

**Making money is a happiness. And that's a great incentive. Making other people happy is a super-happiness.**

- Muhammad Yunus



Rev. A.S. Hembrom inaugurating the Ranchi Branch

neglected class in the society. He expressed hope that the work done through the new branch would help people of all communities in Ranchi to discover new hope in life. K. Paul Thomas, Founder and CMD of ESAF Microfinance who presided over the function shared a brief history of the Organization. He explained that the organization aimed for sustainable holistic transformation of the poor and the marginalized. Roy K. Alex, GM-Strategic Initiatives, Ajith Sen, Deputy Chief Manager, and Ajeesh Mathew, Senior Area Manager also spoke on the occasion.

**FROM THE WORLD OF MICROFINANCE**

**Nigeria: Imperatives of MSMEs development for nation's growth**

THE Central Bank of Nigeria (CBN) has reiterated the need to strategically position the Micro Small and Medium Enterprises (MSMEs) to enhance the growth of the nation's economy. But as a test of its commitment, the apex bank disclosed that it had already disbursed N40.3 billion out of N220 billion Micro, Small and Medium Enterprises Development Fund (MSMEDF) to state governments, and Participating Financial Institutions (PFIs).

The Head, Relationship Management, MSMEDF, of the Development Finance Department, CBN, Tobin Jonathan who made the disclosure at a three-day workshop organized by the Bankers' Committee, explained that due to the low access to the N220 billion, CBN reviewed the criteria for accessing the funds.

According to him, the process was aimed at facilitating disbursements of the funds to targeted operators in the MSMED sector of the economy, adding that since 2014 when the fund was introduced, only N814 million had been assessed by commercial banks, which according to him was not good enough for just 21 projects. Already, the Project Manager of the International Finance Corporation (IFC), had said that IFC was collaborating with CBN to establish a National Collateral Registry to stabilize MSME financing and also boost the confidence of Nigerian banks in playing active roles in financing the sector. According to him, the MSME sector is an important catalyst for economic growth and financing the sector needs serious attention.

The workshop was organized to cross-fertilize ideas and bridge the knowledge about the MSME sector by the lending institution and to also correct the wrong perception of the risky nature of the sector. The rejection rate of MSME applications by commercial banks is very high. This is necessitated by the banks' aversion to risk due to lack of entrepreneurial skills and poor governance structure of most MSMEs, hence the need for the workshop to enlighten the bankers and encourage them more on the need to partner and let the sector grow. N40.3 billion has been disbursed to state governments, commercial banks, MFBS, and cooperatives. Disbursements have also been made to 19 state governments and many microfinance banks (MFBS). Some of them have taken first tranche of N1 billion; N2 billion. MFBS have received N2 billion so far; commercial banks N814 million, and Micro Finance Institutions N100 million, plus applications under processing. Complaints from the MSME operators showed that the criteria were too strict and difficult to meet.

**HUMBLE HEROES**

**The Milk Life**



Lissy Jose

Lissy Jose 37, lives in Peechi, Thrissur. Her family used to rely heavily on her husband's income before Lissy joined ESAF as a sangam member. Her husband used to earn Rs 5,000 per month, which was not enough to bring up the family with two children.

In 2010, Lissy took the first loan of Rs 10,000 from ESAF, which was used to buy a cow. She knew a point or two about cattle rearing as her parents also relied on livestock rearing as a source for sustainable livelihood. Her dream of becoming a teacher ended as she stopped studying after 10th standard. But Lissy was not the one to give up. She now owns four cows and is planning to take more loans to expand her business.

She is now happily running her family with a monthly income of around Rs 13,000. Her children Jaffin and Sweetey are well performing in English medium schools. She is hoping that the quality of education will mould them as good individuals. The family now regularly enjoying rice and fish meals. She also uses the additional income to support her husband in completing the construction of their new house. She is happy with her 2-bed room house with terraced roof and tiled floor. She doesn't have any complaints despite doing household works and caring her bed-ridden mother, in addition to her busy work schedule.

As a businesswoman, Lissy is not happy with the infrastructure available in her village. According to her, good roads and hospitals in her village remain as campaign promises of politicians. But she is thankful to ESAF and the microfinance concept of making payments in small installments, which allows her to pay back the debt without any delay.

