



# STEP

## Annual Report

SAMPURNA  
TRAINING AND  
ENTREPRENEURSHIP  
PROGRAMME

2014 - 2015



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## Message from Director

Dear Friends

It is my pleasure to present our annual report for the year 2014-15. We have been successfully continued to promote our social microfinance initiatives. Despite the very active present of commercial microfinance institution, STEP kept its unique position in the community. The repayment rate of the month remains at 99.5 % very consistently throughout the year. A new branch has been opened in this year. We have developed a new loan product that will allow repeat partners to access loan with low interest rate.



Strategically in this year, we were more concentrated on reaching out to most vulnerable section of the society.

Keeping in mind that the only financial services would not be enough to improve the living standard of low income families, since the beginning, STEP continues to provide various innovative socio economic services. In 2014-15, we strengthen the business counselling and family development program. The new process has not only given more access to our partner but also addressed the need of different segment.

We continue to develop new tools for business and social training adapted with the socio economic profile of our partners. Vocational coaching and other social awareness project continue to grow with its own stream.

Two new projects 'Micro Business Unit (MBU)' and 'Project GrihaShree' have been piloted in this year. We are expecting to launch these two projects in the next year.

The regulatory environment was in volatile situations. The microfinance bill that created hope among the NGO- MFIs has been collapsed due to the dissolution of last Govt. The Finance Ministry is trying to frame a new regulatory system for MFIs by setting up MUDRA bank. But the initiative is yet to get full confidence of banks and other financial institutions. There was a big financial scam, Sarada scam that created a huge mess in the financial sectors including microfinance.

Impact investment or microfinance is no more a new concept in today's developing world. But it would be difficult to ignore the fact that the social microfinance facing hard challenges to raise funds due to moderate profitability and high operating expenses ratio.

Despite these regulatory volatility and low profitability challenges, there are some foundations and banks like Microfinance Solidaire, BNP Paribas, MicroGraam has come forward and extend their financial support to develop STEP's initiatives.

In this year STEP has secured FCRA prior approval from Ministry of Home Affairs. FCRA will allow us to receive donation from Entrepreneurs du Monde. The approval will be good base to apply permanent FCRA registration and raise funds from others foreign institutes.

The following pages would describe the interventions of our various activities in detail and I hope you will enjoy reading the report and continue your generous support.

Thanking you

A handwritten signature in black ink that reads "Abhijit Bera".

Abhijit Bera  
Director

## Overview

**Context** With over 1.2 billion people and an economic growth of 7.4%, India is one of the fastest growing economies in the world. However, India regroups more than 30% of the world's poor and 1/3 of Kolkata's population is living in slums, facing hygiene, education and malnutrition issues.

People living in these areas need to be integrated in the country's growth and modernization thanks to comprehensive financial, business development and social services provided in a sustainable way.

**Identity** Sampurna Training and Entrepreneurship Programme (STEP) is a non-profit organization created to provide micro-credit services and development programmes for families in India.

STEP is using an integrated and holistic approach to have a stronger impact on urban vulnerable communities, by developing, for instance, the professional network of micro-entrepreneurs.

### STEP's figures

7 Branches

More than 6,400 partners

Average size of loan

Rs. 8,400

“A micro-structure  
Of micro-products  
For a macro-impact”

### Our mission

“To provide low income and disadvantaged families with sustainable adapted and innovative financial, business development, access to employment and social services, building their self-reliance and capacity to realize their wishes”

### Our values

Respect & dignity  
Transparency  
Sustainability  
Continuous innovation

## Activities

### Social

Family Development Programme  
Social and Health trainings  
Awareness workshops



### Business development

*Economic and business trainings*

Business trainings  
Skill training workshop  
Networking workshop  
*Business development programme (BDP)*  
Business counselling  
Vocational coaching

*Micro Business Unit*



### Financial

*Social Microfinance*  
Entrepreneurship loans  
Business loans



## STEP's partners

### Who are they?

“We call all the women benefiting from our services as our partners”

STEP's partners are low income and disadvantaged families living in India, and more specifically in Kolkata and Howrah. These vulnerable families are most of the time facing lack of hygiene, education and diseases, but also social issues and violence. Furthermore, they don't have access to proper financial as well as social services.



