

# ASA Development Services Annual Report 2018-19



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## Acknowledgement

ASA Development Services (ASADS) was essentially created to deliver quality services to dovetail livelihood development models for poor and marginalized communities. Since the existence of ASADS, its activities have been limited to research and training of development workers to contribute to the pool of knowledge for acceleration of pace of development. ASADS made important stride during this financial year with focussed program on financial support for Farmer Producers Organization (FPOs) and pilot program on livelihood financing for agriculture assets creation at household level.

The Initiatives of Financial Support program has been developed in line with ASADS's very basic premise of supporting successful models and interventions addressing critical gaps in their execution and up-scaling. It has been experienced that FPOs faces issues of liquidity in continuing Agribusiness activities due to changeover of cropping season, lesser option or absence of need specific credit products for FPOs, time lags in loan sanctioning, which often leads to loss of opportunity or high cost. Similarly, there are issues in accessing credit support at individual level in remote rural hinterlands inspite of much claimed of coverage to banking services.

The impact impression received in terms of learning has been very encouraging, ASADS remains positive about plans to further increase its program on Financial Support to livelihood in coming financial year in larger area and to bigger client base. ASADS continued its work on training and capacity building, and development research.

Ashis Mondal  
Director





## Background

ASA Development Services (ASADS) is a sister concern of Action for Social Advancement (ASA), a national level leading development organization with international repute. The organisation was established in 2007, and this was a journey that ASA embarked upon with over a decade of experience of working with rural and tribal communities, evolving models impacting the lives of the poor directly. Due to the limitations of existing resources, it was felt that it would be necessary to have a special vehicle in order to reach out to a larger community through the intensification and expansion of proven interventions. ASADS aims to utilise in-organic approaches of partnership, collaboration, pooling of resources and knowledge to ensure capacity enhancement to accelerate pace of development initiatives particularly for rural poor. With this larger mandate of impacting more lives, ASA Development Services was registered under Section 25 of the Companies Act 1956, a not-for-profit company (now Sec.8, Indian Companies Act 2013) in the year 2007-08. ASADS aims to deliver critical services, which are urgently required in the social sector, on a self-sustaining basis. This assumes further importance because some of the services being provided through ASADS are highly crucial in the geographical areas where it operates (in the rural interior), where there is a lack of such kind of services. Since its incorporation, ASADS has been revisiting and adding on program areas on an ongoing basis, utilising new approaches and learning from its parent organization, ASA. At present, ASADS complements ASA's work with community and its institution by layering relevant support services and taking expansion strategies to other areas through capacity building and studies.

### Key activities

- ✧ Building capacity within community institutions for good governance and financial management
- ✧ Developing linkages with financial institutions to enable access to affordable credit for individuals and community institutions
- ✧ Ensuring good practice in credit distribution
- ✧ Providing training and research consultancy to ASA and external partners

Under its current operation strategies, ASADS reaches all community institutions promoted by ASA across the states of Madhya Pradesh, Chhattisgarh and Jharkhand.



## Governance

ASA Development Services was registered under Section 25 of the Companies Act 1956, in the year 2007 as a not-for-profit Company. The board of ASADS includes following members:

**Mr. Ashis Mondal- Director** – A post graduate diploma in rural management and an alumni of the University of East Anglia, UK, with over 30 years of experience in development management. He is the founding Director of Action for Social Advancement (ASA).

**Ms. G. Jayanthi, Director** an alumna of the Indian Institute of Forest Management, with 28 years of experience in development management with particular skills in HR, development documentation and communication. She is the co-founding member of action for Social Advancement (ASA)

**Mr. Sanjeev Gupta-Director** A post graduate diploma in rural management from Institute of Rural Management, Anand, with 29 years of experience in Rural Development and Natural Resource Management;

**Mr. M. Kalyansundaram- Director** Chief Executive, International Network of Alternative Financial Institutions India –A veteran of Canara Bank with more than 35 years of experience in the financial inclusion and development sector.



## The Core Executive Team supporting ASADS

★ **Mr. Ashis Mondal** Director plays the dual role of Director-cum-Chief Executive of ASADS and has overall responsibility of providing strategic direction, partnership development and representation of the organization with support from the following team members:

★ **Mr. K. K. Trivedi**- Postgraduate in Social Work with 19 year of experience in rural development, financial inclusion and microfinance program. He is overall In-charge of the Financial Inclusion and Support Program; manages ASADS day-to-day program including research and studies, partnership building, financial support services to farmer producer organizations (FPOs) and livelihood financing.

