

Sa-Dhan Extra-ordinary General Body Meeting
25th October 2009,
Jacaranda Hall, India Habitat Centre, New Delhi

Present:

Ms. Jayshree Vyas	Co-Chair
Mr. Sanjay Sinha	Treasurer
Mr. Girija Satish	Board Member
Mr. K. Paul Thomas	Board Member
Mr. Vivekanand Salimath	Board Member
Dr. Sankar Datta	Board Member
Mr. Ali Asghar	Board Member
Dr. Amiya Sharma	Board Member
Mr. R. Prabha	Board Member
Shri. B. B. Mohanty	Board Member
Mr. P. K. Saha	Board Member

A total of 94 organizations (apart from the above board members, 86 organizations) including 51 primary and 43 associate members were present in the Extra ordinary General Body Meeting.

Agenda

1. Welcome address by Chair
2. Welcoming New Primary Members
3. Consideration and Adoption of Minutes of AGM held on 1st and 2nd September 2009
4. Discussion on Proposals for Amendment to the Memorandum of Association
 - a) Amendment to Clause 9 of Memorandum of Association-Governing Board
 - b) Amendment to Clause 9.2 of Memorandum of Association-Composition of the Governing Board and Election
 - c) Amendment to Clause 6.4 of Memorandum of Association- Membership fee
5. Election of Governing Board members in place of members retiring by rotation and vacancy arising out of resignation

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6. Summing up by the Chair

7. Vote of Thanks

Welcome Address by the Chair

Ms. Jayshree Vyas, Co-Chair of Sa-Dhan (the Chair Mrs. H Bedi had sought for leave of absence) welcomed all the members to the Extra ordinary General Body Meeting. She recalled the discussion at the last Annual General Body Meeting held on 1st and 2nd September 2009, where it was unanimously decided to complete the process of promotion of eligible associate members to primary member. Accordingly, the Secretariat of Sa-Dhan has completed this process with the help of Membership Committee and guidance from the board. As a result, forty nine associate members have been promoted to primary membership. She requested Mr. K. Balasubramanyam from Sa-Dhan to read out the list of the newly promoted Primary Members of Sa-Dhan.

Agenda Item No-1: Welcoming New Primary Members

Mr. Balasubramanyam read out the names of all the 49 promoted organizations and welcomed them. The following is the list of new primary members of Sa-Dhan.

Sl. No.	Name of the Organization	Legal form	Membership Since	State
1	Bharati Integrated Rural Development Society (BIRDS)	Society	Mar-02	Andhra Pradesh
2	Future Financial Services Ltd.	NBFC	Jul-05	Andhra Pradesh
3	KRUSHI	Society	Nov-05	Andhra Pradesh
4	Pragathi Seva Samiti	Society	Jul-05	Andhra Pradesh
5	Rashtriya Seva Samithi (RASS)	Society	Jul-05	Andhra Pradesh
6	Saadhana MicroFin Society	Society	Jul-05	Andhra Pradesh
7	Sanghatitha Mahila MACS Federation Ltd.	Cooperative	Dec-04	Andhra Pradesh
8	Star Youth Association (Star Microfin Service Society)	Society	Jul-03	Andhra Pradesh
9	SWAWS Credit Corporation India Pvt Ltd.	NBFC	Jul-05	Andhra Pradesh
10	The Payakaraopta Women's Mutually Aided Co-operative Thrift and Credit Society Ltd. (PWMACTCS)	Cooperative	Jul-05	Andhra Pradesh
11	Roshan Vikas Foundation	Society	Jul-04	Andhra Pradesh
12	Prochesta	Society	Jul-03	Assam
13	Ishara Foundation for Finance & Rural Development	Sec 25 Com	Jul-06	Delhi

14	Satin Creditcare Network Limited	NBFC	Jul-05	Delhi
15	SEWA Bharat	Society	Sep-02	Delhi
16	Samerth Trust	Trust	Mar-02	Gujarat
17	Association for Stimulating Know How (ASK)	Society	Dec-04	Haryana
18	Ajiwika Society	Sec 25 Com	Dec-04	Jharkhand
19	SEARCH – KOPSA	Sec 25 Com	Jul-04	Karnataka
20	Shri Kshethra Dharmasthala Rural Development Project	Trust	Nov-05	Karnataka
21	Welfare Services Ernakulam	Society	Jul-06	Kerala
22	CRISIL Ltd.	Company	Sep-02	Maharashtra
23	Watershed Organization Trust (WOTR)	Trust	Nov-99	Maharashtra
24	Swadhaar Finaccess	Sec 25 Com	Mar-06	Maharashtra
25	ADHIKAR	Society	Feb-04	Orissa
26	Bharat Integrated Social Welfare Agency (BISWA)	Society	Jul-04	Orissa
27	Darbar Sahitya Sansad (DSS)	Society	Jul-04	Orissa
28	GRAM-UTTHAN	Society	Jul-04	Orissa
29	Mahila Vihas Prathamika Sanchaya Samabaya Ltd.	Cooperative	Jul-06	Orissa
30	Swayamshree Micro Credit Services (SMCS)	Sec 25 Com	Jul-05	Orissa
31	Madhyam Foundation	Society	Jul-05	Orissa
32	Cecoedecon Development Centre	Society	Mar-02	Rajasthan
33	Pushtikar Laghu Vyaparik Pratishtan Bachat & Sakh Sahakari Samiti Ltd.	Cooperative	Jul-03	Rajasthan
34	SEVA Mandir	Trust	Nov-01	Rajasthan
35	Association for Rural Advancement through Voluntary Action & Local Involvement (ARAVALI)	Society	Jul-99	Rajasthan
36	IBTADA	Society	Jul-03	Rajasthan
37	Community Development Centre	Trust	Jul-06	Tamilnadu