### A large panel of businesses

Most of STEP's partners are involved in the following activities:

- > Buy and sell businesses: vegetables, fruits, Sarees, cosmetics...
- > Production activities: tailoring, food processing, craft industry...
- > Services activities: beauty parlour, hotel, cycle repairing...



### How to become a partner?

Women interested in STEP's services have to form a group of 5 to 7 members. As a group, they should develop solidarity and have to respect the contract rules:

- The repayment of the loan has to be done every week
- The purpose of the loan has to be respected
- The business' purpose should be healthy and can't admit any drugs, excessive pollution or child labour
- The partners should attend the business and social meetings

Each partner has a personal...

- Passbook, where all their microcredit informations and operations are registered
- Microcredit contract
- Poverty assessment



## STEP poverty assessment tool

STEP measure its partners' standards of living in order to touch its desired target -which is the most disadvantages families- to adapt its services and to measure the efficiency of these services.

STEP has developed a poverty assessment tool (PAT), which enables the staff to classify the families' living conditions. Poverty is not only associated to income security or assets, but also to health security, education or housing. STEP include all these dimensions in its tool. Based on the total score calculated by PAT, STEP classifies the families' living conditions into 7 categories from Level 1 to Level 7.

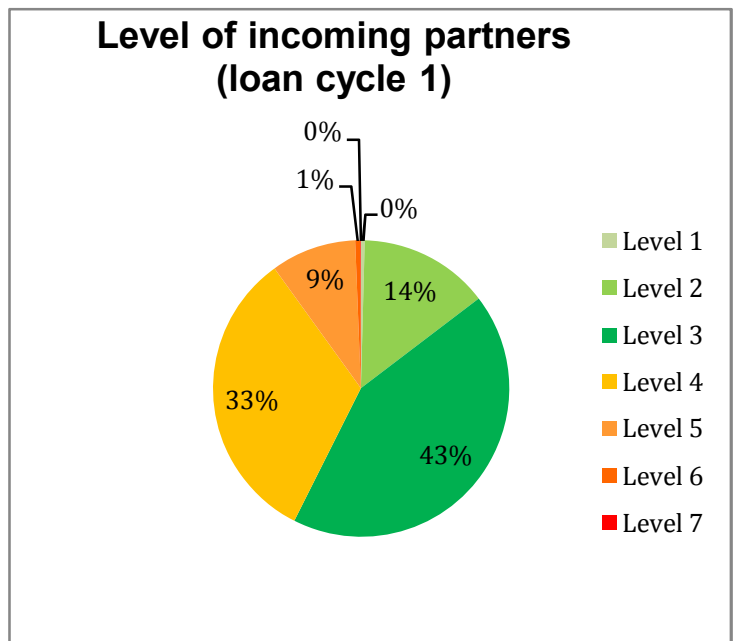
Level 1 to level 3 families are considered as below the poverty line (BPL) and represents high level of vulnerability.

### Health security

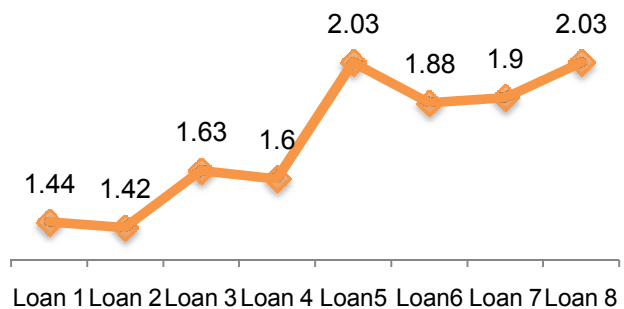
Health security is measured in terms of capacity to access dairy products, level of fruits consumption, access to health insurance, and presence of a chronic patient in the family.

Health security score ranges **from 0 to 7** and the average grade of the 1<sup>st</sup> or 2<sup>nd</sup> loan's partners is only 1,4: most of our partners are not aware of the importance of balanced food.