Mr. Mukesh Tolani- A qualified finance professional and Chartered Accountant, who manages financial operations and the credit appraisal function of ASADS.

★ **Mr. Neeraj Mansharamani**- Manager, Financial Inclusion supporting FPOs' financial management within ASA. He is a postgraduate in Commerce and has vast experience in finance, accounts, audits and management information systems. Neeraj helps in financial analysis and support to FPOs in facilitating credit linkages with financial institutions.

★ **Mr. Vikas Shukla**- Program Manager- Financial Inclusion. He is an MBA in marketing with experience of more than 12 years in microfinance operations. He manages the Livelihood Financing program with a team of Associates. He is responsible for the execution of the program at ground level.







### Vision

"To be an inspirational organization for development services delivered in the most professional and cost-effective manner to promote a self-reliant rural community across geographies."

### Mission

"Support community-owned and individual initiatives of livelihood development in a sustainable ecosystem through techno-managerial, financial support and capacity development services."

### Objectives:

- ◆ Articulate the development concerns of the poor reeling under stark resource poverty in marginalized areas where last mile delivery of development services does not easily reach.
- ◆ Develop managerial skills at the grassroots level for effective management of community owned institutions through training and capacity building activities.
- ◆ Create and facilitate cost effective delivery channels for financial support services to augment agriculture based livelihood support infrastructure and satisfy credit needs.
- ◆ To promote micro entrepreneurship, especially among rural women, through financial literacy and financial support services in underserved and underserved areas.
- ◆ To foster and scale up service delivery for the poor through the development of appropriate and contextual solution design with the use of information technology.

## Program Interventions

Over the years, the organization has kept a low profile and largely focused on activities related to capacity building of , development workers, farmers and other stakeholders of Farmer Producer Organizations (FPOs), conducting impact and mid-term evaluations, baseline information, poverty mapping, social audits, research projects, etc. In recent times, with a focus on strengthening financial capacities of FPOs and developing sustainable enterprises, the organization has been guiding representatives of FPOs on different aspects of management, business and finance.

### Highlights of Financial Year 2018-19

#### Research and Studies

ASADS, with its mandate of amplifying the voices of the poor and propagating learning around development work, takes up research and studies commissioned by its parent organization and external partners.

ASADS was commissioned to conduct an end-line survey of a project supported by titled "**Linking Agro-biodiversity Value Chain, Climate Adaptation and Nutrition: Empowering the Poor to Manage Risk**" in Mandla and Dindori Districts of Madhya Pradesh. ASADS completed this assignment to a high standard and according to the agreed timescales.

Key findings of study being increase in availability of improved Seed in project area with introduction of new breeder seed and seed production program initiated under the project ; positive sales price appropriation of minor millet through linkages and development of value chain evolved with aggregation of farmers in the Farmer Producer Organisation, Increased learning on nutrition value, introduction of recipes and fair sales realization led to mainstreaming of Minor Millet as crop of preferred choice from least choice among tribal community.

#### Training and Capacity Building

Training and capacity enhancement are an integral part of ASADS' approach of working in its constituencies. ASADS has undertaken capacity building activities for community enterprises of small farmers promoted by ASA.

During the reporting period, capacity building programs were also undertaken with FPOs promoted by the Corporate Social Responsibility Division of Nagarjuna Fertilizers Limited. This program was attended by 21 farmer producer organization's Boards of Directors. The program had both classroom-based training and on-field exposure for farmers.

#### Financial Support Program for FPOs

The initiation of financial support services for FPOs was an important stride in this financial year, which played a critical role in the growth of FPOs being able to achieve their business plan and begins their journey to growth. ASADS delivered services on two aspects: one being facilitating credit linkages of FPOs with Non-Banking Financial Companies (NBFCs) directly for their working capital needs and production plan; and the other being direct loan support to FPOS from ASADS through mobilization of resources from Non-banking Financial Service Companies.