38	Guidance Society For Labour Orphans & Woman (GLOW)	Society	Nov-05	Tamilnadu
39	Innovative microfinance for poverty alleviation and Community transformation (IMPACT)	Sec 25 Com	Jul-06	Tamilnadu
40	Mahasemam	Trust	Jul-03	Tamilnadu
41	New Life	Society	Jul-03	Tamilnadu
42	Bullock-Cart Workers Development Association (BWDA)	Society	Jul-03	Tamilnadu
43	Disha India Micro Credit	Sec 25 Com	Dec-04	Uttar Pradesh
44	Margdarshak Community Development Support Services Pvt. Ltd.	Sec 25 Com	Jul-04	Uttar Pradesh
45	Network of Entrepreneurship & Economic Development (NEED)	Sec 25 Com	Feb-04	Uttar Pradesh
46	Sonata Finance Private Limited	NBFC	Mar-06	Uttar Pradesh
47	Peoples Action for National Integration (PANI)	Society	Jul-03	Uttar Pradesh
48	Bandhan Financial Services Pvt. Ltd	NBFC	Feb-04	West Bengal
49	Sreema Mahila Samity	Society	Jul-04	West Bengal

Agenda Item No-2: Consideration and Adoption of Minutes of Annual General Body Meeting held on 1st And 2nd September 2009

The Chair referred to the minutes of the last Annual General Body meeting held on 1st and 2nd September 2009, that were circulated among the primary members well before the Extra-ordinary general body meeting.

Further, she asked the house if there are any comments/ suggestions on the minutes of the last Annual General Body. There was no comments/ suggestion on the minutes of the last Annual General Body meeting.

Members discussed and resolved as hereunder

Resolved that the minutes of the last Annual General Body Meeting held on 1st and 2nd September 2008 be and hereby adopted.

Proposed by: Mr. Amarchand Purohit, Pushtikar

Seconded by: Mr. Parsuram Nayak, SMCS

The resolution was passed unanimously.

Agenda Item No-3: Discussion on Proposals for Amendment to the Memorandum of Association

The Chair stated that lot of discussion took place in the last AGM and many of them who are present here were part of that discussion. She emphasized that this is a new time for microfinance sector. It is a growing sector, new organizations are coming up, existing one's are transforming

and growing. After 25 years the sector is now matured. The Government, Ministry of Finance, NABARD, regulators etc. have started recognizing us. Therefore, there is a need to see the ultimate objectives of the sector. She mentioned that this is a family gathering; all are from same family and growing together in this kind of movement. Our ultimate objective is poverty alleviation and helping the poor. She requested Mr. Vivekanand Salimath (board member) to facilitate the proceedings of the EGM by explaining the background in which the EGM was called.

Mr. Vivekanand Salimath highlighted the matters that lead to the convening of this EGM. Referring to page-34 of the binder circulated to the members that gives the background of this EGM, Mr. Salimath recapitulated the proposed amendments by the Board of Sa-Dhan to the Memorandum of Association, discussed during AGM on 1st and 2nd September 2009. He focused on the following amendments as proposed in the agenda item 8 (a), 8 (b), 8 (c) and 10 of the 11th AGM of Sa-Dhan:

- a) Amendment to Clause 9 of Memorandum of Association-Governing Board
- b) Amendment to Clause 9.2 of Memorandum of Association-Composition of the Governing Board and Election
- c) Amendment to Clause 6.4 of Memorandum of Association-Membership Fee
- d) Amendment to Clause 9.3 and 8.2 pertaining to Extension of Tenure of Board Members in Extra-ordinary circumstances

Expressing that the 4th amendment pertaining to extension of the tenure of the board in extraordinary circumstances has already been adopted by the last AGM, he stated that the first three amendments to the Memorandum of Association of Sa-Dhan are significant for this EGM to discuss and consider. Referring to the discussion during the last AGM, he said that there were arguments both for and against the amendments.

Out of the 220 membership of Sa-Dhan only 37 primary members were eligible to vote during the last AGM. The MoA of Sa-Dhan defines the primary and associate membership. Within this the primary members are supposed to comply with the norms and codes recommended by the association. It is assumed that in three years of membership the associate members would understand and adhere to the prescribed code of the association and thus be eligible to be promoted to primary membership. After the last Annual General Body meeting, as approved by the members, many of the associate members who were eligible to apply for membership submitted their application, and through the process of membership committee and the board, associate members have been promoted to primary members. Those who have been promoted to primary members, are eligible to vote on the amendments in this EGM. The present membership of Sa-Dhan in different categories is as follows:

Sl. No.	Legal form	Primary			Associate			Grand total		
		Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total

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1	NBFC	14	-	14	20	01	21	34	01	35
2	Society	22	16	38	54	14	68	76	30	106
3	Trust	05	06	11	18	04	22	23	10	33
4	Pvt. Ltd. Company	-	02	02	02	04	06	02	06	08
5	Sec. 25 Company	13	02	15	08	01	09	21	03	24
6	Cooperative	05	-	05	05	-	05	10	-	10
7	Bank	-	-	-	03	-	03	03	-	03
8	LAB	01	-	01	-	-	-	01	0	01
Total		60	26	86	110	24	134	170	50	220

With regard to the amendment under Clause-9, he mentioned that the existing MOA provides equal representation from direct and indirect membership of the association. (Direct means those who are actually lending and indirectly means those who are supporting lending as well as other poverty alleviation initiatives.