Through training and awareness meetings, STEP sensitizes its partners about various social and health issues



Health security score depending on the number of loans



### Housing

The PAT differentiates whether the family owns their house or rents it:

**62%** of the families STEP is following are living in **rented houses**

Most of the partners who have their own house inherited from their parents, as it is very costly to buy a new house in India's disadvantaged areas.

## Level of education

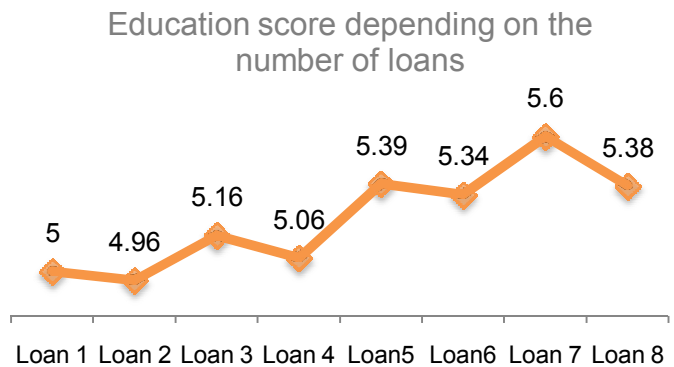
STEP chose to consider two variables:

- **Child education:** number of children between 3 and 14 years old going to school
- **Adult education:** highest education level of the family members. Tailoring and other manual skills are considered as education and allow the family to have a better score.

Education score ranges **from 0 to 8**, 0 being the illiterate families and 8 being the most educated families. Most of the parents do not understand the importance of education and prefer to involve their children in some businesses or other profitable activities to increase their income.

## Income security

STEP defines income security through the number of family members above the age of 14 who are involved in income generating activities. In a significant number of families, the husband is the only working member while the wife is taking care of the house and the children. STEP tries to promote women's entrepreneurship to increase the income security of the family.



### Partners' income security:

Average family = 5 members

25% of families have only 1 earning member

44% of families have 2 earning members

## Success stories

### Ruby Shaw...

*A tenacious woman, who created a growing business...*



From the age of 12, **Ruby Shaw** has shown a tenacious willingness: to continue her studies despite her family's opinion, she **learned by herself** to cut, stitch and make frocks that she sold at the village's school. Thanks to her business and to her teacher's support, she continued her studies, financed exercise books and bus rides to school until **10th class**.

At 17, she got **married** in Kolkata but was not accepted in her husband's house because of her very **small dowry**. After taking **tailoring classes** in the village where she was kept away from her husband, she asked to come back to Kolkata: it was another **refusal**. She decided to sell silver ornaments to buy a train ticket and a sewing machine. To make her family-in-law accept her, she gave them money from the sales of her **hand-made pillow covers**.

With the help of **six loans** from STEP, she realized her wishes: she invested in her **tailoring activity**, managed to gather regular customers and won her husband's support. While continuing her tailoring activity, she **bought a shop** for her husband, suffering from chest problems.

Ruby sees beyond the short term for both her business and her family development: she **saves** INR 1000 every month to start a Sari business and **educate her daughters** and INR 300 for **life insurance**.

**Anita Das**, a 35 year-old woman, is living with her husband and her 7 year-old niece in Kamarhati, **Kolkata**. Neither her, nor her husband was working at the time they got married. They both **depended financially** on Anita's father, who was working hard in a factory.

As Anita's **father** retired from his factory job, he warned both of them that he will not be able to support them anymore. However, he gave them some money and advised them to **start a business**.

After three years, since her husband was not willing to work, Anita decided to follow her father's advice. With the help of her father, she started a door-to-door **buy-and-sell business**. She had to deal with the **lack of clients** due to the number of similar businesses in the area.

Thanks to her **perseverance** and **confidence**, Anita managed to face competition and get some regular **customers**. She took a first loan with **STEP** to expand her business, open a shop and sell more **diversified** items.

