



Sa-Dhan

The Association of
Community Development
Finance Institutions



Sa-Dhan National Conference - 2016

Financial Inclusion on Path to Sustainable Development Goals

14 & 15 September
India Habitat Centre, New Delhi

National Conference 2016

Financial Inclusion on Path to
Sustainable Development Goals

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India Habitat Centre,
New Delhi

Organized by



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About Sa-Dhan

Sa-Dhan

Sa-Dhan is the largest and oldest association of Community Development Finance Institutions in India and a Self Regulatory Organization (SRO) with a membership base of 180 Institutions from diverse legal forms, operating model, size and philosophy. Our network reaches out to 33 States/UTs and 588 districts in India with over 40 million underserved clients and loan outstanding of more than Rs. 63,853 crore.

Sa-Dhan has been engaged with the Govt. of India, State Governments, RBI, NABARD, SIDBI, NHB and others in promoting responsible finance and facilitative policy and regulatory regime.

Mission

Sa-Dhan's mission is to build the field of community development finance in India, to help its members and associate institutions to better serve the low income households, particularly women, in both rural and urban India in their quest for establishing stable livelihoods and improving the quality of life.

The Pillars of Sa-Dhan's works are

1. Sector Representation & Policy Advocacy
2. Research, Data and communications
3. Capacity Building

1. Sa-Dhan as an association has a mandate to engage with policy makers and regulations to provide a favorable policy environment for the promotion and growth of microfinance and financial inclusion in India. It played a crucial role while drafting the Microfinance (Development & Regulation) Bill 2007 & 2012 in association of Ministry of Finance, GoI. Post AP crisis, Sa-Dhan has been instrumental in framing new sectoral regulations for the MFIs, creating a separate category of NBFC-MFIs, PSL guidelines, undertook COC assessments, etc. Sa-Dhan has taken various initiatives in setting up successful MFI Credit Bureaus & boosting the Self Help Group Banking movement in India.

2. The Reserve Bank of India has recognized Sa-Dhan as a SRO for NBFC-MFIs. The primary roles and responsibilities entrusted to Sa-Dhan includes: formulating and administering a Code of Conduct recognized by the Bank, having a grievance and dispute redressal mechanism for the clients of NBFC-MFIs, responsibility of ensuring borrower protection and education, monitoring compliance by NBFC-MFIs with the regulatory framework put in place by the Reserve Bank, surveillance of the microfinance sector, training and awareness programmes for the members, Self Help Groups, etc and submission of its financials, including Annual Report, to the Reserve Bank.

Sa-Dhan has been engaged in the following sector building initiatives since its inception.

- Promoting transparency in the Sector
- Industry Standards and Benchmarking
- Voluntary Mutual Code of Conduct for its Member Institutions
- Industry Code and Ensuring Compliances
- Social Performance Reporting
- Action Research and Publications of Sa-Dhan

3. Sa-Dhan's capacity building initiatives have been largely two folds; firstly technical inputs to members, non-members & practitioners and secondly perspective building for the institutions engaged in ensuring financial inclusion such as banks, policy makers, government bodies.

During the last few years, Sa-Dhan has intensified its training and capacity building in the area of regulatory and code of conduct compliance. This includes client protection principles and social performance initiatives. Client protection principles included important principles such as prevention of over-indebtedness, transparency, responsible pricing, appropriate collections practices, ethical staff behavior, mechanisms for complaint resolution, and privacy of client data.

Sa-Dhan brings together best trainers to train the member institutions on the issues, apart from in-house specialists. Most of these capacity building programmes are at a minimal cost for Member institutions. The list of training and courses Sa-Dhan has offered at various point of time is mentioned below.

- Compliance to RBI regulation
- Code of Conduct compliance and assessment process
- Governance and Risk Management
- Curriculum for front line staff of MFIs: now with IIBF
- Delinquency Management
- Perspective Building Program
- Microfinance Education Program
- Livelihood Education Program
- Financial & Operational Standards & Ratios
- Financial Literacy & Client Education
- Financial Management & Analysis



Conference | Overview

Sa-Dhan National Conference 2016 (Day-1) “Financial Inclusion on Path to Sustainable Development Goals”

Inaugural Session

SUMMARY

1. Microfinance has now turned into a large-scale movement and it is evolving rapidly.
2. A natural link between financial inclusion and sustainable development has been realized and MFIs are now working towards strengthening it.
3. Sustaining inclusive growth depends on sustained financial stability and equitable distribution of wealth.
4. There is a need for MFIs to spread their geographical footprint in order to register an impact.
5. MFIs now work as business correspondents of banks and they have worked efficiently at increasing outreach and easing out the process.
6. Important schemes like Pradhan Mantri Jan Dhan Yojana and Mudra loans, etc. are now acting as game changer in the domain of Microfinance and are playing an important role in ushering new innovations in this sector.

Accomplishments & Expectations: Stories from the Clients Interaction between clients and policymakers

1. There is an urgent requirement to establish a direct interaction between the government and women entrepreneurs.
2. The significance of MFIs lies in their ability to provide financial stability and not just credit need.
3. The rapid growth of entrepreneurship in rural India also brings in more opportunities for the micro-finance sector.
4. The major challenges pertaining to entrepreneurship in rural India:
 - a. Need to be connected to the reality on-ground.
 - b. Efficient implementation of different programme.
5. The most important solution to the problem of entrepreneurial inferiority suffered by women is financial inclusion.
6. MFIs must work towards reducing and sharing risks for women entrepreneurs, especially in the rural context.

Plenary Session 1: Financial Inclusion on Path to Sustainable Development Goals: Challenges and way forward.

1. In order to enhance the impact of financial inclusion there is growing need to digitalize the MFI movement.
2. Financial inclusion needs to be augmented with Capacity Building in order to register a better impact.
3. The goal of MFIs is to provide not just financial assistance but to empower people.
4. By providing financial assistance to different SHGs/JLGs, MFIs are helping these groups to evolve into stronger entities.
5. There needs to be an increase in the uptake of technology for catalyzing financial inclusion in India.
6. Banks need to adopt better terms of flexibility when it comes to issuing loans (longer period of time and lower interest rate).

Conclave | Overview

Plenary Session 2: Working in tandem with government initiatives: Scope and feasibility of alignment of MFIs with government schemes

1. There is a growing need to mentor entrepreneurs about financial aid.
2. By partnering with MFIs, government can reach isolated areas which it cannot reach otherwise.
3. In the last two decades, small and medium MFIs have evolved rapidly.
4. MFIs also need to fulfill the requirement of providing skill development aid.
5. There is a symbiotic relationship between the Government and MFIs, and a partnership needs to be developed between these two entities.
6. The government and the MFIs need to work in tandem to strengthen the thematic focus and bridge gaps in service delivery.

Breakaway Session 1

"Security of the poor: Micro-insurance as a tool"

1. It has been two decades since the inception of the MFIs, yet the rate of growth in micro insurance is not yet optimum.
2. Awareness and financial-literacy are the dire need of the hour to assist in filling the gap between low income customers and MFIs facilitating microinsurance products.
3. MFIs work in registering multi-thematic impact and can cater to the need of managing issues like lack of nutrition, clean drinking water and sanitation for women in rural areas.
4. Currently, the MFIs are working towards delivering the necessary innovative change for people of all socio-economic classes and conditions.
5. Adopting a simple outlook in developing financial-products and insurance policies can ease the communication process between the less-aware masses and the financial institutions.
6. Strategies like cost reduction, convenience and claims experience through Micro-insurance can help protect clients leverage more benefits from the financial services.

Breakaway Session 2

"Sustaining Clean Energy Access through Microfinance".

1. It is necessary for all stakeholders to understand and appreciate the energy access ladder as it will help in comprehending the various challenges in the provision of the products.
2. Rural areas having low power grid, now are coming forward to solar home appliances.
3. Farmers/Agriculture centered business provides great opportunities for solar-energy businesses, and this potential must be utilized suitably.
4. To make the product and services better, it is important to first make the consumers believe in the product.
5. MFIs should focus more on developing better solutions for the customers by leveraging technology.
6. There is a need for the MFIs to diversify their products and services for meeting the varying needs.

Breakaway Session 3

"Capacity building and financial support for SHPIs: Need for different approach.