The last EGM considered the amendment to clause 9.3 and 8.2 pertaining to the extension of Board members under extraordinary circumstances and accordingly the Board tenure was extended till this EGM. So the retiring Board members would continue till today only and this EGM is convened to consider the agenda item 8 (a), 8 (b), 8 (c) and 10 of the 11th AGM of Sa-Dhan. Therefore, the objective of today's meeting is to discuss and vote for the amendments proposed again and based on the outcome, election of Board members will be held.

The following are the proposed amendments 8(a), 8(b) and 8(c) from the last Annual general body:

- a) Amendment to Clause 9 of Memorandum of Association-Governing Board
- b) Amendment to Clause 9.2 of Memorandum of Association-Composition of the Governing Board and Election
- c) Amendment to Clause 6.4 of Memorandum of Association- Membership fee

Ms. Jayshree Vyas requested Mr. V. Salimath to explain the recommend amendments to the General Body.

Mr. Salimath referring to Page-40 of the binder mentioned that the present board of Sa-Dhan comprises of 14 members in total. Out of it 9 members are from the Primary membership (50% direct and 50% indirect category), 2 from the Associate membership and 3 Observers. The last AGM unanimously approved to name of the Observers as Independent Directors.

Under the present amendment it is proposed to increase the primary Board membership from 9 to 12 with a rational that organizations are changing their forms and there is a need for proportionate representation of the organizations in the Board of the association.

Proposed Amendment

The proposed amendment to existing clause 9 of the MOA is as follows.

“The Governing Board shall consist of twelve members with voting rights representing, the following six different legal forms and /or categories of members.

- Large NBFC MFIs.....2
- Medium and Small NBFC MFIs..... 3
- Institutions registered as Co-operatives.....1
- NBFCs registered under Section 25 of Companies Act..... 1
- NGOs engaged in Micro-credit registered as
- Charitable Societies/Trusts..... 3
- Support Institutions.....2

Large NBFC MFIs are defined as those with an outstanding credit portfolio of Rs. 200 crore or above and Medium MFIs are those with Rs. 100 crore or above but less than Rs. 200 crore and small NBFCs MFIs with less Rs.100 crore. For reckoning the outstanding amount, outstanding at the end of the latest Financial Year as appearing in the Audited Balance sheet would be taken.

Mr. Salimath also read out the recommended amendment to Clause 9.2 of the Memorandum of Association (MoA).He informed the house when the amendment proposed under Clause 9 of the MoA is adopted; it becomes necessary that each category of membership select their representative to the Board for a just and fair representation. To ensure that the six different sections of members get fair and adequate opportunity to elect their representative to the Governing Board, the members would be divided into six electoral colleges. Members shall fall under one of the six Electoral College depending on their legal form and major line of activity as reflected in their latest audited balance sheet. Election shall be carried out by Secret Ballot, unless all members present here agreed to election by show of their hands. Each member from an electoral college shall have one vote for electing seat of the Governing Board. A candidate can contest only from the Electoral College s/he belongs to. Proxy votes are permitted, but in writing.

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In case of a tie the chairperson shall have the right of casting a vote in addition to her vote irrespective of the Electoral College s/he belongs.

He informed the house about the third amendment to Clause 6.4 of MoA pertaining to membership fees and mentioned the existing membership fee structure. Considering the expansion of work of the association and its present financial position, there is a need to change the revenue measures. Therefore the following fee structure is proposed.

Clause 6.4

“The Association shall charge membership as per schedule given in clause 6.4 of memorandum unless decided otherwise by the Board. No new member shall be admitted and no renewal of membership shall be accepted unless the membership fee is paid as applicable in clause 6.4 of Memorandum or as decision of the Board. The membership fee shall be non-refundable.”

Proposed Schedule of Fees

Fee	MFIs -Irrespective of legal Form	Service Provider Formal Financial	Institutions like Banks
Annual Fee	0.05% of the average credit portfolio {both direct and Indirect) during the last completed Financial Year	0.2% of the Annual Budget during the last completed Financial Year	Rs100,000/-

Ms Jayshree Vyas asked the house whether they want to discuss further on the proposed amendments because already enough discussion has taken place during the last AGM or the amendments should be put to vote. Majority of the members in the house requested for more discussion on the issue pertaining to the amendments.

Mr. Gadiyappanavar (Sanghamithra Rural Financial Services) said that there is no objection in increasing the Board seat to 12 but they want a discussion on electoral colleges. Mr. Amarchand Purohit(Pushtikar Laghu Vyaparik Pratishthan Bachat & Sakh Sahakari Samiti Ltd.) expressed his agreement to the above. Ms. Kalpana Pant (Chaitanya), wanted to know the logic and rationale behind the proposed increase in the number of Board members. Mr. Ganesh Pandey (Sharmik Bharti) supported her and said there is a valid point as amendments to clause 9 and 9.2 are interrelated and cannot be decided stand alone. He strongly objected this proportional representation of legal forms in the Board of Sa-Dhan. He said that the members of Board are selected on the basis of experience and their ability to contribute. This has been working well in the past and should continue. Categorization is not desirable as it will create impediment and not harmonious. He said any Board member irrespective of the legal form, would have concern for all the legal forms and their genuine issues. Recalling his personal contribution during the time of A.P. crisis, he emphasized that the same mechanism should be followed as it was earlier.

Mr. Vinod Jain (Trust Microfin) had shown his concern and said that five seats for 14 NBFCs in the proposed recommendation as opposed to 3 seats for 49 societies and trusts, and does not reflect a democratic set-up. It was also opined that representation in the board based on legal forms will lead to exclusion of operating models such as organizations that are promoters of SHGs like PRADAN.

Mr. Ganesh Pandey (Shramik Bharti) continuing his concern, expressed that the first amendment is not in isolation of the other but has got serious implications to the other amendments and hence should be given serious thought by the house. Acceptance to the amendment will create serious problem not only for Sa-Dhan but for the sector as a whole.