After less than two years, Anita is taking her **third loan** with STEP. Through business counseling and trainings provided by STEP, she learnt to improve her **profit**, to expand her activity and to **re-invest** in her business.

With the success of her fast growing business, she is **planning** for a better **future**: she schedules to buy a bigger shop and to diversify her products. She will then be able to provide healthier food **for her family** and improve their **living conditions**.

### Anita Das...

*Perseverant and hard-working, she created her own shop and beat the competition...*



## Activities

### Micro finance

STEP provides micro credit services to vulnerable families in order to help them create and maintain income generating activities.

**Goal:** encourage families to create, develop and extend their own business and help them to make it more profitable.

**Loans:** STEP provides business related loans from 1,000 to 25,000 INR with a weekly repayment to facilitate the partner's budgeting.

**Method:** partners take a personal loan within a group of 5 to 7 women. They have individual financial liability and no joint liability within the group. The loan duration is 38 weeks.

There are two major loan products: business loan and Entrepreneurship loan.

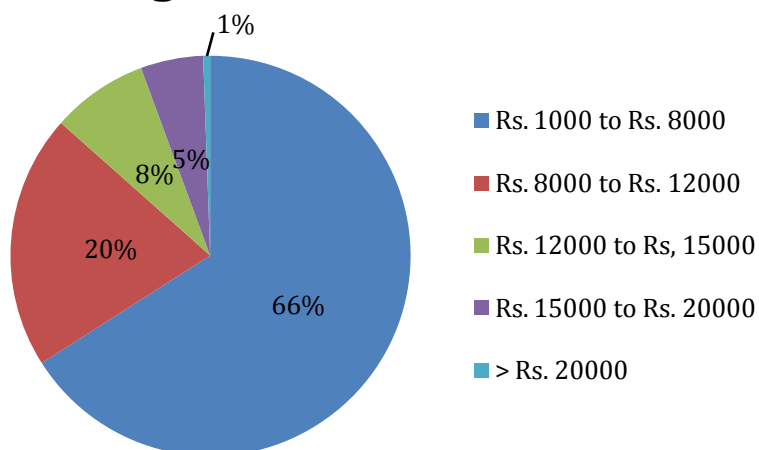
**Product in pipeline:**

STEP has developed two new products: **medical loan** and **education loan**. It is planned to launch these

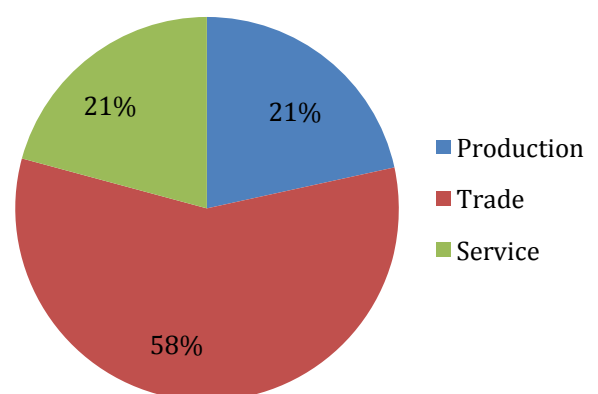


Key indicators	Mar-15
<b>Operational performance</b>	
Number of branches	7
Number of active borrowers	6,407
Gross outstanding portfolio (In thousands of INR)	30,530
Average loan amount (INR)	9,500
Loyalty rate	73%
No. of loan officer	26
<b>Financial performance</b>	
Monthly Repayment Rate	99.5%
Portfolio at risk 30 days (%)	0.0%
Loan Write-off Ratio	0.0%
Operational sustainability	114%
ROA	5%
ROE	10%
OER	32%
Portfolio Yield	32%

### Average loan amounts in 2015



### Occupation of the borrowers in 2015



## Business development services

STEP provides business development services to back up financial support, as it believes that a micro loan ought to be given with the basic business, financial and management knowledge in order to have a positive and sustainable impact on the family and the business' development.

### The economic and business trainings



#### Business development trainings

Each group assists to business trainings at least every 2 months depending on their current needs.

