



"Education is the movement from darkness to light."  
-Allan Bloom

FOOD FOR THOUGHT

### School enrollments in rural India

Even as the Right to Education and the Sarva Shiksha Abhiyan have made access to elementary education a reality for 99 per cent villages across the country, more than a quarter of enrolments in rural India are still happening in private schools.

As per the ninth Annual Status of Education Report (ASER), 29 per cent of enrolments in the 6-14 age-group are in private schools. While this reflects a shifting of public faith in government schools, the growing preference for private schools is also indicative of a willingness to invest in a child's education by parents who very often are themselves illiterate.

The preference for private schools is not necessarily reflective of the quality of public schooling. In Kerala, where the quality of public schools and teaching was found to be fairly good, 68.6 per cent of all children in the elementary level were in private schools. Manipur recorded the highest private school enrolment at 70 per cent.

Other States and Union Territories with a high percentage of elementary school children in private institutions include Puducherry (54.3 per cent), Haryana (51.4 per cent), Uttar Pradesh (49 per cent), Punjab (46.7 per cent), Jammu & Kashmir (45.5 per cent) and Meghalaya (45.3 per cent). As with private schooling, there is also a growing prevalence of private tuitions among elementary school students.

Taking note of this trend, Planning Commission Deputy Chairman said while the State should keep putting money into school education, the time might have come for a re-think on the more controversial issue of whether it should all go into government schools. Poor learning outcomes in Government schools would remain a problem for another decade or two since many of the children getting enrolled now are first generation learners with no back-up at home.

According to Madhav Chavan, president of Pratham Education Foundation — which has been carrying out this survey since 2005— the preference for private education is not just because of the clear failure of government schools to deliver on basic achievements in learning, but also mirrors growing urbanisation and increase in wealth and access to the external world and information. On urbanisation, he said, it was not just migration but includes increasing urban influence on rural population; thanks to television penetration.

(Information taken from an article published in The Hindu titled 'Over a quarter of enrolments in rural India are in Private schools'.)

Courtesy  
The Hindu ([www.goo.gl/2IIErz](http://www.goo.gl/2IIErz))

FROM THE WORLD OF MICROFINANCE

### Government prepares to frame laws on microfinance

Government has started consultations with all stake-holders, including state governments, for enacting a law to regulate Micro Finance Institutions (MFIs) for ensuring interests of customers. Finance Minister Arun Jaitley also said the government is planning to off-load some shares of nationalised banks to small investors and use the funds for further expansion of banking network in the country.

"We have started the consultation process with everyone, including state governments, to prepare a new bill," he said in Lok Sabha during Question Hour. The Finance Minister said the Micro Finance Institutions Development and Regulation Bill, 2012 was introduced in Lok Sabha on May 22, 2012 and was referred to the Standing Committee, which submitted its final report on February 17, 2014. The Committee urged the government to have wider consultations with state governments and stakeholders and bring forth a fresh legislation before Parliament. The Bill lapsed due to dissolution of Lok Sabha and shall have to be introduced fresh, he said. Replying to a supplementary question, Jaitley said interest rate of the MFIs are decided by market factors but there are clear guidelines of the Reserve Bank of India for strict action against violators.



The Finance Minister said a large number of MFIs are self help groups - around 46 per cent - and many of them are being run by women. "There is nothing wrong if we encourage such MFIs as they help small borrowers every day. However, if any MFI is involved in unfair practices, the RBI guidelines are clear on that - there should be transparency in disbursement and recovery", he said.

Courtesy  
[www.dnaindia.com](http://www.dnaindia.com)

HUMBLE HEROES

### Crispy success story



Parashakthi aged 37 engages in the business of preparing crispy tapioca chips and selling it to bakeries in and around Thrissur. She is well supported by her family members including husband Subramani. Before associating with ESAF as a sangam member she used to earn a paltry sum of Rs 6000 per month. After receiving the loans of ESAF her business has grown by five times. This results in complete upliftment of her total well-being. Now she is willing to consult doctors for solving medical issues of her family members. For someone who has an elementary school qualification of fifth standard what she has achieved through her business is truly outstanding. She is thankful to Bindhu, her neighbour who introduced her to ESAF and the better infrastructure available in her part of the world.