Mr. R.D. Gadiyappanavar (Sanghamithra Rural Financial Services) questioned the rational for seats allocated on the basis of small and big NBFCs. To him, the problem of NBFCs is same and hence it should not be bifurcated. Also he suggested reducing the number of seats for NBFCs.

Mr. Joslin Thambi (BWDA) while supporting the categorisation of members, had objections to the proposed membership fee structure. Advocating for a fixed annual fee he focused on the future problems for the association if the fee is on the annual turnover basis.

It was also expressed that experienced personalities should be elected to the board from all section of legal forms but not on the basis of categorisation as proposed. Also the fee can be fixed per annum and not on the basis of turnover.

Mr. Parshuram Nayak (SMCS) supported the view of Mr. Ganesh Pandey and objected on the proposed amendment of Clause 9. He said that it has been creating a bifurcation. Sa-Dhan should not follow these criteria. He insisted that the representation should be based on the region, credit and social impact created by community development finance institutions.

Mr. Pragyesh Kumar Singh from Jaago talked in favour of the proposed amendment of Clause 9. He focused that many of the Societies and Trusts are transforming into NBFC to better serve the poor. The proportion of seats to NBFCs can be reduced and this recommended amendment should be accepted by the house otherwise NBFCs may take odd decision.

Mr. Shubhankar Sengupta (Aarohan) drew the attention of the house that funding to Sa-Dhan should be delinked from the first two agenda. As Sa-Dhan is a member based and member driven organisation, members must fund Sa-Dhan. If the concern that proportionate fee based on the annual turnover would lead to collect large amount from big NBFCs and thereby making them more influential in the decision of the association, then a cap on the amount can be proposed to prevent such a scenario. However, everyone must be seriously concerned that Sa-Dhan should be a member funded so that members would have more stake and demand.

Mr. Sanjay Sinha (Treasurer) clarified that the proposal by the Board to form Electoral College came because a significant number of members felt that the NBFCs particularly the large NBFCs were under represented in the Board and the statistics for the last 5-6 years also spells it out. He supported the view of Mr. Shubhankar that members should completely fund Sa-Dhan so that it can serve the members in better ways. If we rely on donor funds then we have to serve the objectives of the donors. He continued by saying that the calculation is done and if we want a member funded organisation then 86 primary members have to pay four and half lacs each to contribute towards Sa-Dhan's annual budget, otherwise we can depend on donor serving their objective. If a cap is fixed for an MFI upto 10% of the budget of Sa-Dhan then 4-5 MFIs would be affected by that while Sa-Dhan would loose around 1 to 1.5 crore rupees out of that. The total estimated amount is five and half crore and would come down to four crore.

Mr. Rajesh Singhi (Ibtada) was against the proposed amendment of Clause 9 pertaining to categorisation. As per him, the size and legal forms would keep on changing every year and would create problem in this regard. He also viewed a political power game being coming to Sa-Dhan. He suggested that Sa-Dhan should not get into the power game. But he agreed upon the suggestion came from Mr. Shubhankar to make Sa-Dhan a member driven and member funded association. He also wanted to know the category under which the members who are SHG promoters fall in the proposed fee structure. It was also opined that the Annual General Body meeting held in 2008 passed resolution on contribution to the Sa-Dhan corpus by members. In

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this regard, it is important that this resolution be implemented by the members. Any new change can be then introduced incrementally, as this will enable the growing membership of Sa-Dhan to participate actively.

Mohammad N. Amin (Adhikar) welcomed the suggestion to make Sa-Dhan, a member driven organisation but showed his concern whether all the member organization would afford to pay five lacs per annum. He emphasized that there are other ways to work out for raising fund. Rather than fixing up the caps, there should some slabs as per their outstanding. Regarding the quota of membership on the board, he said that every AGM can fix a quota as per the requirement and the complications of large and small NBFCs.

Dr. Ramesh Bellamkonda (BSS) suggested that the caps on member fee is a good idea and the percentage of contribution from members can be increased to plug the deficit arise by putting the cap. On the idea of representation in the Board, he suggested that all the legal forms should be acknowledged but without Electoral Colleges. Board members elected by Electoral colleges would think of only the particular legal form where as if all the Board members on a quota basis if elected by all the members of Sa-Dhan would be answerable and accountable to all the legal forms. He also argued that there should not be any classification between small and big NBFCs because the issues for the NBFC segment are the same.

Ms. Jayshree Vyas focused on the suggestion that members in principle are agreeable that Sa-Dhan should not be a grant based but a member funded association.

Expressing concern over it, Mr. Ganesh Pandey said that it does not seem to be a practical idea. The idea of making Sa-Dhan a member funded organization will not work out. Small members would be able to pay a little only and to meet the need, Sa-Dhan will require large funding from NBFCs. This is definitely going to influence the decision of Sa-Dhan and it will lead to lesser recognition, lesser say and lesser dignity for the small players in the association. This is not acceptable.

Mr. Kedareshwar Chowdhury(Darbar Sahitya Sansad) told that he is worried to see the revenue agenda is taking over the social agenda. The societies and trusts will feel isolated in this. If this kind of categorization of membership takes place then the number of seats proposed for NBFCs and societies/trust should be reversed. He agreed with Mr. Ganesh Pandey that the idea of member funded Sa-Dhan will not work out.

Mr. Sanjay Sinha reminded the house about the contribution which will be based on the outstanding portfolio of the organization and not on revenue model. Also to restrain the influence of such organisation that pay more to the association this particular electoral college has been thought of. This would not affect board function and decisions, he quipped.

