

ESAF Small Finance Bank : An Overview towards – Origin- Service Rendered and Recent Developments

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Abstract

ESAF is Small Finance bank and these banks provide simple banking services in the shape of accepting deposits and lending money. it's far a newly added and rapid-developing finance bank in Kerala. This has a look at is worried about ESAF Small Finance Bank and how those small finance banks differ from other banks. therefore, thru the take a look at especially focuses on the ESAF small finance financial institution, the numerous offerings furnished using ESAF banks to the society and the latest tendencies of ESAF bank.

KEYWORDS: ESAF, Deposit, Lending

INTRODUCTION

The idea of microfinance that turned into incepted via Professor Yunus, became to offer microloans to the poorer phase of the society who otherwise have no get entry to traditional bank loans, more specifically to the ladies of that community to assist them to become self-sufficient and financially unbiased thru their companies and companies. They get a small amount of loans, without any collateral for starting and expanding their small businesses and these types of are carried out inside near supervision of the microfinance businesses which might be lending. The mortgage price is accomplished on a weekly or monthly basis generally in small instalments and loans are accepted for quick or medium terms. One such small finance banks which might be providing the first-rate provider amongst the organization is ESAF Small Finance financial institution. ESAF Small Finance financial institution was formerly referred to as ESAF Micro Finance before turning into a financial institution, it served its patron as a non-banking finance agency and microfinance organization (MBFC-MFI). The headquarters of ESAF Small Finance financial institution is located in Trissur city within the nation of Kerala. ESAF Microfinance constantly trusts in taking walks the speak. That's what they truly did by using putting social performance into practice. The idea changed into to obtain social goals and locate a hit answers for the sustainable development in their customers. those banks pursuits a society, with equal possibilities, having complete get right of entry to sustainable economic services, which help in selling livelihood opportunities and financial development. The assignment of ESAF financial institution is to be a main financial group supplying patron centric merchandise thru excessive satisfactory service with the aid of the use of innovating technology to the unserved households.

REVIEW OF EXISTING LITERATURE

The goal of the studies is to understand what are the product and offerings supplied by ESAF bank and the way it allows the clients and customer technique in the direction of the financial institution, the research literature continues to be evolving. consequently, this paper pursuit to address the gap of understanding of the difficulty and consequently add to the principles of information on the subject.

OBJECTIVES

- 1.To showcase the history of ESAF bank
- 2.To understand the various services provided by ESAF banks to the society.
- 3.To exhibit recent developments of ESAF bank

RESEARCH METHODOLOGY

The study uses the descriptive research method to collect data from secondary data sources from various newspapers and journals.

DISCUSSION

THE HISTORY OF ESAF BANK

On 11 March 1992, K Paul Thomas, along with Mereena Paul and a few friends, started ESAF in a small house in Mannuthy named Little. Jacob Samuel, one of the co-founders, coined the name ESAF, which is an acronym for Evangelical Social Action Forum. At inception, ESAF had five life members, seven annual members and eight honorary members. ESAF society was registered under the Travancore Cochin Literary, Scientific and Charitable Societies Registration Act. The initial president was Itty Mathew, J Danabai was the vice president, Thomas was the secretary, supported by Samuel as joint secretary and Arun Ramakrishnan as treasurer. In 1995, he launched Micro Enterprises Development (MED) services and it resulted in the formation of ESAF Microfinance and Investments Pvt. LTD. ESAF started lending in 1995 as the first micro-lending company in Kerala. In 2008, giving importance of financial component in the holistic economic development of the poor and marginalized. ESAF Microfinance and Investments Pvt Ltd. was one of the pioneers in establishing a formal and structured form of lending through forming mutually trusted groups at the village level that could not only bring financial sustainability but also reinforced the fact that the poor of our country are trustworthy. In the remote unbanked /underbanked regions of the country, ESAF could cultivate a culture of financial discipline and also improved the worker's participation as women too joined the workforce or started some income generation activity that could financially support their household. ESAF has adopted a unique social business strategy with a triple bottom line approach emphasizing on People, Planet and Prosperity. On 17 March 2017, PinarayiVijayan, the Chief Minister of Kerala officially inaugurated ESAF Small Finance Bank at Thrissur, Kerala. By August 2017, the bank had 3750 employees, 284 branches, and presence in 11 states. In March 2018, a year after its launch, the bank had expanded 4000 employees and 400 branches, with rs.2200 crore (us\$ 338 million) in deposits and rs.4200 crore (us \$6.45 million) in loans. ESAF Small Finance Bank received RBI approval to operate as scheduled banks in December 2018, making the Thrissur based ESAF Small Finance Bank the fifth scheduled bank from Kerala after Federal Bank, South Indian Bank, Catholic Syrian Bank and Dhanlaxmi Bank. The bank's net profit increased to rs.90.28 crore in the 2018 -2019 financial year from rs.26.99 crore the previous year.

THE VARIOUS SERVICES PROVIDED BY ESAF BANKS.