Appropriate utilization of loans is the secret of her success. The lady with a good business mind makes sure that the loans are used to buy utensils like big pans and stove and raw materials like oil and tapioca to support the business. Through ESAF she has also enrolled in National Pension Scheme promoted by the Central Government. Like any other mother she also wants her daughter to settle down and the son to step into the business and take it to the next level. Parashakthi lives in Pulazhi Thrissur in a one bed room house with a kitchen and a toilet. She has two children Shivapriya (19) and Jayadevan (14). The boy is studying in Tamilnadu and she has plans to get her daughter married soon.

Read more success stories:  
[www.esafmicrofin.com/home/successstories.html](http://www.esafmicrofin.com/home/successstories.html)

ESAF Microfinance is an approved aggregator for Swavalamban Yojana National Pension Scheme by the Govt. of India



For more details:  
0487 3262113, 9349111101  
Email: [nps@esafmicrofin.com](mailto:nps@esafmicrofin.com)

Read previous issues of 'Lahanti' and monthly E-news letter:  
[www.esafmicrofin.com/downloads/newsletters.html](http://www.esafmicrofin.com/downloads/newsletters.html)

ESAFMicrofin  
ESAFMicrofin  
esafindia  
[www.esafmicrofin.com](http://www.esafmicrofin.com)

A Corporate Communications initiative.

Published for internal distribution by ESAF Microfinance, Hepzibah Complex, Mannuthy P.O, Thrissur. Ph: 0487-2373813

...means development in Santhali, the language of an underdeveloped tribal group in Eastern India.

CALLING THE SHOTS

### Education loans and its multiplier effects across generations



Globalization and liberalization in the early 90s might have revived the fortunes of many business men in India but not the business women at the lower end, who were mainly engaged in self employment activities. The introduction of microfinance gave a new lease of life to those small scale women entrepreneurs and for them it turned out to be a much better alternative.

Unlike small time women entrepreneurs of the 80s who were mostly satisfied with hand-to-mouth kind of existence, modern women entrepreneurs driven by microfinance were more ambitious and were a much empowered lot both socially and politically. Thanks to skill development programs, leadership development programs, financial awareness / education programs promoted by microfinance organizations. The kind of training given by MFIs helps the clients in improving their confidence and

A survey conducted to assess the benefits of those loans revealed that 56% had utilized it for the education of their daughters whereas 46% had utilized it for the education of their sons.

about helping the clients in taking the right decisions. Likewise, the improved level of literacy, attained through hours of financial awareness / education classes, has contributed to the increased awareness on child education.

The success of Vidya Jyothi loans promoted by ESAF Microfinance to support the educational needs of the children of the clients underscores the aforementioned points. A survey conducted to assess the benefits of those loans revealed that 56% had utilized it for the education of their daughters whereas 46% had utilized it for the

makes them more active in decision making. A study in Bangladesh showed that Grameen Bank members were 7.5 times more empowered in taking decisions than the comparison group. In other words, empowerment through microfinance is all

education of their sons. Most women were keen to utilize the loan for the child showing more interest in studies and when it comes to exemplifying interest, girl children were clearly head and shoulders above the opposite sex. Likewise, out of the 1380 students in 31 ESAF Child Care Centers in Jharkhand, 742 are girl children. Through 'Let Them Smile' project ESAF mobilizes funds for the children's education.

The most important thing is microfinance not only focuses on holistic empowerment of women members but also makes sure that the future generation of women will belong to the more privileged class of 'educated women'. That's why I believe that microfinance has a multiplier effect that increases its impact by benefiting multiple generations. This surely gives more meaning to the existence of ESAF as a microfinance organization.

K. Paul Thomas  
Founder, Chairman & Managing Director

Read previous issues of 'Calling the shots'  
[www.esafmicrofin.com/newsaevents/message.html](http://www.esafmicrofin.com/newsaevents/message.html)

FROM THE WORLD OF ESAF

### ESAF CMD participates in HBS- ACCION program on strategic leadership



K. Paul Thomas with the great Ratan Tata, Chairman Emeritus, TATA Sons

K. Paul Thomas, Founder, Chairman & Managing Director, ESAF Microfinance participated in the Harvard Business School (HBS) - ACCION Program on Strategic Leadership in Inclusive Finance, held at Harvard Business School, Massachusetts, USA from April 21-26, 2014. The six-day program was attended by CEOs, practitioners, funders and investors in the financial inclusion space from Asia, Africa, Latin America and North America. It gave leaders from around the world an exceptional opportunity to connect with peers while engaging with some of the HBS faculty's foremost thinkers in business strategy and management. The HBS Executive Education learning model immerses the world's most promising leaders in a transformational experience that combines the acquisition of knowledge, skills, and tools with professional, intellectual, and personal development.

