



SAIJA
Empowering through Microfinance

Saija Finance Pvt. Ltd.
3rd Floor
Uma Complex
Patna - 800001

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A Monthly Newsletter
From
Saija Finance

July 2010

From Editor's
Board



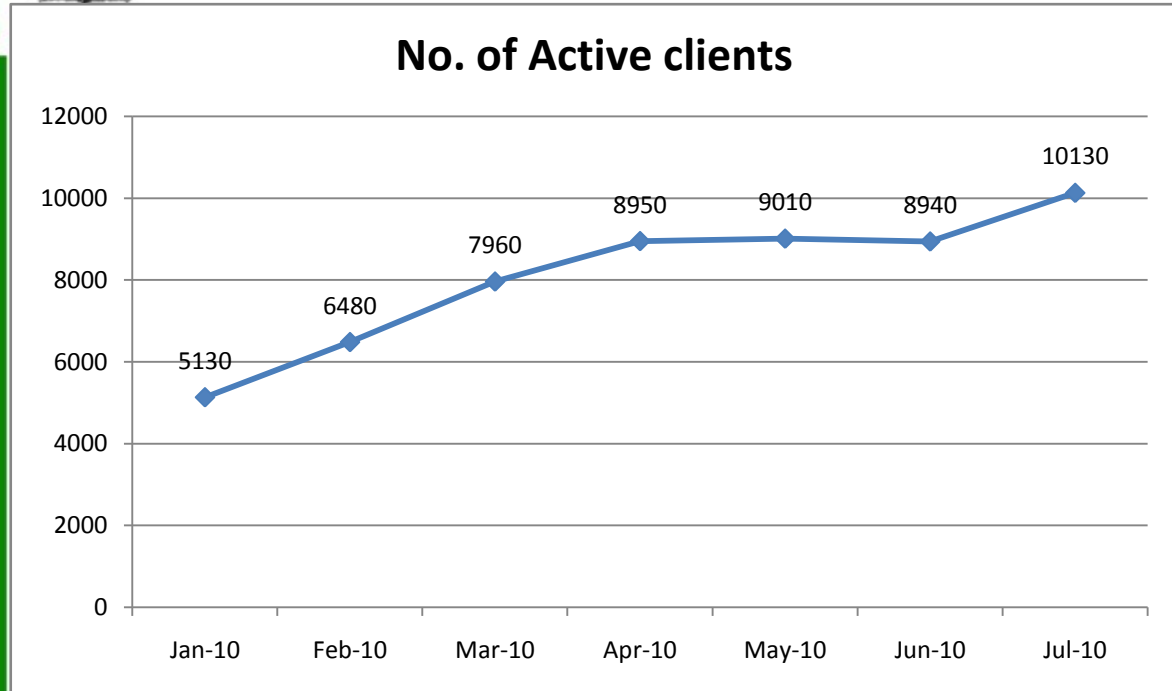
“The Editorial Team of “Saija Darpan” is elated to present the July’2010 edition of the home magazine to our readers. The magazine is a medium through which members of the Saija Family get an opportunity to express their views and ideas. We in SAIJA, work as a family and together we aspire to achieve great milestones as we move forward.”

Regards,

Editorial Team



Key Figures



As on July 31st, 2010:

Active Clients: 10,130

Portfolio Outstanding: ₹ 55.632 million

No. of branches: 4



Popularize Micro-insurance for Financial Inclusion- India's Finance Minister

Microfinance Focus, June 9, 2010

Speaking at the inaugural ceremony of the new building of Insurance Institute of India in Mumbai yesterday, India's Finance Minister, Mr. Pranab Mukherjee asked insurance industry to give more focus to generate the required level of awareness about the benefits of insurance to rural people particularly those living in semi-urban and rural areas. "One of the important challenges before the insurance industry today is to generate the required level of awareness about the benefits of insurance to our people particularly living in semi-urban and rural areas. It should be our endeavour to take all necessary steps to ensure the reach of insurance to masses" he said.

