

# LMFPA News Bulletin

May | June 2022

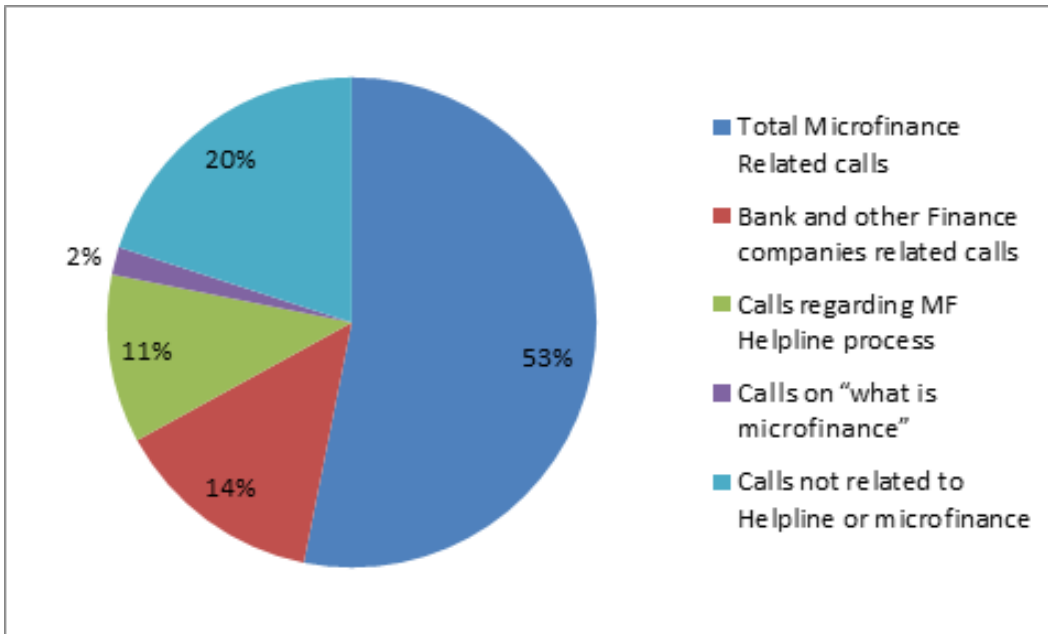
## Summary of the Microfinance Helpline

The Microfinance Helpline that was launched last year was established for the purpose of addressing grievances faced by microfinance clients and to persuade the stakeholders to take time-ly corrective measures for such grievances.

Since the launch of the Microfinance Helpline in August 2021, we received moderate responses from the public. Therefore LMFPA launched a media campaign with the financial support of Stromme Micro Credit in order to create more awareness on the Helpline. The first stage was Television crawlers on Derana TV and Vasantham TV in October 2021. Thereafter we conducted a poster campaign at the village level in the districts of Hambantota, Batticaloa, Anuradhapura, Polonnaruwa, Trincomalee, Jaffna and Kurunegala. More than 14,000 posters were distributed to GN offices, Samurdhi Banks, Economic Development offices and Divisional Secretariats. The last stage was on Social Media predominantly Facebook that began in January this year.