### ESAF MD on MFIN board

K. Paul Thomas, Chairman & Managing Director, ESAF Microfinance has been elected to the Board of Microfinance Institutions Network (MFIN) for the second consecutive year at the Annual General Meeting held at Hyderabad on June 28, 2014. The voting was done through the secret ballot process and the results were reviewed by the Independent Directors prior to being formally announced.

MFIN is an Association of Non-Banking Finance Company-Micro Finance Institutions (NBFC-MFIs).



Reserve Bank of India has recognized MFIN as an SRO for the NBFC-MFIs. MFIN has been promoting the key objectives of microfinance in India and is working towards establishing guidelines for responsible lending and client protection.

Visit MFIN  
<http://mfindexia.org/leadership-team>

### ESAF Microfinance raises Rs 47.5 crore through NCDs

ESAF Microfinance a leading microfinance institution in India has raised Rs 50 crore by way of private placement of Non-Convertible Debentures (NCD). The NCD is listed with Bombay Stock Exchange and has been fully subscribed. The instrument rated BWB BBB+ by Brick Work Ratings

has been issued to Triodos Fund, a well renowned social investment fund from Netherlands.

Triodos Bank  
Make your money make a difference

K. Paul Thomas, Chairman & Managing Director, ESAF Microfinance said "This transaction underscores the trust the banks and financial investors have in the business model of ESAF and in its portfolio quality." He added that the efforts of the staff in the last six months was truly praiseworthy. With this transaction, ESAF's funding through non-convertible debentures rises to nearly Rs 50 crore in 2014-15. The issuance was arranged exclusively by Unitus Capital.

### ESAF organizes World Environment Day

ESAF organized World Environment Day in association with the forest department. The World Environment day pledge was taken across all branches. K. Paul Thomas, Chairman & Managing Director ESAF Microfinance inaugurated the function held at Chennai Regional Office. At the



K. Paul Thomas distributing tree sapling to a Sangam Member

Head Office George Thomas, Director Operations, ESAF Microfinance presided over the function. Laila K.S. an ESAF Member won the Green entrepreneur award instituted by the Organization. K.V. Christudas, General Manager Livelihood Support Service & Environment ESAF Microfinance and Jacob Samuel, Advisor – Social Transformation, ESAF Microfinance also spoke on the occasion. On the occasion, saplings were distributed to ESAF members. About 100 persons participated in the function.

## ESAF to study conditions of parks in Thrissur

ESAF is planning to conduct a study on the existing conditions of parks in Thrissur city and their utility levels and will submit its report to the Municipal Corporation by the year end. Through qualitative intervention, ESAF Livable Cities project had already



helped in developing underutilized parks in Nagpur. In 2013-14, Thrissur Corporation had allocated 2.5 cr for the development and maintenance of eight parks. ESAF has plans to organize programs for children to make the parks functional.

Visit ESAF Livable Cities on Wordpress  
[www.livablecitiesindia.wordpress.com](http://www.livablecitiesindia.wordpress.com)

## ESAF now a STAR MFI



ESAF Microfinance was conferred the title of Socially Transparent and Responsible (STAR) MFI by MIX Market 2013. Out of the 200 + MFIs which participated in the desk review process globally, less than 30 have been awarded STAR recognition. Only 5 MFIs have received this recognition in India.

The STAR recognition is given to MFIs who achieve high level of compliance to Universal Standards of Social Performance which includes defining and monitoring social goals, ensuring board, management and employee commitment to social goals, treating clients responsibly, designing products and delivery models that meet client needs and preferences etc.

## ESAF Vidya Jyothi Loans a booster for education of girls

Vidya Jyothi loans developed by ESAF to support the educational needs of children of the clients, prove to be a winner. A survey conducted to assess the benefits of the loans revealed that 56% had utilized it for the education of their daughters whereas 46% had utilized it for the education of their sons. One of the beneficiaries opined that the loan was used for the child who had shown interest in studies. K. Paul Thomas, Chairman & Managing Director, ESAF



Children at ESAF Child Care Centre

Microfinance said that the study proved that ESAF was not only empowering its women clients but also the next generation of women. This truly gels well with the vision of the organization.