1. Self Help Group model is a concept which has significant contribution in achieving the goal of Financial Inclusion to uplift the poor out of poverty.
2. SHGs are a significant medium to channelize different government programs.
3. The microfinance sector has observed a significant shift in the domain of SHG in last two decades.
4. The role of Self Help Promoting institutions (SHPIs) is crucial in ensuring the working and quality of SHGs.
5. SHG has created a safe space for women to save money.
6. The measures that SHPIs and SHGs can undertake to ensure efficiency, namely:
 - a. Adoption of IT
 - b. Capacity of documentation.
 - c. Internal good governance.
 - d. Qualified HR team within SHPI.
 - e. Investment in fund raising for timely and sufficient availability of funds.

Conference | Overview

Sa-Dhan National Conference 2016 (Day-2) "Financial Inclusion on Path to Sustainable Development Goals"

Plenary Session 3: Financing the microfinance industry: Perspectives, success, challenges and way forwards (New era of financing – Angel investors, Venture capital, Stock market etc)

1. The challenge to channelize funds for the disadvantaged and the unreached districts of last mile is Colossal.
2. Banking institutions need to sustain and grow their reach for lending loans.
3. A change of tremendous diversification in investors has been identified over the last decade.
4. Foreign banks with more than 20 branches in India need to meet up with the huge demand on priority sector lending.
5. Small, medium or big - all these tiers of MFIs require forming simple structures in order to promote better understanding of their products and services.
6. Capacity Building and good governance should be an integral part of the MFIs' internal infrastructure.

Breakaway Session 4:

"Partnering MFIs to enhance access to water and sanitation facilities – potential to contribute to Swachh Bharat Mission"

1. MFIs are reaping positive benefits for the society at large by working in water & sanitation improvement processes.
2. The Lack of access to water is not the only issue since almost 89% of rural population gets access to water. The problem lies in the poor quality of water, which, in turn brings forward the issue of hygiene too.
3. There is a need to give ownership of toilets and water connection to people of the marginalized section of the society.
4. Many MFIs are making a global effort and are monitoring the progress of work completion and spreading awareness about water sanitation.
5. It is necessary that MFIs work towards creating awareness in the backward areas about water, sanitation and hygiene.
6. MFIs are following the model of educating the people of economically weaker sections who further encourage and educate others, thus creating a chain reaction.

Breakaway Session 5:

Addressing Financing constraints in Farmer's Producers Organisations

1. It has been reported that funds not accessible from formal financial institutions (either commercial banks or regional rural banks) because local bank branches are unaware of FPOs.
2. Many people are unable to access finance because existing financial sources are geographically distant.
3. FPOs are often perceived to be risky and non-profitable. Many a times the revenue streams of FPOs are not strong enough to be sustainable.
4. Many MFIs do not have adequate financial strength and they face a lack of capital reserves to lever- age.
5. There is a need for MFIs to have an adequate financial system in place for tracking business transactions.
6. Co-operation programme with farmers organisations in the Asia-Pacific region can deliver good results.

Sa-Dhan National Conference 2016 (Day-2) “Financial Inclusion on Path to Sustainable Development Goals”

Breakaway Session 6: Digital Synergy: Banks potential of synergies between payment banks and small finance banks, digital money and microfinance outreach

1. The use of digital financial services has exploded in last two years.
2. There is an immense prospect of digital money in India.
3. There are benefits in collaboration between Small Finance Banks and Payment Banks.
4. Payment Banks can create a network of merchants for the MFIs to get loans.
5. Factors that a bank looks for in the MFIs, are namely:
 - a. Good governance
 - b. Transparency in the process of money flow
 - c. Timely documentation
6. There is a need to look beyond the competition between Small Finance Banks and Payment Banks and work towards building a sustainable society.

Breakaway Session 7: Bringing unregulated MFIs under strategic framework and reporting mechanism: Future and the role of different agencies

1. Microfinance Act is challenging to pass due to political sensitivity.
2. Local administration create hurdles for operations of not-for-profit MFIs .
3. Weak regulatory framework and lack of awareness among government officials often leads to complications in addressing issues related to MFIs.
4. MUDRA can be getting the authority of registering the Not for Profit (NFP) MFIs and association can monitor the segment and work as SRO
5. Non NBFC microfinance industry should include other institutions apart from the MFIs registered with Societies, U/S8 companies and Trusts.
6. Reserve Bank is working on, to bring the NFP-MFIs under the definition of Credit Institutions to make them upload the client level data on CIBs.
7. A law or appropriate mechanism which covers regulating fraudulent and genuine institutions needs to be instituted.

Breakaway Session 8:

Peer to Peer Lending: Impact of the proposed regulatory framework on the new avenues of financing?

1. The borrower community has its own mutual-benefits rule to take money from lender community and the mechanism in place ensures them that the money lent is safe.
2. RANG DE is an example of the "P to P" platforms who partner with bank and provide the loan to the poor women of rural areas
3. UDYOGINI and RANG DE are partner and where UDYOGINI has undertaken the task to prepare poor women to be entrepreneur.
4. P to P platforms have shown excellent results and have registered success in helping the poor rural India.
5. Micro Finance Services are predominantly provided to the rural and semi urban populace but Peer to Peer lending platforms are urban and hence reach beyond the rural masses.
6. The low interest rates of the P to P model ensure better financial security for the borrowers.

Breakaway Session 9:

Deepening of microfinance: Responsible finance and new models

1. MFIs working for some social objectives still they need to also monitor their social performance in a similar way they measure financial performance.
2. A new approach is needed for different sectors which cannot come under the MFI umbrella.
3. MFIs need to realize the importance of targeting the right clients to ensure their efficiency.
4. Adopting new technological innovations is necessary as it will help MFIs grow and reach a larger audience.
5. Responsible Finance is a way of doing business by keeping the client at the centre.
6. Importance of recognizing MFIs not as a homogenous entity, but as a heterogeneous one.

Closing and valedictory session.

1. An ecosystem comprising of relevant stakeholders needs to be developed in order to ensure the sustainability of financial inclusion initiatives.
2. Provision of financial literacy in the rural and marginalized areas is required in order to make the masses of these areas, more aware and conscious of the efficient utilization of resources.
3. Focusing on infrastructure of financial inclusion will be helpful in the long run.
4. There is a need to prioritize provision of financial services to specific target-groups like women and marginalized groups.
5. The financial product and services that are offered must be customized to the needs of the masses.
6. It is important to first address the issue of Financial Exclusion before we talk about Financial Inclusion.

Conference | In Numbers



Conference | Agenda

DAY 1

Time	Session Details		
10.00-11.00 am	Inaugural Session		
11.00- 11.45 am	Accomplishments and Expectations: Stories from the clients Interaction between clients and policy makers		
11.45-12.15 pm	Tea Break		
12.15- 1.45 pm	Plenary session 1: Financial Inclusion on Path to Sustainable Development Goals: Challenges and way forward		
1.45-2.45 pm	Lunch		
2.45-4.00 pm	Plenary session 2: Working in tandem with government initiatives: Scope and feasibility of alignment of MFIs with government schemes		
4.00-4.30 pm	Tea and Coffee Break		
4.30 - 5.45 pm	Breakaway session 1: Security of the poor: Microinsurance as a tool	Breakaway session 2: Sustaining Clean Energy Access through Microfinance	Breakaway session 3: Capacity Building and financial support for SHPIs: Need for different approach

DAY 2

Time	Session Details		
10.00-11.30 am	Plenary session 3: Financing the microfinance industry: Perspectives, success, challenges and way forwards (New Era of financing - Angel investors, Venture Capital, Stock Market etc)		
11.30 – 12.00pm	Tea and Coffee Break		
12.00 – 1.15pm	Breakaway session 4: Partnering MFIs to enhance access to water and sanitation facilities - potential to contribute to Swach Bharat Mission	Breakaway session 5: Addressing Financing constraints in Farmers' Producers Organizations	Breakaway session 6: Digital synergy: Banks Potential of synergies between payment banks and small finance banks, digital money and microfinance outreach.
1.15-2.15 pm	Lunch		
2.15-3.15 pm	Breakaway session 7: Bringing unregulated MFIs under strategic framework and reporting mechanism: Future and the role of different agencies	Breakaway session 8: Peer to Peer Lending: impact of the proposed regulatory framework on the new avenues of financing?	Breakaway session 9: Deepening of microfinance: Responsible finance and new models
3.20-4:00 pm	Tea and Coffee Break		
4:00-4.30 pm	Closing and valedictory session : Bringing it all together: scope for institutional partnerships in achieving SOGs		

