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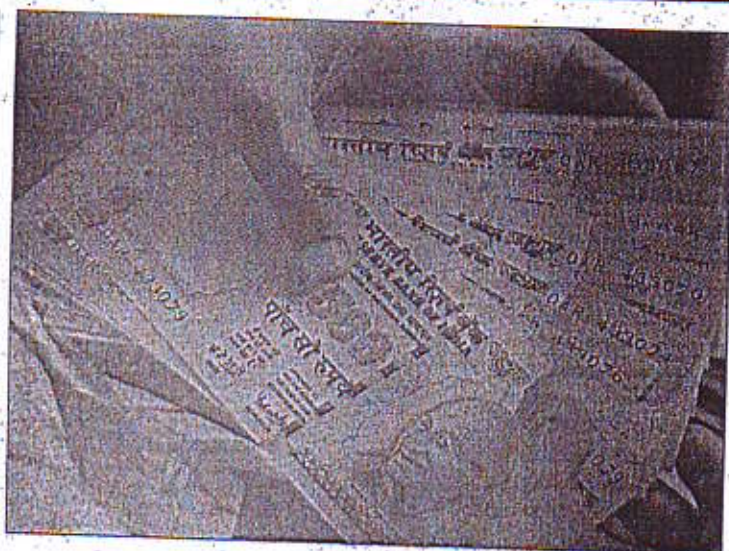
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TUESDAY 15 SEPTEMBER 2009 | KOLKATA | 20 PAGES | ₹ 4.50

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## Bandhan gets Rs 250-cr credit line from Sidbi

Atmadip Ray,  
KOLKATA

**BANDHAN**, one of the country's leading microfinance institutions (MFI), has just received a shot in the arm with a Rs 250-crore credit line from the Small Industries Development Bank of India (Sidbi). This will help the seven-year-old MFI grow its lending portfolio and cover five lakh additional borrowers this fiscal.

Sidbi, which supports the country's endeavour towards micro-credit expansion via the Sidbi Foundation for Micro Credit (SFMC), has of late become aggressive in this respect. Its Rs 250-crore line of credit to Kolkata-based Bandhan is by far the largest loan support to MFIs in this region. Last fiscal, Sidbi lent just about Rs 100 crore to Bandhan.

Bandhan chairman and managing director Chandra Sekhar Ghosh confirmed the latest development: "We will receive the term loan in several tranches by March 2010. We will be able to offer micro loans to five lakh additional borrowers with this fresh support from Sidbi." The MFI has nearly 19 lakh existing borrowers.

Sidbi general manager Ramnath refused to comment on the size of the loan offered to Bandhan. He, however, said: "West Bengal is an under-served state as far as microfinancing goes. We are planning to lend Rs 300-400 crore to MFIs in the state this fiscal." Sidbi offers loans to MFIs with a view to support micro enterprises and non-farm income-generating activities.

The deal between Bandhan and Sidbi was struck last week. SFMC will offer the loan at 12% per annum for five years, according to Mr Ghosh. "We will continue to on-lend the fund at 24% (on reducing balance) to our borrowers. This will leave an interest rate margin of around 4%, after meeting our cost of operation," he said. On a fixed-rate basis, Bandhan's rate of interest comes to 12.5% a year.

Bandhan has an outstanding loan portfolio of Rs 900 crore. If it utilises the line of credit properly, its portfolio may grow to Rs 11,500 crore by March 2010. The MFI operates through around 1,000 branches across the country with over 5,500 employees.

### MICRO ECONOMICS

The Sidbi loan will help the seven-year-old, Kolkata-based MFI grow its lending portfolio and cover five lakh additional borrowers this fiscal.