Rs. 10,000 /-					

Savings, Insurance & Health

Manjula says she manages to save around Rs. 3000 every month. She has a bank account. Additionally, Manjula keeps cash at home for her working capital needs. Manjula also invests money in jewellery. She has not invested in any chit at present. Manjula's husband has an LIC policy. It is a 15-year policy and they pay Rs. 335 every month towards the premium.

No one in Manjula's family has health insurance. Manjula says that none of the members in her household have had any serious health problems so far. For common ailments, Manjula and her family visit a general practitioner in their neighborhood. In case of more serious illness, they go to a government hospital.

Overall Socio-economic Wellbeing

Manjula feels that she is definitely better off now than she was at the time of her marriage. When she moved into her husband's house, soon after marriage, her dwelling was in terrible condition and the household had a lot of financial problems. Now years later, they have their own refurbished house and eat three square meals a day. Manjula rates her current state of well-being as 'good.' She is however concerned about the future. She would like to see her sons settled in good jobs. None of them have shown any interest in her business so far.



Abeeda Begum

Occupation : Plastic Ware Vendor

Date of interview : 14-9-09

Childhood

Abeeda Begum was born in 1961 in a village near Madurai in Tamil Nadu. She was the youngest of four siblings with a sister and two brothers. Abeeda's mother died when she was just eight months old. Soon after, Abeeda's father married the mother's sister and moved to another house. He did not concern himself with Abeeda and her siblings. Abeeda's two older siblings were cared for by her maternal grandmother while Abeeda's paternal grandmother took Abeeda and her brother under her wing. Her father never came to meet them.

The brother who stayed with Abeeda took care of her even as a child. When they grew up, he arranged the marriage of Abeeda and her sister with two of their male cousins. Abeeda was 21 years old then.

Transition to Adulthood

Abeeda's husband did not settle in one place. He did not earn regularly either. Over time, Abeeda had four children; three sons and a daughter. Her husband did not have a steady job. From time to time, he rented an auto-rickshaw and drove passengers in it. At other times he claimed to work as a financier. Without a steady income, Abeeda and her children had to move from relative to relative for food and shelter. She moved frequently between Bangalore and her village in Madurai. At times, she stayed at her in-laws house and at other times at her grand-mother's house. One of her children, the daughter, died as an infant.

Around ten years ago, Abeeda's husband abandoned her and left her to fend for herself. Abeeda's brother who had settled in Bangalore stepped in and offered to take care of them. He had a retail store of household appliances and was relatively well off. He could take care of the basic needs of his sister's family. Abeeda moved to Bangalore to live near her brother's house and has been here ever since.

Two of Abeeda's older sons dropped out of primary school. The oldest son was good at repairing electrical items and was given a job at Abeeda's brother's appliance store. He however did not hold on to



the job. He left his uncle's place and worked as a tea/coffee vendor for some time. Three years ago, he joined a plastic ware shop as a sales boy. It was there that he figured that he could do a reasonably good business if he worked as a plastic item vendor. Abeeda had a pushcart made for him. The pushcart cost Rs. 8000 and was financed by an interest free loan from Abeeda's son's friend.

Abeeda's second son worked with a cobbler for a while. He earned about Rs. 10 a day. A year ago, when he saw that his brother's plastic vending business was doing well he decided to get himself a cart and get into the same business. Initially he rented a cart for Rs. 15 a day. Later, he bought a second hand cart for Rs. 3800. He borrowed Rs. 5000 from a friend who did not charge him any interest for it. The second son is still repaying this loan.

Abeeda's youngest son continued to study. When he was in class 8, he took up work as a milk vendor. He worked early in the morning and went to school during the day, after that. When he came to college, and joined PUC, he stopped working, as he wanted to focus on his studies.

Abeeda did not want to be totally dependent on her brother, so she worked as a maid for about two to three months. Her brother however objected to her working in other's houses. She then tried to run a food vending business from near her house but realized that business would work better if she worked a little farther away from home. Her brother objected to that too. Abeeda resigned herself to staying at home and helping her sons with their business.

Current Situation in the Household

Abeeda lives with her three sons in Kammanahalli. Two of her older sons are pushcart plastic ware vendors. They contribute all their earnings to household income. The youngest son is doing his second year in PUC. He occasionally works in the summer holidays and saves his earnings. He does not contribute to household income. Their Total Monthly Household Income is Rs. 7000.

Abeeda's brother has a big role to play in any major decision that Abeeda's household makes. Abeeda helps her sons with the plastic vending business. She sources their goods for them and arranges them onto their pushcarts. She also advises them on how to go about their business.

Housing Details

Abeeda lives in a small 10'x15' house in Kammanahalli, a locality in Bangalore. The house has an AC sheet roof. It consists of a room and a kitchen. They have been in this house for the last six years. Abeeda's brother has paid the advance of Rs. 15,000 for the house. He also pays the rent of Rs. 1500 a month. There is a toilet outside the house that they have to share with other households. The dwelling has electricity but does not have running water. There is a tap outside the house from where they fetch water. They have to pay a fee to their landlord for access to water.



Details of Current Job

Abeeda stays at home for most of the week. Once or twice a week, she goes to the main market in the city to buy merchandise to sell. She takes a bus and is usually accompanied by one of her sons on these trips. She goes around noon and returns around 5pm. Abeeda buys from a specific shop in the market and has negotiated with the wholesaler to get a good price on the promise of regular purchase. She however does not get goods on credit. She chooses the goods to be sold wisely, focusing on buying fast-moving small-sized items that are easy to transport by bus, push around on the cart and stock. Abeeda could buy more/bigger items for sale but they would have to be transported by a private vehicle. That would cost her Rs. 250 for each trip and would severely eat into their profits. Instead, Abeeda pays the conductor of the public bus, an additional Rs. 5 and carries the items with her on the bus itself. Abeeda also arranges the items on to the carts. She takes care to arrange them such that they do not fall off or protrude from the cart. At the same time, she ensures that most of the items on sale are visible. The sons push their carts and roam the streets of their neighbourhood to sell their wares.

Abeeda says that her younger son does better business than the older one. He works longer hours and earns more from the same business. Everyday, they load goods worth Rs. 1000 onto each of the carts. Each of them earns about Rs. 100 to Rs. 150 a day from the business.

Education of Children

Abeeda's youngest son goes to college where he is doing his second year in PUC. Abeeda's brother takes care of his education expenses which amount to Rs. 18,000 annually. The older sons did not complete primary school. They can barely read and write.

Asset Ownership

Abeeda's older sons share a bicycle between them. The youngest son has bought himself a second-hand motorcycle for Rs. 12,750 from his savings. Abeeda does not have a TV or a refrigerator. She has a gas stove that she bought five years ago. She has a mixer and a washing machine which her brother gave her some years ago. Her sons have mobile phones.

Levels of Indebtedness

At present, Abeeda's total indebtedness is Rs. 15,000. She has a loan of Rs. 10,000, which she has taken from Ujjivan to invest in her son's plastic ware business. She pays Rs. 960 per month towards this loan. Further, her second son has borrowed Rs. 5000 from his friend for a pushcart. This is an interest-free loan towards which her son pays Rs. 200 a week.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.10,000/-	To invest in business	Ujjivan	12 months	1.17%	Rs. 960/- per month
Rs. 5,000/-	To buy a pushcart for business	Friend	6-7 months	Interest free	Rs. 800/- per month, paid weekly

Total Current Indebtedness = Rs. 15,000 /-

Savings, Insurance & Health

Abeeda depends on her sons and brother for a living. Her brother takes care of major expenses like rent and education of the youngest son. In case of health emergencies, the brother takes care of the expenses. Abeeda's two older sons earn for the household. Though Abeeda does not save much, she manages to put away Rs. 1000 per month. She invests this money into a chit fund. She does not have any bank account.

Abeeda does not have any health care or life insurance apart from the one mandatory with Ujjivan. She recently underwent a surgery for which her brother paid Rs. 25,000. Abeeda's second son is an epilepsy patient. He is on medication but needs to get some scans done. They are postponing these scans as they could cost up to Rs. 2500.

Overall Socio-economic Wellbeing

Abeeda says she is better off today than she was a few years ago. Some years ago, her older son would not go to work regularly and this got her very worried. The other sons who were younger had to work odd jobs to add to household income. She rates her current state of wellbeing as 'average.' She would like to save more and get her children married. She is thankful to her brother for helping and supporting her and hopes for a better future.



Fathima Mary

Occupation : Makes Items of Craft

Date of interview : 14-9-09

Childhood

Fathima Mary was born in Bangalore in 1974. She was the youngest of nine siblings. Her father was from Coimbatore in Tamil Nadu and mother, of Tamil origin from Kolkata, a city in the east of India. Fathima's father worked in the Army and was transferred to different parts of the country. He met his wife (Fathima's mother) when he was on a transfer to Kolkata. After the birth of her children, Fathima's mother developed a problem in her leg for which she had to undergo a surgery. During the surgery, the doctor erroneously cut her nerve after which she was unable to use that leg. She was practically bed-ridden after that. This was when Fathima was very young, around eight years old.

Fathima's father had to leave his job in the Army to take care of the children. They came to settle in Bangalore as Fathima's father had some relatives living there. Though they were not very well off as a household, Fathima and her siblings managed to do their SSLC as they were helped by the CCF or the Christian Children's Fund. Fathima's father died when she was 15 years old. By then most of her older siblings had moved out of the house either in search of livelihood or after marriage. Now, Fathima's invalid mother was largely her responsibility.

Transition to Adulthood

Fathima took up various jobs after her father died. Initially she did some agarbathi rolling from home and learnt tailoring at the same time. Later she took up a job as a helper at a screen printing shop very close to her house. She earned Rs. 2000 with which she had to manage all the household expenses. Fathima says none of her brothers and sisters came forward to help them. She does not blame them because she says they were struggling to make a living for themselves.

While she worked at the screen printing shop, Fathima was married to a young man through an arranged marriage in 1997. Fathima's husband worked with a firm that did metal fabrication for various buildings. Soon after marriage, the firm was closed down and Fathima's husband was left without a job. Fathima continued working at the screen printing shop as earlier. Fathima's husband moved into her dwelling.



Two years after he lost his job, Fathima's husband got together with his brother and started a metal fabrication business of his own. In the meanwhile, Fathima gave birth to a baby boy in 1999 and quit her job. She had another son in 2002. Her mother died soon after. However, Fathima and her family continued to stay in the same dwelling, which was a rented accommodation. Fathima's husband's business picked up and they moved to a new dwelling a year ago.

Current Situation in the Household

Fathima now lives with her husband and two sons in Kammanahalli, a locality in Bangalore. Fathima does art and craft work for schools and churches in the area. She makes items on order from these places.

Apart from doing this art and craft work, Fathima also helps with a lot of social work around her area. Fathima is also part of a social group in her area called Mane-kelasada-avara Sangha. They have a leader and work largely consists of acting as liaison between poor households and the local government bodies where the poor and uneducated tend to get sidelined. The social group helps poor households with getting voter ID cards, ration cards, pension funds, bus passes and the like. Fathima says it gives her immense satisfaction to be able to help others. Fathima work with this organization is purely voluntary.

Fathima's husband is a partner in a metal fabrication business with his brother. Fathima says her husband is very secretive about his business and does not like being questioned about it. Fathima does not even know how much he earns from the business. Every month, she is given Rs. 5000 with which she has to manage routine household expenses such as food and the fees for the children. The sum at Fathima's disposal for routine expenses is around Rs. 9000 including her earnings. The rent for the dwelling, the cooking fuel expenses, water and electricity bills are paid by the husband. Fathima's children go to a Christian missionary school in the area.

Housing Details

Fathima's dwelling is rented accommodation but she has no idea of the amount of advance given to the landlord by her husband or where the money came from. She heard from a friend that her husband pays a rent of Rs. 5000 per month for the dwelling. The dwelling has two rooms, a kitchen and a bathroom. There is a sump in the house and they get water through taps in the house. There is electricity in the dwelling.

Details of Current Job

As mentioned earlier, Fathima does art and craft work from home. She usually works in the afternoons and evenings as she is busy with her social work in the mornings.

Fathima gets orders from churches and schools in the area to make specific items of craft and art such as buntings, candles, dolls, badges, and dress accessories. These churches and schools order and buy items from her to further sell these items at exhibitions or use them in school related programs and functions as props and decorations. The places that she works for are close by, for her to walk. She buys



her materials and even uses waste materials at times to make these items. Fathima earns about Rs. 4000 a month from this work. Fathima has a knack for art and craft. She says she always won prizes in drawing and rangoli competitions when she was in school. She took up craftwork at schools five years ago when her neighbour, a craft teacher, gave her the idea.

Fathima has now applied for a job as a craft teacher in one of these schools and hopes to get a permanent job for herself. Alternatively, she hopes she can expand her business with the help of a loan from Ujjivan and hire women to come home and make these items and supply them to more schools.

Education of Children

Fathima's sons aged ten and six go to classes 5 and 2 respectively in a Christian missionary school in their area. Fathima pays Rs. 1400 a month as fees for both the boys. The boys also go to tuition classes in the evening for which Fathima pays Rs. 300 a month. In all, education expenses on the children amount to Rs. 1700 a month.

Asset Ownership

Fathima has a gas stove that she bought four years ago. Her husband bought himself a new mobile phone and gave her his old phone about a year ago. Fathima's husband also bought her a mixer, TV, refrigerator and washing machine.

Levels of Indebtedness

Fathima does not have any loan apart from the one from Ujjivan. She has borrowed Rs. 10,000 to buy materials for her craft business. She hopes that with another loan from Ujjivan, she will be able to buy more material and expand her business by hiring more hands to do the craft work.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.10,000/-	To buy craft material for business.	Ujjivan	12 months	1.17%	Rs. 960/- per month
Total Current Indebtedness = Rs. 10,000 /-					

Savings, Insurance & Health

Fathima does not have a bank account but manages to put Rs. 2500 every month in a chit fund after saving from her household expenses. Her husband is not aware of this chit. Fathima is not aware of any health or life insurance that her husband might have made. She has mandatory life insurance with Ujjivan. Her husband pays for any health related expenses, when required.

Overall Socio-economic Wellbeing

Fathima says she is quite well-off after her marriage. She used to struggle for her meals as a child. She rates her current state of wellbeing as 'very good.' She hopes this trend of good life will continue.

Third Cycle Business Loan Customers



Prema Krishnamurthy

Occupation : Makes fashion jewellery / Baby Care nanny / Insurance agent

Date of interview : 6-10-09

Childhood

Prema was born in Bangalore in 1967. Her parents are from Bangalore. Prema's father had a government job. He worked with the Vidhan Soudha and was later transferred to the APMC Yard at Yeshwantpur, a locality in Bangalore. He was however, a heavy drinker and did not contribute to household income even though he had a good government salary.

Prema's mother had to care for a household consisting of three daughters and a son. Prema was the oldest. Prema's mother felt that her husband's drinking habits were a bad influence on the young son. She therefore sent the son away to her brother's house. Prema's brother was brought up by his maternal uncle. He lives with them even now. He is well educated and is a graduate.

Prema's mother struggled to bring up the three daughters and maintain a balance in life with an alcoholic husband. She worked in 5-6 houses as a maid. In the meanwhile, she also applied for a job in the city corporation. The girls did a bit of schooling but none of them went to college like their brother. Prema studied up to SSLC and then did a course in short hand and typing.

Transition to Adulthood

Prema's mother got her three daughters married. One of Prema's sisters was married to her uncle who worked as a driver while the other was married to a person working as a ward boy in a hospital. Prema was married to an electrician.

As mentioned earlier, Prema's mother had applied for a government job when she was working as a maid. She got the job in the city corporation in 1983. Prema's alcoholic father died in 1991. Since he died while in service, the son (Prema's brother) got the father's coveted government job. Prema's mother was



also financially comfortable by now as she too had a government job. The mother now lived with her second daughter who married her uncle.

Prema's husband worked as an electrician with a contractor. When there was a job at hand, he got paid, else he stayed at home. Prema had two children, a girl and a boy. As she could not depend on her husband's irregular income, she decided to work. With small children, she did not want to go out to work. She noticed that some of her neighbours were into the business of stringing beads for factories. They worked from home. Prema decided to try out this business. She has been doing this for 20 years now.

Eight years ago, however, Prema decided to start a chit fund business. She incurred huge losses amounting to about Rs.6 lakhs in the business when her debtors defaulted on their payments. This was an extremely tough time for Prema. Her creditors troubled her for their money every day. They even sent some local thugs home to threaten her. Every one in her neighbourhood shunned her. She was humiliated in front of her relatives who stopped visiting her. When they began humiliating her teenage daughter, Prema moved her daughter to her mother's house as she felt it was unsafe for her to live there. Prema promised her creditors their money back but no one believed her. She decided to work very hard and pay back the money. She took up two jobs in addition to bead stringing. One of them was a job as a baby care nanny, with a difference however, in that she was hired by mothers to bathe their infants. Earlier Prema's sister worked on this job. She handed it over to Prema when she saw that her sister was in dire need of additional money. Prema also signed up to be an insurance agent with an insurance company. She was unable to sell too many policies as people did not trust her but Prema requested her mother, brother and sisters to buy some policies.

Prema's son took up a job, distributing newspapers in the morning. Though Prema's husband did not have a regular job, he helped her out with the housework and supported her through her ordeal. Prema's son too was very responsible and attended to chores at home to help his mother out.

Current Situation in the Household

Prema lives with her husband and son in Chamrajpet. Her daughter lives with her grand-mother. The daughter is an engineer in Computer Science and is looking for a job in a software company. The son is doing a technical course at a college in Bangalore. He does not work as a newspaper boy any more as he needs to get to his college very early in the morning.

Prema works as a baby care nanny in the mornings and strings beads in the afternoons and evenings. Prema's husband has not had a job for the last four months. Six months ago, he decided to break away from his contractor and make it on his own. He got a contract for a few weeks but has been out of work ever since. Prema says he is too proud to go back to his old contractor for a job. Prema is the only earning member in the household and their Total Monthly Household income is Rs. 11,500.

Prema has managed to pay off Rs. 4 lakhs of the Rs. 6 lakhs that she owed people through her failed chit fund business. People have now slowly begun to trust her and have stopped bothering her on a daily basis. Prema says she will be relieved the day she can pay back the balance of Rs.2 lakhs that she owes people in the neighbourhood.

Housing Details

Prema lives with her family in a rented house near the Ujjivan office in Chamrajpet. She has been in this house for the last three years but with the same landlord in another house ever since she got married, 22 years ago. She moved residence three years ago when the landlord broke down the other house as it was falling to pieces and built this one for them. The advance on the house is Rs. 35,000 and the rent per month is Rs. 2000. To pay the advance, Prema borrowed Rs. 35,000 from her brother at a rate of 2% per month. She has not repaid it yet. In fact, she has not even been able to pay one installment on it.

The house is pucca with an RCC roof. It has two small rooms, a kitchen and a bathroom. There is electricity and water in the house. Prema prefers to be in this locality as it is close to her mother's house and also close to the factories for which she does her bead business.

Details of Current Job

Prema gets up at 6am and after attending to some chores at home, she goes to attend her business as a baby care nanny. Her job is to bathe infants. She works with 5-6 households at a time. She takes about an hour to massage an infant, bathe, powder and feed the infant any vitamins or medicines that have been prescribed. Many young mothers in India take the help of 'specialists' or experienced women to bathe their babies as they fear that they might drop the baby or that the baby might slip out of their hands during the bath, if they handle the baby alone. Further, massaging the baby with traditional oils is believed to soothe the baby and help it sleep better. Prema gets paid Rs. 600-800 per month-per baby for this job.

Prema gets back home around 2 pm Post lunch, she sits down to string beads. In addition to stringing beads herself, Prema out-sources it to others and takes a commission on that. The women, whom she out-sources, come by 3pm every day to deliver the beads strung on the previous day and to collect more beads. They leave by 5 pm, but Prema continues to string beads till 10 pm.

Prema does the bead stringing at home but goes every other day to the factories to collect and deliver beads. She works for factories that get their orders for bead and pearl jewellery from fashion accessories stores in the city. The factories source the beads and pass them on to women like Prema. Prema collects beads from these factories and strings them into patterns as instructed by the factories. Prema strings necklaces. She gets paid according to the difficulty level of the pattern. She usually gets Rs. 4-8 for every dozen chains that she strings. When she out-sources the beads, she makes a commission of Rs. 2 on every dozen that is stringed. She makes about Rs. 50 a day or Rs. 1500 a month from outsourcing.

