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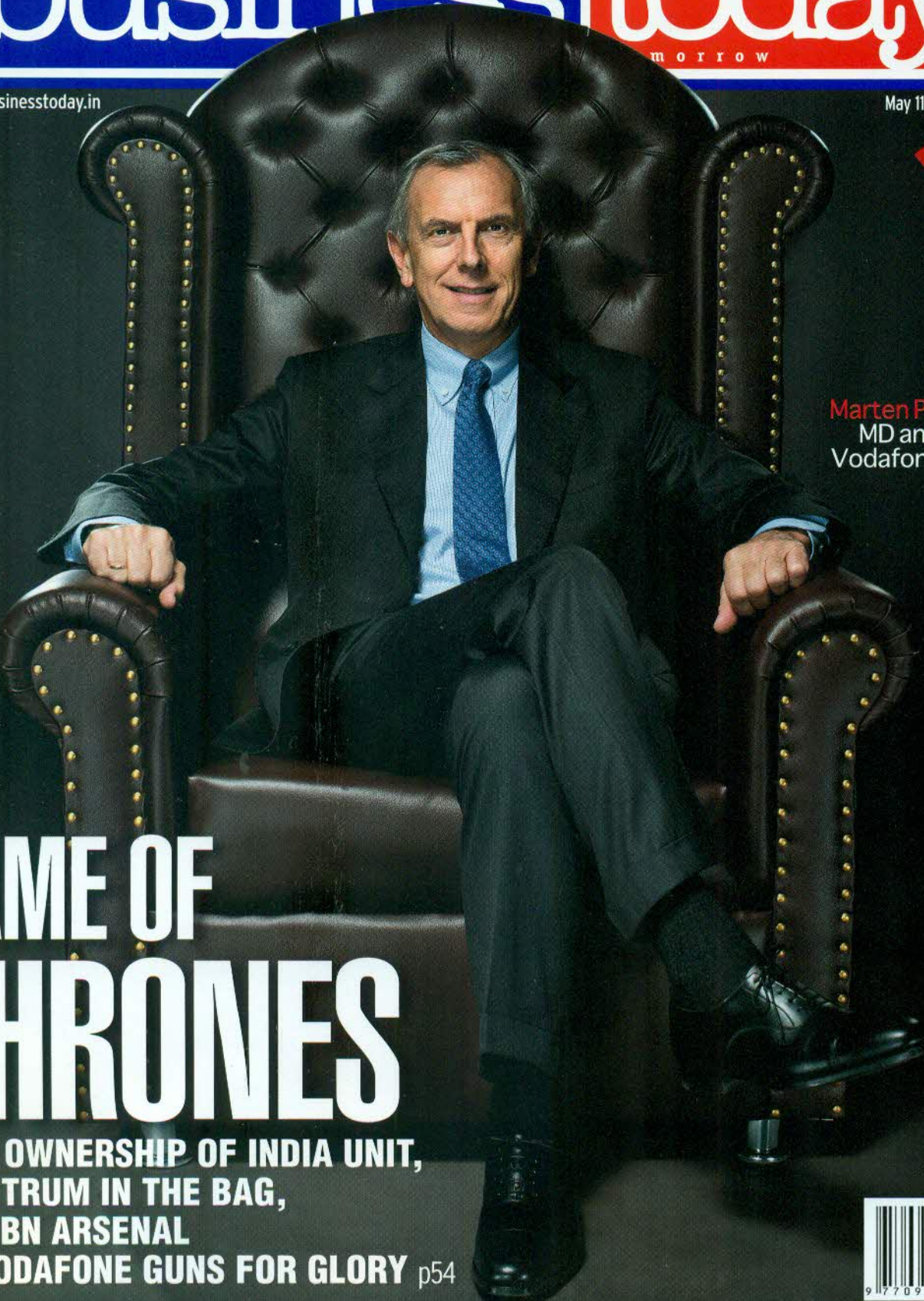
M O T T O W

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**Marten Pieters,**  
MD and CEO,  
Vodafone India



# GAME OF THRONES

**FULL OWNERSHIP OF INDIA UNIT,**  
**SPECTRUM IN THE BAG,**  
**A \$3 BN ARSENAL**  
**— VODAFONE GUNS FOR GLORY** p54





# DESERVING THE

**Bandhan**

THE WINNER

**NATURE OF BUSINESS**  
Gives micro loans

**CONTRIBUTION TO THE ECONOMY**  
A sustainable financial inclusion model in a country where 60 per cent of the population is unbanked