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

- ESAFMicrofin
- ESAFMicrofin
- esafindia
- www.esafmicrofin.com



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

Courtesy [www.microfinanceafrica.net](http://www.microfinanceafrica.net)



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



Vol 06 Issue 03 | March 2015

**CALLING THE SHOTS**



For the cash starved micro and small businesses, the announcement of Mudra Bank in the Union Budget appears like a silver lining that could boost loans and cut borrowing costs. For microfinance firms this move would definitely help in leveraging firms, which account for 40% of India's exports. According to government estimates, only 4 percent of 57.7 million small business units in India have access to institutional finance, leaving many to rely on informal lenders. Industry experts estimate that demand for loans from the sector outstrips supply by more than \$80 billion. This macro environment clearly underscores the significant role that MFIs have to play in building the nation from its root.

As the 20,000 cr Mudra Bank acts as an agency to refinance micro-finance institutions, this will bring in the much needed light for the segment. The government proposes to set up the Bank through a statutory enactment. This bank will be responsible for

**Mudra Bank a masterstroke**

regulating and refinancing all MFIs which are in the business of lending to micro or small business entities engaged in manufacturing and services activities. By this master stroke, the demand for increased liquidity and reduced borrowing costs seems to be met with aplomb. No doubt, this also gives a solution to the high cost of funds that the MFIs are always vulnerable to. Also the Mudra bank will play the much sought after role of a regulator to the sector. The bank is expected to partner with state level/regional level coordinators to provide finance to the last mile financiers.

The stakeholders' consultation called for by the Finance Ministry is also a welcome sign as it included representatives from MFIs, NABARD, SIDBI and the

The stakeholders' consultation called for by the Finance Ministry is also a welcome sign as it included representatives from MFIs, NABARD, SIDBI and the emphasis being given to the sector in building the economy.

RBI. This shows the Government's accommodative approach and the emphasis being given to the sector in building the economy.

The sector currently needs policy guidelines for micro / small enterprise financing business. Also what is required is framing guidelines for financing practices to ward off indebtedness and ensure proper client protection principles and methods of recovery.

Even though the sector currently has policy guidelines and code of conduct principles, a much advanced supportive policy is the need of the hour taking into consideration the renewed vision of our economic growth. At the same time, a balanced approach is needed for implementing methods of recovery without diluting client protection rules. Let's hope that Pradhan Mantri Mudra Yojana, which is responsible for the creation of Mudra Bank will glow brighter in the coming days.

**K.Paul Thomas**  
Founder, Chairman and 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 observes 23<sup>rd</sup> Foundation Day**



K. Paul Thomas with the staff who have completed ten years of service

The 23rd Foundation Day of ESAF was observed on March 16, 2015 at ESAF Training Centre, Mannuthy. Prof. Elizabeth John, President, ESAF Society presided over the function. K. Paul Thomas, Founder & Executive Director, ESAF delivered the 23rd Foundation Day message and Arun Ramakrishnan, GM-Production, AVT Natural Products, Kochi gave the Thanks giving message. Mereena Paul, Board Member, ESAF cut the cake along with K. Paul Thomas. Beena George, AGM-Programmes, ESAF made a presentation on the activities of ESAF Society during the year 2014-2015. Rev. Sabu Thomas, Vicar, Marthoma Church, Thrissur, George Thomas, Board Member, ESAF Society, Christudas K.V., Board Member, ESAF Society, A. Akbar, Strategic Advisor, ESAF Microfinance and George K. John, GM-Operations spoke on the occasion. ESAF honored the staff who had completed 10 years of service with the Organization and presented them with gold coins. Joseph Varghese, Dy. Chief Manager- Resource Mobilisation, Baby Shanmugan, Assistant Branch

**ESAF Newsletter 'LAHANTI' wins National Award**

The quarterly newsletter of ESAF Microfinance named 'LAHANTI' has won the 'Best Content' Award among corporate journals in India. This is a National Award instituted by PR Council of India (PRCI) Kerala Chapter and Press Club, Ernakulum.

Oommen Chandy, honourable Chief Minister of Kerala, handed over the award in a colourful ceremony organized at Taj Residency, Kochi. Other attendees included K. Babu, Minister for Fisheries, Excise and Port, K.V. Thomas, Member of



K. Paul Thomas along with Sony V. Mathew receiving the award from Hon'ble Chief Minister Oommen Chandy

Manager, Valappad Branch, Saramma Joseph, Credit Officer, Wadakkencherry Branch and Sindhu Sethumadhavan, Sangam Member, Wadakkencherry Branch shared their experiences with ESAF. The meeting was concluded with a prayer led by R. Billy, Board Member, ESAF.