Prema brings her beads from two factories. One of the factories gives her the material by weight. They weigh the string and the beads that they have given her and weigh it again when she returns it to them. For a difference of every gram, she loses a rupee in payment. Prema prefers to string the beads from this factory herself as she once lost Rs. 500 when one of the ladies that she out-sourced it to, wasted some string. The other factory that she gets her beads from is not very particular about the weight of the beads. They pay her based on the number of chains she has strung. Prema prefers to give out work that is



assigned by this factory. From both the factories, Prema gets paid on a monthly basis and earns about Rs. 7000 from bead stringing.

Prema also works as an insurance agent for an insurance company. She has some clients but has not actively been able to work in this business because she is busy with her other work throughout the day. All the same, Prema gets a commission of about Rs. 800 a month from the policies she has generated. She has a life insurance policy in her name too. She re-invests her earnings from insurance towards that policy. Prema works all seven days of the week and spends between Rs. 300-400 a month on public transport when she travels on work.

Education of Children

Prema's children are well educated. Her daughter is a Computer Engineer currently looking for a job and her son is doing a technical course at a local college. Prema's daughter was a bright student from the start and got a merit scholarship after her SSLC. This was a merit scholarship meant for poor students who did well in their exams. This helped a lot as the fee for the engineering course was reduced considerably as a result of the scholarship. All the same, as the scholarship did not cover the entire fees, Prema had to beg and borrow for books and additional money for her daughter. The ladies, in the houses that she worked at as a baby care nanny, helped her by donating books and notebooks to her.

Adding to her woes, the scholarship amount was reduced when education department officials came to their house for inspection and saw a colour TV in their house. Assuming that they were actually well off and merely feigning poverty in order to get scholarship benefits, they cancelled the scholarship given to the daughter. Later, after much pleading by Prema, they agreed to give her daughter the scholarship but granted her only a reduced amount.

Prema sold her jewellery and a bit of silver that she had, in order to make up for the loss. She sent her daughter away to her mother's house as the daughter was getting distracted and disturbed by creditors coming to Prema's door for money. Even in her mother's house, Prema continued to pay the fees for her daughter's education. Prema's mother helped her out with the daughter's food and clothing.

There was a lot of opposition from Prema's brother and mother to Prema encouraging her daughter to study amidst such monetary struggle. They insisted that the daughter be married off. Prema drew courage and held her own against all those who opposed her and now her daughter is a qualified computer engineer.

Prema has had to struggle over her son's education too. She had to pay Rs. 15,000 for his admission to the diploma course when he joined the course a year ago. Prema kept her sister's jewellery with a pawnbroker and got Rs. 10,000 for it. She also borrowed Rs. 5000 from the husband of another sister.

Asset Ownership

Prema has a gas stove, mixer and a colour TV that she bought 11 years ago. She also has a refrigerator which was given to her free of cost, six months ago, by the lady of a house where she worked. Till last year, Prema's son worked as a newspaper boy. The agency where he worked had given him a mobile.

Prema now uses that mobile to facilitate her business as a baby care person as most new assignments come to her through references from old clients.

Levels of Indebtedness

Currently, Prema has a business loan of Rs. 15,000 taken from Ujjivan at 1.17%. As mentioned earlier, she owed money to her sisters for her son's education. When she got this money from Ujjivan, she got her sister's jewellery released from the pawnbroker by paying up Rs. 10,000. The balance of Rs. 5000 was given to her second sister's husband whom she owed Rs. 5000, for her son's fees. Prema is paying Ujjivan Rs. 1008 per month to repay this loan.

Prema says she is obliged to Ujjivan for its timely loans at reasonable rates of interest. Prema says when she came to know about Ujjivan and the benefits of joining it, she struggled to join in. However, no one wanted to include her in their group as they did not trust her after the chit fund business. Prema formed a group with the women that she out-sourced her beadwork to. Through more contacts, Prema managed to make five to six groups and start a new centre.

She was elected the centre leader. Prema still owes her brother Rs. 35,000 that she borrowed for the advance on the house. She has to pay him back the money with an interest of 2% per month.

Prema also owes her creditors from the chit fund business a sum of Rs. 2 lakhs. She is not repaying this money to them with any interest as she cannot afford it. She has however assured everyone that she will return their deposits back to them. Prema pays around Rs. 4000 every month to her creditors or investors who had put in their money in her chit fund.

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.2,00,000/-	To conduct a chit fund business 7 years ago	Borrowed from people in the neighbourhood	Borrowed 7 years ago	Unable to pay the interest	Pays around Rs.4000/- per month to repay her chit fund loan
Rs.35,000/-	Advance on the house	Brother	Borrowed 3 years ago. Has not been paid back so far	2%	Has not been able to repay it yet
Rs.15,000/-	To repay the education loan taken from sisters for her son	Ujjivan	18 months	1.17%	Rs. 1008/- per month
Total Current Indebtedness = Rs. 2,50,000 /-					



Savings, Insurance & Health

In the last seven years, since Prema incurred a loss in the chit fund business, she has used all her surplus money to repay her creditors. She has also gone out of her way to borrow and educate her children. Presently, she does not have any savings either in cash or gold/silver ornaments. She however believes that she has been blessed with a co-operative husband and good children. According to her, this is her wealth.

Prema wants to set up health insurance for her family but has been unable to do so yet. She has an insurance policy other than the one at Ujjivan, towards which she is paying a premium of Rs. 735 per month. Prema expects to get Rs. 77,000 at the end of six years when this policy matures.

Overall Socio-economic Wellbeing

Prema says she is much better off now than she was two years ago when she had more loans to repay. She rates her state of wellbeing as 'good' at present and is very hopeful about the future, given that her children have studied well and hold promise.



Anjali Shankar

Occupation : Tailor-Job Worker

Date of interview : 6-10-09

Childhood

Anjali was born in a village in Ananthpur district in Andhra Pradesh in 1977. She was the second born of five siblings, which included three brothers and two sisters. When she was three years old, Anjali's parents, who were landless labourers in their village, migrated to Bangalore. In Bangalore, her father took up a job as a barber in a hair cutting saloon. Anjali's father was an alcoholic and didn't contribute significantly to the household income.

Anjali's mother worked hard doing various odd jobs to raise enough money to support her children. She rolled agarbathis at home and worked as a helper in the kitchen in wealthy households. The children went to a government school in the area. After school hours, they helped their mother roll agarbathis. They knew that if they did not work, they would not be able to buy their next meal. Between the mother and the

children, they earned around Rs. 60-75 a day from this job.

Anjali studied till class 7, her elder brother passed the SSLC exam, while her sister studied till class 9. Of Anjali's two younger brothers, one studied till class 5 and the other did not attend school at all. Presently, Anjali's elder brother has his own hair-cutting saloon while her sister is married to her uncle and lives in Andhra Pradesh. The two younger brothers are drivers. They are not married yet.

After dropping out of school, Anjali worked as a maid in a household where the landlady taught her sewing in exchange for doing household chores. Although these lessons did not get very far, Anjali learned enough to take up a job as a helper in a garment factory. She fine-tuned her tailoring skills at the factory. She worked as a helper for two to three years and then moved to another factory to work as a tailor. Anjali met her future husband there.

Transition to Adulthood

When she was 19 years old, Anjali married her factory colleague, Shankar, of Tamil origin. He was then 25 years of age. Anjali and her husband continued to work at the same factory after marriage. Between them, they earned Rs. 12,000 per month.



Anjali gave birth to two children, a girl and a boy. She lived with her husband's family and was able to leave her children there while she continued to work at the factory and worked there until she was 28 years old.

When Anjali was 28 years old, she began to fall sick frequently and was unable to go to work regularly. Anjali quit her job at the factory and decided to do some business from home. She started a saree business, selling sarees in installments to her neighbours and former colleagues from the factory. To begin with, her business went off well as one of her neighbours bought almost 40-50 sarees in bulk. In a few months however, Anjali had to undergo a hysterectomy. In the meanwhile, Anjali's neighbours, to whom she had sold the sarees in bulk, left the area without paying the installments due in balance. To make matters worse, the factory where her husband worked closed down. Not only did her husband lose his job there, Anjali had sold sarees to women at that factory and was unable to recover the dues from them. Left without employment, Anjali and her husband decided to take up job work for other garment factories. Factories often outsource part-time work to job workers working their businesses from home.

Current Situation in the Household

Currently, Anjali and her husband Shankar live in Kasturba Nagar near Chamrajpet in Bangalore. They live there with their children; a 12-year-old daughter and an 11-year-old son. Shankar's parents also live with them. Anjali and her husband do job work from home for two garment factories. They have two sewing machines at home. They regularly collect ready cut pieces of fabric from the two factories that they work for. These cut pieces are then ironed and stitched into men's shirts by Anjali and her husband. Anjali and Shankar earn around Rs. 300 a day by stitching 20-25 shirts. Their Total Monthly Household Income is Rs. 9000.

Though both Anjali and her husband have barely gone to school, they are keen that their children study well and they have put their kids, into an English medium private school. As mentioned earlier, Anjali's in-laws stay with them. Recently, Anjali's father-in-law had a stroke for which they incurred a big expenditure that set them back financially.

Housing Details

Anjali lives with her husband, children and in-laws in a 15'x12' house. The house has one room, a kitchen, a bathroom and a toilet, all within this space. There is hardly enough space for six people and two machines at their house. The rent for the house is Rs. 1700 per month. Until about two years ago, they had paid an advance of Rs. 12,000 for the house. Then the landlord got a tap fixed within their house and charged another Rs. 3000 as an advance on the house. The advance for the house at present is Rs. 15,000. The house has electricity. Anjali's dwelling has a separate meter and their electric bills are quite high every month as both their sewing machines run on electricity and they have to iron the shirts that they stitch.

Anjali and her husband have lived in the same area for the last 20 years and have lived in their present home for the past seven years. They moved from their earlier dwelling as it was on the verge of collapse and the landlord asked them to vacate so that he could have it demolished and rebuilt. They live close to Anjali's parents and brother who provide support to her and her family.

Details of Current Job

Anjali and her husband are job workers who take piece-work orders from garment factories. They work from home to complete these orders. Typically, the couple takes pieces of fabric (pre-cut to be made into shirts) from two garment factories, stitch these pieces together into shirts and deliver them to the respective factories. Anjali and her husband have two electric sewing machines at home and work from 10 a.m. to 10 p.m. In addition, Anjali also irons the stitched clothes before delivery. Between them, they stitch about 20-25 shirts a day.

Anjali says the only problem with their work is that it is seasonal. During festivals such as Ramadan, Eid and Diwali, they get large orders and have to work late into the night, sometime until 2.30 a.m. There are also periods when there is hardly any work. On most days, Anjali and her husband earn Rs. 300 for the shirts they stitch. During festivals, when there are more orders, they earn up to Rs. 500 a day. They work seven days and are paid on a weekly basis.

Education of Children

As mentioned earlier, Anjali has two children - a daughter and a son aged 12 years and 11 years. Anjali is very keen that her children receive a good education. She is particularly eager because both she and her husband have barely gone to school. Anjali sends her children to a private English medium school near their house. She does not send them to any additional tuition because she cannot afford it. Anjali spends Rs. 10,000-11,000 annually on their admission fees and Rs. 600 per month on their fees.

Recently Anjali had to offer the jewellery belonging to her brother as collateral to pay part of the admission fee. She got Rs. 5000 for the jewellery. She will have to pay an additional Rs. 6000 before her children write their exams. Anjali is now regularly paying their monthly fees of Rs. 600 but will have to work towards paying the balance fees to the school in the next few months.

Asset Ownership

Anjali has a gas stove and a mixer, purchased three years ago. Last year, Anjali's brother gave them an old television and mobile phone. The mobile is very useful because they can now call the factories that they work for and ask if the order is ready for collection. Earlier they would make multiple trips to the factories to check if the order was ready for collection. This wasted a lot of their time that they could have otherwise used productively.

Levels of Indebtedness

Three years ago, when Anjali became a member of Ujjivan, she borrowed Rs. 8000. She used this loan to purchase her two sewing machines. The following year, Anjali borrowed Rs. 12,000 from Ujjivan. She used this money, partly to buy sarees and partly for her treatment and hysterectomy. However, as mentioned earlier, Anjali incurred nearly Rs. 4000 in losses from her saree business.

In June 2009, Anjali's brother pawned his jewellery to help her pay the school fees for her children. Anjali promised her brother that she would retrieve his jewellery by the end of the year. In the meantime,



however, Anjali and her husband have incurred further debt when her father-in-law had a stroke. To pay for treatment, Anjali's husband borrowed Rs. 15,000 from a moneylender at an interest rate of 5% per month. Anjali used her third Ujjivan loan of Rs. 20,000 to repay the moneylender. She invested the remaining Rs. 5000 in her saree business.

Presently, Anjali pays Rs. 150 per month in interest to the pawnbroker. She is also repaying her loan to Ujjivan in monthly installments of Rs. 1999. She still needs to pay the school fees for her children before their exams in April and also has to arrange for money to release her brother's jewellery from the pawn broker.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.20,000/-	To repay the moneylender from whom Rs.15,000 had been taken at 5%	Ujjivan	12 months	1.17%	Rs. 1,999/- monthly
Rs.5,000/-	To pay school admission fees	Pawn Broker	12 months	3%	Rs. 150/- as interest per month (excludes principal repayment)
Total Current Indebtedness = Rs. 25,000 /-					

Savings, Insurance & Health

Anjali and her husband would like to save some money for the future and for their children, but they are currently unable to do so because of their saree business losses and the money they spent on medical treatment of Shankar's father during and after his stroke. Currently the couple earns just enough to repay their loans. They have not saved significantly so far. Anjali and the members of her family do not have any health or life insurance either.

Overall Socio-economic Wellbeing

On the whole, Anjali feels that her family was better off five years ago, when they worked as salaried employees in a garment factory. Anjali says her troubles started when she had a hysterectomy and her husband lost his job at the garment factory. Furthermore, she incurred losses in business and her father-in-law incurred a stroke over which they incurred a great deal of expenses.

Anjali says she is very grateful to Ujjivan for offering loans at an affordable rate of interest. She would like to get an Individual Business Loan from Ujjivan, but does not have sufficient savings in her bank account to be approved for this loan cheque book account, which is required for the loan. All the same, Anjali believes that if she gets a loan of Rs. 30,000 from Ujjivan she might be able to expand her piece-work business and do better. She rates her present economic state of wellbeing as 'average.'



Kanakakala

Occupation : Petty shop Owner

Date of interview : 18-9-09

Childhood

Kanakakala was born in Bangalore in 1963. Her parents were of Tamil origin, settled in Karnataka for generations. She had seven brothers. She was the only daughter. She was born after four brothers. Kanakakala's father was a driver and her mother, a housewife. Though none of the siblings went to college, the seven brothers completed their schooling while Kanakakala stopped after class 8. Kanakakala stayed at home after that to help her mother with housework. Kanakakala had a pleasant childhood but did have to struggle due to there being so many mouths to feed at home.

Kanakakala was around 22 years old when she got married to a driver who had studied till class 10. It was an arranged marriage. As for Kanakakala's brothers, one of them has died but the others are in good jobs, with most of them in government jobs. Kanakakala's parents have both died.

Transition to Adulthood

After her marriage, Kanakakala moved into her husband's house - the same house that they are staying in now. The house belongs to them. There was a joint family with Kanakakala's husband being the oldest brother. Being the oldest daughter-in-law of the household, Kanakakala had a lot of responsibilities at home.

Kanakakala also gave birth to two children; a girl and a boy. In addition to looking after the children, Kanakakala's household had eight cows in the premises and she took care of them. Taking care of eight cows was a big task and it took a lot of her time. Kanakakala sold the extra milk that the cows yielded. She did this for nearly 20 years. Though Kanakakala was very busy with work at home, her life was never a struggle.

After her husband's parents died, Kanakakala's husband and his brothers decided to divide the property. The cows became a liability for Kanakakala as she hardly had any place to accommodate them in her share of the property. The cows were therefore sold for a good sum.

Kanakakala did not take up employment after the cows were sold. Her children were growing up and Kanakakala decided to take some time off from earning money. Kanakakala's husband was a driver with



the Army. He was commissioned for Short Service and therefore retired from the army at the age of 35 years. After retirement, Kanakakala's husband who was also a good tailor decided to start stitching clothes on order. However, he had a problem with his leg which did not seem to get better and this came in the way of using a foot pedal to stitch clothes. He therefore decided to go back to driving and joined a government organization as an ambulance driver for their hospital. He got a government job with ease as he had been in the Army. Kanakakala's husband is now nearly 58 years of age and is likely to retire from this job too.

When Kanakakala's husband and his brothers divided the property amongst themselves, Kanakakala's household took one of the brother's under their wing as he was mentally challenged. They have built a house for their daughter in part of his property measuring 400 sq.ft. They have built the brother a smaller dwelling in part of their own property. The daughter has given her house on rent. Four years ago, Kanakakala's household moved in with the mentally challenged younger brother, into his house behind their own house so that they could refurbish their own house. The work on their house is complete and they moved back into their own house, six months ago.

In the meanwhile, six years ago, Kanakakala, whose children had now grown up, decided to open a petty shop at home. She opened a shop in a small space in the portion given to her daughter. This is next to their house.

Current Situation in the Household

Kanakakala now lives with her husband, son, daughter-in-law and grand-daughter in their refurbished dwelling. Kanakakala's daughter, who is 26, is married through an arranged marriage. Kanakakala got her married at the age of 16 after she completed her PUC. Kanakakala had invested in chits and her husband withdrew some money from his Army Pension Fund to organize the wedding. The daughter now lives in Tumkur, a town near Bangalore with her husband and two children.

Kanakakala's son got married to a girl he liked at the age of 19. He is now 24 years old and has a four year old daughter. He studied till class 10. He is also a driver and drives a hired car for a travel company and earns Rs. 5000 a month. The son's wife has done a course as a beautician and now works in a beauty parlour. She did the course free of cost at a school run by the city corporation. She earns Rs. 5000 a month. Their four year old daughter goes to school.

Kanakakala's husband who works as an ambulance driver earns Rs. 6000 a month. Kanakakala runs the petty shop and earns about Rs. 4000 a month. Though she is at the shop most of the time, Kanakakala says she has a lot of help from her husband and son, to run the shop. Her husband works the afternoon shift and spends most mornings at their petty shop. The son, who has a bike, helps source merchandise for sale from the wholesale market. Their Total Monthly Household Income is Rs. 12,000. Kanakakala says her son and daughter-in-law do not contribute regularly to household income. They contribute to large expenses only when asked to do so.

Housing Details

As mentioned earlier, Kanakakala recently moved into their newly renovated house. The house is built on a site measuring 600sq.ft. Kanakakala has spent about Rs. 7-8 lakhs on refurbishing the house. Their

house is tiled and has an RCC roof. It has two rooms, a kitchen and a bathroom. They have built a sump and an overhead tank to store water for household use. At present however, there is a shortage of water in the area and their sump does not fill up. They order a water tanker twice a month to make up for the shortage.

Kanakakala has also made a provision to build on the first floor but has not done so yet, due to lack of funds. Kanakakala says they had saved up money to renovate the house. When their savings were exhausted, they had to stop building for a year. They approached Ujjivan for a loan to complete the house but were not granted a housing loan. They eventually borrowed money from a moneylender. They currently owe Rs. 3 lakhs in loans to the moneylender.

Details of Current Job

Kanakakala opens the petty shop by 7 am and is there till 9 am, when her husband comes to mind the shop. She returns around 1 pm when her husband has to leave for work. Kanakakala is at the shop till 9 p.m. after that. While she is at the shop, she keeps an eye on the house and her grand-daughter as her daughter-in-law is then away at work. She also attends to household chores as she says business is dull in the afternoons and customers know where to call her if they do not find her in the shop. She closes shop at 9 pm.

Kanakakala started the shop with goods worth Rs. 5000. She borrowed the money from a friend and has now repaid the loan. Kanakakala stores items of daily use from spices to carbonated drinks to soaps and stationery items at her shop. She has a refrigerator to serve the drinks that she sells, cold. She earns around Rs. 6000 a month from this business.

Kanakakala has currently taken a business loan of Rs. 15,000 from Ujjivan. She used it partly to buy items for business and partly to repay the interest on the house loan that she took from the moneylender.

