

Business Line

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ICICI BANK MICRO CREDIT DISBURSEMENTS TREBLE

Chennai, March 16. ICICI Bank's foray into micro-credit seems to be paying off, as the bank's disbursements have nearly trebled to Rs 702 crore so far this year.

Last year, the bank disbursed Rs 245 crore. Sanctions this year amounted to Rs 916.50 crore compared with Rs 260 crore last year. As on date, the bank's micro-credit book stands at Rs 648 crore, compared with Rs 185 crore at the end of 2003-04.

"There is no altruism, it is all business and driven by the need to find new markets," ICICI Bank's Executive Director, Dr Nachiket Mor, told Business Line.

Dr Mor heads the micro finance initiatives of the bank.

The bank has built partnerships with some 40 micro credit institutions and credit is delivered through them.

Dr Mor said that a million households had been provided credit by the bank through the partner organisations. Alongside, one lakh rural health policies had been sold, he said.

Dr Mor believes that the demand for micro credit in India is about Rs 45,000 crore every year, against which the entire organised financial sector has cumulatively disbursed around Rs 3,900 crore.

He said that ICICI Bank's micro credit book had grown over 100 per cent over the last one year and now the effort "is to accelerate the growth further."

The bank intends to get into tie-ups with some 200 micro credit institutions.

One such institution, with which the bank has had a tie-up for a year now, is the Chennai-based Micro-credit Foundation of India, run by Dr K.M. Thiagarajan, former Chairman of the erstwhile Bank of Madura. The organisation has disbursed Rs 150 crore in the last one year.

In a paper on 'Expanding Access to Financial Services-Where do we go from here?' Dr Mor observes that "the **500-million unbanked** (people) present an obvious opportunity."

Among others, he calls for the setting up of a Specialised Rural Credit Bureau. "Nabard could own and manage this bureau and issue standardised, machine readable, smart cards to every rural individual who seeks any type of financing for the first time."

Meanwhile, Nabard has initiated steps towards getting at least some of the micro financial institutions (MFIs) rated by a rating agency.

Nabard's Chairperson, Ms Ranjana Kumar, recently told journalists in Chennai that there were about 3,000 MFIs in the country. The development bank's effort is "to take around 200 of them and get them rated, so that banks could lend to them (cheaper)," she said.

M. Ramesh