## ESAF organizes cooking demonstration of greenway stoves

On May 17, 2014, ESAF organized a mass cooking demonstration of Greenway stoves in Chennai. 101 women who owned Greenway stoves lit them together in a meeting held at the Mizpah auditorium at Minjur branch in Chennai. Some of the ladies gave



Participants attending the mass cooking demonstration in Chennai

testimonies on the usefulness of the stoves and its economy of effort and money. Representatives from both Greenway as well as Barefoot participated in the meeting. More than 500 people participated in the function including staff from ESAF Microfinance. They were educated on the benefits of cooking with Greenway stoves and the usefulness of solar energy.

K. Paul Thomas, Chairman & Managing Director, ESAF Microfinance opined that the aim of the endeavor was to educate the members about clean energy devices at affordable prices and their usefulness in saving money through efficiency, supporting environmental cause by reducing carbon monoxide emission and facilitating better health of women by reducing pollution at kitchens.

## CRISIL upgrades ESAF's rating



CRISIL a global analytical company and part of the world renowned Standard & Poor group upgraded the rating of ESAF Micro-finance to MFR-2 on a scale of 1 – 8, where MFR 1 is the highest and MFR 8 is the lowest grading. CRISIL rating reflects the current state of the MFI to conduct the business in a scalable and sustainable manner. K. Paul Thomas, Chairman & Managing Director, ESAF Microfinance

said that greater regulatory clarity, stable operating environment and improved fund flow has worked to the benefit of the Organization. He also praised all the staff and board members for this achievement. CRISIL however identified certain strong points that worked to the benefit of ESAF which included strong track record in microfinance and social development, experienced board and adequate systems and processes, diverse funding profile and above average asset quality.

## ESAF participates in the second DM 2013 Convening Workshop

The World Bank in association with Development Marketplace (DM) and the Strategic Impact Evaluation Fund (SIEF), organized the Second DM 2013 Convening Workshop on Monitoring and Impact Evaluation at Hotel Claridges, Delhi. The focus of the workshop was on strategically adopting Monitoring and Evaluation methods for



Representatives from ESAF posing for a photograph

result-based management and the purpose was to equip the participants to design and implement a robust monitoring and impact evaluation plan that would ensure long term viability of the organization. Christudas K.V., General Manager- Livelihood Support Service, Pawsan Varghese, Head Operations, ESAF Coopertive, Jose P.V. Sr. Manager to Executive Director and Ranjith Raj, Sr. Manager, MD Secretariat participated in the workshop representing ESAF Microfinance. All the participants received certificates for the successful completion of the training.

## ESAF participates in SPM meeting



Sandhya Suresh presenting a paper at the SPM meeting

ESAF Microfinance participated in the Annual Meeting of Social Performance Task Force held at Senegal (West Africa). Sandhya Suresh, Sr. Manager R & D, represented ESAF in the function. Sandhya gave a presentation on the feedback of the beta-testing of the new tool developed at global level to measure Social Performance-The SPI-4. ESAF Microfinance was among the 5 beta-testers who were selected for the presentation. Recognizing the commitment of the Organization to Social Performance Management, the Social Performance Director of MIX Market, Micol

Pistelli and Senior Analyst of MIX Market Armonia Pierantozzi congratulated the Organization especially the efforts of Sandhya Suresh.

Visit ESAF Social Performance Management page  
[www.esafmicrofin.com/home/spm.html](http://www.esafmicrofin.com/home/spm.html)

## Two wheeler loans can encourage multi-tasking

A study on women employees by ESAF showed that two wheeler loans had encouraged women employees to do multi-tasking as it saves more time. Almost 25% of women staff at ESAF commute on two wheelers. The Women at Work Survey 2014 suggested that the major work force at ESAF was happy to work in a non-discriminatory environment with equal opportunities. They have been given equal privileges and are considered on par with men when assigned tasks equivalent to their knowledge and skills.

## ESAF launches Audit software



K. Paul Thomas launching the Audit software

K. Paul Thomas, Chairman and Managing Director, ESAF Microfinance launched the Audit software developed internally by the company on June 26, 2014. The software is expected to smoothen the audit activities as it shifts the entire function from the conventional manual system to an automated platform. K. Paul Thomas during his speech appreciated the efforts of the software and audit teams and called for increased vigil for identifying areas that needed to be improved in the application. The new software was put to use from July 01, 2014.