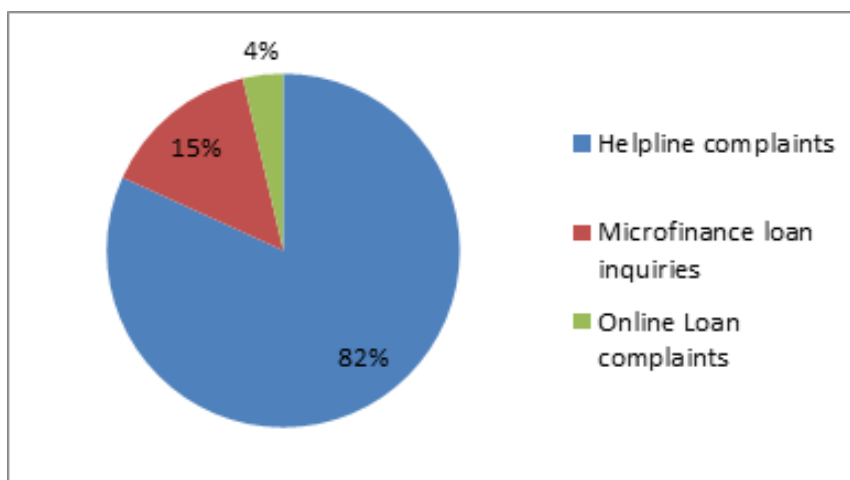


1	Total Microfinance Related calls	406
2	Bank and other Finance companies related calls	106
3	Calls regarding MF Helpline process	85
4	Calls on "what is microfinance"	14
5	Calls not related to Helpline or microfinance	153

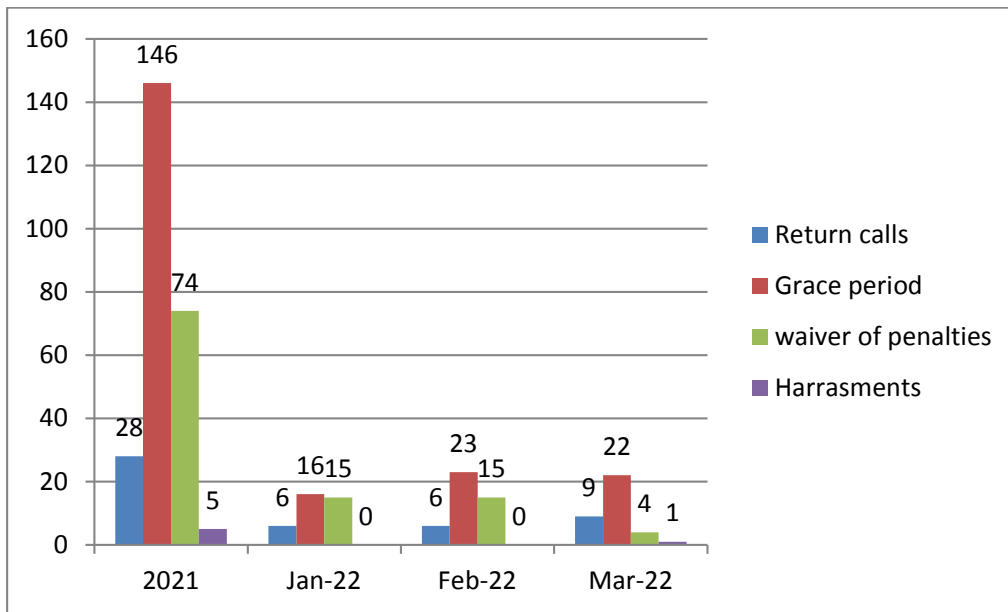


Total Microfinance related calls can be further segregated to:

1	Helpline complaints	332
2	Microfinance loan inquiries	59
3	Online Loan complaints	15



The complaints received on the Helpline from microfinance clients can be further categorized as follows:



It must be said that some calls had complaints on multiple loans obtained from MFIs by clients. Therefore the requests on grace period and waiver of penalties have increased to that effect.

Throughout the period of inspection, it was evident that the majority of calls from microfinance clients were related to extending their repayment obligations and requests for waiver of late payment penalties. The allegations made by 3rd parties on suicides were baseless as not a single suicide was reported. Only a handful of complaints were received regarding harassments to which swift action was implemented by the MFIs to address the issues.