PLENARY: Inaugural Session:



Dr Kshatrapati Shivaji, CMD, SIDBI

Mr U S Paliwal, ED, RBI

Ms Jayshree Vyas, Chair, Sa-Dhan

Mr P.Satish, ED, Sa-Dhan

Ms Vyas had welcomed all the dignitaries and indicated that in this important conference, representatives from every walks of financial inclusion. She told Indian microfinance sector has been in existence for last two decades, is now a matured movement and developed different institutions and some graduated to Small Finance Banks and eventually to universal bank. MFIs have worked in different levels including policies, institutional and products. MFIs are reaching to almost all the geographies with the objective of support to the poor population. She brought into cognizance that financial inclusion is one of the part of overall well being. As per her view, sustainable development has natural link with financial inclusion. Social inclusion and sustainable development is the integral part of MFI's mission. MFIs, directly or indirectly working on achieving SDGs. Microfinance sector has developed life cycle products and included technology for efficient delivery. MFIs and SHPIs are aligning with government schemes and needs to be continues as this industry has much experience of working with the poor. As per her view microfinance sector encompasses the best suitable institutions to be working for the poor. She once again welcomed the participants to participate, learn, enjoy and implement the deliberations and learning.

Mr. P Satish welcomed all the dignitaries participating in the Sa-Dhan National Conference 2016. He presented the snapshots of Bharat Microfinance Report 2016. He also formally presented the microfinance analytics which is available on the Sa-Dhan website. The dignitaries on the dais formally released the Bharat Microfinance Report, 2016 and Microfinance Directory.

Mr. U S. Paliwal initiated his keynote address by telling microfinance industry is raising the bar in every moment and all of us present in the hall are the agent of changes. He told that financial inclusion is one of the enabler of social development. Its the means and path for social growth and development. As per his view, the requirement to achieve SDG boils down to finance and human capital. Reserve Bank of India provided license to different kind of entities including different forms of banks to cater different kind of needs of the poor people. Small Finance Banks have the roots in the microfinance domain so the needs of the target groups are known to them. The change can be disruptive or the productive. He wanted to go with the later one. He believes that the competition always leads to efficiency and try to explore the unreached areas. As per his deliberation, financial inclusion leads to economic and social exclusion. In order to enhance financial inclusion, RBI has revised Priority Sector Lending norms. He believes that savings is going to be the real game changer along with the small loans; farmers having access to loans and technology will bring a substantial change in the financial inclusion; micro insurance and pensions have to be increased. He told towards equitable and peaceful societies its required to reduce inequality and promote peace, the unfortunate part is more than 50 percent of the population at the lowest run as all of us know , has the less than the 10 percent wealth of the world; as a change agent we need to bring those changes.

Dr. Shivaji, in his speech of chief guest, started his deliberation on indicating that microfinance sector has prominent contribution in equitable sustainable growth and this sector has brought the discussion on national and international agenda. He also cautioned, though the sector has gone far still needs go far ahead to meet the requirement. He thanked the stalwarts for their dedicated contribution and

commitment to the country to bring the sector this far and we are meeting with pride. Equitable growth has been part of the national plans and implementation strategies however in doing so a lesson has been learnt and adopted, to bring the unreached population to the mainstream through indirect route. In order to do so, MFIs and SHPIs had put their initiatives forward. He informed the dignitaries that, India has largest and desegregated ecosystem, which is larger than a full country. Due to inaccessibility and cost of the financial products, the potentials cannot participate in the journey of the Indian growth. The volume of such potent individual is large. If the 50 percent of the potentials been supported by the inclusive finance, the growth trajectory will be increased significantly. The technology and the education is also contributing substantially to develop the potentials in the country. At, present we have penetrated substantially to the population substantially, he appealed that let us take the advantage of it for financial inclusion. He request the dignitaries to blend the digital inclusion and microfinance sector. The wireless digital solution can open the possibility of real time monitoring. In regard to the cost of fund, he told probably the competition will bring it down. He discussed about government's recent initiatives of MUDRA, Udyami mitra, stand up India and others. He brought in the cognizance that branch less operation is emerging fast and heating is a concern in the sector. He also deliberated on the information asymmetry due to different players have different regulators and guided by different set of guidelines. He told possibly there is a regulatory arbitrage and there are undue or unfair gaps overlaps, which the industry needs to think of as this is also crating gap in CIB information. There is also need to extend the reach of the MFIs in certain unreached geographies. He requested the dignitaries to ride on the Jan Dhan accounts with different permutation combinations with the microfinance sector.



Accomplishments and Expectations: Stories from the Clients Interaction between Clients and Policymakers



Moderator

Mr. Vijay Mahajan, Founder Basix Enterprise Group.

Speakers:

- Ms. Meenakshi Lekhi, Member of Parliament
- Mr. Gaurav Gogoi, Member of Parliament
- Clients from Bharat Financial Inclusion Ltd, Telangana, VVD, Manipur, Cashpor Micro Credit, Uttar Pradesh, Sewa Bank, Gujarat and Pragati Seva Samiti, Telangana

Discussion

Mr Vijay Mahajan

Mr. Mahajan started the discussion with the panelists from Sewa Bank about the role played by Microfinance in their lives. One of the panel members from Gujarat Sewa Bank explained the benefits of Microfinance and its impact on their lives. The members of the Bank run co-operatives and earn a livelihood by making baskets, files and book cover. The Bank members deposit their savings in the bank account like UTI and Pradhan Mantri Jan Dhan Yojana. These programs and initiatives have helped them to open accounts and use MFI's to fund their entrepreneurial initiatives and avail loan facility for their children's education.

One of the panelists from Manipur, VVD, explained about the role played by Microfinance in uplifting economic conditions in her hometown. She correctly pointed out that, a saturation point has come in the traditional form of livelihood means in her district, and hence better alternatives with loan facilities should be provided to bring people to the mainstream.

Mr Gaurav Gogoi

Mr. Gaurav Gogoi, Member of Parliament, Constituency Kaliabor - Assam, stressed on the need for a better framework of loan facilities for people down the pyramid and grass root level. He further emphasized that a better and a newer alternative to the traditional profession is the need of the hour. He requested policymakers and panelists to come out with better alternatives for traditional businesses. He suggested that the small banks and microfinance institutions should work collaboratively and not in silos for the upliftment of poor and the downtrodden.

Ms Meenakshi Lekhi

Ms. Meenakshi Lekhi, Member of Parliament, New Delhi constituency, mentioned that development is important, but not at the cost of encroachment on public spaces. She emphasized on developing efficient policies for the benefit of people without unnecessary encroachments on public places once financial assistance becomes easy and also stressed on the need for a holistic approach towards these problems. She pointed at the importance of gender equality and economic opportunities for people in the bottom of the pyramid. She wished for more entrepreneurial opportunities for women and better loan facilities at reasonable interest rates.

In concluding remarks by moderator, it is told that ultra-poor face several challenges with scarce loan opportunities in India. They don't have adequate food or means to save and suffer from low morale to escape from their current situation. Microfinance sector has come to be recognized as grass root institutions and are regarded as building blocks for interventions related not only to financial services but also for social empowerment of women.

Financial Inclusion on the Path to Sustainable Development Goals: Challenges and Way Forward



Moderator:

Mr. U.S. Paliwal, ED, RBI

Speakers:

- Mr. Manoj Mittal, DMD, SIDBI
- Mr. Subrata Gupta, CGM, NABARD
- Mr. Patrick Walsh, CEO, Greenlight Planet Inc.
- Mr. Chattanathan Devarajan, Jt General Manager, ICICI Bank
- Mr. N Peter Palaniswami, MD, Nanayaturabhi Development Financial Services.

Mr U.S. Paliwal

Mr. Paliwal set the tone of the session by explicating how the seventeen Sustainable Development goals are not exclusive to each other and how each one is bound to the other. He further elaborated how the approach with respect to addressing a particular objective could differ but the goal is one and that is to uplift the underprivileged section of the society by providing efficient financial assistance.

