Early Work: Members of the promoting team of BASIX, Mr Vijay Mahajan, Ms Bharti Gupta Ramola, Mr Anoop Seth, Mr Joe Madiath and Mr V Nagarajan, visited Indonesia and Bangladesh in 1994 and made presentations to the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD) in 1995. The main lesson from Bangladesh was that microfinance policy and sector work institutions could play a significant role in enhancing access, when the banking sector was indifferent to the poor. The lesson from Indonesia was that banks could also work well with small borrowers, provided the interest rates were remunerative and deregulated. To ensure that extra-normal profits were not made, simultaneously, a large number of banks should be set up and compete with each other.

Rural Finance: Partly based on the Indonesian model, in August 1996, the Government of India deregulated interest rates on small loans by cooperative banks and Regional Rural Banks (RRBs) and asked the RBI to allow the entry of private sector in rural banking, through the establishment of Local Area Banks (LABs). In February 1997, the RBI granted an in-principle approval to BASIX to establish one for the first LABs in the three contiguous districts of Raichur, Mahabubnagar and Gulbarga. In 1997, Mr RV Gupta, retired Deputy Governor of RBI and member of the one man high level committee on agricultural credit visited BASIX and studied our work of lending to commercial intermediaries in the Raichur agricultural market yard. He recommended and the RBI approved a scheme for banks to adopt this channel for extending credit to farmers. Mr Vijay Kulkarni took the lead in this effort. In 2002, the Finance Ministry appointed Mr Vijay Mahajan as a member of a committee for amending the Regional Rural Banks Act, 1976. He advocated that RRBs be made LABs under the Banking Regulation Act and their partial privatization but this was not accepted by the majority of the members. In 2004, NABARD carried out a study of the Joint Liability Groups (JLGs) method of lending to farmers, that has been practiced by BASIX since 1996. After being satisfied by its effectiveness, NABARD recommended it for adoption by various banks. As on March 2006, banks had extended finance to 494 JLGs amounting to Rs.10.88 crores.

Cooperatives: In 2004, in partnership with PricewaterhouseCoopers, BASIX did a study of Rural Finance Sector Restructuring and Reform for the Asian Development Bank, led by Mr BL Parthasarathy and Mr Yves Lafond from BASIX and Ms Bharti Gupta Ramola of PWC. This had a major component on the cooperative credit system.

BASIX has established the Coop 2020 forum to take the reform agenda forward and held several policy consultations. Ms Ramola gave inputs to the Vaidyanathan Committee on revival of rural cooperative credit institutions. MS Sriram, erstwhile Vice-President, Finance of BASIX was a member of the Vaidyanathan Committee.

SHG-Bank Linkage: In 1995, the RBI set up a Working Group on Microcredit through NGOs and Self-Help Groups (SHGs) and Mr Vijay Mahajan was a member of this group, under the Chairmanship of Mr YC Nanda, then the Managing Director of NABARD. The group established the guidelines under which banks could lend to SHGs and set up a goal for linking a large number of SHGs to banks, with support of NGOs and NABARD. BASIX has been a major contributor to the practice and policy related to SHG-Bank linkage program which has reached over 2.23 million SHGs comprising of 32.88 mn households with Rs. 13300 crore of credit by 2006 cumulatively.

In November 1998, the RBI Governor, Dr Bimal Jalan, appointed a taskforce through NABARD for suggesting a supportive regulatory framework for microfinance, led by Mr YC Nanda, then Chairman NABARD. Mr Vijay Mahajan was a member. This Microfinance Task Force report of 1999 was a breakthrough and it gave impetus to both the SHG-bank linkage model, as well as bank lending through MFIs.

In 1999, BASIX successfully raised a loan of Rs 20 million from the Global Trust Bank. This deal had many firsts: the first loan by a private commercial bank to an MFI; the first loan to an MFI which is a for-profit nonbanking finance company (NBFC); the first such loan to be refinanced by NABARD, in which it notably imposed no on-lending rate by the MFI to SHGs.