## ESAF organizes workshop on wooden crafts

With the support of the Development Commissioner of Handicrafts (DCH), ESAF organized a two week Design and Technical Development Workshop on Wooden Crafts at Cherpu, Thrissur. 30 artisans including five women artisans participated in the workshop. Sachin Tiwari from Jaipur was the trainer. He was surprised at the versatility displayed by the women in carving out new designs in wood. K. Paul



C. Sundaram, CI of Police inaugurates the showroom of Cherpu Carpenters' Society

## EDITORIAL

## Women empowerment and education

Apart from financial stability, empowerment is all about the ability of taking decisions by way of acquiring knowledge, power and exposure. Hence women empowerment in microfinance is directly linked to education, which is an essential element for sustainable development. Moreover, empowerment is also an integral part of social transformation.

Despite the fact that women's labor contributes heavily to the economy this fact is conveniently ignored and in interior regions in India education for women is yet to gather the deserved attention.

From the clients perspective, education helps them in analyzing the offerings of the microfinance firms or understanding the benefits of the government projects in its true sense. Education can also make the customers more ambitious and help them grow from small time entrepreneurs to the next level.

For the microfinance firms, education of the clients is so important as studies have proved that women are better and reliable customers than men. If loans are routed through women the impact will be far more widespread in

households. The final outcome will give the MFIs something to feel proud of. Educated clients are less likely to make mistakes while filling the KYC norms so the Organization can avoid the chances of errors that may creep in while analyzing the KYC details. Moreover, if the clients could understand the real benefits of a quality product they are likely to be more loyal to the Organization.

**By making a customer loyal, the Organization can meet all the requirements of her household that could improve her social status, including the education of children.**

By making a customer loyal, the Organization can meet all the requirements of her household that could improve her social status, including the education of children. Schools run by MFIs like

ESAF in hinterlands are a welcome sign. Giving proper education to children will help the family to carve a debt-free future generation. This also gives an opportunity to microfinance companies to stay relevant to the future generations by upgrading their offerings through a new vertical. After all Organizations that stay relevant can only survive generations.

Sony V. Mathew

Mail your response to:  
[sony@esaf.in](mailto:sony@esaf.in)

## ESAF launches Arogyamithra Project



Dr. K. Venugopalan inaugurating the program

ESAF has launched Arogya Mithra Project in Palakkad district with an objective to make the public aware about the evils of non communicable diseases. K. Paul Thomas, Chairman and Managing Director, ESAF Microfinance said that this was another initiative that reflected the commitment of the Organization towards the society. For this purpose 11 active members of ESAF Self Help Groups have been trained in taking classes on 'Healthy habits for life' and also in measuring blood pressure and blood glucose levels. These women will work as 'Arogyamithras' who will visit each household within their locality to know about the health status of the family, advise them on healthy behavior and additionally check the BP and blood glucose levels.

On 10<sup>th</sup> July, 2014 the selected women Arogyamithras were given a Medical Kit consisting of a BP apparatus, Glucometer and a thermometer in a function organized at IMA Hall, Palakkad. Dr. K Venugopalan (DMO, Palakkad) was the Chief Guest of the event who appreciated ESAF's efforts in reaching the communities with the dual objective of spreading awareness on the prevention of NCDs while assuring a sustained income for the Arogyamithras. Jayakrishnan Narikutty, President of Palakkad Press Club also participated in the function. Bosco Joseph, Chief Operating Officer, ESAF Healthcare gave the key note address. Jacob Samuel, Advisor Social Transformation, ESAF Microfinance welcomed the gathering.

## ESAF among top 25 MFIs

ESAF Microfinance is one among the top 25 MFIs in India, as per a report published by CRISIL titled 'India's 25 leading MFIs'. The report observed that the business growth of the Organization has been higher than industry-average during the 3 years. The publication also carries an opinion piece by CRISIL on the near to medium term outlook for the microfinance sector in India. The report ends with a list of top 25 emerging microfinance companies in India who still have a small asset base and portfolio compared to the top 25 but could scale up in the long run to join the league of big MFIs.

Download report here:  
[www.goo.gl/nCjQQQ](http://www.goo.gl/nCjQQQ)

## BEST BRANCHES IN THE REGION APRIL-JUNE 2014

REGION NAME	BRANCH NAME
CHATHISGARH	RAIPUR
CHENNAI	VILLIVAKAM
COIMBATORE	THUDIYALUR
ERNAKULAM	KODUNGALLUR
KOTTAYAM	AMBALAPPUZHA
KOZHICODE	EDAKKARA
MADHYAPRADESH	BETHUL
MAHARASTRA	SADAR
THRISSUR	CHAVAKKAD
TRIVANDRUM	THOOTHUR