He said that the panelists today will try and answer some of the question pertaining to the working of the MFIs namely, what is the view of UN on Financial Inclusion to achieve SDGs, how Financial Inclusion can play a role in a broader agenda, what would be the enabling policies, what are the design interventions which can help in building income generating models as well as the assets without getting burdened by the debt obligations, what kind of Government initiatives can help the MFIs to grow and what type of institutional partnerships will enable best outcome for the low income segment of the society. While summing up his presentation he also talked about different governmental- and institutional policies that can provide a conducive ecosystem for the MFIs to grow in India.

Mr Manoj Mittal

While talking about the Micro Finance Movement, Mr. Mittal aptly explained how the scope of Micro Finance policies goes beyond financial assistance. He further explained how the range of Micro Finance policies also covers capacity building and skill upgradation among others aspects with the sole aim of lifting the underprivileged sector. It is for this reason it is called a 'movement' since Micro Finance policies is not just about lending money, it is about the holistic sustainable development of the community. He also explained how there is a scope of clustering, and urged various MFIs working in a particular area to collaborate and not compete. As a suggestion to all MFIs with respect to the healthcare sector, he urged the MFIs to use innovation in Healthcare and to think beyond providing credit only. While talking about Gender equality, he stressed that the need of the hour is empower women not only financially but also in terms of the legal rights available to them. Mr. Mittal also enumerated how climate change has become a major risk and urged the MFIs not to limit environmental and social framework only in their policy documents and explained how the transmission of these policies to the ground level is of utmost importance.

Mr Subrata Gupta

Mr. Gupta elaborated the omnipresence of Financial Inclusion in every sector by stating that money is something which is present in every sector and as long as money is there, Financial Inclusion is also required for those people who do not fit in a particular financial bracket.

He further enumerated how the challenges that are there with respect to Financial Inclusion relating to the seventeen Sustainable Development goals must be analysed through a different lens since the solution does not always lie initially on Financial Inclusion. He suggested that identification of the problem at the micro level is more important first and Financial Inclusion should come at a later stage. Mr Gupta also explained that Micro Financial Inclusion is important but it is not necessary that it should be the entry point while addressing an issue.

Mr Patrick Walsh

Mr. Walsh explained how Micro Finance plays an important role in the lives of the people in the rural areas who do not have adequate access to financial service. He enumerated how Financial Inclusion is a part of an invisible infrastructure that allows us to directly pursue more than half of the seventeen Sustainable Development goals. He took up the platform in order to talk about another part of the invisible infrastructure that facilitates the pursuit of poverty-alleviation from the world and providing people with the ability to grow and that is access to energy. He explained how this goal of access to energy is just closely interlinked with the need for access to finance. Mr. Walsh urged that access to energy should not be seen as a privilege anymore, it is truly a human right and an absolute requirement to be able to grow. He explained how education is directly impacted by access to energy. He explained that the biggest challenge of the hour is to be able to provide solar powered lights to consumer in an affordable way and by partnering with MFIs institutions they would be able to combat that initial financial challenge.

Mr Chattanathan Devarajan

Mr. Devarajan spoke about his worries with respect to Food Security in the country and explained that although it appears that India is comfortably placed with regards to Food Security, it is important to keep working on ensuring better policies and models. He appreciated the new RBI guidelines according to which each bank has to direct to an extent of an about 8% of their lending towards smaller marginal farmers. On this note, he also stressed on the need for all the financial institutions inclusive of the Micro Finance industry to come together and operate in a collaborative way. He urged that the need of the hour is to do substantial amount of research because even if the consumption pattern change from the current level of 265 billion metric tonnes, we may have to translate this to somewhere around 375 to 400 billion metric tonnes with constant land capacity and in a scenario like this, only sustainable goal driven research in terms of hybrid seed production can redeem us. As a suggestion, he advocated that the MFIs should partner with the seed companies along with the Banks, since such a huge requirement cannot be fulfilled by just one institution. He ended on a positive note by stating that, "if all of us aim and aspire, we can become the seed bowl for the world"

Mr N Peter Palaniswami

Mr. Peter explained how MFIs are recognised under Financial Inclusion but the need of the hour is to take them to a higher scale of entrepreneurial activities. He emphasised that financial literacy is more important than obtaining financial services. He talked about how MFIs are giving education loans for non-traditional professional courses with the sole aim of generating enterprise in order to ensure a sustainable growth of the community. With respect to Insurance he explained how India needs a different model; a community based model with a cooperative undertone where the community should be the stakeholder. He further deliberated on the fact that the "Banks should be allowed to be the Business Correspondent and not the MFIs." In order to ensure an environment where MFIs could grow, he suggested, issuing of higher quantum of loan with low interest rate with a long term repayment period in order to ensure mainstreaming of the MFIs.

“ If all of us aim and aspire, we can become the seed bowl for the world. ”

Working In Tandem with Government. Initiatives: Scope and Feasibility of Alignment of MFIs with Government Schemes.



Moderator:

Mr. N Srinivasan, Sector Expert

Speakers:

- Mr. Jiji Mammen, CEO, MUDRA
- Mr. Suresh Khatanhar, ED, IDBI Bank
- Mr. K Narayan, MD, NBCFDC
- Mr. Mukul Jaiswal, MD, Cashpor Micro Credit
- Mr. S K Ghagroo Advisor, NIESBUD Govt of India

Mr N Srinivasan

Setting the tone of the session Mr. Srinivasan at the onset asked some of the most relevant questions to the dignitaries present at the event on issues associated with the operation of the MFIs. He requested the panellists to deliberate on the nature of alliance that MFIs and government share or rather should share. He asked the experts if there is a natural alliance between the aforementioned bodies and are there similarities between the institutions which deliver services on the ground and large organisations at the apex level and as well as the government departments.

Mr Suresh Khatanhar

Mr. Khatanhar explained how in the process to ensure the last mile connectivity in order to provide financial assistance, the Government has used bank branches as a medium to reach every nook and corner of the country. He further explicated how this framework failed with regards to providing financial assistance to the ones who are beyond the radar. In a scenario like this, he emphasized the significant role that MFIs play in to ensure sustainable financial inclusion. He explained that there are various ways by which MFIs can partner with the Government and its initiatives. The nature of these partnerships could be both financial and non-financial. He described that both the entities have a role to play and this partnership must be designed in a way so as to make it mutually beneficial and sustainable at the same time. He stressed that MFIs possess the competency of delivering Government policies at the last mile and hence there is a need for cooperation between the Government as well as the MFIs.

Mr S K Ghagroo

Taking the discussion forward, Mr. Ghagroo shared his insights on how MFIs have already been successfully aligned with quite a few Government initiatives. He explained that when MFIs partnered with the Government the success rate was higher as compared to the success rate that Government achieved when they tried to do it themselves or even when the commercial banks tried to do it without any Business Correspondent model. He described that there is a realisation at the government level that we need to let these institutions have the ground to operate in a commercially viable milieu. He explained that despite this, there are ideological issues on both sides, and urged that this issue be addressed at the earliest. As a challenge to the MFIs, he explained that there is a need to develop a framework in order to portray MFI's role as hand holders for the entrepreneurs which will eventually lead to enterprise creation.

Mr Jiji Mammen

Mr. Mammen talked about the significance of MFIs in today's financial ecosystem. He took the discussion a level higher by explaining how the Indian Banking sector has always been following a multiagency approach i.e., we have commercial banks, Government banks as well as private sector banks and along with them, we also have regional rural banks catering to the smaller areas. He suggested that the MFIs should also be considered as a part of this multiagency approach. He proposed that MFIs should be included in the entire scheme of things to ensure better delivery. He explained that during the last one year, about one lakh thirty three thousand crores of rupees was loaned and one third of this loan was provided by the MFI sector and out of this one third of the loan, about 99% was given as small loans. He proposed that if we are looking at providing small loans, MFIs is the most viable organisations. Following this line of thought, he further propounded that there should be some sort of a gradation within the entities with respect to dispersing loans. He cited PM's Mudra Yojna as a successful example of the MFIs aligning with the government sponsored programmes.

Mr K Narayan

Mr. Narayan explained that NBCFDC represents the Backward Classes which constitutes around 50% of population of the country. He said that the population in UP, MP, Bihar and Rajasthan is around forty-five crores, 50% of which is Backward Classes but unfortunately NBCFDC has not been able to fund these states. He further explained how most of their funding goes to the Southern belt because their corporations have better fiscal discipline. Mr Narayan that against such a backdrop, RBI has recognised the need for MFIs to partner with the initiatives of National level corporation like NBCFDC. He explained that the Backward Classes consists of traditionally entrepreneurs, and it would be an ideal situation if we can upgrade their skills and provide them with financial support. He explained that MFIs believe in cluster based development and hence there is a need for the Government to work with the MFIs in order to ensure the efficiency of various governmental poverty reduction policies.