Education of Children

Kanakakala's children are now grown but when they were younger, they went to school. Her son studied till class 10 and daughter did her PUC. After marriage, the daughter did a computer course and is now doing her graduation through a correspondence course. Through her son, Kanakakala has a grand-daughter who is in kindergarten in a private English medium school. Kanakakala's son has paid an admission fee of Rs. 12,000 and pays monthly fees of Rs. 600 for the child. Kanakakala believes that a better education can give one a better and more secure future.

Asset Ownership

Kanakakala has a gas stove and a mixer that she bought 15 years ago. They have a colour TV that they bought seven years ago. They have a mobile phone which the son bought himself four to five years ago. They even have a recently acquired refrigerator which they bought after moving into the refurbished house about a year ago. They have a refrigerator both at the shop and in their dwelling.



Levels of Indebtedness

Kanakakala believes it is alright to borrow if one has the ability to repay. As mentioned earlier, Kanakakala has spent nearly Rs. 8 lakhs on renovating her house. While part of it has been financed from savings, part has been borrowed. She presently owes a moneylender a sum of Rs. 3 lakhs that she borrowed for house construction. She is paying an interest of Rs. 3000 every month on this sum. This has to be paid till she can pay the principal in a lump sum. Further, they have left the first floor of the house half done for lack of additional funds.

Kanakakala has borrowed Rs. 15,000 from Ujjivan for her business needs. She used it, partly for business and partly on household needs. The interest on this loan is 1.17% and Kanakakala pays Rs. 1426 per month towards this loan. Her total indebtedness is about Rs. 3.15 lakhs. Kanakakala hopes avail a housing loan from Ujjivan and pay off the moneylender who charges her a higher rate of interest than Ujjivan.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs. 3,00,000/-	To renovate the house	Money lender	Monthly interest to be paid till principal can be paid in a lump sum	3%	Rs. 3,000/- monthly
Rs. 15,000/-	For business and household needs	Ujjivan	12 months	1.17%	Rs. 1,426/- monthly

Total Current Indebtedness = Rs. 3,15,000 /-

Savings, Insurance & Health

Kanakakala claims she is not able to save much, as most of what she saves goes into repaying the interest on the loan that they have taken from the moneylender. She believes it is important to save. She believes it is because she saved earlier that they could build a comfortable dwelling for themselves.

Kanakakala and her husband have health insurance from the Army. Her married children do not have access to this facility. Kanakakala and her husband can access any military hospital for treatment, free of cost. However the military hospital is a distance away and involves long waiting periods. Kanakakala and her husband prefer to go to the local medical practitioner for small ailments. They access the Military Hospital for larger planned procedures. Kanakakala's husband has insurance for a sum of Rs. 1 lakh. He pays around Rs. 500 a month towards this insurance.

Overall Socio-economic Wellbeing

Kanakakala is in a financially stable situation now. She is however eager to see her house loan paid off. She is much better off now than she was two years ago when they were struggling for funds to complete their house. She rates their current state of well-being as 'very good.'



Jayalakshmi

Occupation : Tiffin Vendor

Date of interview : 16-9-09

Childhood

Jayalakshmi was born in 1975 in Mandya in Karnataka. Her parents were farm labourers, who worked on the farms of land owners. Jayalakshmi was the youngest of five, with three older brothers and an older sister. Jayalakshmi's father died when she was three years old due to asthma induced by medicine given by a local quack. One of Jayalakshmi's brothers also died at a young age.

Since the death of her father, Jayalakshmi's mother and two older brothers took charge of the household. They worked very hard to support the family. Jayalakshmi's brothers quit school and worked as farm labourers. Jayalakshmi, who was the youngest, was never sent to school.

When Jayalakshmi was 12 years old, she and one of her brothers came to Bangalore in search of work. They initially stayed with a cousin and then rented a place to stay.

Jayalakshmi's brother joined a school as a peon and continues to work there to this day. Jayalakshmi found work as a housemaid.

In Bangalore, Jayalakshmi fell in love with a boy named Shanmugham in her neighbourhood. He proposed marriage to her and she was married with the approval of her brother at the age of 19 years. Her husband, Shanmugham was 22 years old and worked as an assistant at a printing press. He had studied till class 10.

Transition to Adulthood

After marriage, Jayalakshmi moved to her Shanmugham's house. She lived in a joint family with her husband, his parents, his older brother and widowed sister. Jayalakshmi took up a job with a housekeeping contractor who supplied maids to hospitals. Jayalakshmi was assigned to work at Manipal Hospital, a multi-speciality hospital in Bangalore. She earned Rs.2500 per month from the job. However, the job involved doing night duties and Jayalakshmi found it difficult to cope with the work after her children were born. She therefore decided to quit. Over time, Jayalakshmi gave birth to four daughters.



Meanwhile, Shanmugham's employer at the printing press went to work abroad, leaving him in care of the press. The employer's wife had a wet grinder which she gave Jayalakshmi. Jayalakshmi decided to put the grinder to good use and start a tiffin business from home. That way she would be able to attend to chores at home and work to earn some money. Jayalakshmi started making and selling idlis, dosas, vadas, chutney and sambar from home.

Current Situation in the Household

Currently, Jayalakshmi lives with her husband and four daughters in a room which is part of the house that she moved into after marriage. Jayalakshmi is 35 years old and works as a tiffin vendor from home. She earns about Rs. 5000 to Rs. 5500 a month from this. Jayalakshmi's husband, Shanmugham is 38 years old and is in charge of a printing press. Shanmugham earns about Rs. 5000 a month from the press. However his income varies and it depends on the business he gets from month to month. Their Total Monthly Household Income is around Rs. 10,000. Jayalakshmi's daughters are 14, 11, 8 and 5 years of age. All the girls go to school.

Housing Details

The house that Jayalakshmi lives in was built by her father-in-law. After her parents-in-law died, the house was divided amongst the two brothers, who got two rooms each as the original house consisted of four rooms. As Jayalakshmi's widowed sister-in-law with five children of her own had no where to go, Jayalakshmi and her husband gave one of their rooms for her to live in. Currently, the sister-in-law lives in one of the rooms with her five children and Jayalakshmi lives in the other room with her husband and four daughters. The room is very small and measures about 7'X10'.

There is electricity but no running water in the house. Water flows through a tap just outside the house. Water however flows through the tap only for a few hours every alternate day. This tap is shared by the three households - i.e. theirs, the brother's and the sister's. There is a toilet that is commonly shared by the three households. The room in which they live is too small to sleep six people. Jayalakshmi's nephew who works at a welding shop has made some grill metal shelves on the wall which are used by the children to sleep by the night. By day, they are used as shelves to store things. The house has an AC sheet roof. Jayalakshmi is hoping to get a loan in the future from Ujjivan so that she can redo the roof and build a first floor over their dwelling to accommodate the members of the household more comfortably.

Details of Current Job

Jayalakshmi works from home as a tiffin vendor. She started this business three years ago. As mentioned earlier, her husband's employer donated their wet grinder to Jayalakshmi and this got her started on the idea of starting a tiffin business from home. She opted for this business so that she could keep an eye on the house while at work.

Jayalakshmi had some utensils at home for the business. She also bought some through a shop where items can be bought on installments. Currently, Jayalakshmi is paying about Rs. 300 a month in installments for the purchase of plates, spoons and other items required in her vending business.

Jayalakshmi buys raw materials for her business from a wholesale market near her house. Jayalakshmi's husband helps her transport the goods. Three years ago when they started the business there were no competitors in the area. Now there are three other tiffin vendors in the area. Jayalakshmi has to keep her prices very competitive. She sells three idlies or two dosas for Rs. 5. Her main customers are school children, auto drivers and labourers working in the neighbourhood. Jayalakshmi works only six days a week. She does not work on Sundays as there is not much business then. Jayalakshmi earns around Rs. 5000 to Rs. 5500 from this business every month.

Jayalakshmi places a table in front of her house, from where she sells her tiffin. Currently, Jayalakshmi sells idlies and dosas in her shop. She stopped selling vadas as they could not be sold cheap. Jayalakshmi wants to expand her business to sell other breakfast items too. Jayalakshmi says she has to offer food on credit to customers and that is a problem for her. Many people do not pay promptly and Jayalakshmi's cash flow gets affected by this.

Jayalakshmi sells food between 7 am and 1 pm. As most of the items on sale are breakfast /snack food, she closes around lunch time. In the afternoon, after a bit of rest, Jayalakshmi gets her idli and dosa batter ready for the next day. Jayalakshmi's oldest daughter is very responsible and helps her out with a number of household chores before going to school and even after getting home in the evening.

Education of Children

Jayalakshmi's three older children go to a government Kannada medium school near their house. They go to classes 8, 7 and 5 respectively. Though Jayalakshmi does not pay any tuition fees for them, she has to spend Rs. 2000 on books and uniforms for all the three of them per year.

Jayalakshmi's youngest daughter goes to a private school. She studies in the kindergarten. Her annual admission fees amount to Rs. 5000. Additionally, they pay a fee of Rs. 500 per month for her. Jayalakshmi hopes she will be able to educate her youngest daughter in a private school as they are relatively better off now than before. None of the girls go to any additional tuition classes. The girls are studying well and Jayalakshmi is willing to educate them as long as they want to study.

Asset Ownership

Jayalakshmi's husband, Shanmugham has a scooter that he bought three years ago. It cost him Rs. 50,000. He paid Rs. 10,000 cash down for it and paid the balance in installments of Rs. 1000 per month. He has paid the off loan. He raised the Rs. 10,000 for the cash down payment partly from his savings and partly by taking a Rs. 5000 loan from Ujjivan.

Jayalakshmi has a gas stove that they bought about 10 years ago. Jayalakshmi's brother bought them a TV some years ago. He also bought them a mobile phone a month ago. Last year, Jayalakshmi became a member of a microfinance company and borrowed Rs. 10,000 from them. She bought a refrigerator from that money. Jayalakshmi gave up membership of that microfinance company after paying up the loan amount as she felt that this particular company gave loans very easily and encouraged people to buy goods that they could not pay for later.



Levels of Indebtedness

Jayalakshmi borrowed Rs. 5000 from Ujjivan in the first loan cycle. Her husband used the money to buy a scooter. In the second loan cycle, Jayalakshmi used Rs. 10,000 to buy items for business and to release the jewellery that she had pledged to meet hospital expenses when almost everyone in the household fell ill with Chikanguniya in the previous year. In the third cycle, Jayalakshmi has currently borrowed Rs. 15,000 to invest in goods for business. She also used part of the money to conduct the death ceremony of her mother-in-law.

Jayalakshmi has also borrowed Rs. 10,000 from a moneylender to meet an urgent need recently. One of her daughters came in the way of a moving fan at home and cut herself badly. She had to be rushed to a hospital and Jayalakshmi needed money in a hurry. She borrowed Rs. 10,000 from the moneylender at 5% interest per month. She is now paying him back Rs. 500 as interest every month. She has to pay the interest on a monthly basis till she can pay up the principal in a lump sum.

In addition, as mentioned earlier, Jayalakshmi is paying Rs. 300 a month to a hire-purchase store where she bought utensils for business. Currently her total indebtedness is around Rs. 25,000 and includes all the loans that she has.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.15,000/-	To invest in business and for mother-in-law's death ceremony	Ujjivan	12 months	1.17%	Rs. 1,480/- monthly
Rs.10,000/-	A health emergency	Money lender	To pay interest till she can pay the principal in a lump sum	5%	Rs. 500/- monthly
Paying Rs.300 per month to a hire purchase shop for utensils purchased for business.					
Total Current Indebtedness = Rs. 25,000 /-					

Savings, Insurance & Health

Jayalakshmi has four daughters and strongly feels the need to save for their future. She saves Rs. 100 a week with an SHG near her house. She also saves Rs. 1000 a month with a chit fund near her house. Apart from this, she invests in festival chits regularly so that they can treat themselves to good food during festivals. Jayalakshmi is currently paying Rs. 150 towards a Diwali chit and Rs. 160 towards a Christmas chit. If a household subscribes to these chits, they get a gift pack with all items concerning that particular festival. E.g. if one subscribes to a Christmas chit, one receives a gift pack a few days before Christmas with items from everything required for the festival such as a Christmas star (to dangle

in front of one's dwelling), a Christmas cake, meat for curry, rice, dry fruits, ghee and all other items for a good Christmas meal. Interestingly, Jayalakshmi who is a Hindu has subscribed to the Christmas chit. Jayalakshmi also keeps about Rs.200 at any time at home, for emergency expenses.

Jayalakshmi's husband has life insurance in the name of the children. She is not sure how much her husband pays towards it every month but believes it to be around Rs. 2000 a year towards life insurance. None of the family members have health insurance. They usually access a government hospital for any illness. In an emergency however, they sometimes access a private hospital when they see that they are not being cared for in a government hospital. At such times, they incur a lot of expenses and have to borrow in order to pay back. In the recent attack of Chikanguniya in the city, the entire household fell ill and they spent nearly Rs. 2000 on hospital expenses. Further, as mentioned earlier, they incurred expenses when Jayalakshmi's daughter hurt herself from a moving fan. Consequently, they had to spend around Rs. 10,000 and are still paying back the loan.

Overall Socio-economic Wellbeing

Jayalakshmi says her overall state of wellbeing has improved over time but she cannot consider herself very comfortable as she has four daughters to marry off. She rates her current state of wellbeing as 'average.' She needs to get a loan to improve on the house such as to make more space for her large household. She hopes that as the children grow up, they will get good jobs and contribute to household income, thereby improving the situation. Jayalakshmi is hopeful of the future.



Muthamma

Occupation : Vegetable Vendor

Date of interview : 16-9-09

Childhood

Muthamma was born in Pagandahalli near Bangalore in 1964. She was the oldest of her siblings. They were three brothers and four sisters in all. Muthamma's parents were farmers and had 2-3 acres of land. Muthamma spent her childhood in the village. None of the children were sent to school. The concept of schooling was alien to them. It never occurred to the parents to put them in school. The children too did not feel they had been denied a chance to educate themselves. Muthamma had a pleasant childhood.

There was a boy in the neighbourhood, near Muthamma's house in the village, whose family lived in poverty. The boy had been left with a well-to-do family in the village as bonded labourer in exchange for a regular sum of money. When the boy grew up, he refused to go to the landlord's house to work. Muthamma's marriage was arranged with the boy when he was about 21 years old and Muthamma was 12 years old. They came away to Bangalore soon after the marriage because Muthamma's husband did not have any job to his liking in the village.

Transition to Adulthood

Soon after coming to Bangalore, they stayed with a relative for a few days in Reddy Palya in Bangalore. Muthamma's husband got himself a job as an auto driver. As he did not have an auto-rickshaw of his own he used to drive a hired auto-rickshaw. They moved into a rented house. Over time, Muthamma had six children - two boys and four girls. As the children grew, Muthamma decided to earn some money herself, to add to the income of the household.

Some of her neighbours were vegetable and flower vendors who sold their produce from a ground that is presently HAL Market. Muthamma also decided join them there and sell vegetables. Over time, the area was redone and a market place was built to house the vendors in the area. Muthamma and her husband were both granted shops at this new market place. Muthamma's husband gave up the job of driving an auto-rickshaw and got into the business of vegetable vending. As both their shops were next to one another, Muthamma and her husband decided to open one large shop there in place of two small ones. They had a fairly large shop by market standards and were able to bring up their children through the



business of vegetable vending. All the six children are now married. Muthamma and her husband saved up money to build a house for themselves. They built a house with three rooms. They have given one room each to their two sons who live there in separate households. The daughters are married and living elsewhere in Bangalore.

Current Situation in the Household

Both Muthamma and her husband work as vegetable vendors in HAL Market. Their Total Monthly Household Income is Rs. 9000. Muthamma lives with her husband and granddaughter in one room in their house. Their granddaughter is Muthamma's son's daughter. As he has three daughters, Muthamma has taken one of the daughters as her own. She is 11 years old. Muthamma sends her to school and saves for her future.

Housing Details

Muthamma lives in a pucca house with an AC sheet roof. This house is their own and was built by them eight years ago. Muthamma spent Rs. 5 lakhs to build the house. It has three rooms. As mentioned earlier, Muthamma's sons are living with their families in two of the rooms and Muthamma lives in the third room. She financed its construction through savings in chit funds, loans on jewellery and loans from moneylenders. They have now repaid all the loans.

There is no water supply in the house. Muthamma and her grand-daughter collect water from a borewell near their house for household consumption. They get their drinking water from the house of a well-to-do neighbour who gets a regular supply of corporation water. They have electricity in the dwelling. The house has a toilet and a bathroom that is shared by the three households.

Details of Current Job

Muthamma and her husband work as vegetable vendors in the HAL market. Muthamma's house is about a kilometre away from the HAL Market. Both she and her husband walk to work. She and her husband have adjoining shops in the market and they operate it as one large shop sized about 14'x10'. Muthamma pays a rent of Rs. 2000 a year for the both the spaces. Recently the supply of electricity to their shops was cut off as the electricity board felt that the place was constructed using inflammable material and could catch fire. Muthamma bought a lantern to use at the shop.

On any day, business is brisk between 6 am and 11 am. Business is good on all days but gets better on days around festival time and on Sundays. Muthamma says business was better earlier, some years ago when they used to supply vegetables everyday to a canteen. The lady who ran the canteen was a steady source of good income. However, when Muthamma had to go out of town, she left her son to care for the shop. He was careless with supplying vegetables. He did not supply them regularly and the vegetables he sent were not of good quality. The lady changed her supplier and Muthamma regrets this mistake to this day.

Muthamma invests Rs. 5000 into her business everyday and Rs. 10,000 on the days that she expects more business such as during festivals. She makes about Rs. 300 on regular days. On the days of brisk business and festival days, she makes up to Rs. 1000 a day. Muthamma borrows regularly from



moneylenders who lend on a daily basis, to invest in business. She hopes Ujjivan can help her out by coming up with quick loans so that they do not have to depend on moneylenders who charge a higher rate of interest.

Muthamma and her husband buy most of their produce from the wholesalers who come with their goods to HAL market every morning. On most days, Muthamma gets up at 3am and after freshening up, leaves for the vegetable market with her husband around 4am. They leave very early as vehicles with fresh stock come from the wholesale vegetable market at that time. The sooner they get to the market, the better the stock they can buy from the wholesalers. Occasionally, Muthamma and her husband stay back and sleep at the shop itself, from the night before, so that they can wake up early to get the best stock. They have a stove at the shop, to make tea or to heat food brought from home.

They sell a wide range of vegetables. Muthamma's husband occasionally goes for some exotic vegetables to the city market. Muthamma's husband goes to the city market in his son's pick-up van. He is driven to the market by his son. The son is a driver and in the business of goods transportation.

Education of Children

Muthamma's granddaughter goes to a government school near their house. She is 11 years old and studies in class 6. The grand-daughter also goes to tuition classes in the evenings. Muthamma is not clear about the fee details. She hands Rs. 500 a month over to her daughter-in-law who pays her fees. Muthamma says she will get her granddaughter married in a few years. She does not see value in educating her beyond the basic level of reading and writing.

Asset Ownership

Muthamma does not own a gas stove. She did have a gas connection but has given it to her son who has a young family. Muthamma has a mixer in her house. She does not have a TV or a refrigerator. She does not even have a mobile phone like most others in her neighbourhood.

Levels of Indebtedness

Muthamma joined Ujjivan when Ujjivan opened a branch in their area and dropped out when she had to pay for another woman in her group. She rejoined a fresh group after six months. She has been a member of Ujjivan ever since. Muthamma got Rs. 6000 in the first loan cycle. She invested it in business. She got Rs. 12,000 in the second cycle and put that into business too.

She got Rs. 15,000 in the third cycle. She invested Rs. 8000 in weighing scales for her shop. She invested another Rs. 1000 in lanterns for her shop as there is no supply of electricity to her shop. She invested the balance in buying produce for her shop. Presently, she pays Ujjivan Rs. 1460 every month for the loan.

Apart from this, Muthamma also has a loan of Rs. 7000 with a pawnbroker with whom she has pledged her jewellery. Muthamma needed money for business and raised it by pawning off her jewellery. She pays Rs. 210 to the pawn broker every month as interest. In all, she pays a total of Rs. 1670 per month to repay her loans.