Mr. Ganesh Pandey informed the house that small SHGs and federations will not be able to afford and contribute much in financial aspect but they have good community stake. Revenue should not be made a basis. All must stand with each other in the time of any crisis. He cited example of Andhra Pradesh crisis where all stood together irrespective of any legal forms. There should be equal representation in the Sa-Dhan board rather than going with the quota, otherwise it will lead to compartmentalization in the sector. There should be harmony by understanding the concern and problems of each other. Irrespective of any legal forms, one should stand with each other always.

Ms. Jayshree Vyas urged the house to decide for a time span and then listen to all. She informed that voting is the last option to go with. The house should be given time to reach to a consensus Mr. Girija Satish suggested the house to start voting rather than discussing upon it further.

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Mr. P.S. Reddy(Rores Micro Entrepreneur Development Trust) opined that different legal forms are there but it is necessary to learn how to be self-supportive and contribute to the association. We preach this to the community and when we come here we ourselves are not willing to practice. There should not have any anxiety because there are no issues with each other except for the competition.

Informing the house that Welfare Services is not looking for transformation, Fr. Paul Moonjely raised the question whether we are looking for quantity or quality model and where did the proposition of twelve members has come from? He had a suggestion to form different chapters under the umbrella of Sa-Dhan. Though NBFCs and NGOs are different in their objectives but they should be given equal opportunities. Dividing the member representations is unfair.

Ms. Laxmi Thakur (Seva Mandir) opined that in Sa-Dhan board, there should be representation from all the legal forms with expertise so that it would be easier to deal with their problems and issues. The numbers can be decided by the AGM. Mr. K.N. Tiwari (DISHA) focused on the equal representation from all legal forms in the board rather than based on quota.

Ms. Gitanjali Satapathy (KSDF) reminded the house of the very purpose and existence of the sector. She cautioned that having the board representation around legal forms is going to lead into complications.

Mr. Nagarajan from NDFS reiterated that the whole house is looking for representation of the whole segment in the board of the association but they are not comfortable with the quota allotted.

Mentioning that quota systems is for weak and not for strong, Ms. Kalpana Pant argued as why there should be quota for NBFCs and why 12 seats and also why five seats out of twelve are for NBFCs in the proposed amendment of clause 9. She raised a question if tomorrow the outstanding amount of society or trust will become higher than NBFCs, under such situation what change would come in quota. Future should also be taken into consideration. She opposed the process of considering legal form as the way to decide the quotas in Sa-Dhan Board rather than considering the social impacts or regional representation or SHG bank loan outstanding. Being a board member, everybody should think collectively for the sector rather than focusing on the legal forms. She added that different legal forms have their own issues and Task forces have been formed to discuss on it.

Recalling the Chennai AGM resolution in 2008 on contribution to Sa-Dhan, Mr. R.D. Gadiyappanavar raised the need for another proposal towards the members' contribution. He wanted to know the outcome of the Chennai resolution and rationale behind the present proposal.

Responding to this Mr Sanjay Sinha clarified that Chennai resolution was made for corpus contribution to the association and the present proposal is for annual fee contribution. They are different from each other.

Mr. Manamath Kumar Dalai (Krishna Bhima Samruddhi Local-Area Bank Ltd.) supporting the proposed category representation in the Sa-Dhan board, appreciated the role of NBFCs in expanding the provision of microfinance services across the country. Rather than going into the discussions on the number of seats given to NBFCs in board, one should give due importance to proposed categorization. He raised the question to the members of the house for not taking into consideration the enormous contributions and impact of these small number of NBFCs to the microfinance sector. There should not be any objection in giving due representation to NBFCs in Sa-Dhan board. Players from each segment should represent in the board. We should be more objective, dispassionate and should also be taking into consideration the social impacts made by the MFIs.

Ms. Jayshree Vyas answered that NBFCs are the part of Sa-Dhan. We have grown-up together with Sa-Dhan. We all are together. All are working for the same objectives. Mr. Islam Hussain (PAHAL) highlighted the issues such as poaching of clients, staff and now the concept of the small and micro institutions. He added that NBFCs have created a serious problem on the ground for the small institutions to operate. He requested that the house should discuss on how to stop all these. He was not in favour of categorization because it would influence Sa-Dhan and its functioning.

Mr. Suresh Krishna (Grameen Financial Services Pvt. Ltd.) suggested exploring the option of Board representation from categories of members based on their size of operation and also from regional presence and legal types. He proposed a formula and worked out a total of 17 Board members that represent all segments as mentioned above. On revenue side, he suggested that Sa-Dhan should be member funded and could have many options as per the size of the organisations like .05%, .06%, .07% and so on.

Mr. Tanay Chakrovorthy (Ajeevika) agreed with the view of Mr. Suresh Krishna. He emphasized that one should not just look into the categorization like large, medium and small NBFCs in Sa-Dhan board but effort should also be made to bring in co-opted members like retired government officials, from RBI etc in Sa-Dhan board. He was also agreed that Sa-Dhan should be member funded but proposed that the membership fee should be fixed phase wise. He intended to put some slab should be worked out as per the number of years of Sa-Dhan membership.

Mr. A.K.Maity (VWS) was in favour of the voting on the proposed amendment of Clause 9 because the NBFCs contribute a lot to the outreach and they have demanded for Board representation. To stay together the proposed Board seats should be given to the NBFCs. He was concerned about the large contribution from the NBFCs in terms of membership fee and opined that it would influence the working decision of Sa-Dhan. He said lots of discussion had already been done so it is the time now to conclude. Further, he advocated for regional leadership, which is important as different regions are facing different problems.

Mr. Sunil Chakraborty (SEBA Rahara) said that it is the time to reach to the conclusion and take some decision. There should not be any quota system.