Mr Mukul Jaiswal

While talking about the evolution of Micro Finance, Mr. Jaiswal explained that twenty years back, the first generation MFIs were all NGOs mostly and their sole aim was poverty reduction and most of them started Micro Finance as an additional activity. However, in the current milieu it has become one of the most prominent subjects. He further explained that the MFIs have set up dedicated verticals for taking up different initiatives which go much beyond the scope of Micro Finance. While talking about the contribution of Cashpor in the Health Care domain, he explained that they have trained a cadre of around two thousand community health facilitators, who, for the last three years have been working in the remote areas and creating awareness among the community members. He said that it is important to identify the vicious cycle of poverty and education is the only means by which we can combat and end this cycle. Against this backdrop, he said it is of utmost importance to realise the roles that the MFIs could play in combating this vicious cycle.

“ MFIs should also be considered as part of the multiagency approach. ”

PLENARY: Session 3

Financing the Microfinance Industry: Perspectives Success, Challenges and Way Forwards (New Era of Financing – Angel Investors, Venture Capital, Stock Market Etc)



Moderator:

Mr. Royston Braganza, CEO, Grameen Capital

Speakers:

- Mr. C S Ghosh, MD & CEO, Bandhan Bank
- Ms. Rana Usman, AVP, National Stock Exchange
- Dr. Gouri Shankar, MD, Maanaveya Development & Finance Pvt. Ltd.
- Mr. Aniket Deshpande, Director & Head-Microfinance Organisation, IFMR Capital
- Mr. Kumaresh Rout, Lamp Fund, Basix

Mr Royston Braganza

Mr. Braganza started off the session by explaining how the upliftment of the poor and marginalised communities has always been the focus of MFIs and urged the panelists to keep this point at the centre of the discussion. He aptly explained how Micro Finance sector was probably the underbelly of the financial services and today, it is right up there with the big banks as a leading light in this sector. He urged the policy makers to think out of the box when it comes to financing different MFIs initiatives. While talking about his organisation, he explained how Grameen India tried to build Capital with a conscious ecosystem and how they started with the advisory company helping MFIs raise their net equity. He further said that his organisation is in the process of launching a debt fund, equity fund and a crowd funding initiative. While talking about his plans, he asked the experts to give some insights on how to build a continuum of services. He enumerated various sources of finance that MFIs have access to viz, borrowing from the bank, borrowing from the capital market, borrowing from overseas, raising Savings, equity investors, IP etc and, further added that these are some of the sources that the experts are going to talk about.

Mr C S Ghosh

While addressing the initial ideological and financial challenges, that the MFIs face, Mr. Ghosh shared his personal insight. He explained that out of total ninety-one lakh customers in his organisation, about nine lakh customers are Non Micro Finance customers, a fact which proves that not only the Micro Finance customers are using the banks for the banking services but the Non Micro Finance people are also participating. He explained how an increasingly large number of people have started recognizing the Micro Finance industry. He said that people are depositing money in the banks not just because of low interest rate, but because they feel that their money is used for the betterment of the underprivileged sector. He explained that the demand is huge and 60% growths year by year in a banking industry have not been seen before. He talked about the importance of funding of the MFI sector and explained how any Micro credit organisation cannot succeed without any funding. As an advice to the MFIs, he said that the focus should be on building teams, good governance and good work force as these aspects are quintessential, irrespective of the size of the organisation.

Mr Aniket Deshpande

Mr. Deshpande explained that IFMR Capital started a mission of identifying high quality MFIs and connecting them to debt capital markets. He said that over the last eighteen months, tremendous interest has been taken by the investors community in this sector. He also talked about the tremendous diversification in the kind of investors as well. He explained that the question is how to divert all of these investors towards smaller and medium level MFIs. With respect to the functioning of the MFIs he talked

about the importance of good governance, prominent board members and quality of auditor and he explained how these factors can help MFIs to get the attention of rating agencies and the Non-traditional investors. In terms of equity, he explained that there is a tremendous amount of interest that has come in from domestic equity investors. He said that we need to ponder on how small MFIs can grow by reaching out and penetrating and what more can we do with the borrower that we are reaching out to.

Ms Rana Usman

Ms. Rana talked about the different financial options available for the MFIs and explained how most of these options are available only for the bigger MFIs. She described how three years back, a new option had been brought in the picture specifically for the smaller MFIs and that is the Stock exchange. This platform provides an opportunity for the smaller MFIs to get themselves listed on the NSC platform. She deliberated how there has not been too much awareness around it and talked about the different NSC programmes in order to create that. She further talked about the relaxation in the NSC policies in order to give the initial boost to the smaller MFI. She deliberated that it is important to understand that a good debt equity ratio is something which would be any day desirable for an entity. She explained that if the MFIs get themselves listed on the NSC platform, they would get visibility and the investors organisations would start perceiving the listed MFIs as the ones that are better regulated.

Mr Kumaresh Rout

Mr. Rout talked about the huge scope for the MFIs to grow in India, since there are still various regions where the MFIs can work as a channel for implementing different Government policies. He further spoke about how we should look beyond the credit lending and work towards the sustainable development of these institutions which are operating in the remote areas. He explained the significance of adequate funds for any MFI irrespective of the size to implement their policies. He said that there are new types of institutions coming in, such as the production companies focussing on market based livelihood promotion, which also need a lot of capacity building and financial support. Mr Rout also talked about the significance of LAMP fund in such a scenario.

Dr Gouri Shankar

The focus of Mr. Shankar's deliberation was small and medium level MFIs. He talked about the different obstacles that these institutions face and tried to assess if these entities have all the options available to actually manage the risk of the balance sheet. He laid down different issues that MFIs have to face, i.e., availability of funds, the cost of the funds and the asset level management of the balance sheet. He explained that the MFIs are spending much of their time in fund-raising and urged that provisions should be made so that the MFIs could spend some quality time on operations as well. He further explained that Quasi-equity product space is something that this sector needs and how we facilitate it within the debt perspective is something we should ponder on.

“Equity is not an issue, how you attract the equity that is an issue.”

BREAKAWAY: Session 1

Security of the Poor: Micro-Insurance as a Tool



Moderator:

Mr Arman Oza, Vimo Sewa

Speakers:

- Mr Yogesh Gupta, CFIO, Bajaj Allianz Life Insurance Co Ltd
- Mr Anirudha Shanbhag, Advisor, GIZ
- Mr Ayandev Saha, GM, K M Dastur Reinsurance Brokers
- Dr Ajay Verma, Head - Rural, Weather & MI, Future General Insurance
- Ms Kalpana Pant, MD, WISE

Mr Arman Oza

Mr. Oza started off the session by thanking Sa-Dhan for including Micro Insurance as one of the panel discussions and he also appreciated Sa-Dhan's commitment towards this vital aspect of Micro Finance. He further explained how Micro Insurance is a vital but to some extent ignored aspect of Micro Finance. He deliberated that a lot of research has been done in this sector and urged that by now we all should be convinced about the need for Micro Insurance. He added that there should not be any doubts whether we need Micro Insurance or not.

He explained that though Micro Insurance is a very important aspect of Micro Finance, but still the sector has not grown the way Micro Credit and Micro Savings have grown and described how that is where the challenge lies. To give a quick background, he enumerated that in the last fifteen-twenty years of Micro Insurance practice, three distinct models have emerged namely Compulsory Model, Social Insurance Model, and Voluntary Model. While explaining the Compulsory Model, he said that it is mainly driven by the Micro Finance Institutions. He said that credit life products in simple terms are a part of the Compulsory Model. He further explained that whatever scale this sector has attained, a large part has been generated through MFIs, which is a fact that needs to be acknowledged. He said that though this sector has attained scale, we are not too sure how much client value it has been able to deliver. While talking about the second model, i.e., the Social Insurance Model, he explained that this model has emerged in last seven-eight years and basically comprises of subsidized schemes launched by Central as well as State Governments. He explained that even in this model there are various issues that needs to be addressed with regards to the client value. While explaining the third model; the Voluntary Model, he said that in this model, NGOs go house to house and sell insurance on a voluntary basis. He said though this model has been able to attain client value but did not attain any considerable scale. After talking about the three models he contemplated that it has not been possible to attain value and scalability together at the same time. He explained that to ensure the sustainability of any model, we have to make sure that it has both, the client value as well as scalability. As a suggestion he said that the insurance companies need to go beyond the social and rural sector obligation imposed on them by the International Development Association and make a business model for this low segment insurance or what we call Micro Insurances in order to attain client value.