Muthamma borrows regularly from moneylenders and repays them on a daily basis. She borrows close to a festival so that she can do better business. Muthamma says it would be better if Ujjivan gave them daily loans instead. The interest would be lower.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.15,000/-	To invest in Business, buy weighing scales and buy lanterns for the shop	Ujjivan	12 months	1.17%	Rs. 1,460/- monthly
Rs. 7,000/-	To invest in Business	Pawn broker against jewellery	12 months	3%	Rs. 210/- monthly in interest only (not towards principal)
Total Current Indebtedness = Rs. 22,000 /-					

Savings, Insurance & Health

Till a few years ago, Muthamma was saving to build a house. She has now paid off all her loans taken for house construction. Muthamma believes it is very important to save for the future. She does not want to depend on her children. Muthamma saves Rs. 50 every day in a nationalized bank in her area. The fund collector from the bank makes the rounds of their market every day to collect money and bring in new investors. Muthamma has been investing here since April 2008. She does not invest in any chit fund at present. Muthamma says she is able to save because her husband is very co-operative and does not have any 'wasteful habits' like drinking or smoking.

They do not have any life insurance apart from the one that Muthamma has with Ujjivan. They do not have any health insurance either. Muthamma says they go to a general practitioner down the road if they need treatment. For admission they go to a government hospital near their house. Muthamma says they also believe in traditional medicine and access their village doctor for any cure through traditional medicine. Muthamma says that fortunately, they have not incurred any major expenses on health over the years.

Overall Socio-economic Wellbeing

Muthamma says she has been blessed with good health and a good husband. She has never had to struggle for a living. Over the years she has been in and out of debt for various reasons. Now that she has built a house for herself and married off all her children, she is free of those concerns. Muthamma rates her current level of wellbeing as 'good.' She would however like to build a bigger house and buy more jewellery. Muthamma hopes Ujjivan will give her speedier business loans in the future.





First Cycle Family Loan Customers



Gangamma

Occupation : Housemaid

Date of interview : 12-10-09

Childhood

Gangamma was born in a village called Vanaskere near Tumkur in Karnataka in 1981. She is the oldest of the siblings and has three younger brothers. Gangamma's parents are farmers. They live in the village, tilling their land. They have about six acres of land in the village where they grow ragi. They are unable to grow rice because their land is not irrigated and the lake which they access for water has been almost dry for years now. At times, they are unable to grow any crop on their land. During those times, they work on the farm land of richer farmers who have irrigated land.

Gangamma studied in the village till her SSLC. As she was the oldest of the siblings and a girl, she was expected to help with house work. She therefore dropped out of school at the age of 15 years. Gangamma says she had a pleasant childhood. Her

parents always had enough for them to eat and Gangamma lived a carefree, happy life as a child.

Transition to Adulthood

Gangamma was married at the age of 19 years to a man in Bangalore. Their marriage was arranged through a broker. Her husband belonged to Bhadravathi in Karnataka but had moved to his sister's house in Bangalore to work there. Gangamma's husband worked as a gardener at the Raj Bhavan in Bangalore. Though he had never been to school, he had got himself a government job.

When Gangamma moved to Bangalore, two of her brothers moved to Bangalore too. They did not think it worth their while spending their lives on the farm as there was nothing to grow when rains failed. Gangamma's first brother who is 28 years old now, studied till his second year in PUC and moved to Bangalore to work. He is married, lives close to Gangamma's house and works as a driver in Bangalore. Gangamma's second brother who studied till the class 8, works as a salesman in Bangalore and lives with Gangamma. The youngest brother is doing a vocational course in Tumkur. He lives with his parents in the village.



Gangamma gave birth to two children – a boy and a girl. She found living in Bangalore a struggle because her husband never gave her enough to run the household. He was an alcoholic and Gangamma struggled to make ends meet with two children. However, because she had small children to look after she could not leave home for work. Gangamma used to earn some money by stringing flowers for flower vendors. That way, she was able to work from home. She did not earn much this way but could not spare more time in the day either. Gangamma waited a few years, for her kids to start going to school and took up a maid's job at a house near her own dwelling. As her children grew, she found more time and decided to take up work at a second house as well.

Current Situation in the Household

Currently Gangamma lives with her husband, children and brother in Deviah Park in Bangalore. Gangamma's husband is 35 years old and works in a government job as a gardener. He earns Rs. 10,000 a month and gets good perks on his job but wastes a lot of money on alcohol. He contributes around Rs. 5000 a month to household income.

Gangamma's brother, who lives with them studied till class 8. He works as a salesman at a cloth store near their house. He earns Rs. 4000 a month and contributes Rs. 1000 to household income. He also sends home some money to his parents in the village.

Gangamma herself works as a maid in two houses near her house. She earns Rs. 5000 from both the houses. Their Total Monthly Household Income is Rs. 7500. Gangamma's children study in a government school near their house. Her eight-year-old son studies in class 2 while her daughter who is five years goes to kindergarten.

Housing Details

Gangamma lives with her family in a small house sized 12'x15' that they have taken on lease in Deviah Park. Gangamma's house has a room, a kitchen and a bathroom. There is no access to water in the house. Gangamma has to fetch water from the tap on the street near their house for all domestic needs. The house has electricity.

The house they live in has been taken on lease. They have given Rs. 1.5 lakhs as lease amount for the dwelling. They moved to this house about two years ago. Earlier, they lived in the same locality but in a rented house. The landlord of that dwelling had them move out of there because he wanted to rebuild the place.

When they moved out, Gangamma got back Rs. 20,000 that she had paid as advance on the rented house. She used the sum to pay part of the lease amount on the present house. An additional Rs. 70,000 towards the lease amount was borrowed from a relative who has asked them to return the sum at a later date. So far, they have not paid any money towards this particular loan. The balance amount of Rs. 60,000 was taken from Gangamma's husband's office as a loan. A sum of Rs. 1000 is cut every month from her husband's salary.

Details of Current Job

As mentioned earlier, Gangamma's husband, though in a government job with a good salary and perks does not contribute much of his earnings to household income. After the birth of two children, Gangamma found it very difficult to manage the household on such little money. At first, as her children were small, she could not leave them at home and go out to work. So she used to work from home, helping flower vendors string loose flowers. She used to work for four hours every day but did not earn more than Rs. 500-600 a month from the task.

Gangamma decided to do something else for a living. She initially toyed with the idea of taking up flower vending. After talking to some neighbours regarding this business, she realized that it could be run better if she had the support of another person in the household for this business. As she could not count on her husband's support, she dropped the idea.

As it happened, Gangamma's friend who was a housemaid suggested that Gangamma work as a housemaid too. She helped Gangamma get a job in a house near her own workplace. At first, Gangamma's husband objected to her stepping out of the house to earn money but Gangamma pleaded with him and eventually convinced him to let her go out to work.

Gangamma initially took up job as a maid in one house and then started working at another house as well. She presently earns Rs. 1500 from both the houses. She also gets a new saree once a year from each of the houses. Gangamma says her salary increases by Rs. 100 every year at each of the houses. She also gets a daily cup of coffee at her places of work.

Gangamma works between 10 am and 11 am in one house and between 3 pm and 4 pm in another house. In both places, she sweeps and mops the floor, cleans utensils and washes clothes. Gangamma says she finds washing clothes most difficult as she tends to fall sick frequently by working with cold water.

Education of Children

Gangamma's children go to a government Kannada medium school. Though Gangamma herself was interested in admitting them to a private English medium school, her husband strongly objected to this on the grounds that they should learn Kannada rather than English. Gangamma meekly agreed to this when she realized that it would be a struggle for them to afford the private school fees. She did not want to differentiate between her son and daughter by putting the son in a private school and daughter in a government school as many of her friends advised her to do. She wanted to be fair to both of them.

Presently, Gangamma's son and daughter go to class 2 and kindergarten respectively. They also go to tuition classes in the evenings where they are helped with their homework. Though the fees in the school is subsidized by the government, Gangamma pays Rs. 2000 per year towards books and uniforms for both the children. She also pays Rs. 150 per month as fees for both children for the evening classes. Gangamma says the ladies at the houses where she works, help her with the annual fees.



Asset Ownership

Gangamma has a TV and a mixer that she bought ten years ago. Her husband has a mobile phone that he bought four to five years ago. Gangamma does not have a gas stove that most urban poor households have. Gangamma's husband has not allowed her to buy one for fear that she might harm herself using one. Apparently when Gangamma's husband was a child, his neighbours' house along with the members of the household, were completely burnt down in a gas-stove accident. Gangamma's husband cannot get over the shock of the sight of the burnt bodies that he saw. After many years of cajoling, her husband has allowed her to invest in a gas stove. Gangamma has taken a loan from Ujjivan to buy a gas stove. She has not yet bought one but hopes to do so shortly.

Levels of Indebtedness

As mentioned earlier, Gangamma has a loan of Rs. 8000 from Ujjivan that she sought to buy a gas stove. Gangamma's husband also has a loan of Rs. 60,000 that he took towards payment of the lease amount on his house. Gangamma says her husband has Rs. 1000 deducted from his salary every month towards payment of this loan but she is not sure how many installments have been paid so far.

Gangamma's husband has also borrowed Rs. 70,000 from a relative. This too was towards the lease amount. They have not yet paid any installment on this loan. Gangamma's husband has applied for government quarters and when he moves to his new house and gets his lease amount on the present house back, he has been asked to return the money in a lump sum with an interest of 5% per month. Gangamma is not sure when they will be allotted their government accommodation.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.70,000/-	Towards lease amount	A relative	To be paid back in lump sum along with 5% per month interest when allotted government accommodation		
Rs.60,000/-	Towards lease amount	Husband's Office	Not sure		Rs.1000/- Monthly
Rs.8,000/-	To buy a gas stove	Ujjivan	12 months	1.25%	Rs. 768/- per month
Total Current Indebtedness = Rs. 1,38,000 /-					

Savings, Insurance & Health

Gangamma says her husband deposits Rs. 600 every month in a recurring deposit at a bank where he has his account. They do not invest in any chit fund. The only savings she is aware of is their contribution of Rs. 20,000 to the lease amount. Gangamma is not sure how much her husband has in the bank. She believes it is very important to save for the future especially when one has children to care for. She invests in small pieces of jewellery whenever she can as one can easily pledge jewellery for money with the pawn broker in an emergency.

Apart from the mandatory life insurance at Ujjivan, Gangamma does not have any life insurance. She does not have any health insurance either. Gangamma says her husband has access to the government hospital as he is an employee of the government but the others in the household do not have access to it. When one of the members of the household falls ill they go to the medical practitioner down the road. In case of a major illness or a need for admission to a hospital, they go to the government hospital near their house where treatment is usually free or subsidized.

Overall Socio-economic Wellbeing

Gangamma rates her current state of wellbeing as 'average.' She needs to work on a regular basis in order to earn money for her children. She is concerned about the rising prices of essentials particularly of food items. She says she has a long way to go as far as bringing up the children is concerned and if prices keep going up the way they are, she is not sure if she will be able to cope. She is also not sure of the future but is hopeful that her days of struggle will be over when her children grow up.



Manjula Ramesh

Occupation : Job worker-spins silk yarn

Date of interview : 6-10-09

Childhood

Manjula was born in Chamrajpet in Bangalore in 1966. She was the fifth of nine children. She has three older sisters, two older brothers, a younger sister and two younger brothers. The daughters were married off after they finished their SSLC while the sons were encouraged to study further. Manjula's brothers did vocational job-oriented courses after their SSLC.

Her father had a government job and supported the family, so her mother did not have to work. Manjula did not go out to work as a child. There was so much work at home; she and her sisters spent most of their time attending to household chores. All the sisters and brothers had arranged marriages. Neither of her parents are presently alive. Some of Manjula's siblings live in Bangalore while others live in different parts of Karnataka.

Manjula says she had a happy childhood and her parents did not seem to struggle to bring up nine children, largely because Manjula's' father had a well-paid government job.

Transition to Adulthood

Manjula was married off to an illiterate boy when she was 18 years old. She moved into a joint family where her father-in-law was the head of household. Manjula's husband used to trade in silk but never worked regularly. Manjula had a baby boy when she was 20 years old. Her father-in-law encouraged her to take up a job in order to help run the household.

Manjula's father-in-law and their family were in the silk spinning business. They had a powered spinning machine in their house. Manjula used to help her father-in-law by working on the machine. He encouraged her to join a factory where such machines were in use. Manjula began to go out to work when she was 23 years old.

The house that they lived in belonged to Manjula's father-in-law. When he died the children divided the property amongst them. Manjula's husband sold his share of the property and got Rs. 2.5 lakhs for it. He kept Rs. 1 lakh and lent Rs. 1.5 lakh to his brother who runs a power-loom business. Manjula's husband gets Rs. 1500 every month as interest on the money that he has loaned his brother.



Manjula struggled to educate her son on her income. Her husband did not work regularly and there were times when there was no food at home. However, Manjula's employer helped by lending her money to buy books and clothes for her son. Her sisters also helped by lending her money without charging any interest and also by giving their jewellery to pledge with a pawnbroker. Manjula's son grew up to do his Diploma in Civil Engineering.

Current Situation in the Household

Presently, Manjula lives with her husband and son in Chamrajpet, a locality in Bangalore. They moved into Chamrajpet six years ago after their father-in-law's property in Cubbonpet was sold. Cubbonpet is about three to four kilometers from Chamrajpet. Manjula still goes to Cubbonpet to work. They moved because they could not find a place with suitable rent. As Manjula's bothers live in Chamrajpet, they decided to move there.

Manjula's husband had an accident a year ago. His leg had to be operated. Manjula spent Rs. 20,000 on the operation. She borrowed it from her sister and says she has returned the money to her sister. Presently, Manjula's husband does not go out to work. In fact, his only contribution to household income is the Rs. 1500 that he gets as interest from his brother. When he needs additional money for his personal expenditure, he sells flowers or greens in front of his house. He makes about Rs. 100-150 a week and spends it on himself.

Manjula's son has been working as a draftsman for the last two years in an office in Koramangala, a locality in Bangalore. He earns Rs. 8000 per month and contributes some of his income towards household expenses. Their Total Monthly Household Income is Rs. 9500.

Housing Details

Manjula and her family live in a rented house in Chamrajpet. They have been here for the last six years. They pay a rent of Rs. 2500. The advance on the house is Rs. 60,000.

Earlier, they had paid an advance of Rs. 40,000 on the house. When her son got a job, he insisted on having his own room. Manjula requested the landlord to renovate the house and make space for an additional room. They had to pay an additional advance of Rs. 20,000 for the renovation. Their rent per month did not increase as a result of the renovation. Presently their house consists of two rooms, a kitchen and a bathroom. They have a tap in their house, electricity and an RCC roof.

Manjula took a loan of Rs. 8000 to pay towards the advance on the house. The son arranged the balance. The earlier advance of Rs. 40,000 was paid from the money that they got by selling their share of the father-in-law's property. Manjula says she could not save much from the money got from the property as she had to spend some of it on education expenses for her son.

Details of Current Job

Manjula works in a factory where silk weaving and spinning is done. Manjula's job is to spin silk yarn from silk obtained from cocoons. Specifically, she fixes the tip of the thread from the cocoon onto the machine



and has to watch for any knots or unevenness as the thread spins on the spindle. If the thread breaks she has to rejoin the ends. There are about 10 women working with her on similar jobs.

There are also men in the factory who weave silk sarees from the yarn. Manjula gets paid Rs. 15 per hour and she works for about 8 hours a day. She gets paid around Rs. 120 a day on a monthly basis and works everyday except Sundays. Manjula says she cannot do more than this, given that she has to come home and work on household chores as well.

Manjula can do this business from home if she has a power loom at home. This however does not work out to be as cost effective as working in a factory. For one, there would be electricity costs to bear, secondly the payment made when one works out of home is on a per kilogram (kg) basis and it is hard to spin more than 3 kgs of silk a day given the interruptions at home. At the factory, Manjula spins around 4 kgs of silk and the payment is on an hourly basis.

Manjula works from 10 am to 6 pm with a break for lunch. The workers at the factory are supplied tea/coffee twice a day. Manjula travels to work by bus every day and spends Rs. 15 daily on bus fare to work and back.

Education of Children

Manjula's son works but two years ago when he was doing his Diploma in Civil Engineering, she struggled. Her son was educated in a private Kannada Medium school. She ensured his fees were paid on time, even if there was not enough to eat at home.

When her son got admission in a diploma course, Manjula had to pay Rs. 30,000 over three years to the college. She borrowed from her sisters and kept their jewellery with a pawnbroker and used the money for her son's education. Manjula has paid back the loans to the pawnbroker and recovered her sister's jewellery.

Asset Ownership

Manjula has bought a gas stove, a TV and a mixer over the last year since her son started working. Her son has a mobile phone and is planning to buy a bike for himself.

Though Manjula has a gas stove she does not have a legal gas connection yet. She buys gas illegally in black at double the price. She is waiting to save up some money in order to apply for a gas connection.

Levels of Indebtedness

Whenever Manjula needs money, she either borrows directly from her sisters or borrows their jewellery and places them as collateral with the pawnbroker. She has so far been able to get all the jewellery back from the pawnbroker. At present, she does not owe any money to her sisters either.

Manjula has recently become a customer of Ujjivan. She has borrowed Rs. 8000 from Ujjivan and pays back Rs. 768 every month towards the loan. She would like to take more loans from Ujjivan but only after

paying back the present one. She believes her son might want a loan for his bike for which she would have to borrow money.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs. 8,000/-	Additional advance on the rented house	Ujjivan	12 months	1.25%	Rs.768/- per month
Total Current Indebtedness = Rs. 8,000 /-					

Savings, Insurance & Health

Manjula says they did not have any surplus income all these years as she was the only earner and had to educate her son and run the household. Over the last year her son has started earning so finances at home have improved but Manjula's husband's accident and subsequent operation wiped away any hopes of saving the additional income. Manjula says she would like to save in order to protect against any medical expenses in the future. She saves Rs. 300 every month in her bank account and hopes to save more in the future.

Apart from this, the money (Rs. 1.5 lakhs) that Manjula's husband has lent to his brother and the deposit on the advance for the house (Rs. 60,000) accrues to them. Manjula also has a life insurance policy in her name towards which she pays about Rs. 5000 every six months. None of the family members have any health insurance.

Overall Socio-economic Wellbeing

Manjula rates her current state of wellbeing as 'average.' She is better off than she was two years ago as her son has a job now. As a result, she has been able to pay back a number of loans that were pending. Manjula says she is hopeful about the future if her son continues to contribute to household income.



Parvathi BN

Occupation : Tailor

Date of interview : 27-8-09

Childhood

Parvathi was born in Beedikere, a village near Dodhballapur near Bangalore in 1978. She was the third of the five siblings in her family. Parvathi lived in an extended family with her parents and siblings. Her father's brother, who was the head of the household, lived there with his wife and children.

Parvathi's father and her uncle jointly owned about 7 acres of land. Parvathi's father worked on the fields and guarded them by the night. For most of the year, he lived in a little shed that he had built on the fields and came home only after the harvest. Parvathi's mother took care of the cattle. She would go out into the fields to graze their cows and buffaloes.

Parvathi's uncle took advantage of his brother's absence from home and harassed Parvathi's mother and her children. He controlled money matters and her mother was hardly given any money to spend. Parvathi's family was also denied good food.

Due to negligence in childhood and lack of proper care, Parvathi was inflicted with polio in her left leg. She acquired a pronounced limp in her gait. Parvathi found it very difficult to walk with her siblings to school as it was a distance away from their house. They even had to wade through a lake to get to school. Their uncle denied them pencils and notebooks to work on. Against all odds, Parvathi managed to do her SSLC.

Transition to Adulthood

After Parvathi finished her SSLC, she stayed at home to help her mother with the cows. In the meantime, her older sisters were married off. Parvathi's second sister was married to a man in Bangalore, whom she had a son with. Parvathi came to Bangalore to be with her sister's family and to help look after her son. She also hoped to find a source of employment. As she was walked with a limp, it seemed unlikely that anyone would come forward to marry her. Parvathi did not go out to work but started to attend tailoring classes run by the city corporation near her sister's house. Parvathi was quite busy as her sister went out to work and she had to take care of a part of the housework and her sister's baby.



When Parvathi lived in her sister's house, her cousin Venkatesh came forward and offered to marry her. According to Parvathi, her father had apparently helped his sister in difficult times earlier and the sister's son felt obliged to help Parvathi in return. They were married in 2002 in a mass marriage ceremony at a temple, conducted by a local philanthropist. Parvathi set up home in Bangalore.

Unfortunately Parvathi's sister's husband died in an accident after eight years of marriage. Parvathi took her sister in with her son. At present, the sister has moved out of Parvathi's house, to a house close by. Her son however continues to stay with Parvathi who now has a son of her own.