- 1) **Microcredit** – Microloans are supplied for specific functions to create employment or business possibility to its members. The unique need-based totally loans include: (a) earnings producing Loans which has a term of fifty to 75 weeks (b) popular loan given for a period of 50 weeks, (c) Housing Loans with phrases commonly 4 to 7 years, (d) VyaparVikasYojana Loans for a length of four months and (e) Nirmal loan (for easy water and sanitation) given for 2 years.
- 2) **Insurance** – ESAF gives life insurance merchandise at quite competitive prices. This provider is there for each every day and accidental deaths. For coverage

region, ESAF has alliance with megastar Union Dai-ichi existence insurance employer and United India coverage.

- 3) **Business improvement services** are offered through ESAF to the negative human beings inside the form of training for talent improvement as well as for the marketplace access so that they're capable of developing their companies. those assistances are for starting their enterprise or to amplify their current corporations.
- 4) **Different Miscellaneous offerings** — There are numerous other fee-introduced offerings by using ESAF other than microfinance and talent development. those services goal for the usual benefit and development of the clients. Strategic alliances are made via ESAF with different relevant and kingdom Governments, businesses and organizations as a way to expand several services to its customers. those are:

SwalambhanYojana (NPS) — ESAF gives SwalambhanYojana (underneath countrywide Pension Scheme) offerings to the patron. that is performed in alliance with the authorities of India. this is the social protection scheme to allow the poor segment to earn a few fixed profits, the identical manner authorities servants earn after the retirement.

VyaparSewa (additionally called Sanchar Sakthi) – ESAF gives advertising services to its clients. those services are enabled by using cell phones and to be had thru the scheme of principal authorities referred to as Sanchar Sakthi.

JeevanShudh – underneath this service, ESAF gives 'Pureit' – a table pinnacle tool for multi-stage water purification. this is ESAF's initiative to offer wholesome life-style for its clients by using arranging purified water. ESAF, in alliance with Hindustan Unilever, offers it in a smooth purchase scheme by using instalment payments. 'Pureit' gives the safety equal because the boiling water and requires no electricity or going for walks water to perform. whilst the efficiency reduces under the drinkable first-class, its 'car close' mechanism prevents the flow of water and stops functioning till the elements are changed.

Cash switch—ESAF gives cash transferring provider to its clients for remote places bills and receipts. that is finished in collaboration with Western Union money transfer.

Micro strength – that allows you to promote smooth energy, ESAF collaborated with Micro strength credit, united states. products operated with the aid of inexperienced power and power-saving devices like solar lighting, water purifiers and cooking stoves are being furnished to the human beings for wholesome existence. other than the Microfinance loans for IGL, ESAF has added more than one extra mortgage merchandise to improve the living of its clients. these are:

ESAF Vidya Jyoti loan – For the instructional motive of its customers' children, ESAF has brought this mortgage application. ESAF believes that thru the right education, families can come out of poverty and lead a greater effective life. Vidya Jyoti mortgage is given to ESAF individuals' children for each tuition and non-tuition necessities. At locations where primary training is free, these loans are given also to assist the value of purchasing books, exam prices, delivery, uniforms, and so on.

RECENT DEVELOPMENTS OF ESAF BANK

Kerala-based ESAF Small Finance Bank has obtained regulatory nod to drift its initial public providing (IPO). SEBI issued the very last observations to the lenders thought on March 20, consistent with the records published at the capital markets regulators website. The company had filed its Draft crimson Herring Prospectus (DRHP) on January 6, 2020 with the markets regulator Securities and Exchange Board of India for a Rs 976 crore preliminary Public offering (IPO). in line with the DRHP, the IPO incorporates a clean issue worth Rs 800 crore and a proposal on the market (OFS)

aggregating as much as Rs 176.2 crore.ESAF Small Finance Bank has posted 234% growth in internet income for the 12 months 2018-19. The net earnings boom to Rs ninety.28 crore from Rs 26.99 crore in the preceding 12 months. Its interest earnings almost doubled to Rs 1031.63 crore from Rs 596.83 crore. Advances increased forty-four % from the previous yr to Rs 4548.25 crore and deposits rose 41% to Rs 4317 crore. The financial institution was able to deliver down net NPA to 0.seventy seven % from 2.69%. The higher asset excellent and higher interest returns contributed to the growth of the backside line. Our total department community will move 500 marks by using 2020,’’ stated k Paul Thomas, MD and CEO of ESAF Small Finance bank.

CONCLUSION

This look at helped us to understand extra approximately ESAF small finance financial institution and the client technique in the direction of ESAF bank. throughout our have a look at, we apprehend, ESAF small finance financial institution is going to a scheduled financial institution. Now ESAF is the 5th non-public scheduled bank under RBI act 1934. The people in semi-city areas are the clients of ESAF financial institution than city and rural place.ESAF bank offers many kinds of product and offerings to humans.ESAF bank supply greater ladies priority with regards to micro banking sports and maintain a separate account it's miles called pradhana mantra Jan-Dhan account, over 1, forty million girls playing the advantages. maximum of the customers relies on ESAF bank for mortgage centres. clean availability of loans is the essential advantage for the dependence. maximum of the clients isn't aware of the supply of online banking carrier. easy loan availability and high hobby fee of deposits is the primary benefit of ESAF bank compared to different banks. ESAF financial institution provides 24-hour services to all customers. ESAF financial institution offers imaginative and prescient to poor human beings, underneath employed human beings and, mainly ladies. ESAF financial institution rate of interest of deposits is affordable than some other banks. ESAF financial institution presents identical services to all branches, but there may be differences in the number of customers.

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