

Project Proposal On

www.WeCareIndia.Org

(A peer-to-peer (P2P) on line lending platform for low income households)

Submitted to

Indians for Collective Action, USA

&

Asha For Education, USA

Submitted by:

SAMRUDHI Micro Fin Society,
Karnataka State,
Gulbarga,
India

Background:

India is said to be the home of one third of the world's poor. The World Bank estimates that over 600 million people in India survive on less than \$2/day, the yardstick commonly used to demarcate the poverty line. Sixty percent of the population lives in poverty and they suffer from high rates of hunger and malnutrition. These poor take small credit during crisis periods from moneylenders who charge exploitative rates of interest—often as high as 72%-350% per year. This puts the poor in a debt trap, and often results in their falling into bonded labor—a system of indentured servitude in which a person “sells” his labor for a year in exchange for a loan thus poor falls in a vicious cycle of “ low income, low savings, low investment. If poor people access low interest credit during times of crisis, they can avoid falling into debt trap. **But these poor cannot access credit from formal financial institutions due to cumbersome disbursement & high transaction cost.** To bridge this gap, SAMRUDHI set out its operations in Gulbarga District, Karnataka State, in the month of May, 2007 by using a using a fast track model-drawn upon the positive features of 'Grameen' methodology'.

The Project Background:

Once a favorite with investors and bankers, the Indian microfinance sector has run into trouble after Andhra Pradesh microfinance crises. Of late, credit support from nationalize banks to MFIs have come to standstill. The political goons and corrupt bureaucrats have made the microfinance sector to suffer to greater extent for couple of months.

There are no fresh loans to MFIs. Banks are not turning so easy to fund any MFI. Amidst, RBI has issues guidelines to all the public sector banks in India, but still they are following 'wait and watch' strategy.

During the situation, SAMRUDHI has decided to leverage internet and technology to mobiles much needed credit for its on lending activities through peer-to-peer on line lending. Thus, the project www.WeCareIndia.Org was developed.

The Project:

www.WeCareIndia.Org is the world's first online peer-to-peer lending platform connecting online lenders to its own clients replacing **FIELD PARTNERS**. WeCareIndia.Org is a project developed and implemented by SAMRUDHI Micro Fin Society to raise **low cost** social investment for its microcredit program in India.

It is an innovative project that attempts to bring down the cost of funds leveraging internet by enabling individuals across the globe to lend small sums of money (Rs.100-10,000) via www.WeCareIndia.Org web portal (We Care India).

By raising social investments from individuals across the globe, WeCareIndia will be able to bring down the cost of microcredit and offer loans to people at rates that were once unthinkable. The social investment raised through WeCareIndia will be administered by SAMRUDHI Micro Fin Society (SAMRUDHI) micro credit program from past five years in the villages of northern part of Karnataka.

The Project Goal & Belief:

The Project Goal:

To provide a platform to social investor across the globe to lend small sums of money to a low income households in India by leveraging internet technology.

Our Belief

SAMRUDHI believes that the “poor are bankable”; they have “credit discipline”, and they have potential to improve income and productivity and can make profit.

How it works:

Individual across the globe visit www.WeCareIndia.Org and make small & meaningful social investment to their chosen borrowers on the website. The fund will then be collected and disbursed to the borrowers. Borrowers repay the loan in monthly/weekly installment and same as repaid to the social investor.



- Lender/Social Investor choose a borrower on www.WeCareIndia.Org
- Make a small loan to selected borrowers
- Get repaid in 12-24 months (Principal + Interest)
- Repeat and lend to other borrowers

What Makes Us Unique

Particulars	www.WeCareIndia.Org	Others (P2P)-such as Kiva, Rangde etc
Implementation of Micro credit program	Self Through parent organization-SAMRUDHI Micro Fin Society. Has more than four years of experience in micro credit project implementation. No dependency	Through FIELD PARTNER <ul style="list-style-type: none"> • Spend more resource on identification field partners • Do not have experience. Their success depend on their partners
Operational cost	Less The cost of fund is comparatively low since, we need not share the profit with any one	More Cost of operation is high because they split the profit among themselves, investor and field partner.
Presence-Geography	Located in the operational area.	Located elsewhere other than the operational area. Mostly in class-A cities.
Return on investment for the social investor	More Generally between 6-8 percent. At par with the nationalize banks in India	Less Between 3-4%.
Cost of funds to borrowers	Less Generally between 15-18 percent. (Currently all MFIs charge interest between 26-30% as the cost of funds from bank itself is between 15-16%)	More-Not worried Usually, the field partner decides at what cost, the amount will be lend to members. The profit margin is split into three-The MFI, Social Investor & the P2P.

The Benefit to Social Investor:

Social Investor	SAMRUDHI through WeCareIndia
➤ Enables small & potential social investor to make small & meaningful social investment on their chosen borrower.	➤ Enables to raise constant capital for on lending activities
➤ Easy to lend small sums of money and make BIG difference in the lives of low income households.	➤ Maintains low cost of funds (The current cost of funds to SAMRUDHI is between 15-20%)
➤ Satisfaction of making difference in the society they are living in & shall get return between 6-8%; at par with any nationalize bank in India.	➤ Satisfaction of passing on subsidized benefit to end borrowers.

The Outcome

- ◆ Access to low cost funds compares to traditional microfinance intuitions.
- ◆ Rural & urban poor get constant & continues credit which further enables them to
 - Increase & diversify incomes Build assets
 - Mitigate risk , Plan for the future, Make choices
 - Increase food consumption
 - Invest in education & health
 - Invest in housing, water, sanitation

The budget:

Particulars	Unit Cost (Rs.)	Total (Rs.)	Remarks
Web site design (Design Envirnmnt-ASP.NET, AJEX, MSSQL)	Rs.75000.00	Rs.75000.00	One time
Payment Gateway Setup	Rs.50,000.00	Rs. 50000.00	One time
Domain, Dedicated Server and Hosting.	Rs.80000.00	Rs.80000.00	One time
SSL Certificate	Rs.60000.00	Rs.60000.00	One time
Other small overhead (Maintenance for one year)	Rs.50000.00	Rs.50000.00	One time
	Total	315000.00	
	Total (US\$)	\$ 70000.00	
	Request from ICA Online	\$ 4000.00	
	Request from Asha Berkeley	\$ 2800.00	
	Self Contribution	\$ 500.00	
	Total	\$ 7000.00	

Notes on Budget:

1. The budget is for one time request.
2. The budget particulars are fixed. SAMRUDHI make recurring expenses out of the earnings from interest.

Sustainability:

The project is for one year. It is expected that by one year, the project will be self sustainable. The cost of renewal of SSL Certificate, Domain & Dedicated server are met out of the earn income. There is no separate operational cost as such since the project is being implemented by SAMRUDHI itself.