"One of the main objectives of promoting financial inclusion packages is to economically empower those sections of society which are otherwise denied access to financial services, by providing banking and credit services thereby focusing on bridging the rural credit gap. Lack of protective elements may do not serve the objective of promoting financial inclusion packages as the targeted section may fall back into the clutches of poverty in the event of unforeseen contingencies. Hence, to provide a hedge against these unforeseen risks, I would like popularization of micro insurance as one of the essential ingredients of financial inclusion packages", Finance Minister remarked.

Recognizing the importance of crop insurance in India where large section of people are engaged in agriculture and the farmers are mostly dependent on monsoons he raise his concern over the fact that crop insurance is still not popular among the farmers. At present only 20% farmers are covered under Agriculture Insurance Schemes. The schemes are implemented by 25 States and 2 Union Territories in the Country and there is a huge gap between the amount of crop loan disbursed and that covered under the scheme.

Emphasising on the adoption of new technology in the industry he said, "It is an accepted fact that insurance business is technology driven. It has the potential to save cost and hence, the scope for reducing price of product. Coming years will witness a total revolution in the ways of doing business. I request you all to make maximum use of technology to extend outreach. E-commerce will be increasingly used in all sectors including banks and insurance and products will be sold on Internet".



'Micro fin represents good investment opportunity'

MICROFINANCE INSTITUTIONS SEEN OPTIMISTIC AND FEEL CAPITAL ADEQUACY WON'T BE A CONSTRAINT

THE Indian micro-finance industry (MFI) believes that the sector represents a good investment opportunity and capital adequacy will not be a constraint in the days ahead.

This sense of optimism comes at a time when the Reserve Bank of India(RBI) has indicated that the capital adequacy ratio (CAR) for MFIs would be hiked to 15%, effective April 2011. CAR is defined as the minimum quantum of cash that a financial entity like bank or MFI sets aside as a percentage of its asset base or loan book.

While the central bank prescribes a CAR of 9% for commercial banks, in case of MFIs, it is pegged currently at 12%. The Tier-I (defined as core equity and retained earnings) for MFIs would rise from the existing 8% to 12% while the Tier-II (debt or borrowings) would be around 3%.

“Overall, the MFI sector represents the fastest growing sector in the Indian banking and finance landscape. With low levels of non-performing assets (NPAs), it has been able to generate interest among the investors,” said Alok Prasad, who heads MFIN, a selfregulatory organisation monitoring the sector.

According to Vibha Batra, cohead (financial sector ratings) at ICRA, the entire microfinance sector is growing fast and the larger ones are witnessing growth rates in excess of 100% year-on-year, therefore, internal capital generation would not be sufficient to maintain prudent capital adequacy level over the medium term.

“Although, fund raising for large entities is easier, there could be issue with smaller agencies as they may not have access to Tier-II capital due to weaker credit profiles. Therefore, they might need to lower their leveraging levels either by curtailing their growth plans or getting additional external equity. This, in turn, would dilute the profitability of such companies.”

- Arun Iyer
Source: Economics Times
July 30, 2010

Employee Interface

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“I started my career with Saija Vikas which later became Saija Finance Pvt. Ltd and I was among the first lot of employees to join Saija. It was a very inspirational journey with new challenges each and every day .We were able to achieve 0% default record with our Quality group formation. This is the reflection of our hard labor with best team effort.

I started my career as a field Executive and 6 months ago Saija provided me an opportunity to work as an Assistant Branch Manager, I am very thankful to Saija for providing me such an opportunity. I am very thankful to the Management committee for showing such a faith on me. During my three years career I worked at different branches, located in different districts which gave me exposure and provided me a platform to work with very experienced people .Today we as a Saija team, are standing on a very strong platform and wish to reach the sky”.

- **Ankit Kumar Gautam**
Asst. Branch Manager

**Training session
for Saija's
employees**

Saija Finance Private Limited organized a training session on Basic accounting for all the Branch Operational Executives on 2nd July,2010 at the Danapur Branch Training Centre. The session was taken by Ms. Puja Singh, Management Trainee.

**New joining in
July**

Mr. Ghayas Md. Sumi joined Saija as Branch manager. He is an MBA from Rajendra Agriculture University, Pusa. He has also 2 years work experience in microfinance sector and livelihood projects.