Since 1996, BASIX continued a dialogue with the Small Industries Development Bank of India (SIDBI) which set up the SIDBI Foundation for Micro-Credit, with the objective of financing MFIs and giving them promotional support. Likewise, an informal advisory relationship was developed with the ICICI Bank, UTI Bank, HDFC, IDFC and ABN Amro.

As the microfinance activity grew, to raise additional on-lending funds, MFIs had to borrow, which required increasing their equity. There was no Indian equity so foreign equity was necessary. In the year 2000, the Government of India decided to allow foreign equity investment in NBFCs engaged in micro-finance and rural finance, subject to a minimum of $500,000 for a limit of 51% foreign ownership.

BASIX senior staff served on various GoI and RBI informal groups. Mr. Viswanatha Prasad in 2002 and Mr. Ramachandran in 2004 have been members of Reserve Bank of India's informal working groups on MFIs and NBFCs. In 2006, Mr Mahajan was appointed on the Committee on Financial Inclusion chaired by Dr C Rangarajan.
Micro-insurance: In 2005, the Insurance Regulatory and Development Authority (IRDA) issued guidelines for microinsurance. Mr Sattaiah and Mr Gunaranjan from BASIX commented on the draft guidelines. Mr Mahajan was appointed member of IRDA in 2005.

BASIX with the support of the World Bank and IFC, developed a rainfall-index based crop insurance and piloted it in 2003. This has become an internationally renowned innovation. In India it has spread from a pilot with 300 farmers to over 2 million farmers through private insurance companies.

Government of India asked Mr Vijay Mahajan to serve as a member of the X Five Year Plan Working Group on Poverty Alleviation and also member of the Central Committee of Ministry of Rural Development on the SGSY selfemployment program. He is also a member of the XI Plan Working Group on Microfinance and Poverty Alleviation.

Government of India asked the Overseas Development Institute, UK to study livelihood diversification strategies of poor households in 2001-02. Dr Sourindra Bhattacharya of BASIX worked on this. He and Preeti Sahai of BASIX Consulting Group have carried out several other livelihood studies for the UNDP, IFAD and the World Food Program.

Andhra Pradesh Livelihood Enhancement Action Platform -APLEAP - was launched in 2001. APLEAP concentrated on three subsectors, cotton, groundnut and dairy, in the dry land districts of Andhra Pradesh. The modus operandi was to identify the bottlenecks in each of them, design pilots around them and then scale it up. The learnings from this fed into the two main government poverty alleviation projects -Velugu and APRLP, Andhra Pradesh Rural Livelihoods Project. Mr Ramana and Mr Amarnath led this work.

Government of Karnataka invited BASIX as a member of the Karnataka Watershed Development (KAWAD) Society. BASIX has helped the project in various ways, particularly in capacity building of community organisations.

Government of Madhya Pradesh asked BASIX in 2002 to work in the state and the MP Livelihood Enhancement Action Platform (MPLEAP) was set up. As a part of this work, we analysed the status of livelihoods in ten sub-sectors, four agroclimatic zones and 14 segments of the working population. Then we gave a set of recommendations to promote livelihoods. This work fed into MP District Poverty Initiatives Project (DPIP) and into MP Rural Livelihoods Projects (MPRLP). Ms Mona Dikshit led this work supported by Mr Rajeev Gupta and Mr LM Tiwari. Government of Jharkhand asked BASIX to study the livelihood status and come up with strategies for promotion. Ten potential sub-sectors were identified for study. The studies were done with special emphasis on backward regions and vulnerable segments of the population. Action plans were developed for diversified intensive small holder agriculture (DISHA), dairy, tasar and lac sub-sectors and microfinance was launched in Jharkhand. Mr TN Sasidhar led this work, under the rubric of JKLEAP.