Mr. G Bhaskar Rao (APMAS) urged that there is no need of Electoral College but representation from all legal form is desired. Mr N Satapathy mentioned that Sa-Dhan should be member driven but it doesn't seem to be practical. It's only possible if NBFCs contribute to that but in that case the whole purpose of Sa-Dhan will be sabotaged. Also, it was opined that by building electoral colleges, it dilutes the concept of one member one vote and would also lead to exclusion of some, specially the one focusing on development related issues and dominance of the other category. Further, it was informed that in the scenario of the business correspondent model being pushed by the government services like money remittances, micro-insurance, micro-pensions will be provided by these organizations. However, it will not reflect in balance sheet of these organizations, and hence "indirect" remains an important channel of delivery.

Mr. A. C. Purohit suggested that Sa-Dhan should not increase the annual subscription at a time, but should be done gradually in phases. Mr. Malay Dewanji (LAMP) raised his concern related to members promoted from associate to primary members. He had doubts in the process of promotion alleging there has not been any transparency in this matter. This was clarified by the house itself and Ms. Jayshree Vyas informed him that the process was adopted in the last AGM and the process is mentioned in the Memorandum of Association.

B. Vithal Rao opined that rather than discussing on the quota, the issues of the sector must be taken-up in the forum. The discussion should be on the issues what the sector is facing today. All these issues need to bring to the government attention for their solution. It is high time to

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deliberate seriously on the issues faced by the MFIs and especially the NBFCs that are catering to the larger section of the society. Their issues need to be brought to the attention of the government. Action should be taken related to the issues faced in the ground

Ms. Jayshree Vyas clarified that all the issues of all the sections of the MFIs is well taken by Sa-Dhan in appropriate policy arena.

Mr. C. Joslin Thambi suggested that Sa-Dhan should not only go with the numbers but should also be given due importance to the social impact created by the players of microfinance sector. 80% coverage by NBFC is true but the other aspects should also be considered.

Mr. Ali Asghar (Roshan Vikas) , speaking as a board member of Sa-Dhan mentioned that the Board of Sa-Dhan for the last 4-5 month is seriously discussing over the issues and concerns of different legal forms. Outsiders especially the policy makers club all of us together and as a sector we all need to address the issues together. While we need to stay and work together in the time to come, we are going to be a divided house as the voting process becoming apparent. Understandably, most of the bad practices are cropping out of NBFCs, necessary to stay together and the proposal by the Board has been discussed thread bare. The proposals should be accepted or rejected by consensus and not by voting.

Mr. Ganesh Pandey referring to the mood of the house requested the Board to withdraw the proposals for amendment and form a new board based on all the discussion which should represent all the legal forms and expertise.

Mr. Vinod Jain requested to make the quota more proportionate to the number of NBFC members and subsequently to increase the number over the years as new MFIs transform to NBFCs. He also suggested that NBFCs should contribute more to the revenue of Sa-Dhan

Ms Vyas reiterated that what Mr. Ganesh Pandey mentions is true and we don't want to go for voting and would like to decide on consensus. She asked the house whether we should withdraw the amendments pertaining to clause 9 and 9.2 and continue discussion on clause 6.4.

However, Mr. Ramesh Bellamkonda strongly objected to the idea of withdrawing the proposed amendments mentioning that voting doesn't necessarily divide a house. Such a practice is followed in the Indian Parliament also and we all should have the constructive spirit to accept the results and face the truth. We can still stay and work together, no matter what the result of voting comes out.

Mr. P Nayak also suggested for a voting but wanted the Board to realign the representation of legal forms so that all forms are represented in the board irrespective of the voting results. Supporting this Mr. Sanjay Sinha also expressed that the house should go for vote given the interest of some of the members who want to express their desire through voting. He mentioned that the house has already agreed for reasonable representation of the NBFCs in the board of Sa-Dhan irrespective of whether the amendments are accepted or not.

Ms Vyas therefore proposed the house for the voting and asked Mr. R Prabha to explain the voting process.

Explaining the voting process, Mr. Prabha informed the house that as per the rule amendments in the MOA can only take place if 2/3rd of the members present in the house agree for the voting. Secondly, Primary members alone can vote either through raising of hands or through secret ballots.

Members decided to vote for the amendment and associate members vacated the hall. It was announced that the names of primary members would be called one after the other and the primary members (representatives or proxy with letters of authorization) would come to collect the ballot papers and cast their ballots in the specified sealed ballot boxes.

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Names of all 86 primary members were called one after the other to cast their votes. A total number of 55 primary members voted for the proposed amendments. The ballots were counted after the lunch in front of independent board members Mr. B B Mohanty, NABARD and Mr. P K Saha, SIDBI.

Results: Declared by Mr. Prabha

Proposed Amendments	Vote for	Vote Against	Result
Amendment to Clause 9 of MoA – Governing Board	29	26	Stands rejected as 2/3 rd majority is required for making an amendment to the MoA
Amendment to Clause 9.2 of MoA – Composition of the Governing Board and Election	22	33	Same as above
Amendment to Clause 6.4 of MoA –Membership fee	15	40	Same as above

With this all the amendments proposed by the Board has been rejected by the General Body.

Announcing the results said that it's no one's' victory or no ones loss. The association stands united and would continue to work together.

Agenda Item No-4: Election of Governing Board Members In Place Of Members Retiring by Rotation and Vacancy Arising out of Resignation

Moving forward to the last agenda item of appointing new Board members in place of the retiring Board members, Ms Vyas announced that there are 5 vacancies arising in the Board and the names are as follows:

Retiring members: Mrs. H Bedi, DST
 Ms. N Radha, LEAD
 Dr Sankar Datta, IGS
 Mr. V Satyamurti, AIAMED

Resigning Member Mr R Sowmithri, Sarvodaya Nanofinances Ltd.