## Credit linkages facilitation for FPOs

ASADS worked according to the credit requirements of FPOs based on their business plan and support was provided to FPOs in developing financial proposals for credit linkages with those NBFCs that have a mandate for community based agricultural business development. A total of Rs. 359.60 Lakhs was mobilized for eight FPOs to take up agricultural business activities including agri-input supply trading, seed production programs and commodity trading. A summary of achievement is presented below:

Name of FPO	Loan Amt in Lakhs	Agency	Purpose
Mandla Tribal Farmer Producer Company Limited	55.00	NABKISAN	Seed Production
Ranapur Tribal Mahila Farmers Producer Company Limited	35.00	NABKISAN	Seed Production
Pitol Tribal Farmer Producer Company Limited	14.00	NABKISAN	Input Supply
Kundanpur Adiwasi Kisan Producer Company Limited	20.00	NABKISAN	Input Supply
Maa Machna Farmer Producer Company Limited.	35.00	NABKISAN	Commodity Trading
Bijawar Producer Company Limited	50.00	NABKISAN	Seed Production
Ratlam Adiwasi Kisan Producer Company Limited	150.60	AVANTI/ ANANYA	Seed Production
<b>Total</b>	<b>359.60</b>		



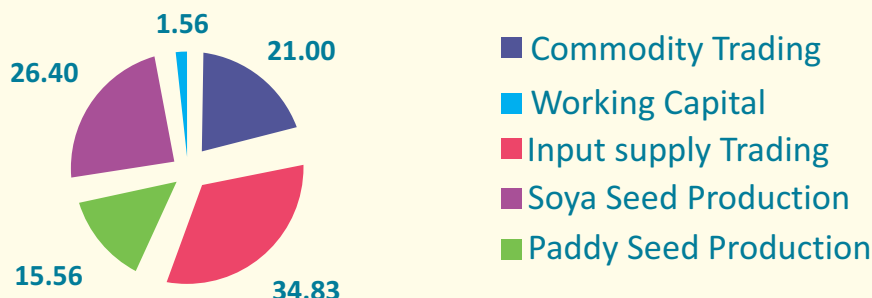


## Loan Support to FPOs by ASADS

ASADS started financial support services to FPOs directly, in recognition of the fact that not all FPOs in need of credit support will fit into the credit norms of NBFCs and banks, but that some of those excluded, with technical support from CISSPO, are able to put together a compelling proposition from a socio-economic perspective. In such situations where FPOs have aspirations of growth for their member farmers, but are unable to access mainstream credit, ASADS took on the challenge of meeting this need. In the very first year of direct operation, ASADS provided loan support to 14 FPOs amounting to Rs. 99.41 Lakhs- this most commonly contributed to agriculture input trading, soybean and paddy seed production and commodity trading. Loan support to FPOs was provided on different terms and conditions based on the planned use and cash flow analysis to ensure affordability of the loan.