View 'Milestones' of ESAF [www.esafmicrofin.com/home/milestones-.html](http://www.esafmicrofin.com/home/milestones-.html)

Parliament, Kochi and Hibi Eden, MLA Ernakulum. K. Paul Thomas, Chairman and Managing Director, ESAF Microfinance received the award along with Mereena Paul, Co-founder & HR- Head, ESAF Microfinance and Sony V. Mathew, Editor LAHANTI and Consultant – Branding and Communications, ESAF Microfinance.

K. Paul Thomas, Chairman said that 'this is a significant achievement considering the fact that most award winners include corporate behemoths like Reserve Bank of India, Bank of India, Cochin Refineries and a few other PSUs'. He also congratulated the Communications team especially, Sony V. Mathew, the editor of the magazine. LAHANTI means development in Santhali, a tribal language.

Sony V. Mathew, in turn thanked the Chairman for having such a clear vision on how to take the magazine forward. He added that the intent of the magazine was to educate all the stakeholders including the bankers and the Government machinery on the impact that microfinance could bring in.

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

**ESAF participates in National seminar on Finance and Banking**

Sabu Thomas, Chief Finance Officer, ESAF Microfinance inaugurated the One day National Seminar on "Finance and Banking: Issues and Opportunities in a Growth Oriented Economy" conducted by Marian



Sabu Thomas inaugurating the Seminar on Finance & Banking

International Institute of Management (MIIM), Kuttikkanam, Idukki on March 05, 2015. Speaking on the occasion, he pointed out the need for financial inclusion in this decade of growth in Indian economy. He added that banking was making a huge progress through innovations like microfinance institutions and small banks. Binu Joseph, Regional Head, ICICI Bank, M.K. Ramanarayanan, Regional Head, Kerala, SBI Funds, and Fr. P.T. Joseph, Director, Marian International Institute of Management also spoke on the occasion.

## ESAF Microfinance in line for small bank license

ESAF Microfinance has applied for the small finance bank licence called for by the RBI. The Organization meets most of the criteria spelt out by the Reserve Bank including the promoter's capital in small finance banks.

K. Paul Thomas, Founder Chairman and Managing Director, ESAF Microfinance said that small finance bank status would help the organization to meet the much needed demand for lending more than Rs 50,000, especially to support micro enterprises, small businesses and agriculture & allied activities. He added that as a class of institutions MFIs were best suited to meet the stated policy goals of financial inclusion. ESAF has presence in the rural hinterlands of Jharkhand, Chhattisgarh, Maharashtra and Madhya Pradesh. Plans are on the anvil to expand the operations to North-Eastern States of India. Being a pioneer in the field of microfinance in Kerala, ESAF has been serving its clients for more than two decades, offering them both financial and non-financial services.

## ESAF launches Enterprise Development Finance Limited

ESAF launched ESAF Enterprise Development Finance Limited (EEDFL), a new NBFC under ESAF Group. The function was inaugurated by K. Paul Thomas, Chairman of EEDFL at Mannuthy on March 06, 2015. Mereena Paul, Director, EEDFL handed over the first individual loan sanction letter to M. Raheema, a beneficiary from Vadakkencherry Branch.



K. Paul Thomas inaugurating ESAF Enterprise Finance Limited

Jacob Samuel, Social Advisor, ESAF Microfinance led the dedication prayer. Paul Joy Palocaren, CEO, EEDFL, George C. Varghese, Sr. Manager, EEDFL, Sabu Thomas, CFO and Bosco Joseph, General Manager-Administration also spoke on the occasion.

## ESAF rejuvenates public spaces

### Children's Cultural Village, Ollukkara

The children's cultural village at Ollukkara was cleaned and rejuvenated for public use as result of constant advocacy efforts by ESAF - Liveable Cities team. Shyamala Muralreedharan, Division Counselor, Ollukkara inaugurated the Cleaning Drive on February 07, 2015. Volunteers from local communities joined forces to transform the condition of the park.