STEP is continuously developing new interactive and specific trainings about capital determination, indebtedness, profit calculation, credit control, business motivation...



#### Skill training workshops

They are organized to help families to learn new skills and start businesses. Most of the time, STEP asks a skilled partner to teach her business to the others.

For example, some partners are learning how to run a Pepsi business, "momos" business or incense sticks business.

The use of STEP's network enhances the motivation amongst the partners and creates a good learning atmosphere during the skill training workshops.

#### Key figures

- ❖ 3784 business training participation
- ❖ 553 business counseling sessions
- ❖ 327 students currently attended a Vocational training

#### Focus on... The Default Customer Management training (DCM)

In September 2014, STEP launched a new training module about DCM as a lot of partners sell their products on credit and face difficulties to recover the credit from some customer.

In order to help these partners to manage default customer, we started to provide an interactive training on DCM, containing different games, examples, images and group discussions.

This training session is helping the families to run their business in a healthy way and to prevent them from bankruptcy. **255** partners already attended this training.



The **business development programme** run by STEP gives three kind of support:

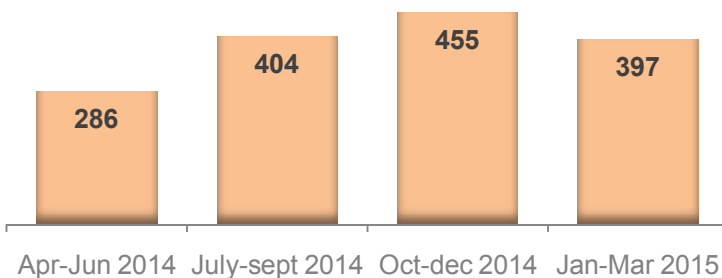


### Networking Workshops

STEP organizes **business networking workshops**, to create a network of partners who can help each other and work together.

This network allows women with complementary businesses to work together without any intermediaries and those with similar businesses to share their difficulties or suggestions.

Number of participants to the networking workshops



As it is mentioned on the graph, **this year**, STEP has conducted a total amount of **350** networking workshops welcoming a total of **1542** participants.

### Business counselling

An additional individual follow up is provided to partners who need support on business management, documents issues, marketing strategy or any other technical aspect.

**This year, 340 families** were visited for business counselling. These visits are made upon request of the partners: STEP's staff is visiting the partners' businesses and assess the needs in order to provide an individual business counselling.

In addition, branch manager is available to talk about any business issue during permanence hours at the office.



### Vocational coaching

STEP identifies experienced partners to teach their profession to a group of 5 to 7 women (partners as well as non partners) who want to create a new business and therefore need to learn a new specific skill. The trainees pay a fee per month that is defined by the teacher.

**This year**, STEP has organized **61** coaching sessions with a total of **306** participants, and supervised the teachers' training so that the partners can take beautician or tailoring courses.



### The **micro business unit (MBU)**

In August 2014, STEP developed a micro business unit to produce and sell petticoats. This idea came from noticing that many of our partners have skills but considering the market prices, they could not get a sufficient income to maintain their family.

STEP has formed a group of 5-7 partners who cut and stitch high quality materials to make petticoats. We use STEP's network for marketing the products: the petticoats are sold in other branches to partners whose business is to buy and sell this kind of products. This MBU work enables the production and the selling groups to have higher profit thanks to these high quality products sold below the average market price.

The MBU's capital reached Rs 60,000 thanks to STEP's initial investments. However, it needs more to develop its capacities and areas of action and consequently, to reach self-sufficiency.



### The **Grihashree project**

STEP is developing a new project to provide better skill access to partners interested in **maid servant** positions. We are providing them with a six-day training session on various subjects as health, hygiene, modern utensils usage, child care, old age care etc.

After this **training**, STEP helps these people to **get a job** with better wage and working conditions. In addition, STEP helps these partners to register in West Bengal labour welfare department and thus, to access medical insurance and benefit from the government contributory pension scheme.

For the moment, this project is still at the trial stage in 2 branches and 7 women are already engaged in **domestic work**. These partners found STEP's training very helpful to increase their self-confidence and find a good job. STEP is planning to expand and formalize this activity.