### Distribution of Loan Support by Purpose

### Loan Amount (in lakhs)



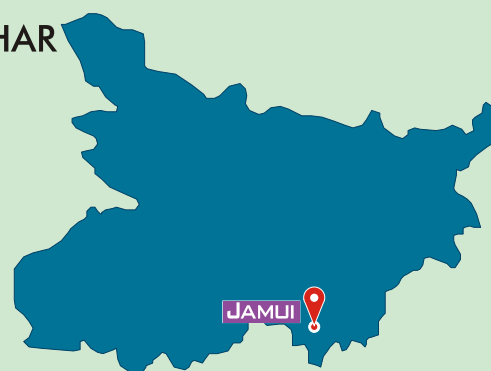
## Details of Loan Support to FPOs

### MADHYA PRADESH

Name of FPO	District	Disbursed (In Lakhs)	Purpose
Maa Machna Farmer Producer Company Ltd.	Betul	3.00	Input Supply
Ratlam Adiwasi Kisan Producer Company Ltd.	Ratlam	3.50	Input Supply
Alirajpur Tribal Farmer Producer Company Ltd.	Alirajpur	15.00	Commodity Trading
Bajna Farmer Producer Company Ltd.	Ratlam	5.80	Input Supply
Birsinghpur Farmer Producer Company Ltd.	Shahdol	6.00	Commodity Trading
Bandhavgarh Krishak producer Company Ltd.	Umaria	5.00	Paddy Seed Prod.
Digora Crop Producer Company Ltd.	Tikamgarh	0.82	Working Capital
Jaithari Farmer Producer Company Ltd.	Anuppur	10.56	Paddy Seed Prod.
Jamui Adiwasi Mahila Kisan Producers Company Ltd.	Jamui, Bihar	0.80	Working Capital
Kakanwani Mahila Kisan Producer Company Ltd.	Jhabua	5.65	Input Supply
Petlawad Tribal Farmer Producer Company Ltd.	Jhabua	8.97	Input Supply
Bijawar Producer Company Ltd.	Chhattapur	10.00	Soybean Seed Prod.
Ranapur Tribal Mahila Farmer Producer Company Ltd.	Jhabua	16.40	Soybean Seed Prod.
Rawti Farmer Producer Company Ltd.	Ratlam	7.91	Input Supply
<b>Total</b>		<b>99.41</b>	