Shyamala Muralreedharan inaugurating the cleaning drive

### VHD Colony Park, Nagpur

ESAF initiated an SHG - Park twinning programme, in which the local SHG members and others from the same community were empowered to utilize the park facilities in their neighbourhood. The effort was quite successful and children, parents and senior citizens made use of the park for recreation and relaxation. A park committee has been formed and made responsible for the functioning of the park.



Children playing at the recreated VHD colony park, Nagpur

## ESAF organizes Pesticide-free Vegetable Fair

A pesticide-free vegetable fair conducted under project AIM, Agri Intervention Mentoring, was inaugurated by Jacob Samuel, Social Advisor, ESAF Microfinance on March 28, 2015 at N.S.S. Auditorium, Thrippunithura. K.V. Christudas, G.M.-Livelihood & Environment, presided over the function and Kanaka Velayudhan Counselor, Thrippunithura,



A still from the vegetable fair organized at Thrippunithura

Biju E. J. Regional Manager and Thomas C. Mathew Area Manager delivered felicitation speeches. More than 300 sangam members participated and over 60 kg of pesticide-free vegetables produced by the sangam members were sold at the mela. The project is an initiative of the Livelihood and Environment department of ESAF Microfinance to promote organic farming and production of pesticide-free vegetables.

## ESAF launches Institute of Multiple Skills in Jharkhand

ESAF has launched an Institute of Multiple Skills (Community College) in Dumka, Jharkhand in partnership with Normisjion. This institute will give training in technical and non-technical skills for the tribal youth in Jharkhand. Oddvar Holmedal, International Project Head of Normisjion laid the foundation stone for Lahanti Institute for Multiple Skills (LIMS) on March 08, 2015 in the presence of K. Paul Thomas, Chairman of ESAF Group.



K. Paul Thomas & Oddvar Holmedal attending the foundation stone laying ceremony

## ESAF NIDHI celebrates first anniversary

The first branch of ESAF Nidhi Kerala Limited, Mannuthy celebrated its first anniversary on January 05, 2015 at the branch premises. ESAF Group Chairman K. Paul Thomas Inaugurated the function. P. U. Hamsa(Corporation Counsilor- Mullakkara Division), Jayasree Bhaskaran(Corporation Counsilor-Mannuthy Division), George Thomas(Executive Director, ESAF Microfinance), Paul Joy Palocaren (Chief Operating Officer, ESAF Nidhi), George K. John, Sunny Thomas (Directors, ESAF Nidhi)and Rajeevan M., Branch Manger spoke on the occasion.



K. Paul Thomas inaugurating the function

## ESAF Participates in Harvest Festival

In connection with the first harvesting of paddy in the project Mission Adat - Jaivam Amrutham, a harvest festival was conducted at Ompathumuri Kolepadavu, on March 11, 2015. Christudas K. V., General Manager, Livelihood & Environment, ESAF, Dr. U. Jayakumar, Professor & Head, Kerala Agricultural



A still from the harvest festival at Ompathumuri Kolepadavu

Research Station, Mannuthy, M.V. Rajendran, President- Farmers Service Cooperative Bank, Adat, Sathya Varma, Agriculture Officer, Adat and Dr. Latha, Associate Professor, Agricultural Research Station, Mannuthy spoke on the occasion. The project envisages the production of 150 tons of organic rice, 10 tons of organic duck, 2.5 tons of organic fish, 40 tons of organic vegetables and 10 tons of organic marigold.

## ESAF organizes state level Arts & Sports Meet



Hon'ble Minister Thiruvanchoor Radhakrishnan inaugurating State Level Arts & Sport Meet at Kottayam

The State level arts and sports meet of ESAF was held at Kottayam on January 10, 2015. Thiruvanchoor Radhakrishnan, Hon'ble Minister for Forest, Environment, Transport, Sports & Cinema inaugurated the programme and K. Paul Thomas, ESAF Group Chairman delivered the keynote address. George Thomas Executive Director, ESAF Microfinance presided over the function. Sabu Thomas Chief Financial Officer, George K. John GM- Operations, ESAF Microfinance and Pawsan Varghese Head-Operations, ESAF Cooperative Credit Society spoke on the occasion.