## Social services

STEP is also involved in the **family development program** (FDP) in order to bring a complete support to its partners who deal with serious social issues.

**Family visits** are individual and confidential meetings conducted by one of our 3 social workers. They are done upon request of the partner mainly to families with social needs to help them solve their social issues and to provide them with mental encouragement & regular support.

STEP believes that each family has the capacity to cope up with their difficulties; therefore the social workers help them to resolve their problems by themselves. In some cases, families are referred to other specialized NGO to deal with specific issues.



This year, STEP's social workers visited **2125 families** and referred more than **200 families** to other NGO.

### Social workshops



**Workshops** are conducted to discuss and do some activities about social issues to make our partners aware of some social and family difficulties and how to cope with them. They are arranged by the social worker and every family can attend those meetings.

The topics discussed are for instance immunisation, parenting skills, disabilities, malnutrition, or tobacco.

This year, **862 participants** attended the **47 workshops** conducted in different parts of Kolkata and Howrah.

#### Focus on... Swine flu workshop

Because of **2015 Indian swine flu outbreak** and its 33,761 reported cases in India, STEP has developed a swine flu workshop.

During this workshop, staffs explain the symptoms of the disease, its transmission, its prevention and its treatment to make our partners aware and responsive.

For example, the trainer explains the use of a mask and why it is important to wash our hands properly.

STEP decided to conduct a workshop instead of a training to **reach more population**.



**Social trainings** are conducted for each group to complete the FDP thanks to pedagogical training sessions about **health and social issues**.

There are two ways for the families to benefit from these trainings:

- A demand from the partner or the group
- A proposition made by the collector motivator who thinks that the training is needed. This proposition can be refused.

STEP is conducting social trainings about family budgeting, nutrition, diabetes, malaria, hygiene, hypertension, family conflicts...



### Key Figures

- ❖ 3912 Health Training Participations
- ❖ 9699 social awareness training participation
- ❖ 3483 Family Counseling sessions

### Focus on... The dropout survey

To understand why some partners are dropping out of STEP's services, a survey was conducted amongst 169 families who dropped out of STEP less than one year ago. The main **reasons of dropout** were:

- 1- Group issues (37%)
- 2- No need of a loan (18%)
- 3- Illness, pregnancy or mortality (17%)
- 4- Repayment frequency (10%)
- 5- Business collapse (10%)
- 6- Insufficient loan amount (6%)

The study also reveals that most of the dropout cases happen **during the 1<sup>st</sup> or 2<sup>nd</sup> loan**. With time, partners are more confident and observe more loyalty towards the programme.



Considering the results of this survey, STEP decided to emphasize on the **trainings and awareness meetings**, to prevent the partners from being into any trouble. For this purpose, the staffs have to be trained properly to be able to react and decrease the number of dropout cases.

The last recommendation made is about the **follow up** of the dropped out partners so that they have the possibility to join STEP for the second time.