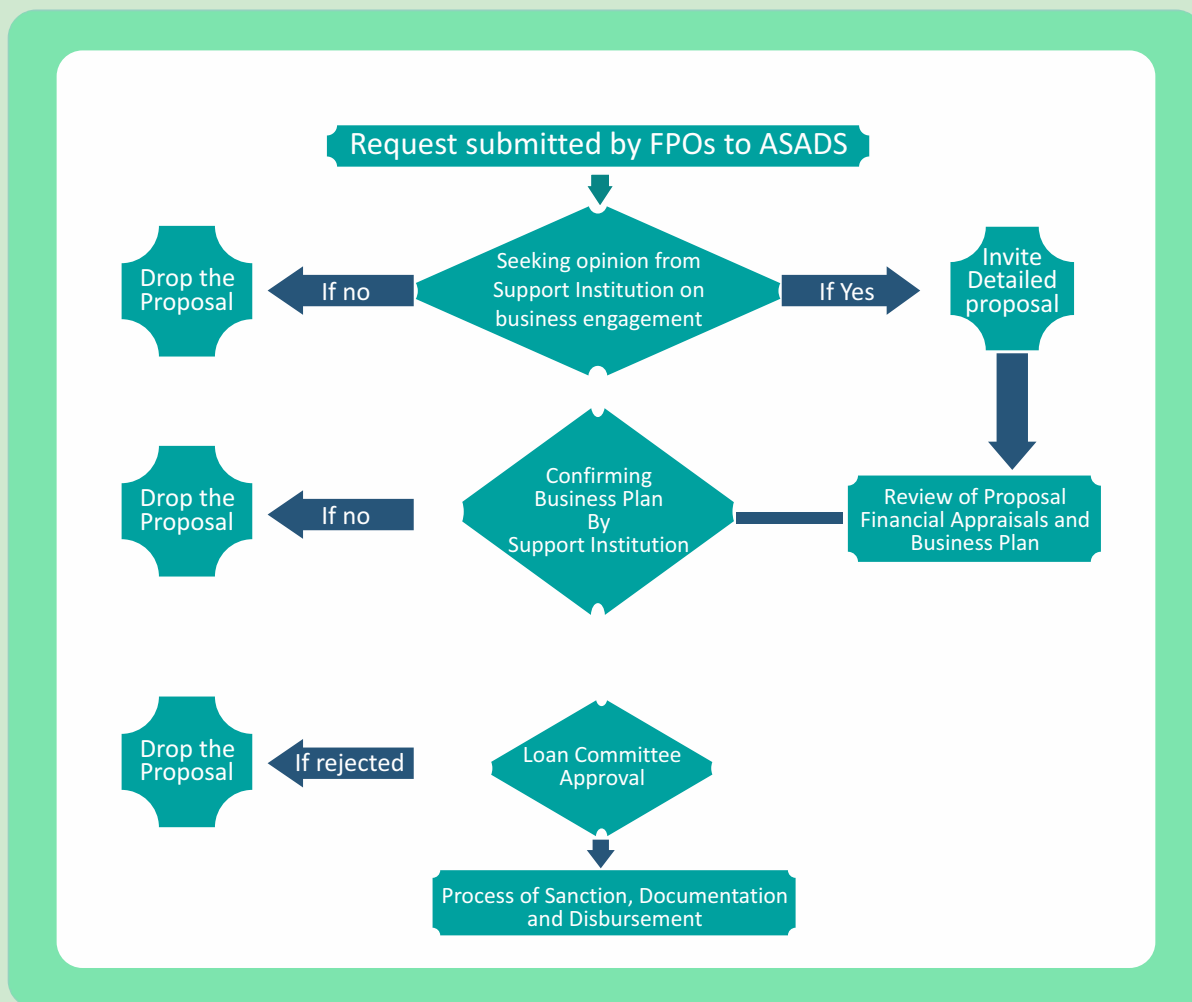
### BIHAR



## ASADS Model for FPO Financing

### ASADS Model for FPO Financing

The process of providing credit support to FPOs depends upon multiple parameters being met including satisfactory financial and accounting practices, record keeping system, and governance, assurance from promoting Institution (CISSPO) for back stopping business plan with backward and forward linkages.



### Livelihood Financial Support Program

ASADS has undertaken a credit need assessment of supporting the proven livelihood models of creating asset in the agriculture and allied agriculture sectors for their up scaling. Detailed planning has been done to develop a separate channel for livelihood financing within the livelihood ecosystem supported by ASA in order to generate greater impact more quickly at a household level.

During the financial year ASADS started piloting livelihood financing model at household level with Credit infusion out of its own resources for farmers interested to create individual assets for enhancing agriculture productivity particularly for irrigation facility. A total of ten clients in three villages were identified for loan support to create Dug wells in Shahdol and Anuppur districts.

ASADS has taken the first steps in mobilizing resource and loan support alongside like-minded organizations, as well as with developing partnership in facilitation model to serve the underserved community from financial inclusion.



## Impact of Financial Support Program

ASADS exists to provide critical support and services which tend not to reach far flung and remote areas facing exclusion due to remoteness, low human and institutional capacity along with policies.

### Some Key Impact Learning from Program

- ASADS was able to provide time-critical financial support to FPOs alongside business acumen and handholding support from CISSPO, ASA.
- Loan support smoothened operational difficulties arising from the changeover of cropping seasons and gap in inflows and outflows at FPO level.
- Financial support to FPOs who were not able to access funds due to the rigid norms of financial institutions was helped in taking up activities for member farmers.
- Close monitoring and supportive supervision brought a sense of credit discipline and an eye for critical business analysis within FPO management.
- Ease in access to financial resources from ASADS raised hope among FPOs and motivated them to take up more ambitious business plans and larger scale activities.
- The Individual Livelihood Financing Model reduced the turnaround time for asset creation at farm level to immediately latch upon the high value production activity such as vegetable cultivation with early demand for undertaking similar financing among the small holders fraternity.





## From small seeds, great things grow

**"Maa Machna Producers Company Limited"** is situated in the Shahpur block of Betul district, an area with a tribal population, known for producing maize. The farmers within the FPO had been using local varieties of seeds for production. The technical team at ASA identified that the land would be suitable for the cultivation of yellow maize variety which was in high demand and were able to convince the farmers that this was something they should consider, although they were sceptical.

The FPO eventually took loan support from ASADS to purchase the new seed variety and provided the seeds on credit to farmers who committed to sell their produce to the FPO. Before harvesting, the FPO, equipped with yield estimates from member farmers, established market linkages which were at a premium of more than 20% above local market rate at the village level.

The introduction of this new seed variety led not only to an increase in production, but, through the intervention of the FPO, also enhanced sale prices for produce. The uniformity and volume of production paved the way for profitable maize trading activity at the FPO level to the tune of 500 metric tons (MTs). This positive experience of seed input supply and commodity trading has substantially increased the confidence of the FPO and its members, who now plan to undertake trading to a higher level with a planned target of 2000MT.

Based upon the success of the FPO, NABKISAN, a subsidiary of NABARD, has also sanctioned a term loan of Rs. 35,00,000/ to the FPO. This will be of immense help in further increasing the business volumes of the company.



## Lending where others do not support FPOs and their members

**Petlawad Farmer Producers Company** is a Farmer Producers Organization in a predominantly cotton growing area, engaged in organic cotton, soya bean and wheat. The company's books were in the red in terms of both profit and net worth. It was difficult to mobilize a loan for a company with such a financial profile, but the company had a cohesive plan to revive and continue to live up to its mandate of serving farmers in a profitable manner.