Mr Yogesh Gupta, CFIO

While talking about the various Insurance products, Mr Gupta suggested that there should be simplicity and flexibility in products as well as there should be simple process automation. He also talked about the importance of financial literacy.

He suggested that Insurance companies should have a sustainable business model with policies like savings plan, flexible premium payment etc. He explained how initially there was reluctance from the Insurance companies to adopt Micro Insurance owing to the sheer lack of the sustainable model with high

cost of operation and low product availability. He further suggested different policies for the Insurance companies to attract the customers and proposed that the plans should be well designed in order to meet the TROP (term return of payment) and credit line. Mr Gupta also talked about the importance of using technology and other engaging mediums like street plays and jingles in order to create awareness which in a way would ensure last mile connectivity.

Mr Anirudha Shanbhag

Mr Shanbhag urged for the better understanding of the Micro Finance products and asked if they are demand oriented. He explained that when we look at the Micro Finance business, majority of the business is compulsory model oriented. He further posed an enquiry if the volunteer side of the business actually exists. He said that data is a salient feature in this sector, and further explained how there is no entity that has recorded data that can be further used for conducting activities. He explicated that out of the total donor contributions globally with regards to the micro-finance activities, less than 20% is spent on meaningful impact evaluation. He concluded his presentation by stressing on the need for financial literacy.

Ms Kalpana Pant

While talking about her organisation, Ms Pant talked about how they have been promoting the expansion of operations of sustainable SHGs and federations across the country. While talking about her own experiences she explained that in institution they faced hurdles both in the life-insurance and the health-insurance. She suggested that there is a considerable need for the education of not only the clients but also of the insurance companies. She further explained that with the issues prevailing with the settlement of claim, the women from Chetaniya have led the inception of two programmes. The first is the Life-insurance programme, where the federations are active in providing the loan while keeping a part of the amount for regulation and later taking the responsibility of the settlement of the claim. The second is the Health-insurance programme also known as Deepti Arogya Nidhi, that collects an amount of INR 200 per member, empanelling a set of hospitals that provide concession in OPD services and a 10-20% of rebate on the services. She explained fact that a family spends 50,000-60,000 INR on hospital expenses. She said in order to benefit this group, WISE has designed a policy of up to 15,000 INR in claim but still the scale remains an issue. In order to tackle this obstacle, she said that they are open to have partnership with re-insurance companies but the cost of re-insurance is high thus making it a difficult task.

Mr Ayandev Saha

Having worked with various organisations, Mr Saha shared his insights and enumerated the three C's in order to ensure efficiency of the organisations, vis., Cost, Convenience and Claim experience. He explicated that if the product policy is simple it cuts down half of the effort of the organisations. He further advised that the need of the hour is to design product policies keeping in mind the product, selling and technology. He aptly said that one might ensure lives but more important is ensuring their livelihood and that the moto should shift to insurance that empowers the customer. He also said that one should keep in mind few aspects like bundling the benefits, simple or less exclusions, and installation of technology.

Dr Ajay Verma

Having an experience of over thirty-three years in the Micro Finance industry, Mr. Ajay suggested that innovation is an essential need in the insurance industry. He explained that the customer can be distinguished into rural, urban and semi-urban categories, each having different demands to be met with. Mr Verma proposed certain solutions that can encourage the customers towards adopting insurance such as innovation or customization, process of technology, and the collaboration of MFI's, NGO, third party, SHG etcetera.

“For sustainability there has to be a client as well as a customer, if scale is prioritized it would affect client value and contrariwise”

Sustaining Clean Energy Access through Microfinance



Moderator:

Mr. Rajeev Palakshappa, Consultant, IFC

Speakers:

- Mr Ben Mathew, Sales Director, Greenlight Planet Inc
- Mr Bishal Thapa, Program Manager, Arc Finance
- Mr Piyush Mathur, CFO, Simpa Networks
- Mr George Thomas, ED, ESAF Microfinance

Mr Rajeev Palakshappa

Initiating the session, Mr. Rajeev gave a brief background of the prevailing statistics on the crisis of access to energy by adducing to the Greenlight planet video according to which about 60 million households are deprived of electricity. He said that there are a number of organisation within the country that work to come up with solutions for the under-served communities like the State and the central governments, civil societies, private sectors etcetera. He explained that the Finance sector aiding even the small MFIs that are working with the aim to provide access to energy to all, plays a crucial role.

He deliberated that there is a need to finance some of the products through finance banks and explained how MFIs play a very crucial role in facilitating that finance. He requested the panelists to talk about the work they have been doing in order to understand some of the challenges that they face in developing portfolios of the products or in developing financing solutions. He also asked the delegates to ponder on how can we encourage financing and scaling up of different products other than solar products. Mr. Palakshappa also talked about the importance of technology in this sector in ensuring the sustainability of different initiatives. He suggested that the communication of the specification of the products is very important in order to develop interest in the products. He concluded by explaining how the access to energy is a human right and should not be seen as a privilege anymore.

Mr Bishal Thapa

Mr. Bishal, currently working on two projects for USAID, renewable energy Micro-finance micro enterprise programme and Space D, felt that it is possible to undertake energy lending profitably that can be integrated with micro-finance institution and create an additional revenue. He explained that this is a business that can be integrated along with the micro-finance institutions if structured properly. He explained that technological advancement has allowed models like these to work efficiently as they are able to reach large number of people something which a decade ago was not simply possible. He said that despite of the challenges the power distribution of technological advancement is to be done by the MFI. He goes on to say that there is a need to put in some belief in these missions as they do obtain a value. He said that according to the statistics of power market 30,000 megawatts or 30giga- watts amount of energy is not being used and hence unable to reach to the 200-300 million people who are deprived of electricity simply because of the reason that there is no one to purchase that amount of energy. He exclaimed that it is important to look out for someone who is capable of taking it to the consumer, and someone who can finance this process, which clearly an MFI can do. He suggested that we need to have more incentives, financing and distribution.

Mr Piyush Mathur

Mr. Piyush explained how there is a need to strengthen the reach to the customers since mostly the customers are off the grid. He explained that Simple Networks tries to provide individual solar home system having a capacity of 40 to 60 watts which helps in generating enterprise and eventually helps in the overall mission of eradicating poverty. While talking about the business model, he explained that there is a need of a certain different pattern in terms of packaging energy and finance for the customers.

Mr Ben Mathew

Mr. Ben shared his insights and enumerated that MFIs follow three parameters in setting partnership, viz., product, after sale service and product awareness. With respect to connectivity he talked about different models like door step customer model that enables a customer to call on a helpline number and report a complaint or replacement. Second is the outlet next to MFI branch where a customer can visit the branch and request a replacement or report problem, the third is placement of an executive at branch. As a suggestion in order to ensure efficiency he said that there should be an area officer on the ground for specific MFIs branch who visits customers at meetings, demonstrates the product, and even installs and provides test for the product. He further explained that this would ensure deeper penetration of the different MFIs policies which would eventually lead to the sustainable growth of the community.

Mr George Thomas

Mr George talked about how the need for clean energy should be the central focus. Taking the discussion, a level higher, the speaker stated that there is a need to address the ground level issues and simply financing alone will not lead to any considerable sustainable change in the life of the poor. He urged the audience to look beyond providing credit only. He also talked about the comparison with other products by the customer and how it was something that had to be dealt with. He described that there should be access to information with regards to the benefits that are available to the customers. While talking about climate change and pollution that affect the life of the poor in an indirect way, he proposed that Financial inclusion can come at a later stage and the need of the hour is to address and tackle ground level problems which are region specific and hence cannot be tackled with just one umbrella programme.

“The communication of the specification of the products is very important in order to develop the interest in the products.”