## **“HNB FINANCE initiated the growth of our business”**

Suranga Kasthuriarachchi – Richmo Tailors

*The ever-bustling Kohuwala Junction in Nugegoda is getting busier these days due to the flyover being built across the Kohuwala Junction. The front of the shops on either side of the road has been razed to the ground, but the nameplate of Richmo Tailors can be easily spotted from a distance. Richmo Tailors is one of the most popular tailor companies in Kohuwala.*

*Due to this, getting Suranga Kasthuriarachchi, the owner of Richmo Tailors, into a conversation was not as easy as we thought, as he had been interrupted from time to time to look into the needs of the customers.*

### **Suranga Kasthuriarachchi:**

I first worked for a few years in a tailor shop I used to know, where I felt the need to start my own tailor shop. Beginning my journey, I rented a small place and started my own tailor shop. In a short time, more and more people came to me to buy clothes, exceeding my expectations. To meet that demand, I needed to buy another machine, but there was no money to buy a new machine as the money in hand was reinvested in the business. There was no place to take a loan. No matter how much I wanted to add new things to the business, like everyone else, I was faced with the problem of money. We didn't even have enough assets to get a loan from a bank- and that is when HNB FINANCE came to our aid.

My wife is Nilanthi Kalugamage. She joined HNB FINANCE's 'Diriya' microfinance scheme. As a result, we were able to buy a sewing machine at that time.

*Nilanthi, who was on her way to school for her daughter's school activities, entered the tailor shop at this moment, allowing us to hear the rest of this encouraging story from her.*

### **Nilanthi Kalugamage:**

I joined HNB FINANCE because I wanted to help my husband's business. The kind staff of HNB FINANCE who inquired into my need arranged expeditiously to give us the loan required to continue the operation of this tailor shop. Having obtained the first loan of Rs.15,000, today we have obtained loans of up to Rs.500,000 from HNB FINANCE. We tailor all of our customers' clothing needs in this area, from school uniforms to wedding dresses, at our tailor shop. I am happy to say that today we have been able to provide employment to six more people. It is with great gratitude that I say that HNB FINANCE provided us with the initiative and the financial strength to successfully continue our business to this day.

HNB FINANCE  
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## **Berendina Empowers Agri Sector by establishing 31 High Quality Compost Production Enterprises**

*Berendina Micro Investments Company Limited (BMIC) well known as 'Berendina' among its clients has been supporting the rural farmers in various ways from the inception of the organization in 2007. Nearly 35% of BMIC clients have obtained credit facilities for agriculture activities.*



*As Sri Lanka's agriculture sector moved towards increased use of organic manure, there is a huge demand for good quality organic manure produced in the country. Berendina mooted the new project of promoting production of high quality compost at*

*rural level. Thirty-one (31) new compost production businesses will be established under this initiative. Machineries such as Shredder Machines and Compost Bag Closer Machines will be provided for 31 entrepreneurs as a donation.*

*These Shredder Machines will be used to cut the raw materials such as plants Gliricidia, Green leaves, Weeds, Banana leaves, Banana trunk, Salvenia, Vegetable peelings and Crop waste in to small parts at the very first stage of the compost production. These machines are capable of processing minimum 500 Kg of raw materials per hour. In addition, BMIC will also provide Polypropylene bags for each entrepreneur at the starting stage of the business activity.*

*The selected Berendina clients from its 11 operational districts including Ampara, Anuradhapura, Badulla, Batticaloa, Kandy, Kegalle, Kilinochchi, Mullaitivu, Nuwara Eliya, Trincomalee and Vavuniya will be provided comprehensive training on compost production. The Quality control will be done by Department agriculture through periodic certification. The new compost production enterprises will provide good quality compost for farmers in the area at a competitive price,*

## Main objectives of the Project

- To promote the commercial level compost production as a viable business venture
- To provide good quality compost to the farmers in order to ensure undisturbed crop production
- To motivate the clients to adopt the organic cultivation practices to provide safety food to consumers and protect soil and environment



Stromme Micro Credit (Gte) Limited (SMCGL) provides 50% of the project cost. 25% is contributed by Berendina while the entrepreneurs will bear the balance 25% of the project cost. Total project cost is Rs. 9.5 Mn. Berendina bears the full project implementation cost additionally.

The official distribution ceremony for the handing over the Shredder Machines as well as Compost Bag Closer Machines to selected clients was held at 11 locations on 06 July 2022 at 10 a.m. Berendina branches in all 11 operational districts organized these special ceremonies simultaneously with the participation of special dignitaries.

