

Equitas

Providing loans to entrepreneurs



I had an idea to do business, but I did not have the money. Then I heard that we could get a loan. We can use the money we now earn from our business for our children's studies, for taking care of us if we fall ill, and to buy things for our home.

Kala, tailor, Chennai, India



Location

India

CDC investment

US\$22m

Date of investment

2013/14



Equitas

Around 45 per cent of the population in India lacks access to formal finance. Microfinance is an established route of providing credit to the very smallest businesses.

Equitas specialises in providing loans to small entrepreneurs. Based in Chennai, southern India, it lends money to three million microfinance customers across 12 Indian states. Its customers are primarily women who run small businesses, where a loan will help them to improve their business and add to their income.

The company prides itself on lending responsibly. Before loans are made, borrowers attend three days of training sessions. At these sessions they learn more about Equitas, about who qualifies for a loan, and how the loan is to be used. Insurance, interest rates, instalments and terms are carefully explained.

Once loans have been made, Equitas' support for its customers continues. It recognises that giving a loan on its own is not enough and that its customers need broader support. The company offers skills training and health services, supports low-income households with food and grocery expenses, and provides affordable education for its customers' children.

Equitas carefully tracks the impact that its money and support have on its customers. The loans that the company provides are helping millions of entrepreneurs to improve their lives.



Equitas is not just about lending; it's about improving the quality of our clients' lives. We have designed an ecosystem which can address the spectrum of their needs.

John Alex, Group Head of Social Initiatives, Equitas



How CDC's investment supports Equitas

Businesses in developing countries often struggle to find the investment they need to grow. CDC supports the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places. We do this by providing businesses with patient, long-term capital and expertise to help raise their standards.

Since 2013, CDC has invested a total of US\$22 million in Equitas. The investment has helped the company to grow. The number of customers supported by Equitas has grown to over three million today and it now operates almost 500 branches across India.



CDC, by nature, is a long-term investor which really looks into the value that it can add in the long term to a country's economy. . . CDC has been really supportive of us.

H K N Raghavan, CEO, Equitas Microfinance



As well as providing capital to microfinance institutions like Equitas so they can increase lending, CDC works with these institutions to broaden the range of financial services they provide. CDC's investment in Equitas has helped the company to expand into new types of lending for small entrepreneurs. This includes vehicle finance, which gives drivers the opportunity to buy a second-hand commercial vehicle and so generate more income.



CDC has been quite positive in terms of our new products as well. We started with microfinance, and engaging with the same segment of clients we introduced used commercial vehicle and housing products.

H K N Raghavan, CEO, Equitas Microfinance



How Equitas creates jobs

Supporting microfinance customers

Kala lives in one of Chennai's poorer neighbourhoods. Here, unemployment among women is high. She runs a tailoring business with her husband.

Like millions of Indians, Kala doesn't have a bank account. She found it hard to borrow money when she wanted to buy a sewing machine and start a business. Equitas loaned Kala the money she needed.

Kala is now close to repaying her first loan of 10,500 rupees (approx. US\$160). She has used the extra money she has earned from her business to pay for household expenses, healthcare costs, and her children's education.



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Kala, tailor, Chennai, India



Supporting vehicle finance customers

Venkatesan is a lorry driver in Chennai who transports goods between Chennai airport and the port. He has found it hard to borrow money to start his own business. He turned to Equitas to help buy his vehicle.

After successfully repaying his first loan of 300,000 rupees (approx. US\$4,500) over a period of three years, Venkatesan has now taken out a second loan with Equitas. As a result, he has been able to buy three vehicles. His business is doing well, and as a father of three children, he is able to use this income to pay for his children's school and college fees.

Thanks to its expanding vehicle finance business, Equitas now supports 80,000 vehicle finance customers like Venkatesan.



Now I have purchased three vehicles and it is because of the help I got from Equitas. I have also settled some other problems – college and school fees are big things to manage. Because of the financial assistance from Equitas my life has improved.

K R Venkatesan, lorry driver, Chennai, India



A loan from Equitas enabled Kala to start her tailoring business



CDC's investment is supporting Equitas expand into new types of lending such as vehicle finance



Lorry driver Venkatesan has been able to buy three vehicles through an Equitas loan

About CDC

CDC is the UK's development finance institution, owned by the UK Government. Our mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places.

Businesses in developing countries often struggle to find the investment they need to grow. CDC helps meet that need by providing businesses with patient, long-term capital and expertise to help raise their standards.

We aim to invest in countries where the private sector is weak and jobs are scarce, and in sectors where growth leads to jobs, especially agribusiness, construction, education, financial institutions, health, infrastructure and manufacturing. These jobs can be created directly in the businesses in which we invest, but also indirectly in supply chains, through local spending of wages, and through better access to power and finance.

As a responsible investor, we support businesses to achieve good environmental, social and business integrity standards. Examples include supporting them to improve working conditions in factories, reduce negative environmental impacts, or enhance community facilities.

We want the businesses we invest in to be financially successful, because this is how they can grow, create jobs, and make a lasting difference. We also aim to show that it is possible to invest successfully in challenging environments, in order to attract commercial capital to these countries and sectors. The financial returns from the businesses CDC invests in are reinvested into other businesses. In this way, CDC is able to help more businesses grow and provide jobs.

CDC is a pioneering institution that has been investing in developing countries for almost 70 years. Over 1,300 businesses in developing countries are supported by CDC's capital, with over 350 of these businesses in South Asia.

Find out more about our work at www.cdcgroup.com