BREAKAWAY: Session 3

Capacity Building and Financial Support for SHPIs: Need for Different Approach



Moderator:

Mr C S Reddy, CEO, APMAS

Speakers:

- Mr G R Chintala, CGM NABARD
- Ms Rupa Mistry, MAVIM
- Mr H M B Murthy, Secretary, NGT Nagpur
- Dr Asha Torkelson, Deputy Representative, India, Multicountry Office, UN Women
- Ms Girgesh Pal, President SHG Federation
- Ms Priyanka Singh, CEO Seva Mandir

Mr C S Reddy

Setting the tone for the panel, Mr Reddy mentioned two key points to be talked over which are the promotional cost of the SHGs and capacity building. He said over the last twenty-three years a change has ushered in the sector and enumerated three or four important trends that could be observed more prominently. The first change he talked about was how there are more Government agencies performing the role of the Self-Help Promotion Institutions (SHPIs), whereas, initially it was the NGOs that played the role of SHPIs. The second important shift he talked about was that there is a much greater emphasis on the SHG federation now. While talking about the third shift, he explained that it relates to the SHGs and their federation increasingly becoming a channel for the delivery of various Government schemes and programs. The last and the fourth shift he talked about was that with the large number of groups and federations coming up, there is a huge amount of political attention that it has gained. Though there are both positives and negatives aspects of this political awareness, it has surely given the sector a much-needed recognition for the work that they pursue.

While talking about the role of the NGO SHPIs, he said that they can play a significant role as agencies that do the capacity building for the NRLM and SRLM. He also talked about the role of NGO SHPIs in terms of gender mainstreaming. He further remarked that though NRLM and SRLM have an important role to play, NGO SHPIs have to work in tandem with them. In order to synthesis the session he said that we should not forget that SHG is all about autonomy, and there is a need to ensure that the SHGs and their federation do not simply act as a channel for Governmental policies and that they do not fall prey to the political capture. They should truly become autonomous independent organisations and for this, he suggested there should be some hand holding for the SHPIs.

Ms Priyanka Singh

Ms Singh said that initially the role of the NGOs were savings, collectives and better governance. Currently, there is an increasing emphasis being given to uptake and return of credit. Even though it might seem they are in a continuum, there are not. There is an assumption that there are huge livelihood opportunities for the poor, while there are huge limitations to the number of productive income-generative, commercial activities that one can undertake with the poor. This assumption is not true, especially given the Indian context. That is why there is a need to address the shift in the focus. Over the question of providing financial support to the SHGs she said it is a tricky issue to choose wisely among the CSR, the market and the omnipotent state. But before seeking support, SHGs must first understand their own identity, purpose, goal and priorities.

In conclusion, Ms Singh said that SHGs should not give up the roles of savings, autonomy and self-governance. Instead of entering into a competition, institutions must focus more on growth and sustainability.

Ms Mistry informed the audience that a well-performing SHPI should have a proper legal framework and must be able to adhere to all statutory compliances. Additionally, SHPIs must have well-trained human resources who are capable enough to advocate the purpose of the SHPIs at the grassroots level. SHPIs should build their strength in developing a good network of SHGs and must develop competencies in performing as a service provider for the community. However, the most important requirement for an SHPI is to integrate the concept of sustainability into their core operations.

Mr HMB Murthy

Mr Murthy summarized his perspective as five question-answers that deliberated on the theme of capacity building and financial support for SHPIs. Answering the question of the very need of capacity building opportunities, Mr Murthy said that the performance of the SHGs and producer organizations is crucial for achieving the organizational goals. In the absence of proper training and skill-building, the performance would suffer and goals would remain unrealized. He also added that NABARD's current format of providing three-year support needs to be extended to a five-year period in order to make the SHPIs more sustainable.

On the question of necessity of sufficient funds, he said that there is a general perception that NGOs do not require large funds to support MFIs. However, in his experience he has seen, that the quality of MFI performance often suffers if adequate financial support is not provided and that is why there needs to be a shift in the way people look at this issue. Addressing the issue of timely availability of funds, Mr Mistry said that making resources and support available to the SHPIs at the right time is extremely important as it is closely related to the performance outcome of the SHPIs. On the question of the adoption of Family approach, Mr Murthy mentioned that this approach helps improve the penetration level of the services.

Talking about the kind of capacity that is needed, he summed up by saying that there is a need for qualified human resource in SHPI. There is an additional need of adoption of IT for capacity building, capacity building for documentation for others to replicate and internal good governance. On the question of the way forward for the SHPIs, Mr Murthy mentioned the importance of the role and contribution of CSR initiatives.

Ms Girgesh Pal

Ms Girgesh Pal talked about the change in the attitude and behavior of women that has ushered in over the last decade. Now, women are more entrepreneurial and they actively find jobs in sectors that were previously male dominated.

She mentioned that the women from the SHGs that she is working with, have a continuous requirement of relevant training and capacity building programmes, that would eventually augment their incomes. She also mentioned that women need to be informed about the various concepts of financial literacy and Women Rights and Entitlements.

She also urged that SHG members should be given trainings on different issues like gender and social justice so that they are more aware about their rights and abilities. Ms Pal also stressed on the importance of providing financial support to the SHGs so that these institutions could be strengthened and thereby could address the needs of marginalized and the deprived. She ended by saying that we need to make the women aware, so that they can organize themselves in a collaborative way and stand against issues like domestic violence, child marriage and female foeticide.

Dr Asha Torkelson

Dr Asha begins by mentioning that in the context of sustainable development goals, UN Women is very committed. The role of women's access to finance is important from many perspectives as the issue could act as a barrier or an enabler to several other factors. If women do not have access to financial resources it is difficult to access other resources which finally adds to their handicap in generating adequate income.

She mentioned that there are limitations embedded in financial institutions itself. Women are not empowered or aware enough to claim their rights. There are several instances where women are made to do unpaid work, which leads to uneven distribution of wealth. This not only affects the economic cycle, but also affects women's participation in economic activities. In India, women's participation in the formal labour market is very low, in spite of the fact that the women are very active. This deters women from undertaking any entrepreneurial activity.

She also said that lack of access to land for women and this inhibits the access to finance. In order to jump-speed the path to sustainable development, it is absolutely necessary to find ways to enhance women's ability to access the financial services. We must listen to women and their requirement more carefully and MFIs must tailor their products to suit the needs of these women.

We have to work to integrate gender into programmes, policies frameworks and institutions. Additionally, work must be put in to build capacities of SHGs and women in general to claim the rights to different spaces. We must transform within the current situation, to empower women to claim their rights and be on the lookout for new models.

Mr G R Chintala

Mr Chintala said that NABARD as an institution believes strongly in SHG. He expresses his appreciation of the way in which the SHGs have performed over the last few years. He mentions that this sector requires approximately seven lakh crores of credit for providing decent livelihood opportunities to the people living in the lowest rungs of the society. Currently we have reached only a lakh crore. The partnership nurtured by NABARD, has helped create a platform for women to increase income and save money, a phenomenon, which was not possible in the past decade.

He said that SHGs should be formed based on the need of the women members. It should start with a realization and recognition of their requirement. Once an SHG has been constituted, it is important to provide them with adequate capacity building opportunities at different levels. This would help them ensure the sustainability aspect.

Mr Chintala mentioned that there is a limitation for MFIs to give money. The interest rate, longevity of loans and installment convenience are crucial for enterprises to run. In order to break the cycle of poverty, and bring people out of it on a sustainable level, they have to be brought to mainstream banking, where they can get loans at the lowest cost and for a longer cycle.

“The funding should be somewhat front loaded to use for training, capacity building, social mobilisation and group building”

BREAKAWAY: Session 4

Partnering MFI's to Enhance Access to Water and Sanitation Facilities – Potential to Contribute to Swachh Bharat Mission



Moderator:

Ms Amri Shahpuri, Programme Manager, ISC

Speakers:

- Ms Vedika Bhandarkar, MD, Water.org
- Mr Arunesh Singh, PSI India
- Mr R D Gadiyappanavar, CEO, Sanghmithra Rural Financial Services
- Mr DSK Rao, Regional Director, Results Educational Fund

Ms Amri Shahpuri

Ms. Shahpuri initiated the discussion of this panel by requesting the panel to focus on understanding the financing of clients especially at the bottom of the pyramid. Among the issues enumerated for discussion, she also listed the challenges they face in creating demand as well as in understanding the available opportunities of various models and strategies in giving out the loans. She also proposed to discuss the role of the MFIs and other stakeholders in detail.

