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Helping lift economic status of rural women – the Kissandhan way!

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The SLCM subsidiary offers short-term loans, plans new products with longer term

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Lalitha JLG of Dhabla village, Rajasthan

Radha Bheru and her family in Dhabla in Madhya Pradesh's Mandsoor district cultivate wheat on the 2 acres of farm they own yearly. The family cannot grow any crop during kharif as water from neighbouring farms enters their farms. It made them toil as agricultural workers.

Four years ago, the family's prayers for a better living were answered through Kissandhan Agri Financial Services. The financial services firm initially gave a loan for the family to set up a vegetable shop. It has now added a grocery shop with big plans for the future.

"We didn't have anything until Kissandhan reached out to us. We initially got ₹60,000 as a loan and paid it. We then took ₹80,000. We will complete paying back the loan in the next few months," said Bheru, whose husband and younger son take care of the shop.



Kissandhan CEO Gurinder Singh Sehmbey

Due diligence with neighbours

Like Bheru many women have availed of loans from Kissandhan, a 100 per cent subsidiary of Sohanlal Commodity Management Limited (SLCM). For example, ten women from Rajasthan's Dhabla village formed Lalitha JLG (joint liability group) to secure ₹7.6 lakh from the non-banking financial company (NBFC).

These women were working as labourers under MGNREGA. After availing of the loan, the women bought buffaloes and sold milk. It has helped them to support their family and plan a better future for their children.

According to Golu Yadav, who heads the Jhalwar branch in Mandsaur district, the NBFC did due diligence by talking to Bheru's neighbours before extending them the loan the first time.

Kissandhan CEO Gurinder Singh Sehmbey told businessline that the parent firm SLCM, established in 2008, is one of the largest collateral managers in the country. Therefore, it decided to service retail clients who were not getting funds and were untouched by the banking system.

38,000 beneficiaries

Kissandhan was launched in 2014 to work in Tier 2, 3, 4 and five towns. "We wanted to work with a progressive set of people who want to enhance their businesses," he said.

Sehmbey said since 2020, Kissandhan began to encourage and enrol women entrepreneurs through various schemes such as micro-lending and working with farmer-producer organisations (FPOs).

Till now, the NBFC has provided loans to over 38,000 women entrepreneurs. "It is growing month-on-month. The management of funds by these women is good. Ultimately, we have seen them progressing in terms of their living style. Their earning potential has been increasing rapidly," he said.

Of late, the NBFC is discussing new products with a focus on enrolling women, he said, adding that Kissandhan is looking at long-term products compared to the current short-term ones that run for six or 12 months or 24 months.

Jan Samriddhi loans

“At times, entrepreneurs may require funds that are over two years. It can go up to 5 years. It can help them improve their processing or face challenges to get into new industries,” Sehmbe said.

In this regard, Kissandhan is soon planning to launch Jan Samriddhi loans focussed on women entrepreneurs in rural areas with a long-term objective. In this, the NBFC may seek collateral for the loan that is extended compared with other schemes where the lending is unsecured. The loan’s tenure can run up to five years.

Kissandhan is currently focussing on Rajasthan and setting up about 10 branches in the State. Over the next 2-3 years, it plans to have over 50 branches to handle such loans apart from existing ones.

On the schemes, the Kissandhan CEO said the NBFC looks at the capability of the entrepreneur and creates a scheme depending on their income and the business they are into. The NBFC creates a group by identifying the entrepreneurs and extends group lending.

Average loan size

“A lot of training is imparted to these women entrepreneurs through our loan service provider (LSP), and then, accordingly, monitoring happens. So within this particular scheme of things, we have another where the individual comes into play,” he said.

For women-oriented FPOs, Kissandhan provides unsecured lending that is short-term between six and 12 months. It is based on their cash requirement for the crop they cultivate. “One programme is for input and buying. The second is for the output buying and selling of the commodities. And the third is related to entrepreneurs or enterprises FPOs, where they need capital regularly for working capital and long-term capital,” said Sehmbe.

Kissandhan usually prefers lending to women entrepreneurs with the size of the loan varying between ₹30,000 and ₹1-1.5 lakh, he said, adding that all loans are “unsecured in nature” currently. However, the average size of the loans is ₹35,000-40,000.

Kissandhan has a presence in almost all States barring the North-East and Jammu and Kashmir. “We are currently in 14 States in which we are actively present. But we have a presence in other States as well, but that is very minuscule,” the NBFC’s CEO said.

Impactful States

Of the 14 States, Kissandhan is aggressive in nine. Among the States, the NBFC has found Maharashtra and Odisha as more impactful ones. “Of late, we have decent experience in West Bengal. Bihar has performed well as also eastern Uttar Pradesh. We have had a good story in Rajasthan and Andhra is a very mature market,” he said.

Kissandhan has about ₹70 crore outstanding from the money it has lent. The NBFC has a ₹250-crore limit for its programmes. All loans are disbursed via the customer’s bank account.

The loans have almost 100 per cent recovery with the collection being done by through its UPI account. Its LSPs too collect cash and deposit it in the bank the next day.

Kissandhan is looking to expand further in Madhya Pradesh, a strong player, since it has only a small portfolio in the central Indian State. The NBFC does multiple cycles of loans, improving in each cycle. It does a maximum of three to five cycles until the client becomes bankable.

With the government focusing on the role of rural women, particularly in drone technology, Kissandhan will look for opportunities in such entrepreneurial programmes, said the NBFC’s CEO.