



SAIJA
Empowering through Microfinance

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A Monthly Newsletter
From
Saija Finance

April 2010

**From Editor's
Board**

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It gives immense pleasure to the editorial team of Saija Darpan to release the first in-house monthly e- magazine of Saija finance. Among the key guiding principles at Saija , transparency in all occupies a pivotal position.

As the name suggests Saija Darpan, is a true reflection of life in time of the company and its all important resource human capital.

We solicit support from all the members of the Saija family both in terms of contribution and suggestion to make this magazine as popular among the Saija extended family, as our services among the masses. It should keep perfectly reflecting the aspirations of the stakeholders, the contribution of the employees and the benefits and expectations of its clients.

Partner of Saija:

ACCION International, a pioneer institution in the industry is the equity partner of the company. ACCION provides technical expertise and consultancy to the organization. Company is constantly upgrading itself technically with the consultancy of ACCION.

Our Partner

Participation by Saija team members at National and International Forums



Presence in Sa-Dhan conference

SA-DHAN, the Association of Community Development Finance Institutions, the national association of 220 community development finance institutions and other sector stakeholders has the aim to better serve low-income households, particularly women, in both rural and urban India, in their quest for establishing stable livelihoods and improving quality of life. To fulfil its aim, Sa Dhan, time and again organizes conferences and seminars. This time Sa-Dhan in collaboration with the Federation of Indian Chambers of Commerce and industry (FICCI) organized the National Microfinance conference-2010. The theme of this conference was **'Financial Inclusion and Responsible Microfinance'** and it was held on the 17th and 18th of March 2010 at Ashoka Hotel, New Delhi. Many eminent speakers including Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission, Jyotiraditya Madhavrao, Member of the Lok Sabha, Nandan Nilekani, Chairman of UIDAI, Vijay Mahajan, Chairman of Basix were present. Many speakers felt a little strange that in a gathering of MFI a need has arisen to discuss about "RESPONSIBLE MICROFINANCE".

Micro Finance Institutions in their enthusiasm to reach the sacred numbers of Financial Bottom lines seem to be giving a short shift to the all important parameters of social Bottom line (Key driver of Micro finance business).

Hence the need for a discussion on "RESPONSIBLE MICROFINANCE".

Microfinance institutions in ever increasing number are resorting to over lending, charging high rates of interest, Consumption lending and finally using arm twisting method to recover dues. All this has invited ire of the Regulators (RBI).

The silver lining is government's admission that Microfinance institutions which started as a voluntary avocation over a decade ago has now moved centre stage in its planning process, recognizing the positive impact the sector has made in improving the quality of lives of families at the Bottom of the Pyramid. Two recent developments are worth noting:

- a. The Government is soon to introduce a comprehensive Microfinance bill in Parliament aiming to address the factors prohibiting exponential but orderly growth of the sector.
- b. The establishment of Unique identification Authority of India with a mandate to allot each resident Indian a unique number which shall both ensure and accelerate the delivery of a hoard of benefits from various Government & Non – Government agencies to the intended recipients.



Participation in HBS-ACCION Program on Strategic Leadership for Microfinance

Mrs. Rashmi Sinha, Director, Saija Finance participated in the program on strategic leadership for Microfinance, a program jointly run by Harvard Business school and Accion international, equity partner of Saija Finance.

The **HBS-ACCION Program on Strategic Leadership in Microfinance** is the first executive education program to provide high-level management and leadership training to those shaping the microfinance industry, including CEOs of leading microfinance institutions and executives of mainstream banks entering the microfinance market. The HBS-ACCION Program is part of the HBS Social Enterprise Initiative.

UNDP Microfinance Meet:

Mr. Anjan Das Gupta, CFO, attended a conference on the issues prevailing in the industry. Issues discussed in the meet were:

1. Products portfolio being offered by various players in the industry,
2. IRDA Regulations related to the microfinance products,
3. Technological solutions available to address the operational issues,
4. Government level schemes on health insurance under the microfinance category,
5. Present status of the microfinance sector in India.