## ESAF participates in Run Kerala Run

At Mannuthy, the home ground of ESAF, the Organization participated in Run Kerala Run, along with a handful of other organizations, a mass fun run organized on January 20, 2015 to express solidarity with the ongoing 35th National Games. Over 2000 people participated in the fun run started from Veterinary College and ended at ESAF Head Office



M.P. Vincent MLA flagging off the mass run at Mannuthy

## EDITORIAL Redrawing the economic architecture

The second budget of the Modi Government seems to be redrawing the economic architecture of the country. So far, we have been witnessing innumerable number of programs targeting the youth. Most programs have witnessed rampant corruption at the root. Through the proposed Jan Dhan Aaa-dhar Mobile Platform scheme, the Government has started the process of restructuring and developing a more effective way of targeting these spends.

Around 57.7 million enterprises in India combined to generate employment for 460 million people, of which 262 million people are self-employed. This informal sector accounts for 90 per cent of our non-agricultural workforce, 50 per cent of the gross domestic product (GDP) and 40 per cent of the non-farm GDP. More importantly, this informal GDP is almost completely out of the direct tax net. Now it is clear why this informal sector is a significant part of our economy. Reports have concluded that Indian GDP can be raised by almost 15 per cent if the informal sector data is incorporated in the GDP series.

The credit Suisse Report of 2012 shows that in India only 10 groups accounts for 92% of banking sector's net worth. The impending launch of Mudra banks is mainly aimed to address these gaps. The enterprise and entrepreneurship driven model brings in the

transformation of the informal sector towards the formal sector. It aims at funding the unfunded and unlocking the potential of a new crop of entrepreneurs and taxpayers. There is no better route than targeting the excluded class through MFIs. Almost 60% of all MFIs in the sector are owned by the poor who belong to Scheduled Castes, Scheduled Tribes or other Backward Classes.

In short, Mudra Bank is likely to change the way India is functioning. It will reduce the cost of operation, and integrate all those in the unorganized sector under a single umbrella. A sector that grows at eight percent and caters to retail trade, construction or hotel industry, it is unfortunate that they have been ignored of any credit facilities for giving impetus to the much needed economic growth. But what remains to be seen is how the plan will unfold against other immediate plans like small finance banks. Does it make sense to create a refinancing agency and position it as a regulator? Will it create conflict of interest, as the same entity lending and overseeing regulations? In any case, this is going to be a game changer in solving the perennial economic conundrum of uplifting the poor.

Sony V. Mathew

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

## ESAF Vadakkencherry branch celebrates Anniversary

Vadakkencherry branch of ESAF Microfinance celebrated Republic day and 12th anniversary on Jan 26, 2015 at Selvon auditorium, Vadakkencherry. V. C. Kabeer, Former Minister, hoisted the National Flag. K. Paul Thomas, Chairman & Managing Director, ESAF



M.Chandran MLA, inaugurating the function

Microfinance presided over the function. M.Chandran, Alathur MLA, inaugurated the programme. 350 sangam members who completed 10 years with ESAF were honoured on the occasion. Mareena Paul, Head- HR distributed wheel chairs to needy sangam members. On the occasion, the State high jump champion Ramesh was also honored by the CMD. George K. John, GM Operations, ESAF Microfinance, Sabu Thomas, Chief Financial Officer, Joshy N. A. Regional Manager, Biju E. J. Regional Manager, Biju K. J., Area Manager, Dileep T. U., Sr. Manager, Pawsan Varghese, Head- Operations, ESAF Co-operative and Ambika Soman, Sr. Manager also spoke on the occasion.

## ESAF Microfinance opens new branch at Ranchi, Jharkhand

On Feb 04, 2015, ESAF Microfinance opened a new branch at Jamiya Nagar, Ranchi. Rev. A.S. Hembrom, Bishop of Gossner Evangelical Lutheran Church inaugurated the branch. In his inaugural address he appreciated the work done by ESAF among the

**ESAF MICROFINANCE**  
Financing Livelihoods...

**BEST BRANCHES IN THE REGION**  
JANUARY-MARCH 2014

REGION NAME	BRANCH NAME
CHHATTISGARH	RAIPUR
CHENNAI	MINJUR
COIMBATORE	POLLACHI
ERNAKULAM	KODUNGALLUR
JHARKHAND	DUMKA
KOTTAYAM	CUMBUM
KOZHIKODE	EDAKKARA
MADHYA PRADESH	BETUL
MAHARASTRA	SADAR
THRISSUR	CHAVAKKAD
TRIVANDRUM	KULASHEKARAM