Parvathi was given a free sewing machine at the classes she used to attend when she lived with her sister many years ago. This sewing machine is powered with a foot pedal. In spite of her disability, Parvathi works regularly on her machine, takes orders for stitching and earns enough to supplement her husband's income. She earns around Rs. 2500 from stitching clothes on order.

Parvathi's father had some land in Yelahanka near Bangalore. When the new airport came up there in 2006, Parvathi's father sold an acre of land to the Airport Authority for Rs. 80 lakhs. He invested Rs. 5 lakhs in a long term fixed deposit with a nationalized bank in Parvathi's name. He has however kept the certificate with himself. He is afraid that if he hands the certificate over to her, she will use it on daily expenses.

Current Situation InThe Household

Currently, Parvathi lives with her husband who works with a private insurance company. He gets a salary of Rs. 6000 a month. Between them, Parvathi and her husband draw in a Monthly Household income of Rs. 8000-8500. Parvathi's husband does not spend money wastefully on drinking, smoking or eating out. Parvathi's nephew is 13 years old and goes to the class 8. Her son is six years old and studies in class 2.

Parvathi's father helps her family a great deal. They get their regular supply of grains from the fields. They also bring back milk and vegetables whenever they visit their father's house. Apart from this, Parvathi's father also gives them money in any emergency.

Housing Details

Parvathi and her husband have taken their house on lease. The house has an RCC roof. They have been living in this house for the last six years. They lived in another house in the same area but moved to this house when the lease on the earlier house expired and the landlord did not renew the lease. To pay for the lease of the present house, Parvathi had saved up some money. They added it to the lease amount that they got back from the previous house. Their present lease amount is Rs. 80,000 and expires in two years.

Parvathi prefers to be in the same locality even if she has to change houses here because the dwelling is close to her son and nephew's school and to her husband's office. It is also close to her sister's house.



The house has a room, an attached bathroom and toilet and a kitchen. The size of the entire house is around 15'X10'. The house has electricity but no running water. Parvathi says water is available in a tap outside the house and her husband and nephew help her to collect water and store it at home. It takes her about 20 minutes for this chore every day and Parvathi does not think it is a big deal.

Details Of Current Job

Parvathi stitches clothes on order and works from home. She usually stitches blouses and saree falls. She also mends torn clothes. She is usually busy from 11 am to 4 pm for about 5 days a week. She earns between Rs. 2000 to Rs. 2500 per month from stitching clothes. She earns more during festivals but she gets enough orders throughout the year to keep her busy.

Education of Children

Parvathi's son is in class 2, in a private school in the area. In addition, the children are sent to a tuition class run by their own schoolteacher. At the tuitions, the children are helped with their homework and made to learn their lessons. The monthly fee is Rs. 150 for each student.

The fees for Parvathi's nephew's education are taken care of by his mother/ Parvathi's sister. He goes to class 8. He too goes to a private English medium school and attends tuitions in the evening.

Till last year, Parvathi's son went to another school but was expelled. His new school demanded an annual fee of Rs. 10,000 and a monthly fee of Rs. 250. Though Parvathi bargained with the school administration to reduce the admission fees, they did not because they said they were doing her a favour by admitting her son who had been expelled from the other school. To raise the money, Parvathi pledged her jewellery and borrowed Rs. 10,000 on 3% interest per month from the pawnbroker.

Asset Ownership

Parvathi gets a Handicap Pension from the Government of Karnataka since she was a seven-year-old girl. She used to get Rs. 50 then. Now she gets around Rs. 400 a month. The money goes into a bank account in her name. She draws the money once a year to buy things for her family. Last year, she bought herself a gas stove and gas connection with the money. Two years ago, she bought herself a mixer with that money. Both she and her husband, have mobile phones that they bought about four to five years ago. She does not have either a TV or a refrigerator in her house. She had an old Black & White TV which stopped working. She hopes to buy a colour TV in the near future.

Levels of Indebtedness

Parvathi borrowed Rs. 10,000 from Ujjivan at 1.25% per month in April 2009. She used the money to repay the pawnbroker and release her jewels that she had pledged to pay her son's school fees. Parvathi has paid back Rs. 5000 to Ujjivan on this loan. She has applied for an education top-up loan with Ujjivan.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.10,000/-	To get back jewellery from the jeweller	Ujjivan	12 months	1.25%	Rs. 960/- per month
Total Current Indebtedness = Rs. 10,000 /-					

Savings, Insurance & Health

Parvathi has a bank account into which her handicap pension is forwarded by the State Government. She was reluctant to reveal the amount she had in that account. She keeps about Rs. 250 to Rs. 300 at home with herself for any emergency. Rs. 100 is invested in a chit for Diwali crackers for her son and nephew to play with. Parvathi also invests Rs. 3000 in a chit fund with a person near her father's house in the village. In addition, Parvathi occasionally makes an additional Rs. 500 from tailoring during some months, which she spends on clothes for the members of the household. Parvathi feels it is very important to save as one need not depend on anyone for money in times of trouble.

Parvathi husband has a life insurance policy for which they pay a premium of Rs. 140 per month. Parvathi's husband, who works with an insurance company, got this policy for himself. They do not have any health insurance policy. Fortunately for them, they have not incurred any major medical bills so far. In case of a medical need, the children are taken to a trusted medical practitioner near their house. Parvathi and her husband go to the government hospital near their house.

In the last one year, Parvathi has not spent a significant amount on medical expenses. However, each time they go to a doctor, they end up spending around Rs. 500 on consultation and medicines, especially on their children. They have not had to take any loan to meet medical expenses, so far.

Overall Socio-economic Wellbeing

Parvathi feel her current state of wellbeing and economic condition have improved over the last two years. Her husband's salary has gone up. She was not able to work earlier as her son was younger, now she has her own income. Moreover, her husband dotes on her and does not have any 'wasteful' habits like many other men in the locality. Parvathi rates her present situation as 'good'. She is also thankful that everyone in her household is in good health. She however feels they could do better financially. She is hopeful about the future and believes that she will see better days ahead as her son grows up.



Rajeshwari Samuel

Occupation : Housemaid

Date of interview : 10-9-09

Childhood

Rajeshwari was born in 1988 in Bangalore. She was the oldest of three sisters. Rajeshwari's father worked as a ward boy at the Tuberculosis Isolation Hospital on the outskirts of Bangalore. He had a steady job with a decent salary and had office accommodation allotted to him but in spite of this the household was not able to make ends meet as Rajeshwari's father was an alcoholic. Rajeshwari's mother had to work as a flower vendor to make ends meet.

Rajeshwari studied till the class 9 but had to quit school after her younger sister was born. She had to stay back at home and mind the sister and attend to household chores while her mother earned. Rajeshwari's second sister however managed to complete her schooling and is presently doing a computer course. The third and youngest sister is presently studying in class 9.

After quitting school, Rajeshwari stayed at home for a couple of years, attending to household chores and taking care of her youngest sister. When Rajeshwari was 15 years old, her mother fell sick and could not work regularly. At this time, her cousin sister had just gone through a divorce and was living by herself in another part of Bangalore. She asked Rajeshwari to move in with her. Rajeshwari agreed with the hope of finding a job as this location was within the city. She got a housemaid's job. She regularly sent home money after keeping enough for her expenses.

In due course, Rajeshwari fell in love with a boy in the neighbourhood, a construction labourer named Samuel. He has studied till class 8. At first, Rajeshwari's parents objected to the marriage as she was a Hindu marrying a Christian. They have now come to terms with the marriage.

Transition to Adulthood

Rajeshwari married Samuel six years ago and moved into his house. Rajeshwari continued to work as a maid but now took up a more professional housekeeping job with a contractor who serviced certain apartments. The salary was good. Rajeshwari got about Rs. 3000 a month but she had to work 12 hours a day. This worked well till her children were born.



After the birth of a son three years ago, Rajeshwari could not stay away from the house for 12 hours at a stretch. She decided to go back to her job as a housemaid where she could work shorter hours. Rajeshwari gave birth to a daughter eight months ago. She has not stopped working though.

Current Situation in the Household

Currently, Rajeshwari lives with her husband and daughter in Krishnan Palya in Bangalore. Owing to difficult circumstances and a tight monetary situation in the house, Rajeshwari had to send her son away to be brought up in her mother's house. He goes to school there. Rajeshwari's father still works as a ward boy at the hospital. The mother does not work any more. Though the parents help with the upbringing of the son, Rajeshwari pays the son's school fees and takes care of any major expenses accruing to him.

Rajeshwari's husband works as a construction labourer. He gets around Rs. 200 a day on an average and Rs. 300 a day if he works overtime. He brings home money on a daily basis. It is not clear whether he contributes all his earnings to household income. Rajeshwari currently works in four houses. She gets paid Rs. 2000 a month from all these houses. She leaves her 8-month old daughter with Samuel's grandmother when she goes out to work. Their Total Monthly Household Income is Rs. 8000.

Housing Details

Rajeshwari lives in a small house measuring 10'X10'. This house belongs to her husband's grandmother. The lady has rented it out to Rajeshwari and her husband for Rs. 1000 a month. The advance on the house is Rs. 10,000. Rajeshwari pledged her jewellery worth Rs. 5000 and took a loan from a local moneylender for another Rs. 5000 to pay the advance. Unfortunately, Rajeshwari could not pay the pawnbroker in time and therefore lost her jewellery to him.

There is no bathroom in the house. They have to share the bathroom with the Samuel's grandmother. There is no water supply to their house either. Rajeshwari collects around 15 buckets of water every day for household use from a water tank in her landlady's house. Rajeshwari pays Rs. 30 a month as water bill as the water tank is in the landlady's property. There is no separate meter for electricity in Rajeshwari's house. They have been given a couple of light connections and a connection for the TV. Their rent of Rs. 1000 per month includes the electricity bill.

Rajeshwari wants a bathroom and toilet in the house. She has requested her landlady to build one. She however has to pay an additional advance of Rs. 2000 for it. Rajeshwari would like to pay the advance as soon as possible and have a toilet built in the house. She is hoping to take a loan from Ujjivan for this.

Details of Current Job

Rajeshwari works in four houses. She works close by and walks to work. She gets a salary of Rs. 2000 per month from these houses. Rajeshwari works between 9 am and 1 pm on most days but occasionally has to go for extra chores in the evening on some days.



Rajeshwari is given lunch at one of the houses. Once a year, she is given clothes by her employers. Rajeshwari does not get any other bonus. At times, Rajeshwari asks the ladies to give her money in lieu of clothes.

Rajeshwari prefers working as a housemaid because she has to work for about 1-2 hours in each house and she can decide on how many houses she wants to work at, depending on the time that she can spare, considering that she has a small child. She also says that the ladies at the houses where she works do not penalize her by cutting her salary if she takes off, occasionally. Rajeshwari works on all the days of the week.

Education of Children

Rajeshwari's son goes to kindergarten in a private English medium school. She pays Rs. 60 per month as school fees for her son. She also pays an annual admission fee of Rs. 2000. Apart from this the uniform and books cost Rs. 3000 every year.

In order to raise the money for her son's fees, Rajeshwari pledged the little jewellery that was left with her to the pawnbroker. She managed to raise Rs. 5000. Later, Rajeshwari took a loan from Ujjivan, paid the pawnbroker his money and got back her jewellery. This is something she had not been able to do earlier when she had pawned off part of her jewellery to pay the advance on the house as the earlier incident took place before she became a member of Ujjivan.

Asset Ownership

Rajeshwari has been given a gas stove, a gas connection and a black and white TV by her mother. She does not have a gas connection in her name and she would have had to buy cooking gas in black at double the price, if she had not been given the gas connection by her mother.

Rajeshwari bought a mixer on installments last year. The mixer cost her Rs. 2,400. She paid Rs. 50 a week for a year to buy the mixer. Rajeshwari's husband has a mobile phone given to him by the landlady of the site where he is currently working as a construction labourer.

Rajeshwari bought a couple of chairs and a shelf on installments from a shop near their house. She does not have any cupboard in her house. Currently, Rajeshwari has bought a steel water container in installments too. It cost her Rs. 320. She is paying Rs. 20 per week in installments for the container.

Levels of Indebtedness

Rajeshwari joined Ujjivan in 2009. She borrowed Rs. 10,000 in the first loan cycle. The loan was used partly to get back jewellery that she had pledged with the pawnbroker to raise money for her son's school fees and partly to pay a moneylender a sum of Rs. 5000, which she had borrowed to pay hospital expenses arising from complications when her daughter was born. Rajeshwari is paying back Rs. 960 per month towards this loan. She has just paid one installment. Apart from this, Rajeshwari is paying Rs. 20 per week for a water container that she has bought.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.10,000/-	To get back jewellery pawned to buy books for son and to pay loan taken to meet hospital expenses	Ujjivan	12 months	1.25%	Rs. 960/- per month
Rs.320/- (Rs.160/- remaining to be paid back)	To buy a steel water container in installments	Shop offering goods on installments	4 months	Not aware	Rs.80/- per month in weekly instalments
Total Current Indebtedness = Rs. 10,160 /-					

Savings, Insurance & Health

Rajeshwari says she can hardly save any money. Off late however, she has started saving Rs. 10 everyday from the money that her husband gives her. She manages to save about Rs. 100 by the end of the month. Rajeshwari invests it with an SHG called 'Apsara', in the area. Apart from this, the Rs. 10,000 that Rajeshwari has given her landlady as advance for the rented house, is the only other savings that she has. She says her biggest expenses are her son's school fees and her daughter's baby food. Rajeshwari spends around Rs. 1000 a month on baby food and milk powder for her daughter.

When Rajeshwari or any one in the household falls ill, they go to a private medical practitioner near their house. This doctor has his own pharmacy next to his clinic. He offers his products and services on credit. Rajeshwari often consults him and buys her baby food from his store on credit. However, she promptly pays the doctor back when she gets her salary as he refuses to see her the next time, if she does not pay in time. Rajeshwari buys her daughter's baby food and milk from him in addition to other emergency medicines. None of the family members have any health insurance. When they need admission in a hospital, they go to a government hospital near their house. Rajeshwari does not have any life insurance apart from the mandatory one with Ujjivan.

Overall Socio-economic Wellbeing

Rajeshwari says her state of wellbeing has not improved over the last two years. She rates her current state of social-economic well-being as 'average.' Expenses on the children are too high for her to cope with. She hopes that in the next four to five years, she will be better off, if she can start taking on more jobs or work longer hours.



Veena Chandrappa

Occupation : Housemaid

Date : 9-10-09

Childhood

Veena was born in a village near Chikaballapur in Karnataka. Her parents were farmers. They had their own land but were dependent on rain for their farming. When there was no rain, they could not grow crops and then had to work as farm labour on irrigated land of other farmers.

Veena was the second born amongst her siblings with an older sister, two younger sisters and a younger brother. Though the children were admitted to school, they were not really encouraged to study. The girls dropped out of school in classes 5, 6 and 7. The brother who is the youngest child is still in school and studying in class 7. Veena herself studied till class 7.

Veena used to visit her mother's sister in Bangalore very often. She was fascinated with the idea of living in a city. At the age of 13 years, she insisted on moving to her aunt's place in Bangalore. She was not sent to school in Bangalore. Instead Veena was given the responsibility of minding her aunt's petty shop. Veena spent long hours at the shop, catering to customers. She eventually fell in love with a man who was a frequent customer to her shop and married him, with the approval of her parents and aunt.

Transition to Adulthood

After marriage at the age of 16, Veena moved into her husband's house. She did not work to earn for the first two to three years. She looked after household chores while her mother-in-law worked as a housemaid at a residence close by.

Veena had a baby girl at the age of 17. A year after the child was born, Veena's mother-in-law had to undergo a hysterectomy, for which they had to spend nearly Rs. 1 lakh. A part of the money came from savings while a larger proportion needed to be borrowed. Veena had to earn money in order to repay these loans.

Veena was introduced as a maid at a house close to where her mother-in-law worked. Over time, Veena started working with another household too. Her mother-in-law also got back to work after recovering from the operation.



Veena's husband loves music. As a child, he skipped school to play with a band near his house. He played the drums. After class 6, he quit school entirely and joined the orchestra. He went to marriages, public functions and religious celebrations and played with the band.

Work was seasonal. In the month of Aashada, when no auspicious events are conducted, there was almost no work. On the other hand, during the festival and marriage seasons, they were loaded with engagements. A couple of months back, he had a small mishap, and had to undergo a minor surgery for which he had to borrow Rs. 10,000, thus adding to his financial woes.

After the loan on his mother's operation, the birth of a child and an accident, Veena's husband could not contribute steadily to his household merely by playing with the band. He had a driving license and started driving a hired auto-rickshaw when the orchestra business was dull. In the meanwhile, Veena gave birth to her second child, a son.

Current Situation in the Household

Veena lives with her husband, two children and her parents-in-law. Currently, she works as a maid in two houses. She earns Rs. 2000 per month from both the houses. She is unable to work longer hours as she has small children. Veena's mother-in-law works in four houses as a maid. She does not earn much more than Veena as she is unable to do a lot of heavy work in these houses after her operation.

Veena's husband drives a hired auto-rickshaw when he is not asked to play with the orchestra. He earns Rs. 5000 a month from auto driving and Rs. 400 for every time he plays with the orchestra. On an average, he plays about five days a month earning about Rs. 2000 a month from the orchestra. Their Total Monthly Household Income is Rs. 11,000.

Veena's father-in-law, who worked in a quasi-government job, has now retired and keeps an eye on the Veena's children while she goes to work. Veena's father-in-law gets a pension of Rs. 100 a month, which he keeps for his own expenses. Veena's daughter, though four years of age, has not been sent to school due to financial compulsions at home.

Housing Details

The house that Veena lives in belongs to her father-in-law. It is 30 years old and has a roof of tiles like most old-style houses. There are two rooms, a kitchen, a bathroom and a toilet in the house. The entire house measures 10'x15'. There is access to water and electricity in the house. Veena's husband has been living in this house since he was born.

Details of Current Job

Veena works as a maid in two houses. She earns Rs. 2000 from both the houses. She does not get any bonus for festivals. She occasionally gets a saree or old clothes for the children from her workplace. She gets a cup of coffee at her places of work. In both houses, she has to sweep and mop the floor, wash clothes and utensils. Veena finds it hard to work in two houses and attend to most household chores and children as well. She walks to work as her places of work are close to where she stays. She works



between 7 am and 1 pm taking a break in between at around 9 am when she comes home to attend to her children's breakfast needs.

Education of Children

Veena's daughter is four years old and the annual admission fees, if she were to go to school would be around Rs. 10,000. Veena wants to send her to a private English medium school and hopes she will be a skilled, financially self-reliant person when she grows up. She hopes she will be able to send her to private school next year, failing which she will send her to a government school in the area. Veena's son is only a year old and Veena is sure she will be able to overcome her financial woes by the time he is of school-going age.

Asset Ownership

Veena's household has a TV for the last 10 years. Veena's husband got himself a mobile phone 5 years ago, soon after his marriage. He does not enjoy driving a hired auto-rickshaw and says it is not very profitable to run a hired auto-rickshaw and dreams of owning one.

Four years ago, when Veena was expecting a baby, they bought a gas stove and a mixer for the kitchen. Veena used to cook with firewood and kerosene till then. She found it increasingly difficult carry on with housework in this manner as the smoke from burning wood and kerosene bothered her a great deal. Veena's mother-in-law, who was getting on in years herself, bought a gas stove and mixer for the house, to make housework easier for both of them. Until then, they used a mortar and pestle to grind masala.

Levels of Indebtedness

Veena's household has incurred loans on account of health expenses. As mentioned earlier, her mother-in-law underwent hysterectomy and husband met with an accident. Expenses on the hysterectomy came to nearly Rs. 1 lakh. For this, Rs. 30,000 came from the mother-in-law's savings while Rs. 70,000 was taken on loan from a moneylender. This loan is at 5% per month. They took this loan nearly 3 years ago and still have about 6 months to go. They pay around Rs. 3000 a month and are paying both the interest and the principal as part of the EMI. They are fortunate to have got this deal. Very often the borrower, when borrowing a large sum from a moneylender, has to pay back only the interest component every month, until he can pay the principal in a lump sum.

A couple of months ago, Veena's husband borrowed Rs. 10,000 from the owner of the orchestra that he plays with, for a minor surgery on his leg, due to a mishap. He paid the interest on the loan up-front and took home Rs. 8,500. This was a 10-month loan, with Rs. 1000 to be paid every month. The rate of interest was around 2.5% per month.