## Team presentation

Total 47 Staffs  
including

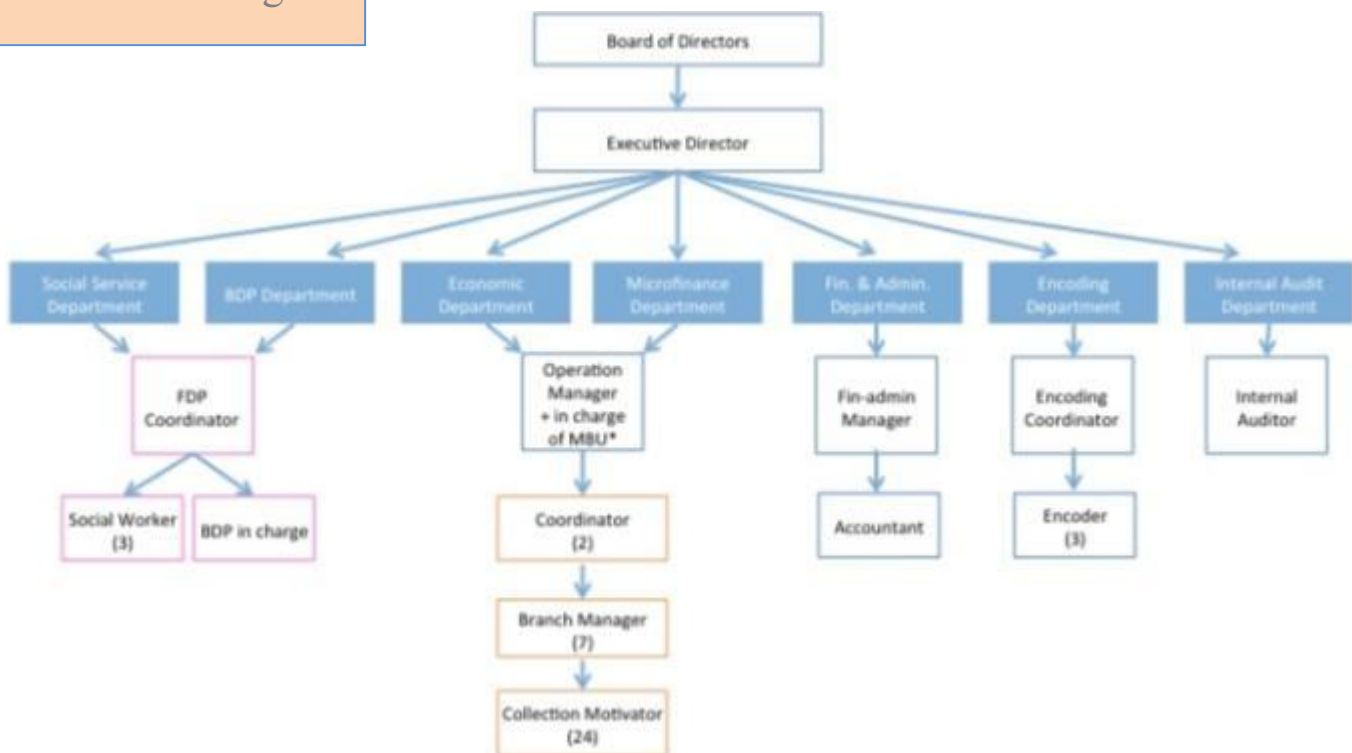
3 Social workers

3 Encoders

7 Branch Managers

This year, we have slight **changed** the job profile of the Social Workers (SW) who were taking charge of the family development programme and the social trainings. As STEP wants to emphasise on its family follow-up activity, the **social trainings** are now conducted by the Collection Motivators (CM): they are in charge of social and business trainings as well as micro-finance activities.

STEP has started to **decentralize** its **encoding department** to branch level instead of unique encoding department located at the head office.



## Areas of action

This year, STEP has **opened the 7<sup>th</sup> branch** in Bidhan Nagar. Geographically, this area is located at the centre part of Kolkata and regroups more than 10,000 disadvantaged people and a lot of broken families.

STEP would like to provide these vulnerable families **financial, business development and social services** and is wishing to improve and strengthen their standards of living.



## Our supports

We are very grateful for all those partnerships that give us moral, technical and financial support.



**ENTREPRENEURS**  
du Monde

EDM is the French social microfinance NGO who played an inspirational role to STEP. Although STEP is now entirely independent, EDM provides donations that help STEP expand its services and also provides moral and technical support through regular visits in India.



In India, STEP is one of few microfinance institutions who have received support from **BNP Paribas**, one of the largest banks in the world.

In January 2015, BNP has given to STEP an INR 5 Millions loan to promote social microfinance activity. STEP could support 450 poor micro-entrepreneurs in slums of Kolkata and Howrah. We are really thankful to BNP.



STEP started a partnership with **MicroGraam** in October 2014. MicroGraam is an Indian crowd funding organization that put in touch investors and micro-finance institutions. They provide capital support to STEP.



Students from Saint Dominique French high school come every year to visit our organisation and usually spend a few days on the field. They have given positive feedbacks about STEP's relationship with the partners.



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