The house acknowledged their contribution to the Board of Sa-Dhan with a round of applause. Dr. Sankar Datta as an outgoing board member expressed his gratitude to the General body for the opportunity given to him and said that we had deliberated upon a very important issue and Sa-Dhan is going through a very important phase of its life. He was happy that the General Body in principle is agreed for a fair representation of all legal forms to the Board of Sa-Dhan even without amending the bye-law of the association.

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On behalf of the Board, Ms Vyas suggested the following new names in place of the retiring Board members:

1. Ms Vijaylaxmi Das, FWWB

Proposed by Mr Pragyesh Singh, Jaago

Seconded by Mr C S Ghosh, Bandhan

As Ms Das was not present in the meeting, her consent was obtained over phone

2. Mr C S Ghosh, Bandhan

Proposed by Mr Tanay Chakrabaty, Ajeevika

Seconded by Mr Mohd Amin, Adhikar

Mr Ghosh was present and accepted the proposal

3. Mr C S Reddy, APMAS

Proposed by Mr Ali Asghar, Roshan Vikas

Seconded by Mr Rajesh Singvi, IBTADA

As Mr Reddy was not present in the meeting, his consent was obtained over phone

4. Mr Rajesh Singhi, IBTADA

Proposed by Mr Tanay Chakraborty

Seconded by Mr Mohd Amin

Mr Singhi was present and accepted the proposal

5. Mr Vijay Mahajan

Proposed by Mr. Chandrasekhar Ghosh, Bandhan Financial Services Pvt. Ltd.

Seconded by Mr Pragyesh Singh, Jaago

Mr Mahajan, however expressed his inability and regretted to this proposal

Further, to fill up the vacancy name of Mr Suresh Krishna from Grameen Financial Services was proposed

Proposed by Mr Mohd Amin, Adhikar

Seconded by Mr R D Gadiyappanavar, Sanghamitra

Mr Suresh accepted the proposal

The resolutions were passed unanimously.

The house unanimously elected the following new members to the Board of Sa-Dhan

Ms Vijaylaxmi Das, FWWB

Mr C S Ghosh, Bandhan

Mr C S Reddy, APMAS

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Mr Rajesh Singhi, IBTADA

Mr Suresh Krishna, Grameen Financial Services

The new board members present in the EGM thanked the house for giving this honour and responsibility to them and also of reposing faith in them

AGENDA ITEM NO-5: Members' Contribution to Sa-Dhan Corpus in accordance with resolution on the same at Annual General Body held in September 2008 in Chennai

As the proposed membership fee was defeated in the house, Mr. Salimath brought attention of the General Body to the Chennai AGM resolution held in Sept 2008 and proposed the following Corpus contribution from the members to Sa-Dhan.

GLP	Contribution to Corpus in INR
GLP < Rs. 25 Lakh	Rs. 2000
Rs. 25 Lakh ≤ GLP < Rs. 50 Lakh	Rs. 5000
Rs. 50 lakh ≤ GLP < Rs. 1 Crore	Rs. 10,000
Rs. 1 Crore ≤ GLP < Rs. 5 crore	Rs. 25,000
Rs. 5 Crore ≤ GLP < Rs. 50 crore	Rs. 50,000
Rs. 50 Crore ≤ GLP < Rs. 100 crore	Rs. 100,000
Rs. 100 Crore ≤ GLP < Rs. 200 crore	Rs. 200,000
Rs. 200 Crore ≤ GLP < Rs. 300 crore	Rs. 300,000
Rs. 300 Crore ≤ GLP < Rs. 400 crore	Rs. 400,000
Rs. 400 Crore ≤ GLP < Rs. 500 crore	Rs. 500,000
Rs. 500 crore ≤ GLP	For every subsequent Rs. 100 crore will correspond to increase in corpus contribution by Rs. 100,000

For **Indirect Members** the contribution could be calculated on Net worth of the organization or Annual Expenditure budget

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All the members were requested to remit the corpus money to Sa-Dhan as soon as possible and the Gross Loan portfolio as on March 2008 will be considered as the basis for calculation for slabs.

Summing Up By the Chair

In her concluding remarks, Ms Vyas mentioned that she was a bit nervous earlier in the morning. However it was a matured discussion by the house. Everyone said that each one works for the other, value for the others, and work for the same goal and objective. We have faith in our people; we will remain together and grow together. She thanked everyone for coming to the meeting particularly the board members and Sa-Dhan team for making it a success. On behalf of the board she made the commitment that the board would work fairly towards all the legal forms.

Ms Salimath continued saying that as a convention Ms Jayshree Vyas is nominated as the new Chair of Sa-Dhan Board. The new board would decide about the new Co-Chair and it will be communicated to the members through letters.

With this the EGM came to an end.

Vote of Thanks

With no other agenda remaining for discussion, Ms. Jayshree Vyas thanked members for their valuable contribution to the Extra-ordinary General Body meeting.