In the meanwhile, Veena became a customer of Ujjivan. She took a family loan of Rs. 8000 at 1.25% per month. This money was used to repay a large part of the Rs. 10,000 loan taken on the husband's surgery. Presently they have only Rs. 2000 to repay on that loan. They will pay it back at the rate of Rs. 1000 per month over the next 2 months. Currently, Veena's household is paying Rs. 4768 every month, on the three loans.

Though it made financial sense for Veena to repay the loan bearing a larger interest rate, she and her husband decided to repay the smaller loan that had been borrowed from the owner of the orchestra, with the money that they borrowed from Ujjivan, as Veena's husband wanted to be in the good books of the orchestra owner.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.70,000/-	For mother-in-law's Surgery	Moneylender	30 months	5%	Rs.3000/- per month
Rs.2000/- (Balance due after paying back a large part of the Rs.10,000 loan)	For Husband's surgery	Orchestra Owner and friend	2 months left of the 10-month loan	2.5%	Rs.1000/- per month
Rs.8000/-	To Repay the Rs.10,000 loan taken from the orchestra owner	Ujjivan	12 months	1.25%	Rs768/- per month
Total Current Indebtedness = Rs. 80,000/-					

Savings, Insurance & Health

Veena is presently steeped in loans. She however says that as her husband does not have any 'bad habits' like drinking, gambling or womanizing, she is able to save a little. She saves Rs. 2000 in a chit fund every month. She has been doing this for the last two months. When this chit matures, she expects to get a sum of Rs. 50,000. Veena hopes they will be able to pay back the pending loans and free themselves of indebtedness.

No one in the household has a life insurance or health insurance apart from the mandatory life insurance that one that Veena has with Ujjivan. Health expenses of over a lakh and loans taken towards these expenses have set Veena's household back in the last three years.

Overall Socio-economic Wellbeing

Veena believes she was better off three years ago than she is now. At present she rates her household's economic state of wellbeing as 'average,' because of the health related expenses. Due to this, she has not been able to send her four-year old daughter to school. Her mother-in-law, though getting old, has to continue to work as a maid and Veena herself has to work, thus compromising on the upbringing of the children. Veena is confident that in a couple of years, when the chit matures and they have been able to pay back their loans, they will be better off and she will be able to send their children to a private English medium school.



Third Cycle Family Loan Customers

Chandramma Solomon

Occupation : Housemaid

Date of interview : 9-10-09



Childhood

Chandramma was born in village Yadugiri near Gulbarga in Karnataka in 1983. Her parents had four acres of land, which they tilled and cultivated for a living. Chandramma was the third born with an older sister, an older brother, a younger sister and two younger brothers.

According to Chandramma, there was no school in the village. There was one in the adjoining village to which children had to walk a distance of three to four kilometers. As a result, none of the girls were sent to school. The older brother too dropped out of school in class 2. The two younger brothers are still in school. They are in classes 9 and 7. The girls spent their early childhood playing in the fields and attending to house or farm work when required.

When Chandramma was eight years old, there was a severe drought in Gulbarga and nothing could be cultivated on their land as it was dependent on rainfall. Chandramma's parents decided to move to Bangalore. The parents and six children came to Sadhashiv Nagar in Bangalore, where Chandramma's uncle worked as a construction labourer. Chandramma's parents too joined in as construction labour. The household set up home on the construction site. Chandramma and her older siblings joined in with their parents to work on the site. They lived for more than six years in Sadhashiv Nagar as there was regular work around that area.

Transition to Adulthood

Chandramma was married at the age of 14 years to her uncle's son. As mentioned earlier, Chandramma's mother's brother lived and worked as construction labour in Bangalore. Interestingly, while the members of Chandramma's household were Hindus, her uncle's family had converted to Christianity. She was now engaged to her cousin Solomon. Solomon was a construction worker too. Solomon had dropped out of school after class 2 and started work early in life.

After marriage, Chandamma and her husband Solomon lived in Sadhashiv Nagar, close to Chandamma's parent's house. Both husband and wife worked on the construction site. In the course of time, they had three children; two sons and a daughter. Solomon got a job as a supervisor at a construction site near Yeshwantpur in another part of Bangalore and the couple moved there.

Chandamma's parents, who were too old to work at construction sites, moved back to their land in the village with their two younger sons after having got their older children married and settled in Bangalore. As mentioned earlier, the younger sons are currently studying in the village.

Current Situation in the Household

Currently, Chandamma lives with her husband, three children and husband's brother in Subedhar Palya. Her husband works as a supervisor on construction sites and earns Rs. 500 per day. Chandamma's brother-in-law is a junior supervisor on a construction site and earns Rs. 250 a day. The brother-in-law does not contribute every month to their household income. He helps them only when asked. He says he is unable to contribute on a monthly basis as he has invested in a chit fund and is also paying monthly installments on a loan taken for his bike. They have a Total Monthly Household Income of Rs. 16,500.

Chandamma's older son is eleven years old, the second son is seven years old and the youngest, a daughter, is six years old. All the three children go to school.

Chandamma took a break from earning when the children were small. She has now gone back to work but not as a construction worker. She has taken up a job as a maid in two houses, very close to the place where she lives. She prefers to work as a housemaid because the work is lighter and the hours of work at each house are shorter. She can restrict the number of houses that she wants to work at based on the time that she can spare. As a construction labourer, she would have to work the entire day. The workload would also be much heavier. As a housemaid, Chandamma has to sweep and mop the floor and wash vessels at both the houses that she works in. She earns Rs. 1500 together from both these houses.

Housing Details

Chandamma lives in a rented house with her household, which includes her husband, three children and brother-in-law. The house is a small one measuring 15'x20' and consists of two rooms and a kitchen. It has an RCC roof. The bathroom and toilet are outside the house but within the premises. The house has electricity but they have to collect water from the tap on the road near their house. They moved to this house two years ago, as the earlier house was much smaller.

Chandamma is paying a rent of Rs. 2000 per month for the house. The advance paid was Rs. 30,000. Chandamma is aware that a loan was taken to pay the advance for the house but she does not know the terms of the loan. According to her, all financial transactions except the one done through Ujjivan are handled by her husband and he does not always inform her about the details of the loans that he has taken.



Details of Current Job

Chandamma works as a maid in two houses. Chandamma's places of work are about ten minutes by walk from her house. She therefore walks to work. She works between 10 am and 12 pm at one of the houses and then goes to work at the other house. There she works between 12 pm and 2 pm. Chandamma works everyday, barring Sundays when she gets an off.

In both the houses, she sweeps and mops the floor and washes dishes. Chandamma earns about Rs. 1500 from both the houses. She does not get any yearly bonus but does occasionally get old clothes for herself and her children from the households that she works for. Chandamma believes this is the best job she can get, given that she does not know how to read and write and cannot devote an entire day to work as construction labour.

Education of Children

Chandamma sends her three children to a Kannada medium school near their house. The sons are eleven and seven years of age while her daughter is six. They go to classes 7, 3 and 2 respectively. Chandamma does not send them to any tuition. In fact she is not even clear about the name of the school that the children go to. Chandamma incurs an expenditure of around Rs. 4000 a month on school fees, uniform and books for all three children. She says her husband provides the money for the fees.

Asset Ownership

Chandamma has a TV that she bought 7 years ago. She has a gas stove that she bought 5 years ago. Chandamma's husband bought himself a cell phone 6 years ago. Chandamma bought a mixer for the kitchen around 3 years ago.

Levels of Indebtedness

Chandamma and her husband have built a house for themselves on the land owned by Chandamma's in-laws in Gulbarga. The house cost them more than a Rs. 1 lakh. They have taken a loan of Rs. 1 lakh in the village and keep sending money to Solomon's parents in the village to repay that loan.

Chandamma and her husband have incurred a lot of loans since they started building their house. They have a loan of around Rs. 1 lakh in their village. Chandamma is not aware of the terms of the loan but knows that they keep sending money from time to time to repay it. She believes they still have to pay around Rs. 70,000 on that loan. They also have a loan of Rs. 30,000 in Bangalore. This loan was taken over two years ago at 5% per month. They are paying Rs. 1500 as the interest on the loan every month.

According to the terms of the loan, they have to pay the interest component until they can pay up the principal of Rs. 30,000 in a lump sum. They are therefore investing in a chit fund so that they can save enough to pay the principal of Rs. 30,000. Chandamma says her husband is very stressed about the repayments.

Now and again, whenever they need money to repay these loans, Chandamma pawns off her jewellery. They get around Rs. 5000 on the jewellery at a 3% rate of interest per month. This works out to be cheaper than borrowing from a moneylender at 5% interest per month. They repay the loan on the

jewellery, release the jewels and pledge them again when required. This way they have effectively been able to bring their interest rate down to 3% per month. At present, Chandramma has not kept any jewellery with the pawnbroker.

Ever since Chandramma became a member of Ujjivan, she has borrowed from Ujjivan to release her jewellery from the pawnbroker. This way they have been able to bring their interest rate further down to about 1.25 % for a part of the loan. All her three loans from Ujjivan have been taken for the same reason. She says she will continue to take loans from Ujjivan until the loans are paid off.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.1,00,000 (Rs.70,000 remains to be paid)	House Construction	Contact in their village	Can be repaid as and when possible. Chandramma believes they might have a balance of around Rs.70,000 left to repay		
Rs. 30,000 (Rs. 10,000 remains to be paid)	House Construction	Moneylender	36 months	5%	Rs. 500/- per month. (Only interest to be paid till principal can be paid in lump sum)
Rs.15,000 (Around Rs.10,000 remains to be paid)	To release jewellery from pawn broker	Ujjivan	12 months	1.25%	Rs. 1010/- per month
Total Current Indebtedness = Rs. 90,000/-					

Savings, Insurance & Health

Chandramma and her husband have taken loans for the construction of the house from various sources, as a result of which they are not able to save as much as they would have liked to. Chandramma says her husband has a bank account but is not aware of the saving that he does there or how much he has in that account. She is only aware of the Rs. 2000 that they are investing in a chit fund towards payment of the principal on the loan of Rs. 30,000. Chandramma and the members of her household do not have any health insurance or life insurance apart from the one that Chandramma has with Ujjivan.

Overall Socio-economic Wellbeing

Chandramma says she was better off three years ago before the loans on the house were incurred. She rates her current financial state as 'average.' She hopes that once the loans on the house are paid off they will be able to save more and be better off. Chandramma believes Ujjivan has effectively helped her reduce her interest rate on her loans to a large extent.



Poornima Manjunath

Occupation : Garment Factory Worker

Date of interview : 9-10-09

Childhood

Poornima is from Mysore in Karnataka where she was born in 1986. She has a brother, a year younger than her. Poornima's father moved to Bangalore as a bachelor and worked as a cashier in a bar near the busy central bus station in Bangalore. He continued to work there even after marriage. She was born in her maternal grandmother's house in Mysore, as it is usually the custom for women in South India to go to their mother's house during the period of pregnancy and childbirth. Her brother was born a year after she was born. Poornima's mother continued to stay with her mother during this entire period. Her father visited them there.

Eventually, Poornima's mother returned to her husband's house in Bangalore when Poornima was around five years old. Poornima and her brother were sent to a Kannada medium school near their house in Rajaji Nagar in Bangalore. Her mother was a housewife. Besides being a cashier at the bar, Poornima's father supervised work in the bar kitchen where vegetarian and non-vegetarian snacks were prepared for customers who visited the bar. As a result, Poornima's father picked up some cooking skills.

Transition to Adulthood

When Poornima was in class 9 and just fourteen years old, her father got her married to a young boy working under him at the bar. Poornima's brother who was in class 7, dropped out of school after his sister left as he did not want to go to school alone.

The father spent nearly Rs.2 lakhs on Poornima's wedding. More than a Rs. 1 lakh was spent on the marriage ceremony itself and a few tens of thousands were spent on jewellery for Poornima and her husband. The loan was taken from people known to Poornima's father in Mysore. As he belonged to Mysore, they trusted him, which is why he was able to raise such a large sum of money. The father took nearly five years to repay the loan.

Poornima moved into her in-laws house after marriage. Her husband quit his job as a worker in the bar and started his own eatery where he prepared and served snacks and tea. He earned reasonably well



but hardly brought home any money. According to Poornima, he wasted it all in drinking and womanizing. Poornima bore him a daughter when she was 17 years old. Poornima was very unhappy in her married home as her husband hardly ever came home and almost never gave her any money. When Poornima gathered that her husband had married another woman, she left his house and came to her parent's house. She brought her daughter along with her.

Poornima's father went to her in-laws and pleaded with them to take Poornima back but they refused to do so. They blamed her for neglecting her husband. Poornima continued to stay with her parents. After some months, her in-laws, realizing their folly, came to take Poornima back. She refused to go with them and filed for divorce instead. Her husband did not stake a claim to the child. Poornima believes this could be because she was a girl. Had the child been a boy she thinks there might have been a battle over custody.

Poornima, her parents and her daughter went through a lot of stress during the period of divorce. They also had to spend a great deal of money on the proceedings. Poornima did not ask for any alimony from her husband as she did not want to be dependent on him in any way. She eventually got the divorce.

In the meanwhile, Poornima's brother got himself a job as an ambulance driver at a hospital. He fell in love with a nurse there. Poornima's parents, though not very happy with the alliance, agreed to the marriage as they feared they would alienate their son if they objected. After marriage, the son moved to a small rented house close to where the parents live. The son and his wife have an eleven-month-old son, who is taken care of by Poornima's mother when the parents of the child go out to work.

Current Situation in the Household

Poornima now lives with her parents. Her nine-year-old daughter stays with her. Poornima is working at a garment factory as a helper for the last three years. She earns Rs. 3500 a month. Poornima's father quit working in the bar as it ran into losses and eventually had to be shut down. He now has his own business. He sells Kabab, Biryani and fried fish from a pushcart near the Ujjivan office in Yeshwantpur. Poornima's mother helps him with the business. Poornima's father makes around Rs. 300 a day from his business. Their Total Monthly Household Income is Rs. 12,500.

Housing Details

Poornima lives with her parents in a pucca house with RCC roofing. The house is about 11'x14'. It has a room, a small kitchen and a bathroom cum toilet. The house is rented. They moved into this house six years ago from a larger house in the same area as Poornima's father had a lot of debts to pay then and he had also lost his job as a cashier in the bar. They have paid an advance of Rs. 25,000 on the house and pay a monthly rent of Rs. 2500. The rent includes the water bill but does not include the electricity bill. There is a tap in the house. The house has a separate electric meter and they pay about Rs. 350 a month towards electricity. For the advance on the house, Poornima's father borrowed from his friends in Mysore.



The location of the house is very convenient as it is close to where Poornima's brother stays and they can help baby sit the brother's child when required. It is also close to Poornima workplace and her daughter's school.

Details of Current Job

Poornima works in a garment factory in Yeshwantpur. Poornima started work after separating from her husband three years ago. She had not worked before that. A neighbour who worked at the factory introduced her to the job. Though Poornima knew tailoring, she did not take up a job as a tailor at the factory. Garment factories have long working hours and Poornima says she cannot sit in one position, stitching all day, as her back starts to hurt.

Poornima has taken up a job as a helper in the factory. Typically, she has to assist the tailors with their work. She has to fetch threads, needles and other sewing equipment from the stock when they are exhausted at the machine. She has to pack finished clothes in cartons that are then shipped. Poornima says she falls sick frequently from an allergy due to dust from the clothes. She does not get paid for those days of absence when she is ill. There is a lot of work to do and Poornima works nine hours a day between 9 am and 6 pm at the factory. Sunday is a holiday.

Poornima walks to work. Though she takes as long as half an hour to get to work, she prefers walking to taking a bus as the traffic at 9 am is at its peak and travelling by bus could take more time. She saves money on bus fare.

As mentioned earlier, Poornima earns around Rs. 3500 a month. In addition, during Dusshera she gets a bonus amounting to a month's salary. Her salary is credited to a bank account in her name. Poornima does not save any money in the account. She withdraws most of the money every month and only leaves a minimum balance.

Education of Children

Poornima is working hard for her daughter's education. At present, she believes that it will pay to invest in her daughter's future. All the loans taken from Ujjivan have largely gone into admission fees and other school requirements. Poornima would like her daughter to be an IAS officer. She says her daughter is studying very well and has been coming first in class consistently. She slipped in her ranks once due to the stress from the divorce proceedings but is determined to do well again.

Poornima's daughter studies in class 4 in a private English medium school near their house. She also goes to a tuition class in the evening where she is helped with her homework and lessons. Poornima pays Rs. 7000 at the beginning of the year and Rs. 300 every month on fees, books and uniform to the school. Poornima also pays Rs. 150 per month to the tuition class.

Asset Ownership

In Poornima's household, they have a gas stove and a refrigerator that they bought six years ago. They bought the refrigerator primarily to store the meat and fish that they use in their business. They also have

a TV and a mixer that they bought around ten years ago. Three years ago, they had a landline but disconnected it and got a mobile phone for the house instead, as it worked out to be cheaper to have a mobile phone. They have recently bought a washing machine as Poornima finds it hard to complete the morning chores in time for work.

Levels of Indebtedness

Poornima has a number of loans to repay and Poornima says they can hardly save any money.

Poornima's parents borrow regularly for business from moneylenders. Presently, they have a loan of Rs. 40,000 that they took two years ago from a moneylender friend. This was spent on the business as well as on the divorce proceedings at the court. The loan has been taken at 3% per month. Poornima's father pays Rs. 2000 per month towards the loan. This includes part of the principal and the interest. They took the loan nearly two years ago and have almost paid up the entire amount.

Poornima became a customer of Ujjivan in 2006. Both her first and second loans were largely used for her daughter's fees and other educational needs. She has presently borrowed Rs. 15,000 from Ujjivan for the same reason. Poornima says Ujjivan has helped her immensely by offering loans at a reasonable rate of interest for education. She pays Rs. 1498 a month and has paid five installments of the loan already.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.40,000/-	Court Fees, Working Capital needs	Money lender	24 months	3%	Rs. 2,000/- Monthly
Rs.15,000/-	School admission, books, uniform	Ujjivan	12 months	1.25%	Rs. 1498/- Monthly
Total Current Indebtedness = Rs. 55,000/-					

Savings, Insurance & Health

Poornima does not save much. She has an insurance policy in the name of her daughter into which she invests Rs. 8500 annually. She has been investing for nearly three years now and has to do so for another six years. This is a money-back policy and Poornima is expected to get Rs. 5000, Rs. 7000, Rs. 9000 and a sum of Rs. 1 lakh after 3, 6, 9 and 12 years respectively under this policy. Poornima hopes to pay part of her daughter's fees when she gets these payments. This is the only saving that Poornima does. Poornima believes she might be able to save money after some of their loans are repaid.

Poornima does not have any insurance in her name apart from the one mandatory for Ujjivan customers. Poornima's father saves Rs. 20 a day in a daily deposit account with a bank that promises to give him Rs. 15,000 at the end of 2 years. Though this does not fetch much interest, Poornima's father sees this as the only way to ensure that some money is saved. Rs. 20 in hand would otherwise get spent.





Though the household has not spent in a big way on health so far, Poornima keeps falling sick and has to take off from work. This not only means a loss of pay but also an additional expenditure on medicines. This year, Poornima has already spent Rs. 2000 on her health. They do not have a health insurance policy.

Overall Socio-economic Wellbeing

Poornima is relieved after the separation from her husband. She says she was fed up with the ill treatment from her in-laws and her husband's womanizing and drinking. Poornima says she might not be better off financially now but she has peace of mind and can bring up her daughter in a happy, secure environment.

She rates her current level of wellbeing as 'average' and says she has a long way to go with saving money. She would like to educate her daughter, train herself to work at a beauty parlour and save some money. But most of all, she would like to be able to clear her Ujjivan loans regularly. She feels that now that the divorce is behind her, she will be able to restart her life. She is very hopeful about the future.



Saru George

Occupation : Runs a Kabab Shop

Date of interview : 14-9-09

Childhood

Saru was born in Bangalore in 1980. She was the oldest of three siblings. Saru's father was a graduate and worked as a typist at an office. Saru's mother was a housewife. They lived together in a joint family with Saru's paternal aunt and grandmother. Saru and her sister were admitted to school when they were old enough to go to school.

Saru's father, though in a good job, had a habit of drinking and getting into fights with his wife regularly. When Saru was five years old, Saru's mother died of severe burns. Saru believes her mother killed herself after a fight with her father. Her mother left behind five-year-old Saru, her three-year-old sister and her eight month old brother. Saru's brother who was crawling around the room when her mother set herself on fire, sustained burn injuries too.