ASA Development Services, taking this business plan and the already identified forward linkages into account, decided to take the risk of providing loan support to the FPO for their seed input supply and organic cotton production. This loan support was absolutely critical to the FPO to keep business rolling and continue engagement with member farmers to revive the company. The credit support to the FPO was used to access cotton seed inputs for farmers, which resulted in the revival of trust among farmers to take up collective sales of cotton, wheat and soya bean.

Petlawad FPC not only repaid their borrowed money but also improved the financial standing to be eligible for support from other banks and financial institution. Thanks to this loan which would not have been available through traditional financial institutions, they have been able to effectively position themselves between farmers and the market to maximise profits and income for its members.





## Loan offers a way out of poverty and despair

Smt. Meera Bidilal is from the Gond tribal community and resides with her husband and children on a two acre patch of farmland on the outskirts of the village of Kadamtola in Anuppur district. The family relied on the migration of their young children to other towns to undertake tough daily wage labour as their bread and butter, as they were unable to sustain themselves on what they could produce on their land.

Action for Social Advancement (ASA) identified Meera as a potential beneficiary for the construction of a dug well on her land in order to provide irrigation to maximise the potential for farming. However, the grant support available amounted to just half the total cost of construction, meaning she would have to find a way of raising Rs. 45,000/-. She managed to achieve a total of Rs. 25000/- through her savings, labour contribution and local resource materials, but was at a loss as to how she would find the remaining Rs. 20000/-.

This is where ASA Development Services came in, proposing to offer a loan to finance this gap.

It was suggested that by cultivating vegetables alongside rice, the family would have sufficient food for their own consumption, as well as surplus to sell to provide income in order to service the loan. Meera liked this idea agreed to avail the loan.

With the infusion of credit at the right time, she was able to complete the construction work before the start of sowing and followed the suggestion of dividing cultivation between rice and vegetables, with irrigation allowing for farming to continue throughout the year.

Now she is able to give assurance of her ability to repay the loan on time with a regular inflow of cash through vegetable and rice sales, as well as having confidence that her family will be able to feed themselves healthily throughout the year.

loan which would not have been available through traditional financial institutions, they have been able to effectively position themselves between farmers and the market to maximise profits and income for its members.





## Plans for FY 2019-20

- Expansion of the FPO Financial Support Program by creating linkages with a basket of NBFCs and exploring lower cost funds from banks through financing models such as Warehouse Receipt Finance, Working Capital Loans under refinancing schemes of the National Bank for Agriculture and Rural Development and the Government.
- Evolving the retail channel of livelihood financing to support household level initiatives within the ASA supported ecosystem at 10 locations.
- Mobilization of low-cost funds/ capital for expansion of the Financial Support Program.
- Mobilization of grants and corpus to improve the net worth of the organization to enable greater leveraging.
- Rolling out an IT-enabled loan management system for the effective management of the Financial Support Program portfolio





## Financial Overview

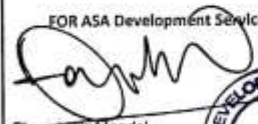
### ASADS Balance Sheet for FY 2018-19

ASA Development Services (CIN U85310MP2007NPL019243) (A Company Licenced under Section 8 of the Companies Act 2013) Balance Sheet as at 31.03.2019				
(in Rupees)				
Particulars	Note	31 March 2019	31 March 2018	
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share capital	2	NIL	NIL	
(b) Reserves and surplus	3	10,16,863.80	4,68,102.70	
(c) Money Received against share warrants		NIL	NIL	
<b>2 Share application money pending allotment</b>		NIL	NIL	
<b>3 Non-current liabilities</b>				
(a) Long Term Borrowings		NIL	NIL	
(b) Deferred tax liabilities (Net)		NIL	NIL	
(c) Other Long term Liabilities		NIL	NIL	
(d) Long Term provisions		NIL	NIL	
<b>4 Current liabilities</b>				
(a) Short Term Borrowings for Livelihood Finance	4	70,00,000.00	NIL	
(b) Trade payables				
(A) total outstanding dues of micro enterprise and Small enterprises; and		NIL	NIL	
(B) total outstanding dues of creditors other than micro enterprises and Small enterprises		NIL	NIL	
(c) Other Current Liabilities	5	61,659.00	NIL	
(d) Short-term provisions	6	1,05,180.00	17,700.00	
<b>TOTAL</b>		<b>81,83,702.80</b>	<b>4,85,802.70</b>	
<b>II. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Fixed assets				
(i) Tangible assets		NIL	NIL	
(ii) Intangible Assets		NIL	NIL	
(iii) Capital Work-in-progress		NIL	NIL	
(iv) Intangible assets under development		NIL	NIL	
(b) Non-current Investments		NIL	NIL	
(c) Deferred tax assets		NIL	NIL	
(d) Long-term loans and advances		NIL	NIL	
(e) Other non-current assets		NIL	NIL	
<b>2 Current assets</b>				
(a) Current Investment	7	14,88,557.00	4,17,869.00	
(b) Inventories		NIL	NIL	
(c) Trade receivable	8	65,85,010.00	NIL	
(d) Cash and cash equivalents	9	19,001.80	48,255.70	
(e) Short-term loans and advances	10	91,134.00	19,678.00	
(f) Other current assets				
<b>TOTAL</b>		<b>81,83,702.80</b>	<b>4,85,802.70</b>	