For the ceremony organized by Berendina Kahatagasdigiliya branch, Mr. R. Senthil, Divisional Secretary, Ms. C. P. Gamagedera, Samurduhi Manager, Traffic OIC of the Police Station S. Ranasinghe, Mr. A. N. M. Bandara, Officer of Vidata Resource Center as well as other invitees participated. The special invitees for the ceremony organized by Berendina Dehiowita Branch include Mr. M. N. S. Weerasinghe, Assistant Divisional Secretary, Ms. Anupama Dharmadasa, Export Agriculture Officer as well as Mr. D. S. C. Sugathapala, Agriculture Instructor. Mr. Kushan, Assistant Manager, Nayapana Estate, Ms. Jeewanthi, Mr. Charith, Agriculture Instructors, Police Officers Mr. Gunasekera and Mr. Oshen were the special guests of the ceremony organized by Berendina Kothmale Branch. Berendina Thambalagamam Branch ceremony was graced by Ms. J. Sripathi, Divisional Secretary, Mr. A. H. M. Ashhar, Agriculture Instructor, as well as Mr. Senthuran, Technical Assistant.



Berendina Kalmunai Branch ceremony had the special invitees including Mr. T. J. Athisayaraj, Divisional Secretary as well as Mr. S. Sasikaran, Agriculture Instructor. Mr. K. Vimalanathan, Divisional Secretary, Mr. K. Kanageswaran, Assistant Divisional Secretary, Mr. R. Kukuladasan, District Agriculture Director and Ms. V. Samsiya, Development Officer were present for the ceremony organized by Berendina Mullaitivu Branch. Berendina Vavuniya Branch ceremony was graced by the presence of Ms. S. Priyatharshini, Assistant Divisional Secretary, Ms. Logeshwary, President of Women Rural Development Society as well as Mr. Sujenthiran, Ag-

*riculture Project Officer. The special invitees for the ceremony organized by Berendina Kilinochchi Branch include Ms. Malini, In-Charge Agriculture Regional Director as well as Ms. Rajani, Representative of Women Rural Development Society.*

*Berendina will continue its support to the selected clients while their commercial level production continues, in the form of getting relevant certification of business registration and other certificates, periodic quality testing of samples, monitoring and evaluation and future expansion of the project. In the longer run, Berendina hopes to expand this project by providing more support to its micro credit clients so that they can directly contribute for the food production of the country.*



## About Berendina

Berendina is one of the largest development organizations in Sri Lanka consisting two separate entities, namely Berendina Micro Investments Company Ltd (BMIC) and Berendina Development Services (GTE) Ltd (BDS).

Berendina Micro Investments Company Limited well known as BMIC, is the first licensed microfinance company under the Microfinance Act No.6 of 2016. BMIC is established in order to provide Microfinance services to the rural and plantation communities in Sri Lanka. The company's clientele is well over 67,000 with an outstanding loan portfolio of Rs. 2.6 Billion in 2021.

BMIC provides not only financial services such as credit and savings, It equally provides a range of non-financial services through its 'Enterprise Development Services' (EDS). These services are training for farmers, linking government subsidy programmes, facilitation of livestock insurance, business counseling and information provision, enabling supply and marketing linkages, organizing environment conservation programmes such as production of biogas and bio energy as well as organic cultivation programs. Due to its profound dedicated service towards Agriculture sector, BMIC received the award for the Best Agricultural Lending Company in Sri Lanka for the year 2021 from the Global Banking & Finance Review, UK for the year 2021.

BMIC also won the Donor's Choice Award from SCALE 2021 Green Creative Adaptation Award for its' Biogas and bio energy initiative.

Berendina Development Services (BDS) provides various kind of assistance such as housing, drinking water, Sanitation, Health, infrastructure development and Livelihoods to economically active and inactive poorest people in selected rural and plantation areas. BDS also facilitate rural and plantation youth to find productive employment. They are counseled and encouraged to attend vocational or professional training and also provide scholarships for poor youth for vocational, professional trainings and Advance level education.