After this tragedy, the schooling of the children came to an end. Saru stopped school when she was in class 2. Her sister stopped after kindergarten and Saru's brother was never sent to school. Though, the siblings cannot read or write, they have learnt to sign their names in Tamil.

Saru and her siblings were brought up in a joint family and were cared for by Saru's grandmother and aunt. Saru says that even at the age of five, she felt very protective about her brother and sister after the loss of their mother. Saru's father quit his job as a typist after his wife's death primarily because he could not face rumours at his office that he might have been the cause of her death. He started doing odd jobs. Though he continued to drink, he made sure there was enough money at home for the children to eat. After a few years of wandering from job to job, Saru's father finally settled into a job as a supervisor at a kabab shop. He liked the job and stayed in that job for around 12 years.

In the meanwhile, when Saru was 12 years of age, her aunt, (who had helped her grandmother bring up Saru and her siblings), died after giving birth to a baby girl. Her aunt used to work as a fruit vendor. After her death, the household income decreased and Saru was asked by her grandmother to earn money for the household.



Saru began to work at the age of 12. Saru got a job at a plastic recycling factory. At work, Saru, a Hindu, fell in love with a Christian boy working there and married him at the church. She converted to Christianity. The marriage was approved by the elders at home. Saru was just 14 years of age then. Her husband, George was 20 years old. He had studied till class 8.

Transition to Adulthood

As Saru had two younger siblings to look after, she asked her husband to move into their house. George was from Salem in Tamil Nadu. He had come to Bangalore in search of a job and was living with his brother in Bangalore when he met Saru. After marriage, Saru's in-laws insisted that she move to Salem to be with them. Saru went to be with them for a few weeks but worried about her brother and sister a great deal and eventually decided to move back to Bangalore. Her husband who had now found himself a job in Salem insisted that Saru come back to Salem. Saru refused as she felt responsible for her younger siblings. After a few months, when Saru did not relent, her husband came back and took up a job at a poultry trading shop in Bangalore. In due course, Saru gave birth to two girls.

In the meanwhile, Saru's sister who was two years younger than her, fell in love with a boy and ran away from home for fear that she might incur the wrath of her family. Saru tracked her down and brought her back. The sister had married the boy by now and Saru invited them to live with her family.

Saru's cousin (the daughter of Saru's aunt, who had died soon after child birth) came to live with them. Thus far, she had been living with her father. When she became a little older and did not like it there and moved to Saru's house, where her grandmother heads the joint family. Shortly after, Saru's grandmother passed away. The aunt's daughter felt she had nowhere to go, so Saru decided to get her brother married to this girl. They were married at a temple as her brother was a Hindu. Saru spent a lot on the wedding and incurred some loans on it too.

The house that Saru grew up in had three rooms. She gave one room to her sister so that she could live there with her husband and children and one to her brother and his wife. Saru began to live in the third room with her husband, father and two daughters.

Current Situation in the Household

As mentioned earlier, Saru lives with her husband, father and two daughters in a small house in Lingarajapuram, a locality in Bangalore. Saru's husband works at a poultry trading shop in Shivaji Nagar in Bangalore. He gets paid on a daily basis and brings home Rs. 150 a day after retaining money for personal expenses. Saru's daughters study at a government school.

Saru and her father run a kabab business from home. They started this business eight years ago. Saru's father worked at a similar business earlier and suggested that they start one on their own. Saru was initially hesitant because she feared that her father might steal the money from business and spend it for drinking. However, once they started, Saru was confident that she could manage the finances and went ahead with the business. Their Total Monthly Household income is a little more than Rs. 9000.

Housing Details

As mentioned earlier, Saru's has divided the house into three parts and lives in one part. Her portion measures 10'x10'. The house has an AC sheet roof. There is a common tap for all the three houses. The tap has running water on alternate days and only in the mornings. Saru has to store enough water in the house in various buckets and containers for household use on these days. The three houses share a common electric meter too. Very often, Saru pays the entire electricity bill and does not bother to ask her sister or brother to pay their share of the bill. The three households also share a common toilet.

Details of Current Job

Saru started the kabab and snack business about eight years ago when her father quit working at the kabab shop where he was a supervisor. Saru's father then suggested that they start a kabab business on their own as Saru's husband was the only earning member in the household and his income was not enough for the household.

When her kids were small and her husband had left her for a while to work in Salem, Saru had worked as a housemaid to earn some money. Saru did not like the job and was quite sure that she did not want to go back and work for a salary. She considered her father's suggestion but was worried that her father with his habit of drinking might steal money from the business. Saru's father was however insistent that they start this business.

On his own accord, he borrowed Rs. 1250 from Saru's sister and bought some meat and ingredients. He prepared some snacks and placed a table in front of the house to sell the snacks. Saru joined him and noticed that they made a profit of Rs. 500 that day. This happened on the next day too. Saru was very tempted to continue with the business after seeing the cash flow every day. She therefore agreed to help her father with the business provided she was allowed to be in charge of the money. Saru's father agreed.

Every day, Saru invests Rs. 300 into the business and makes a profit of about Rs. 200-300. Saru pays her father Rs. 40 everyday for the help extended by him and also that he may drink, but in a measured way. Saru's father uses all the Rs. 40 given to him on drinks. He does not have any other expenditure as Saru takes care of his food and health needs. As business picked up, they improved the structure of the shop. Earlier they used to sell from a table in front of their house. Now, they built an asbestos sheet shed to sell snacks from.

According to Saru, the business in the area is restricted to low cost eats. She says she prepares snacks and prices a plate at less than Rs. 10. She says that a per-plate price of above Rs. 10 does not sell in the area. To keep her costs low, Saru restricts her purchases to the less desired parts of chicken, beef and mutton such as the skin, head and blood of these animals. Earlier, she tried selling higher cost items but that did not sell very well. Her father then gave her the idea of selling low cost items in order to suit the needs of the locality. Saru says her father's experience in the kabab business has helped them to do well. Saru has her stall open every day except Sundays. Business is steady every day but comes down significantly in the winter months when many people turn vegetarian for about a month when they visit the Ayappan temple in Kerala.



Saru says they had to struggle to start the business as a lady in the neighbourhood objected to them having a business in a residential locality. She complained of bad odor. She also said the shop attracted crowds of men leading to eve teasing in the locality. Saru had to bribe the police to the tune of Rs. 3000 and also got special permission from the local municipal councillor to continue the business there. Now, after being granted permission formally, Saru does not face any problems from her neighbours.

Every day at 1 p.m., Saru and her father buy meat, blood, spices and other ingredients for the kabab and snack business. From 2 pm to 5 pm they clean the meat and start preparing the snacks. They open their shop at 5 pm and close business by 9 pm. Saru says that cleaning the meat is a lot of work but every one at home including her sister, brother and sister-in-law help. She is hoping to start selling low cost meals as an extension of her business. She hopes to borrow a business loan from Ujjivan for this.

Education of Children

As mentioned earlier, Saru has two daughters aged fourteen and ten years. They go to class 9 and class 5 in a government school near their house. Though fees are very subsidized at the school, Saru still has to spend Rs. 5000 a year on both the children for their books and uniforms. The children are not sent to any additional tuition classes. Saru does not have any specific careers in mind for them but is ready to educate them as long as they want to study.

Asset Ownership

Saru has a TV that she bought five years ago and a mixer that she bought six years ago. She does not own a gas stove. She uses a kerosene stove instead. She does not have any other significant durables in her house.

There is no mobile phone in the house either. Saru has a ration card meant for BPL families. With the BPL ration card, she is able to buy a lot of items at a subsidized rate. In fact, Saru buys ration for all the three households. She also helps her siblings with their other expenses too. From the start, Saru has been very protective of her brother and sister and cares for them like she cares for her own children.

Levels of Indebtedness

Saru has been an Ujjivan customer for six years now. She took the first loan of Rs. 10,000 to spend on house repairs. The second loan of Rs. 15,000 was taken to get back her jewellery from a pawnbroker. She had pledged the jewellery to get money to spend on hospital expenses for her father and herself.

The third loan of Rs. 20,000 was taken to pay back a moneylender from whom she had borrowed Rs. 20,000 for the wedding of her brother. Saru still has a loan of Rs. 20,000 left with another moneylender. She is paying an interest of Rs. 1000 a month till she can get Rs. 20,000 in a lump sum to pay back that moneylender. Saru does not have any other loans at present.

Saru says the presence of Ujjivan and its offer of low-interest loans have helped them a lot. She would like to take another loan from Ujjivan, this time for business and rebuild the structure of her shop.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.20,000/-	Brother's marriage	Money lender	To pay interest till the principal can be paid back in a lump sum	5%	Rs. 1,000/- Monthly (only interest)
Rs.20,000/-	To pay money borrowed for brother's wedding from another money lender	Ujjivan	12 months	1.25%	Rs. 1920/- Monthly
Total Current Indebtedness = Rs. 40,000/-					

Savings, Insurance & Health

Saru says that she rarely encounters a surplus as her father's health expenses are steep. He has diabetes and falls sick very often because of his drinking. Added to this, in the last year, Saru herself had some health problems, thus further contributing to their expenses on health. Saru does not have any health insurance. They usually go to a medical practitioner in the area for small ailments and to a government hospital for larger problems and hospital admission.

Saru does not have a bank account. She either invests her surplus in business or buys jewellery or clothes for the household. Saru has jewellery to the tune of about Rs. 15,000 that she pledges with the pawnbroker, from time to time, to raise money for various expenses. She does not have any life insurance apart from the one that she has with Ujjivan.

Overall Socio-economic Wellbeing

Saru says her life has improved over the years as her business has picked up and the children have grown up. She rates her current state of socio-economic wellbeing as 'good.' She however feels she should save a bit more. She is optimistic about her future. She is aiming for a business loan from Ujjivan to the tune of Rs. 20,000 to improve her shop and expand her business.



Sarala Vijay Kumar

Occupation : Cook

Date of interview : 9-9-09

Childhood

Sarala was born in Bangalore in 1969. She was one of five siblings. Sarala's kin is of Tamil origin but has been in Karnataka for generations. Her parents were Hindus who converted to Christianity. Her father worked as a helper at a bookshop selling religious Christian books. Sarala says he was also an astrologer and made money from that work too. Sarala's mother was a housemaid.

Sarala says her parents did not seem very keen on getting the children educated as they did not see value in it. Sarala had three brothers and a sister. They all went to government schools and stopped schooling after their primary school. Sarala fell ill frequently as a child and missed school very often. Her mother therefore took her out of school after class 4.

Sarala stayed at home till she got married at the age of 18, barring a two to three month stint at a mosquito repellent manufacturing factory, around the age of 15. Sarala started working on her own initiative but her mother objected to the job as she had to travel a distance of eight to ten kilometers by bus on her own.

Transition to Adulthood

Sarala was married at the age of 18 to Vijay Kumar, a Hindu by religion. Vijay Kumar had grown up in Agra in North India as his parents were working there but the family had relocated to Bangalore well before Sarala's marriage to him. Vijay Kumar was a construction worker. He did not have a steady job. He earned when he had work to do. At times, he did not have work for weeks at a stretch.

Sarala mother moved in with Sarala when Sarala's only surviving brother, with whom the mother lived, died of a heart attack. Two other brothers of Sarala as well as her sister had died young. Sarala's mother had no option but to move in with Sarala, as she was too old to live on her own.

Sarala had three daughters over time. As the children grew up, she realized that her husband's income was not enough to make ends meet and decided to take up a job. She was very keen on her children going to a private English medium school and decided to earn for it. There was a lot of objection from



family and friends to Sarala sending her daughters to a private school rather than a government school. Sarala was however adamant and stood her own against them.

As Sarala had not completed her schooling, the only job she could get was that of a housemaid. Sarala however had a chronic backache that prevented her from doing heavy work. She therefore decided to be a cook. Sarala picked up cooking over the years. She has been a cook now for the last 11 years.

Current Situation in the Household

Sarala is living in Jagadeesh Nagar in Bangalore. She works as a cook in two houses and has a steady work schedule. She earns Rs. 2000 a month. Sarala's husband is a construction worker and earns only when work is allotted to him. When he earns, he contributes most of his income to the household. More often that not, he works for about a week in a month and contributes Rs. 3000 to household income. Sarala's mother who has been living with them is too old to work.

Sarala's oldest daughter is 18 years old. She studied in a private English medium school till class 10 and reluctantly quit school in order to earn for the household. As she can read, write and speak English, she can get a job with relative ease. However, Sarala says the girl is very hot tempered and fussy about the terms that she works for and has already quit three jobs over the last two years. She has now taken up a job as a salesgirl at a showroom in Indranagar. She earns around Rs. 6000 a month. The second and third daughters of Sarala are 13 and 12 years old and study in classes 9 and 8 respectively. Their Total Monthly Household income is around Rs. 11,000.

Housing Details

Sarala's household lives in a rented house. They have lived in various dwellings but with the same landlord since Sarala was married. Earlier, Sarala's household lived in another house in the same premises and moved to this dwelling about four years ago as the landlord wanted the other house for his own use. They have paid an advance of Rs. 10,000 for the house and are paying a rent of Rs. 1300 per month. This dwelling has two rooms, a kitchen and a bathroom.

Though there is a tap near their house, water supply is very erratic. It comes at any time of the day and Sarala has to waste a lot of time waiting for water. To avoid this inconvenience, Sarala's husband brings 16 pots of water for household use from GM Palya, a locality close by. He brings the pots on his cycle and can carry four pots at a time. He has to make four trips each way to fetch the water every day. They do not get the water free of charge. They have to pay Rs. 5 for every 6 pots of water.

Sarala says she is not happy with the electricity bill that they get. There is a meter for every four houses and the bill is divided amongst the four houses equally. Sarala gets an electricity bill of about Rs. 350 a month. Sarala feels every dwelling should have its own meter. That way the current bill to be paid will be fair.



Details of Current Job

Sarala is a good cook. She can put together North Indian as well as South Indian preparations. She once toyed with the idea of starting her own food vending business but dropped the idea as she had to invest some money as capital. She decided to work as a cook in people's houses instead.

Till recently, Sarala used to work at a household in Tippasandra. This was her first job and she worked there for eleven years, till a year ago. She gave up this job because her back hurt on walking the distance between Jagadeesh Nagar and Tippasandra, a distance of about three kilometers each way, every day. She has now taken up work at two houses closer to home and finds it easier to walk to these places.

Sarala starts work at 8 a.m. at one of the houses and moves to the other house by 10 a.m. She is back home by noon to attend to household chores. Sarala earns Rs. 1000 from each of the houses that she works for. She does not have to go in the evenings unless there is a get-together in the household. She is paid an additional amount, over and above her salary when she goes in the evenings.

Sarala says her landladies do not trust her enough to loan her money. This is probably because she has started work at their places recently. They give her a saree once a year on a festival. There is no bonus given in cash.

Interestingly, Sarala is politically active, even if in a small way. Whenever there is a political meeting or a protest to be launched and a head count is required in support of the issue, the local political leader's office calls her and other women like her to attend the meeting. Though she does not admit it, Sarala could well be paid in cash to turn up for these meetings.

Education of Children

As mentioned earlier, Sarala was very keen on educating her daughters in a private English medium school. She ignored the advice of relatives and friends who suggested that she put her kids in a government school. She even started working in order to be able to cope with private school expenses.

Recently however, Sarala, who could not cope with expenses any more, asked her oldest daughter, who had just completed her SSLC, to take up a job instead of studying further. Her daughter was very reluctant as she had already got admission in a college and wanted to study further. She could speak English well. She therefore took up a job as a telesales person at a company. According to Sarala, her daughter is very hot tempered and did not last in that job. She did not last in the next two jobs either and has now taken up a fourth job.

The second and third daughters of Sarala are 13 and 12 years old and study in classes 9 and 8 respectively. They continue to go to school. The second daughter in particular, is good at her studies and wants to be a doctor. Sarala is not sure if she will have money to educate her further. She hopes Ujjivan will help her in this regard.

The third daughter has not shown much interest in studies. These girls used to attend tuition classes in the evenings in addition to going to school but Sarala has now taken them out of tuitions in order to reduce expenses.

Asset Ownership

Sarala has a TV and a mixer that she bought four years ago. She also has a gas stove that she bought, two years ago. She has a refrigerator that she bought a couple of years ago from a lady near her place of work. The lady had an old refrigerator that she wanted to dispose off and Sarala bought it. Sarala's daughter has a mobile phone that she bought after her first job.

Levels of Indebtedness

Sarala is an Ujjivan customer in her third loan cycle now. She borrowed Rs. 5000 in the first cycle to repay a debt that she had with a moneylender. She borrowed the second loan of Rs. 12,000 to pay the school fees for her children. She has borrowed Rs. 15,000 in the third cycle, once again to pay the school fees for her children. Sarala has a family loan and therefore pays an interest of 1.25% per month on this loan. She pays Rs. 1440 every month towards loan repayment.

As mentioned earlier, Sarala's husband does not have a steady job and they have to borrow frequently in order to make ends meet. He husband has borrowed Rs.10,000 from friends and Sarala has borrowed another Rs. 10,000 from moneylenders to cope with mounting expenses. The Rs. 10,000 from friends is interest-free, and has to be returned whenever they can. However, the balance of Rs. 10,000 from moneylenders comes at an interest rate of 10% per month. Sarala is paying Rs. 1000 as interest every month. She has not been able to pay the principal as yet and has to pay it in a lump sum. Sarala's total indebtedness at present is Rs. 35,000.

Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.15,000/-	Towards School Fees	Ujjivan	12 months	1.25%	Rs. 1,440/- per month
Rs.10,000/-	For household expenses	Money lenders	Interest to be paid till principal can be paid in a lump sum	10%	Rs. 1,000/- (interest only)
Rs.10,000/-	For household expenses	Friends	To be returned whenever possible	No interest	Nothing has been repaid towards loan so far

Total Current Indebtedness = Rs. 35,000/-



Savings, Insurance & Health

Sarala says she can hardly save with the amount that they earn as a household. She does not have a bank account. She does not invest in any chit either. In fact, she says she needs to keep borrowing in order to cope with daily expenses as her husband does not have a steady job. Most of her surplus income goes into repaying these loans.

Sarala says she does not have any savings apart from the Rs. 10,000 that she has given as advance for the house. She does not have any insurance apart from the one with Ujjivan. The members of the household do not have any health insurance either. When Sarala or the others at home fall ill, they go to a clinic near their house where a general practitioner treats them. Sarala says they have not had the need to visit a hospital recently. Sarala is sure that a visit to a hospital will set her back even further.

Overall Socio-economic Wellbeing

Sarala says her expenses have been mounting every year and the going has been very tough in the last five years. She says she is constantly in debt. In addition, her daughter does not hold on to her job and her husband does not have a steady job. Her younger daughters want to study further and she is unable to deal with education expenses. She rates her overall wellbeing as 'average' but hopes she will see better days in the future. Sarala feels obliged to Ujjivan for helping them out with low-interest loans offered without any tangibles as security.

Madhavi Shiva Kumar

Occupation : Cook

Date of interview : 9-9-09

Childhood

Madhavi was born in a village near Hosur in Tamil Nadu in 1979. She was the youngest of four siblings. She has two brothers and a sister. Her parents were farm labourers. They did not have any land of their own and worked on the farms of others. The household lived in poverty.

The children did their primary schooling in a government school in their village but had to stop studying as they had to earn for the household. When the boys were around eight year old, they were put to work as labourers in a carpet-weaving factory. The girls too stopped going to school to help at home. The siblings can therefore barely read and write. They can however sign their names in Tamil.

Transition to Adulthood

Madhavi was married at the age of 14 to a boy named Shiva Kumar, through an arranged marriage. The boy was a construction worker and lived in Bangalore. He worked in Bangalore but had an acre's share in the family land in Tamil Nadu. Shiva Kumar's household was large, consisting of 16 members and included a number of unmarried sisters and brothers.

Shiva Kumar being the oldest son had to shoulder the responsibility of marrying them off. After marriage, the siblings moved away to other dwellings. Shiva Kumar also developed health problems. He was a construction labourer but could not do heavy work. He therefore decided to restrict himself to laying tiles which was a relatively easy job but not as well-paid as the other tasks in construction.

Madhavi had two children over time; a boy and a girl. She had a very difficult time running the household on the uncertain income of her husband. When the children grew to be about three to four years old, she decided to get a job for herself. A neighbour, who was a cook herself, suggested that Madhavi take up the job of a cook as it was not as strenuous as the job of a housemaid. It was also better paying.