Significant Accounting Policies and Notes on Accounts

AS PER OUR AUDIT REPORT OF EVEN DATE ATTACHED

FOR ASA Development Services

  
 Anis Mondal  
 Director  
 DIN 02495191  
 Place : Bhopal  
 Date : 25th June 2019



G. Jayanthi  
 Director  
 DIN 02495118



For A.K. Surana & Associates  
 Chartered Accountants  
 FRN 002729C  
 CA Vivek Singh Rajput  
 Partner  
 M.No. 406510

ASA Development Services  
 Bungalow No. 04, Goyal Duplex, G-3, Gulmohar, Bhopal-462039(MP)

## Financial Overview

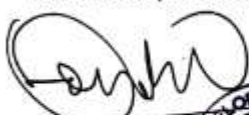
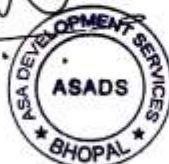
### ASADS statement of Profit & Loss for FY 2018-19

<b>ASA Development Services (CIN U85310MP2007NPL019243)</b> <b>(A Company Licenced under Section 8 of the Companies Act 2013)</b> <b>Statement of Profit and loss statement for the year ended 31.03.2019</b>			
		( Amount in Rupees)	
Particulars	Refer Note No.	31 March 2019 Amount	31 March 2018 Amount
I. Revenue from operations			
I.a Grant Received		5,00,000.00	NIL
I.b Revenue from interest on Livelihood Finance		4,85,819.00	NIL
II. Other income	11	2,76,927.00	3,10,835.88
III. Total Revenue (I + II)		12,62,746.00	3,10,835.88
IV. Expenses:			
Finance Cost	12	5,17,281.00	25.91
Depreciation and amortization expense		NIL	NIL
Other expenses	13	1,96,703.90	34,700.00
Total expenses		7,13,984.90	34,725.91
V. Profit before exceptional and extraordinary items and tax (III-IV)		5,48,761.10	2,76,109.97
VI. Exceptional Items		NIL	NIL
VII. Profit before extraordinary items and tax (V - VI)		5,48,761.10	2,76,109.97
VIII. Extraordinary Items		NIL	NIL
IX. Profit before tax (VII- VIII)		5,48,761.10	2,76,109.97
X Tax expense:			
(1) Current tax		NIL	NIL
(2) Deferred tax		NIL	NIL
XI Profit (Loss) for the period from continuing operations (VII-VIII)		5,48,761.10	2,76,109.97
XII Profit/(loss) from discontinuing operations		NIL	NIL
XIII Tax expense of discontinuing operations		NIL	NIL
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			
XV Profit (Loss) for the period (XI + XIV)		5,48,761.10	2,76,109.97
XVI Earnings per equity share:			
(1) Basic		N.A.	N.A.
(2) Diluted			

Significant Accounting Policies and Notes on Accounts

As per our audit report of even date attached

FOR ASA Development Services

For A.K. Surana & Associates  
Chartered Accountants  
FRN 002729C

Ashis Mondal  
Director  
DIN 02495191

G. Jayanthi  
Director  
DIN 02496118

CA Vivek Singh Rajput  
Partner  
M.No. 406510Place : Bhopal  
Date : 25th June 2019





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