Chair

**SA-DHAN EXTRA-ORDINARY GENERAL BODY MEETING
25TH OCTOBER 2009
NEW DELHI**

LIST OF PARTICIPATING MEMBERS

Participant name	Name of the Organization
Mohammad Amin	Adhikar
Tanay Chakravarty	Ajiwika Society
Ramesh Bellamkonda	BSS Microfinance Pvt. Ltd.
Abhay Kumar	BSS Microfinance Pvt. Ltd.
Chandra Shekhar Ghosh	Bandhan Financial Services Pvt. Ltd
Ramesh Sahoo	Bharat Integrated Social Welfare Agency (BISWA)
C. Joslin Thambi	Bullock-Cart Workers Development Association (BWDA)
Mukul Jaiswal	CASHPOR Micro Credit
Kalpana Pant	Chaitanya
P. M. Paul	Cecoedecon Development Centre
Jyoti Desai	Development Support Team
Kedareswar Choudhury	Darbar Sahitya Sansad (DSS)
Sanjay Sinha	EDA Rural Systems Pvt. Ltd
K. Paul Thomas	Evangelical Social Action Forum [ESAF]
G. Dasratha Reddy	Future Financial Services Ltd.
Govind Dash	GRAM-UTTHAN
Mr.Dhandapani	Guidance Society For Labour Orphans & Woman (GLOW)
Suresh K. Krishna	Grameen Financial Services Pvt. Ltd
B. Mahendran	Indian Association for Savings & Credit (IASC)
Sankar Datta	Indian Grameen Services (IGS), Paid
Rajesh Singhi	IBTADA
Deepak Daniel	Innovative microfinance for poverty alleviation and Community transformation (IMPACT)
Manamath Kumar Dalai	Krishna Bhima Samruddhi Local-Area Bank Ltd.
Bhaskar Rao	Mahila Abhivruddhi Society, (APMAS)
Subrat Kumar Singh Deo	Madhyam Foundation
Pabitra Mohan Bal	Mahila Vihas Prathamika Sanchaya Samabaya Ltd.
Rahul J Mittra	Margdarshak Community Development Support Services Pvt. Ltd.
S. Nagarajan	Nanayasurabhi Development Financial Services
Girija Satish	Nav Bharat Jagriti Kendra (NBJK)
D. Narendranath	PRADAN
Arun Chaudhary	Peoples Action for National Integration (PANI)
Amar Chand Purohit	Pushtikar Laghu Vyaparik Pratishtan Bachat & Sakh Sahakari Samiti Ltd.

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John Gaddala	Pragathi Seva Samiti
Ali Asghar	Roshan Vikas Foundation
Amiya Sharma	Rashtriya Gramin Vikas Nidhi (RGVN)
Jayashree Vyas	SEWA Bank
Srinivas Reddy	Share Microfin Limited
Ganesh Pandey	Shramik Bharti
R. Gadiyappanavar	Sanghamithra Rural Financial Services
M. Ernest Paul	Saadhana MicroFin Society
Iqbal Baig	Samerth Trust
Malini Eden	SEARCH – KOPSA
Laxmi Thakur	SEVA Mandir
Radhika Anand	SEWA Bharat
Srinivas Chakravorty	Star Youth Association (Star Microfin Service Society)
Parshuram Nayak	Swayamshree Micro Credit Services (SMCS)
Mr. Arjun Murlidharan	The Activists for Social Alternatives (ASA)
A K Maity	Village Welfare Society (VWS)
Paul Moonjely	Welfare Services Ernakulam
Dr. G. Muniratnam	Rashtriya Seva Samithi
Anup Kaul	BASIX
Samit Ghosh	Ujjivan Financial Services Private Limited
K N Tiwari	Disha India Micro Credit
H. Siddhartha Chowdri	ACCION Technical Advisors India
Jyostsna Rani Mishra	ADARSA
L. K. Das	Agradut Polly Unnayan Samity
Shubhankar Sengupta	AROHAN Financial Services Limited
N. Satapathy	Asian Institute for Rural Regeneration
Junia Sucharita	Asmitha Microfin Ltd.
Reykam Jayasurya	Asmitha Microfin Ltd.
Bishwajit Das	Belgharia Janakalyan Samity
Sujata Priyadarsani Barick	Budhhanath Jubak Sangha
Mathew Jose	Deepalaya
Vasudha Sondhi	Deepalaya
Sarat Ch. Das	Grameen Sahara
Sister Rosily	Holy Cross Social Service Centre
L. Jayakumar	Hope Integrated Rural Development Society
Pragyesh Kumar Singh	Jaago Samajik Arthik & Harit Vikas Sangathan
Gitanjali Satapathy	Kalighat Society for Development Facilitation (KSDF)
Manabendra Dewanji	Liberal Association for Movement of People (LAMP)
Aradhana Nanda	Mahashakti Foundation
Manab Chakraborty	MIMOZA Enterprises Finance Pvt Ltd.

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Nagendra V. Mali	Navachetana Microfin Services Limited
Niranjana Sheelavant	Nirantara Community Services
Islam Hussain	PAHAL
Patan Nazeer Khan	PARTNER
P. Narayanappa	Prakruthi Foundation
Dilip Mourya	Priyasakhi Mahila Sangh
P. S. Reddy	Rores Micro Entrepreneur Development Trust
Jhuma	Sahara Utsarga Welfare Society
Sunil Chakraborty	SEBA Rahara
Binoy Thomas	Shikhar Development Foundation
Ganesh Chandra Modak	Society for Model Gram Bikash Kendra
Rajesh Kumar	Society For Promotion of Youth & Masses (SPYM)
Kishore Puli	Trident Microfin Private Ltd.
	Trident Microfin Private Ltd.
	Trident Microfin Private Ltd.
Samit Ghosh	Ujjivan Financial Services Private Limited
N. I. Singh & Deepak Singh	UNACCO Financial Services Pvt. Ltd.
Satish Kumar	Uttarakhand Micro-finance and Livelihood Promotion Cooperative Institution
Kuldip Maity	Village Micro-Credit Services (VMCS)
Rajendra Meher	Youth Council for Development Alternatives (YCDA)
Ajay Verma	Sahayata Microfin P Ltd
Vinod Jain	Trust Microfin
Mona Kachhwaha	The Bellwether Microfinance Fund Pvt. Ltd.
Y. Biren Singh	OISCA-Manipur Chapter