Current Situation in the Household

Currently, Madhavi lives with her husband, two children and in-laws in a dwelling in Jagadeesh Nagar, a locality in Bangalore. Her husband, Shiva Kumar is a tile layer in the construction industry. He works whenever a contractor assigns him a task. He therefore does not have a steady job. He earns about Rs. 4000 a month on an average.

Madhavi works as a cook in two houses. She earns Rs. 3000 from both the jobs. She has a steady job. Madhavi's in-laws stay with them. They are too old to work. They travel to visit the other children often but largely stay with Madhavi and Shiva Kumar. Madhavi's children go to school in the neighbourhood. Their Total Monthly Household Income is Rs. 7000.

Housing Details

Madhavi lives in a small dwelling consisting of two rooms, a tiny kitchen. The toilet is outside and is shared with the other tenants in the premises. The house is 10'x15' in all. They have paid an advance of Rs. 10,000 for the house and pay a monthly rent of Rs. 1300.

They moved to this house three years ago. Earlier they stayed as tenants elsewhere. The landlord however wanted to give that house on lease. As Madhavi household could not come up with the lease amount, they had to vacate the house. Their advance on that house amounting to Rs. 4000 was returned to them. Madhavi borrowed Rs. 5000 from Ujjivan and another Rs. 1000 from a moneylender and paid the advance of Rs. 10,000 for the present dwelling. She has now repaid the loans.

There is electricity in the dwelling but there is a meter for every four households as a result of which each dwelling gets a high bill. Madhavi gets a bill of Rs. 350 per month which she believes is very high.

There is no source of water in the dwelling. There is a corporation tap outside their house but flow of water through the tap is controlled by the corporation. Water flows through the tap for two hours at any time of the day or night. Madhavi has to be alert at all times, even when she is asleep, for the water.

Details of Current Job

Madhavi has been a cook for the last 10 years. She works in two houses. She has been working in one of the houses for the last 10 years but took up work in the other household recently. She works in one household between 8am and 10am and in the other from 10am to 1pm. Madhavi gets Rs. 3000 from both the houses. Once a year during Diwali, she gets Rs. 500 as bonus or a saree. Madhavi works on all the days of the week. She takes off only when she falls ill or in some other emergency.

Madhavi says the landlady with whom she has been working for the last 10 years trusts her even with her house keys. When Madhavi is in financial trouble she borrows from the landlady and has it cut from her salary in the next few months. In the past, Madhavi has borrowed up to Rs. 5000 from her.

A few months ago, Madhavi and her husband had decided to start a small roadside hotel. Madhavi had quit her work as a cook and together with her husband, had opened a small stall on Old Airport road.

Unfortunately for them, the airport moved to another location (Devanahalli) and traffic on their road reduced significantly. At this time, Shiva Kumar's mother fell sick and they had to spend a lot of time attending to her in the hospital because of which their fledgling business suffered. They closed the business and Madhavi went back to the households that she was working for earlier. One of the houses took her back while she lost her job in the other house. Madhavi then found herself a job with yet another household.

Education of Children

Madhavi's children were in a Tamil medium government school till recently. Realizing that English would be of more use to them, Shiva Kumar put them in a private English Medium school. The children found it very hard to cope with their studies in a new language. Shiva Kumar's son lost a year in the process. Shiva Kumar wants his son to study well but is worried as the boy is steadily losing interest in studies. The parents even send the children to additional tuition classes in the evening. In all, they spend about Rs. 1400 towards the education of both the children per month. The son is fifteen years old and her daughter is thirteen, both are in class 8.

Asset Ownership

Madhavi does not have a gas stove. She uses kerosene as cooking fuel. They have a grinder that they bought for their large household many years ago. In fact, it is the presence of the grinder that compelled them to start their failed food business, a few months ago. They have a mobile phone that they bought five years ago and a TV that they bought two years ago. They do not have a refrigerator in their house.

Levels of Indebtedness

Madhavi does not have any loans apart from the one that she had with Ujjivan. She is a third loan cycle customer of Ujjivan. In the first loan cycle, she borrowed Rs. 5000 from Ujjivan and used the money to pay part of the advance on her house. In the second cycle, she borrowed Rs. 10,000 which she used to pay the school fees for her children.

She has now borrowed Rs. 15,000 in the third loan cycle and has used it partly to pay the school fees for her children and partly to pay for her mother-in-law's health expenses. She pays Rs. 1440 per month towards the loan.

She hopes that she can get a loan in the future from Ujjivan to help her husband start a business such as a petty shop from home as he has an uncertain job as a tile layer. Madhavi does not intend to join in the business. She feels secure working for monthly salary and says she will work in a couple of extra houses if necessary in order to earn more. She would rather not get into any business. She feels it is better for one of the members of the household to earn a steady salary while the other experiments with business.



Table: Details of Current Loans

Principal	Purpose	Source	Duration of Loan	Interest rate per month	Frequency, Amount of Repayment
Rs.15,000/-	To pay medical bills and school fees	Ujjivan	12 months	1.25%	Rs. 1,440/- per month
Total Current Indebtedness = Rs. 15,000/-					

Savings, Insurance & Health

Madhavi and her husband have had a lot of commitments over time. Initially, they spent on the marriage of Shiva Kumar's sisters and recently on Shiva Kumar's mother's health. They have not been able to save much. They even incurred losses in the period when they ran their business. They have a bank account but with just Rs. 1500 in it. The advance of Rs. 10,000 on the house is their only other saving. None of the members in Madhavi's household have life insurance apart from the one that Madhavi has with Ujjivan. They do not have any health care insurance either. When they fall sick they go to the lady doctor down the road who treats them.

Overall Socio-economic Wellbeing

Madhavi says that a year ago, things were not going well for them. She was in debt because of her mother-in-law's health expenses and the failed food business. Now Madhavi has managed to clear all those debts. She rates her current state of wellbeing as 'average.'

While she does not have any savings, she is relieved that she does not have too many debts either. Madhavi hopes her children will study well and get good jobs. That way, their household can look forward to a better future. Madhavi is obliged to Ujjivan for providing education loans at a very reasonable rate of interest.

4.0 Conclusions & Going Forward

4.1. The Approach and Its Efficacy

The approach adopted for this Pilot study seems to work reasonably well, with 1st Cycle customers offering a fairly sound base and a surrogate “Control Group” for comparison with feedback obtained from 3rd Cycle customers.

However, in our view, the best approach is to capture baseline data from a large enough and representative sample of 1st Cycle customers and track these customers after 2-3 years, after they have evolved into more mature, 3rd Cycle customers.

4.2. Key Findings from Semi-Structured Interviews

Most Significant Differences between 3rd Loan Cycle & 1st Loan Cycle Customers

3rd Cycle Customers...

- Tend to have a higher Monthly Household Income (MHI) by about 10% to 12%
- Have a relatively lower proportion in Salaried occupation
- Rate their current overall well-being relatively high
- Tend to have a higher monthly household surplus – by about 10%
- Are able to save some money from time to time
- Tend to have a relatively larger number of loans being serviced
- Have a relatively higher per capita income in their households

Most Significant Impact on Self-Employed Customers

The impact of microfinance loans is more clearly and more rapidly discernible among self-employed customers than among other occupation groups.

Positive Changes, Increases, Improvements among 3rd Loan Cycle Customers in terms of:

- Monthly Household Income
- Notional Monthly Household Surplus
- Living Conditions
- Food consumption pattern
- Savings



Extent of Indebtedness Appears to be Under-stated

Customers appear to be reluctant to divulge their current level of indebtedness, and seem to have under-stated this information.

4.3 Key Findings from In-depth Case Studies

Methodology

Case Studies - A useful component, providing a context against which Quantitative Findings must be viewed

Case Studies offer rich insights into the lives of customers when compared with semi-structured interviews. By virtue of their very approach and design consisting of multiple sittings with customers, they offer a deeper understanding into customer lives. They therefore provide a backdrop against which customer needs and motivations can be understood better.

However, many customers tend to understate their expenses, savings and investments during a case study session. In spite of building a good interviewer-respondent rapport and repeated assurances by the interviewer, women hesitate to speak frankly about their household finances.

Insights on Impact of Ujjivan/ MFI Loans

Customers' Positive Outlook towards life and the future

Overall, 3rd loan cycle customers seem to have a more positive outlook on life than 1st cycle customers. This suggests that joining Ujjivan has had an impact over time, in terms of infusing customers with a sense of optimism and confidence about the future.

Loans from MFIs minuscule when compared against existent levels of indebtedness

Loans from MFIs are very small when compared to the quantum of loans serviced by households at any point in time. MFIs cannot extricate such customers from poverty, in two to three years. Urban poor households lead financially and socially complex lives. Steady availability of micro-credit over a period of time in combination with social changes are necessary to free the poor from poverty.

Loans from MFIs used to retire high-cost loans

Several Ujjivan customers use their loans to retire high cost debt. A loan from Ujjivan very often helps to reduce the interest burden on an earlier loan that they might have taken from a moneylender at a higher rate in an emergency e.g. A woman who has taken a loan from a moneylender at 5% interest per month for health expenses would eventually take a loan from Ujjivan for 1.25% per month and pay back the moneylender, thus reducing her loan interest burden.

Loans from MFIs as cash flow solutions

Financial management in poor households is complex. Monthly household income often covers basic household expense. Additional expenditure, particularly the big expenses like on health; education and weddings, are generally financed through borrowing. By borrowing periodically at an affordable rate of interest and paying back regularly, women ensure that their cash flow is intact.

MFIs cannot replace Money Lenders

The moneylender and the pawn broker are an indispensable part of the lives of urban poor women including Ujjivan customers. They offer simpler loan processing procedures when compared with the processes involved with loans from microfinance organizations like Ujjivan. As most urban poor households live hand to mouth, speedy loans at their times of need are very important to them.

Ujjivan customers take loans from multiple sources as their need for loans is very frequent. It is often difficult for a customer to wait until the next Ujjivan loan is sanctioned. For instance, most hospitals do not admit sick patients until their fees are paid in advance. Similarly schools turn away children who have not paid their fees.

Loans not always used for the purpose originally intended

Loans are not always used for the purpose for which they were originally taken. A simple change in circumstances such as a medical emergency or an exigency of another kind can result in a loan taken for “business”, for example, to be diverted to the most pressing immediate need. At times, within days of the loan being sanctioned, an emergency could come up and the loan money could be diverted. Further, it is possible that women could also be stating non-existent reasons for their loan needs and divert it for other uses.

Structured advice on Education and Career options in combination with Education Loans could synergize the effect of loans

Many women are first generation literate in their households with most having studied in a vernacular language. They do not necessarily know how to go about guiding their children with their education and occupations. Though they spend large amounts of money of the education of their children, very few children end up in college or in good jobs. Most children quit after their SSLC (10th grade school), if they reach that stage at all.

This is particularly true of children who are sent to English Medium schools. Knowledge of English is seen as a way out of poverty. Women struggle with loans to educate their children in English medium schools. However, as parents of these children do not have any knowledge of the language themselves, they are unable to guide their children with their studies. Tuitions taken after school hours are seen as a solution. With regular school and tuitions, the children are often over-burdened with studies, at times creating a loathing for education itself, therefore defeating the very purpose of the loan. Focused and



organized career and education guidance, in addition to an education loan facility, would perhaps be able to optimize their education efforts.

Indications of Prosperity in a Household:

A woman in multiple jobs suggests that she is in a weak economic position. Alternatively, a woman who does not work suggests that the household is in a relatively better economic position. Women in most poor urban household work only when there is a financial compulsion and they have no alternative. Women move in and out of the work force with a few going to work only if they need to service particular loans. They will often stop working after their loans are paid off, if their household income is sufficiently high to cover normal expenditure.

Expenses related to healthcare can cause an otherwise stable household to regress into poverty due to unmanageable levels of debt. Further, unlike expenses on education and on ceremonies, health expenses cannot be planned and often arise as an emergency. In addition, expenses on health are unproductive and often coincide with a reduction in household income as a result of poor health of an earning household member. Consequently, such expenses can be life-altering for many urban poor households and lead them to slip into years of poverty as a result.

The presence of durables in a dwelling is not necessarily an indication of the economic status of the household. Easy availability of second-hand items and the availability of hire-purchase options make durables such as a refrigerators accessible to poor households.

An increase in conveyance expenses, particularly non-work related expenses, could mean that the household is moving towards prosperity. Expenditure on conveyance is largely kept to a minimum in households. Travel is usually only when necessary. General awareness of one's surroundings amongst most urban poor women is largely restricted to their locality. It could be years before a household visits some of the very common popular tourist attractions in parts of the city away from her locality.

Households that have a son are relatively more prosperous than households that do not. In many families where the first two off-springs are daughters, couples have more children in an attempt to have a son even at the risk of having another daughter. Such households end up poor not because they have daughters but because they have more mouths to feed. On the other hand, couples who have a son as a first or second born, stop having children after the birth of one or two off-springs. Interestingly, most Ujjivan customers fall in the latter category rather than in the lot with many daughters.

The more prosperous a household, the wider the age-gap between generations. In other words, the gap between generations is short in poor households, with children being married off at a very early age. In the wake of any proper provision for health care, families work on the premise that one needs to complete one's duties in life when one is young and healthy. As a result, women in the late forties and early fifties are winding down, having married-off their children and helped with the birth and upbringing of their grand-children.

Changing trends

The following interesting observations were made about the customers of Ujjivan interviewed for the study. These observations are however not representative of urban poor in the country or in the city or even of Ujjivan customers in general.

Many customers did not seem to discriminate between the education needs of a daughter and a son any more. Such discrimination could be seen about 15-20 years ago as is evident from the narrations of the women on their childhood.

It is believed to be a social stigma not to get one's daughter married. Families incur huge debts to marry their daughters off, with little regard to how the daughter will fare after marriage.

While unmarried daughters are not looked upon favourably, abandoned or divorced daughters were often taken in by the parents' household and seemed to be accepted in society. This is a change from a decade ago when even separation from the husband was seen as a disgrace. This could well change in the future with households not feeling socially compelled to marry-off their daughters, thus reducing the loan burden on households to that extent.



Glossary

- Aashada** : Usually in June/July, it is the fourth month in the traditional Hindu calendar as followed in Karnataka and Andhra Pradesh. This month is considered inauspicious by some Telugu and Kannada speaking people. Auspicious events such as weddings, pujas and celebrations are not conducted during this month.
- AC sheet roof** : Corrugated asbestos sheet roofing commonly used in India as a cheaper alternative to concrete roofing.
- Agarbathi** : Incense stick - the ingredients and the stick on which the ingredients are to be rolled are usually outsourced by factories to individual job workers who often work from home.
- Andhra Pradesh** : One of four southern Indian states
- APMCYard** : The Agricultural Produce Market Committee is a marketing board established by the state governments of India in order to facilitate farmers to sell their produce. Most of the APMC have market yard where traders and other marketing agents are provided warehouses and shops for purchase of agriculture produce from farmers. Farmers can sell their produce to agents or traders under supervision of APMC, which ensures that they get a fair price for their produce.
- Auto-rickshaw** : A three-wheeler commonly used as a mode of public transport in India. Called an auto for short.
- Ayappan temple** : The temple of Lord Ayappan in the temple town of Sabarimalai in the Southern India state of Kerala. Pilgrimage to the temple is undertaken largely by men, who fast for some days before setting off, begins in November and ends in January. During the fast, men abstain from various pleasures. Women aged between 15 and 50 years are not allowed in the temple.
- Bangalore** : The capital of Karnataka
- Biryani** : A popular Indian rice preparation rich with spices and made with vegetables, eggs, meat or fish.
- BPL** : People who fall below the official poverty line. (A ration card has been introduced by the Government of India for poor Indians who fall below the poverty line. Under this scheme members get benefits such as rations through the government depots.)

- Chapathi** : Indian flattened bread made with wheat flour. It is a popular part of the regular Indian diet.
- Chikangunya** : An insect-borne viral fever which spread in Bangalore almost like an epidemic. It has symptoms similar to those of Dengue fever. It involves symptoms like pain in the joints that could last for months and in some cases, years.
- Chit fund** : This is a kind of savings scheme practiced in India. In a chit scheme, a specific number of individuals come together to pool a specific amount of money at periodic intervals. At the end of each period, there is an auction of the money. Members of the chit fund participate in this auction for the pooled money during that interval. The money is given to the highest bidder. Such chit fund schemes are conducted by organised financial institutions or promoted by unorganised individuals such as friends or relatives. Unorganised chit funds, at times, are misused by its promoters and there have been instances of the promoters absconding with investor money.
- Chithra anna** : A popular South Indian rice preparation flavoured with turmeric, mustard seeds and green chillies
- Chutney** : An accompaniment to a main dish generally with the same consistency as a dip. Could be made from a variety of ingredients. In South India, it is usually made by grinding coconut, spices and mint leaves together.
- Dosa** : A crepe made from rice and black lentils. It is a typical dish in South Indian cuisine and is eaten breakfast or as a snack.
- Government school** : These are schools run by the Government of India in poor neighbourhoods. The condition of these schools in and around Bangalore is pathetic and most show poor educational statistics. The poorest of the poor send their children to these schools. Education for children going to these schools is free or highly subsidized. Facilities are minimal. As the teachers are paid by the government and the poor and weak access these schools for free, accountability by teachers is low.
- HAL market** : A market run in the space owned by Hindustan Aeronautics Limited, a Public Sector Undertaking in which the government of India is a major shareholder.
- Idli** : A south Indian savoury cake made with rice and fermented black lentils. A popular breakfast and snack dish often eaten with chutney and sambar.
- Kabab** : A circular deep fried spicy roll made with minced meat or vegetables.



Kannada	: The official language of Karnataka.
Karnataka	: One of four southern Indian states
Kerala	: One of four southern Indian states
LIC	: Life Insurance Corporation of India- A government of India body that offers life insurance to individuals.
Mama	: Mother's brother.
Mane-kelasad -avara sangha	: A union formed by house maids.
Masala	: A paste made from spices
Moneylender	: Refers to unorganized financiers who finance many poor households and small businesses in India. They often charge high interest rates and use crude methods of extracting their money back from borrowers. They however have a strong network and are indispensable to the poor as they provide quick access to money in an emergency.
On lease	: A rental agreement between a landlord and a tenant where a tenant pays the landlord a large sum of money (usually around 100 times the value of the monthly rental value of the property) in order to possess the landlord's property for a period of time. The tenant does not pay a rent. The interest from the lease amount is usually enough to make up for the rent that the landlord might have otherwise received.
Pakoda	: An Indian savoury snack made by deep frying sliced vegetables dipped in chickpea flour batter.
Private English medium school	: Schools run by individuals as opposed to the government. Students have to pay a fee for their tuitions in these schools. They are not necessarily up to the mark in many cases but are definitely a better alternative to government schools.
PUC	: An intermediate course of duration two years conducted by state education boards in India. A person desiring admission to any Indian university must pass this course. The course can be considered a bridge course to prepare students for university education.
Pucca	: A house that has fixed walls made of bricks held together by mud or cement.

Puja	: A Hindu prayer ritual
Ragi	: Finger Millet. A commonly consumed cereal in Karnataka. A cheaper yet wholesome alternative to rice or wheat.
Raj Bhavan	: The office and residence of the Governor of Karnataka
Rangoli	: A popular art form in India. It is a form of sand painting decoration done on a flat surface such as the floor. It uses finely ground white and coloured powders. It is commonly done outside homes in India.
RCC roof	: A reinforced cement concrete roof. More expensive than AC sheet roofing but longer lasting.
Sambar	: A common southern Indian preparation similar to a dal, made using lentils, tamarind juice and a number of spices.
Saree	: A traditional garment worn by women in the Indian sub-continent. Usually 5-6 metres long.
Saree fall	: A thin strip of cloth attached at the lower end of the saree so that it drapes well.
SHG	: "Self Help Group. A village or locality based financial intermediary usually composed of between 5-10 local women. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are linked to banks for the delivery of micro-credit."
SSLC	: Senior School Leaving Certificate. A certification obtained by a student on successful completion of an examination at the end of study at the secondary schooling level in India.
Tamil	: The official language of the Tamil Nadu also the people from Tamil Nadu.
Tamil Nadu	: One of the four southern Indian states
Vada	: A deep fried savoury snack popular in South India.
Vidhana Soudha	: Located in Bangalore, it is the seat of the state legislature of Karnataka.





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