

Individual Business Loan Pilot Launched

This May Ujjivan launched the Individual Business Loan (IBL), a new product separate from the group lending system that offers larger loan sizes to individuals looking to expand their small enterprises. A branch opening ceremony was held to mark the first IBL loan disbursement and to inaugurate the new office premises, which are dedicated specifically to this product.

The IBL, with the tagline “Build a Better Business,” offers loans starting at Rs. 25,000 to experienced business owners for capital expansion and asset improvement. These larger loan sizes are available to existing Ujjivan customers as well as the open market, and offer an alternative to the group lending system by providing larger loan sizes without the group guarantee structure. In this way, IBL offers new opportunities for diversified financial products and acts as a stepping stone into the mainstream financial industry for the underserved.

To develop and launch the Individual Business Loan, Ujjivan teamed up with Women’s World Banking, an internationally recognized microfinance network organization. The IBL is currently in a 6 month pilot phase, with operations in Bangalore’s Chamrajapet and Whitefield branches.

The product launch occurred in symphony with the Chamrajapet branch opening, which took place on 26th, June 2008. Samit Ghosh, CEO of Ujjivan, and Ajit Grewal, Executive Director of Ujjivan, were in attendance to witness the branch inauguration, as well as the first IBL loan disbursement. Susheela N., the first customer to avail an Individual Business loan, took out Rs. 40,000 to build up her clothing shop. Susheela currently stitches and sells modestly priced saris and also has a contract with a local school to make their school uniforms. She hopes to use the loan funds to improve her business inventory and begin selling saris in the Rs. 3500 price range.

Mr. Grewal, who played an advisory role in the product’s development, remarks on the impact of the IBL product. “This product gives our business customers a way forward, a way that allows them to grow with us and us with them...For our company, it is one more avenue for upwards progression, and there is potential for large exposure in this market, which is currently somewhat underserved by commercial banks...It does however require for a larger depth of financial analysis and understanding of the business.”



First IBL Customer