ROUND TABLE ON MICROFINANCE IN BIHAR – 15TH APRIL 2010

A round table on “Bihar: Empowering the Poor through Microfinance” took place on 15th April 2010 at Hotel Chanakya, Patna to discuss the recommendation of the vision document for Bihar. The round table was organized by ACCESS Services which is a national resource agency set up through DFID (Govt of UK) and CARE (a large international NGO) facilitating the organized growth of the microfinance sector in India. In the past, ACCESS has successfully conducted the vision building exercise for the State of Orissa (2005) and Madhya Pradesh (2007) and Rajasthan and these have been well accepted by the various stakeholders involved and helped in giving impetus to the sector in the sector. Given the fact that, Bihar has a high proportion of poor and low penetration of microfinance sector, a similar exercise has been taken up for the State under the active participation of State Government along with major



financial institutions such as NABARD and SIDBI. The round table Conference was attended by government departments, apex financial institutions like International Finance Corporation (IFC), NABARD, SIDBI and other stakeholders including microfinance institutions operating in the State. The CFO, Anjan Dasgupta and The Head Operations, Pravin Kumar and The Head commercials, Mathew Sangma from Saija Finance Private Limited also participated in this conference and expressed their view regarding “Bihar: Empowering the Poor through Microfinance”.

Industry update

MFIs won't lend over Rs 50k to single entity

MICRO FINANCE institutions (MFIs) will embrace a written code of conduct from April to improve their dealings with borrowers belonging to the low-income group. Lenders will disclose details of interest rates, processing fees and insurance premium they collect as part of the new policy. They said their collective lending to a single borrower will not exceed Rs 50,000 to avoid default. The code spells out the importance of cash flow analysis of borrowers and aims to avoid high-handed recovery tactics. Lenders will also put a new mechanism in place to address borrower grievances. Fierce criticism from RBI last month forced micro finance lenders to review their business style. The central bank was concerned about operational irregularities and

MICRO CREDIT

- **Lenders will** disclose details of interest rates, processing fees and insurance premium they collect as part of the new policy
- **The code** spells out the importance of cash flow analysis of borrowers and aims to avoid high-handed recovery tactics
- **Lenders will** also put a new mechanism in place to address borrower grievances
- **Lenders have** formed a self-regulatory body to draft the code and monitor practices followed by members
- **Lenders like** Bandhan, Basix, Equitas Micro Finance India, SKS Microfinance and Ujjivan are members of the new organisation called the Microfinance Institutions Network

governance issues. Lenders have formed a self-regulatory body to draft the code and monitor practices followed by members. Lenders like Bandhan, Basix, Equitas Micro Finance India, SKS Microfinance and Ujjivan are members of the new organisation called the Microfinance Institutions Network. Nevertheless, all 32 members of the new organisation have agreed. Microfinance players, who have graduated to nonbanking finance companies, are essentially members of

the new self-regulatory group. The members have also agreed to follow a practice whereby no company would hire all its employees from other members. About 50% of the new recruits has to be from outside the sector.

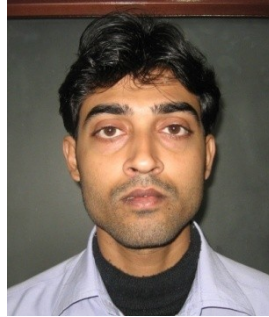
- Atmadip Ray, Times of India

Customer Interface**Name:** Shanti**Product:** Saija Mahila Rin**Group Name:** Ganga Devi**Age:** 35 years**Business:** Vegetable Vendor

She says, “I have been introduced to Saija by one of my colleague. Although my association is only 5 months old but I am impressed with their services. Earlier I used to buy vegetable on credit which often resulted paying extra money and I was not having more choices as far as distributors were concerned. After getting the loan from Saija, things have changed now. I have more options to choose distributors, as I am paying in cash for vegetables.”

**Name:** Dileep Kumar**Product:** Saija Karobar Rin**Group Name:** Jai Vikash**Age:** 28 years**Business:** Dry Cleaner

He says” This is the third time I have taken loan from Saija as the policies of Saija are very helpful for small businessmen like me. Since its loan as well as installment process is very easy and convenient, it really helped me to expand my business gradually. I am very thankful to make my life little better and I hope for the same cooperation from the company in the future also.”



Mohammad Arshad Ali
Asst. Branch Manager

“I started my career with SAIJA as a Field Executive and today I am working as an Assistant Branch Manager. Working with Saija gave me a learning exposure worthy for growth in the Microfinance industry. Saija is a place which values and rewards people for their productive and constructive efforts. I wish a great future for the company and myself.”

- Mohammad Arshad Ali

Employee Interface

People joining in April

New members of Saija Family:

Shabana Shaheen, Bhaskar Anand, Vijay Kumar Sharma, Saroj Kumar Pandey, Anand Shanker Ray, Sudhansu Shekhar, Meena Devi, Mukesh Kumar sinha and Ravi Kumar joined as Field Executive.

Saloni Kumari, a science graduate with experience in microfinance sector joined the organization as Asst. branch manager.

Gautam Kumar has joined Saija as training officer. He has done his Masters in Labour and Social Welfare. He has more than 5 years of experience with organizations like ASK, UNICEF and IRUDRS, Bihar.