**PORTFOLIO**  
97 per cent loans given to small women entrepreneurs doing zari work, selling vegetables, tailoring etc

**FINANCIAL PERFORMANCE**  
Revenue: ₹937.28 crore  
Net profit: Not Available

**STARTED IN**  
2001

**NO. OF EMPLOYEES**  
13,010

**TOTAL ASSETS**  
₹6,769 crore

**BRANCH NETWORK**  
2,000 plus branches all over India, but major presence in eastern region

**LOANS AND ADVANCES**  
₹9,199 crore

**ASSET QUALITY**  
NPAs very low, 0.13% of net advances

**IMPACT OF SLOWDOWN**  
None, business is growing

(Assets and loan figures for 2013/14, unaudited)  
Source: BT Research



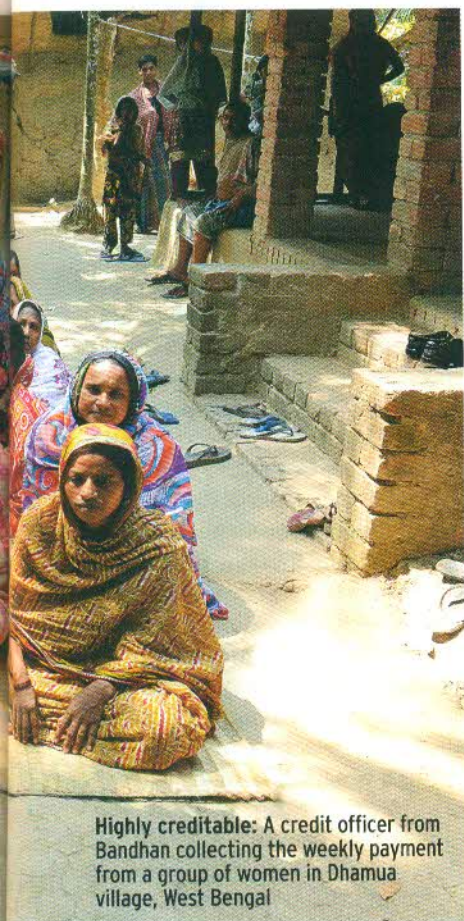
Change agent: Chandra Shekhar Ghosh, Founder Chairman, Bandhan Financial Services

**M**arufa Laskar, 50, is a zari worker, with four children living in Dhamua village of West Bengal. She also sells readymade children's wear door to door. She is a typical example of the average borrower from Bandhan Financial Services, the Kolkata-headquartered microfinance institution (MFI), which has now been





# HONOUR



**Highly creditable:** A credit officer from Bandhan collecting the weekly payment from a group of women in Dhamua village, West Bengal

PHOTOGRAPHS BY SUBIR HALDER

**How do the winners of the two new banking licences – microfinance lender Bandhan Financial Services and infra institution IDFC Ltd – measure up to the challenges of operating as full-fledged banks?**

By ANAND ADHIKARI

banks hardly exist, with bulk of the loans ranging from a minimum of ₹1,000-₹50,000 invested in small businesses such as zari work, tailoring, fish and vegetable selling, running small provision stores and so forth. To turn into a bank it will now have to mobilise low-cost deposits, both savings accounts and current accounts, which will enable it to lower the interest rate on its loans as well. (Currently, Bandhan, like all other MFIs, borrows from banks.) “We are willing to accept even ₹100 as deposit. We will go doorsteps of people to garner deposits,” says Chandra Shekhar Ghosh, Bandhan’s soft spoken Founder-Chairman. (See interview on page 70.)

granted a licence by the Reserve Bank of India to get into full-fledged banking. Laskar borrowed ₹25,000 from Bandhan six months ago, and every Friday a credit officer from Bandhan visits her village to collect her weekly installment repaying it. Laskar has never defaulted.

Bandhan, set up in April 2001, has been helping relatively poor people in areas of the country where

Bandhan is startlingly different from the other institution that has also been granted a banking licence – IDFC Ltd. In terms of client profile, management bandwidth and asset size, the two are a study in contrast. What they do have in common – apart from plush, glass-and-steel headquarters – is that IDFC too was created to satisfy another unmet need of growing India: encouraging private sector involvement in infrastructure development. IDFC was formed in 1997, following the

recommendations of an expert group on commercialisation of infrastructure projects chaired by Rakesh Mohan, later RBI deputy governor. Why get into full-scale banking? “IDFC has a very significant footprint in the corporate landscape but we are able to provide only a very narrow class of products (only term loans) to that client base,” Rajiv Lall, Executive Chairman, said at a conference call with analysts a year ago. “Converting into a bank opens up the opportunity to serve an existing client base with a range of new products that today go to banks and other institutions.”

## Why These Two

The choice of Bandhan and IDFC by the RBI as the first two to be granted bank licences among the 26 which had applied, has surprised many. Among those still waiting are biggies such as the Aditya Birla Group, the Reliance ADA Group, the Bajaj Group, the Shriram Group, L&T Finance, Indiabulls and LIC Housing. Why these two? “A question the regulator had been grappling with was how to avoid creating replicas of existing private sector banks,” says a person who has been close to the process. In