Government of Rajasthan established a specialised Rural Non-Farm Sector Development Agency (RUDA) based on the study of the rural non-farm sector in 1996, and sought the help of Vijay Mahajan as a Board member. In 2004, GoR appointed Mr Mahajan as Principal Advisor to the Rajasthan Mission on Livelihoods (RMoL). Mr Rajeev Gupta is the Program Manager for RMoL technical assistance unit which carries out ongoing analysis of livelihood situation and programs, identifies gaps and formulates appropriate and innovative strategies. GoR also asked BASIX in 2005 to work with the District Poverty Initiatives Project (DPIP), to improve the overall program effectiveness. This work is led by Mr Vigyan Vikram Singh.Government of Uttarakanchal in 2004 asked BASIX to help in the design of a Social Venture Capital Company as part of the Livelihood Improvement Project in the Himalayas (LIPH) supported by IFAD. Ms Preeti Sahai worked on this with support from Mr Sushil Ramola, President, SRF International and Mr Vineet Rai, Aavishkaar Micro Venture Fund. In 2004, BASIX conducted the first study on urban livelihoods as part of the AP Urban Services for the Poor (APUSP). In 2005, BASIX conducted a similar study for Delhi and Madhya Pradesh as well. Pilot operations in microfinance were launched in Hyderabad.

Between 2003 and 2005, BASIX worked on the rural power sector in Madhya Pradesh. We established a Sustainable Rural Power Distribution project, organizing farmers owning pumpsets along a feeder into transformer user groups and eventually into a substation level. This led to significant improvements in revenue realized by the Electricity Board and also improved the power supply to the farmers. These lessons were fed into the ongoing discussions related to rural power sector reform all over India. Mr Ramana of BASIX and Mr Ashok Singha, formerly BASIX, now Verve Consultants, led this work. In 2002, BASIX conducted a study on revival of defunct rural infrastructure in Mahabubnagar district in Andhra Pradesh for Velugu, and piloted the revival of some defunct lift irrigation schemes on the Krishna river, which has since grown into a large program conducted by the AP Irrigation Department. In 2003, BASIX provided inputs to the World Bank in developing a strategy for financing rural infrastructure. In 2006, BASIX was asked to contribute a chapter to the India Infrastructure Report on this topic.

In 1997, Mr Vijay Mahajan wrote a retrospective on "Voluntary Action in India". In 2001, Mr Vijay Mahajan served as a member of the X Five Year Plan Working Group on Voluntary Action. This led to formulation of policies related to streamlining and making more transparent, the government assistance

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to NGOs. Over 4000 NGOs were listed on the Planning Commission website for the first time. In 2003, when the Government of India decided to discontinue bilateral aid from smaller donor countries, BASIX along with PRIA, represented to the Government of India against this move and suggested several alternatives to discontinuation. In 2004-05, BASIX provided inputs to the Ministry of Home Affairs on reformulating and streamlining the Foreign Contributions Regulation Act, 1976. BASIX is a member of the Government-NGO Committee of Andhra Pradesh. The Committee is chaired by the Chief Minister personally. Sectoral Institutions In September 1998, after two years of preparatory work, BASIX helped establish Sa-Dhan, an association of major micro-finance organisations in the country. Mr Mahajan was Co-Chair of the Board for five years and Dr Sankar Datta headed the Capacity Building group for three years. Several other BASIX colleagues gave inputs to Sa-dhan.

In 2001, after two years of preparatory work including a feasibility study, BASIX helped establish the Andhra Pradesh Mahila Abhivruddhi Society (APMAS) as an independent, public-private partnership, focused on building the capacity of women's savings and credit groups in the state. BASIX continues to play a supportive role to APMAS and subsumed its work related to SHG support in AP to this body. Mr Mahajan was its Vice Chairman for three years. Ms K. Rama continues to serve on APMAS Board.

Through institutional development services, BASIX works with over 100 NGOs and smaller MFIs building their capacity in microfinance and livelihood promotion and provides knowledge inputs through the Indian School of Livelihood Promotion.