She further asked the panelists about the awareness of policies at the community level to facilitate Financial Inclusion. She also asked the panelists to talk about the role of the PPP model. Drawing attention towards the role of the banks, she asked the panelist to suggest some measures that Banks can employ to bridge the financial gap. She further asked the experts to enumerate some ways to encourage MFIs to take an interest in sanitation. While talking about accountability, she urged the experts to explain how can we ensure that the loan that is taken out for toilet construction, is being used for the same purpose. While concluding, she asked the panelists if there is any learning that we can get from the successfully implemented financial models in non-sanitation sector that we can possibly replicate.

Ms Vedika Bhandarkar

Talking about the awareness of community level of the policies to facilitate financial inclusion, Ms Bhandarkar said that just providing WASH facilities and services is not a sustainable and wise way of doing things. That is probably why microfinance institutions banks spend less on WASH. The total WASH lending at household level today is would be under thousand crores which is very less when compared to the demand or requirement. This is happening because of the concern that a lot of effort needs to be out in creating awareness about WASH and investors need a better understanding of how spending in WASH can lead to better health and productivity.

Talking about the effect of PPP models in the WASH sector, Ms Bhandarkar added that PPP models work much better on water availability. She cited examples of the long-term drought like situations in India where water availability was a big concern and there was no point talking to end users about building water supply pipelines when there was no water available. The PPP model works best when the public entity works on the infrastructure and then the MFIs step in to facilitate last mile delivery to the end users. In urban areas, addressing WASH issues, require more community oriented solutions and in such cases PPP model is usually the best fit.

Mr DSK Rao

Responding to the question “Is there any awareness of community level of the policies to facilitate financial inclusion?” Dr Rao said that in the WASH sector, there is awareness about the financial products for WASH that are available with the microfinance institutions. But what is lacking is demand generation and utilization of the assets that have been created. In the context of WASH, the focus is skewed towards the sanitation component. However, the water and hygiene are also important components of the entire concept and together they provide a package of services. Dr Rao felt that micro-finance can help bring back this holistic perspective to WASH. NGOs and MFIs providing financial aid can additionally work on creating awareness among the people about WASH as a complete concept.

Speaking on the topic of speeding up of government subsidy process in microfinances to address the toilet needs, Dr Rao said that in certain states like Karnataka this is happening very well. This is because the MFIs share a good relationship with the village panchayats and have a good understanding of the government directives. The MFIs there, have also taken up the responsibility of monitoring the construction of the toilets and evidences are recorded at various stages in order to generate valuable insights. The trigger is the upfront loan given to the client.

Mr Arunesh Singh

Talking about the bottlenecks in the accessibility of supplies, Mr Singh said that he has realized that working with MFIs is the best way to improve accessibility. But there are issue in the supply chain. To address this, entrepreneurs called Cement Rink Manufacturers were trained and employed to bridge the supply-demand gap in the procuring raw materials. This has helped reduce the number of transactions and the time period of service delivery.

Explaining the concept of Sanitation Mart, he said that it is a one-stop shop that provides all necessary inputs for the construction of toilets. These are turnkey solution providers but the entrepreneurs running them were required to make a substantial investment. To address this, all input materials that could be made available were made available with the CRM and the ones that could not be made available, linkages were established.

Stressing on the capacity building requirement of the CRMs, Mr Singh said that although these entrepreneurs work on a very small scale, they have been given inputs on demand generation which helps make the enterprise sustainable.

Mr R D Gadiyappanavar

Responding to the question of the beneficiaries and sponsors of the capacity building opportunities, Mr Gadiyappanavar said that experienced instructors must be utilized to deliver instructions using innovative techniques. Community driven capacity building initiatives are more sustainable as they are demand generated and there are different models and institutions working on the provision of capacity building services. The role of MFIs is also to generate demand for capacity building and not only provide loans.

Talking about the role of MFIs in Sanitation, Mr Gadiyappanavar said that unless and it is an income generating activity, it is difficult to have financial institutions interested in its cause. That is why, MFIs should look at the broader picture of growth and wellness than simply focusing on financial aspects. This is because lending is not enough and utilization is more important. Strengthening the infrastructure of MFIs and creating awareness is one way to promote better engagement in the MFIs in Sanitation.

“Our focus has been skewed mostly of sanitation, but we should not forget that water, sanitation and hygiene all three are important”

BREAKAWAY: Session 5

Addressing Financial Constraints in Farmer's Producer Organizations



Moderator:

Ms Vijayalakshmi Das, CEO, Ananya Finance for inclusive Growth Pvt Ltd

Speakers:

- Mr Amar KJR Nayak, Professor, XIMB Bhubaneswar
- Mr Hari Rajgopal, Assistant Vice President, Rabo Bank
- Ms Rasha Omar, Country Representative, IFAD
- Mr Vivekanand Salimath, Chairman, IDF Financial Services Pvt Ltd
- Mr T Venkatakrishna, Nabkisan Finance Ltd
- Mr John Alex, Group Head, Social initiatives, Equitas Holdings Ltd

Ms Vijayalakshmi Das

Ms Das, at the onset of the discussion talked about the significance of the agriculture sector and further remarked that agriculture is still an emerging sector and explained how it is becoming increasingly important to address the issues of small and marginal farmers. She asked the panelist to talk about the efforts that are being made in promoting Farmer Producer Companies and what it takes to promote such companies. Ms. Das explained how agriculture has been in the agenda of the Banks even before Micro Finance but even after this, FPCs need to beg the Banks for meager finances. While explaining the role of Banks in uplifting Farmer Producer Organisations, she appreciated NABARD's and Nabkisan's initiatives. She explained that even though there are organisations who lend money to this nascent sector, it is a very small amount that is being made available. She stated that though State Finance Commissions and World Bank have supported a lot of initiatives to promote FPOs in different states, promotion alone will not suffice. She suggested that the next stage should include linking FPOs to banks, as most of the FPOs are not ready to be linked and bankers have their own apprehensions as well. As a suggestion, she said that somebody at the intermediate level should play the role of bringing FPOs and Banks closer. Following the same line of thought, she said that organisations like Nabkisan can play a very significant role at the intermediate level. Ms. Das further elaborated how Banks do not ask for any guarantee while sanctioning the loan to Micro Finance Industries but they do not sanction the loan within agriculture sector without guarantee. She said that the intermediaries that are facilitating this whole process are finding it difficult to mobilize this kind of money. She urged that we need to think about the problems that are there within the agriculture sector since it's a major sector, stricken by poverty and financial exclusion. She explained how there is no incentive for farmers because of the tax structure to generate more profit. She further explained that there is a need to guide the small banks that have come out of the Micro Finance sector. She concluded by saying that from food security point it is very important to support small and marginal farmers at this stage.

Mr Vivekanand Salimath

Mr Salimath spoke about his experience in promoting Farmers' Producer Companies. He said that the constraints of the vulnerable farmers are greater in terms production and procurement of right kinds of inputs, aggregating the produce, marketing the produce and reaping the benefits of the entire undertaking. He said that although FPOs have been established all over the country, they are still in their infancy. The operations in FPOs are more complex than SHGs. Running the entire infrastructure require a special skill set and given the current lack of it, FPOs are still in the struggling phase of their growth. Issues of risk management and proper inventory control need to be addresses in the FPOs.

Mr Salimath mentioned that the plethora of highly specific procedures related to governance, documentation, book keeping and the compound business practices, make FPOs difficult to run and monitor. FPOs require immediate and temporary financial support in the aggregation phase of the produce. Given these, at times, FPOs feel that they are well-equipped to manage the operations at the field level. There for a key consideration of procuring financial support is to first to understand if the FPOs are well-prepared to receive and utilize the financial support. Also, the type of capacity building support required of the FPOs is way more extensive and complex as compared to the SHGs. In conclusion, he said the lenders must also consider the issues of governance, finance and business-planning before providing support to the FPOs.

Mr T Venkatakrishna

Mr. Venkatakrishna said that the basic problem with FPOs is that land-holdings are coming down drastically on a year to year basis and the need of the hour is to bring the farmers together so that they can realize the benefits of a collective. Since forming a collective is not easy, a promoting agency will be formed to nurture these FPOs so as to enable them to face the initial difficulties and over a period of time, emerge as self-sustaining organizations.

He mentioned that providing financial support is a critical aspect. Even if all the other necessary support components are provided to the FPOs, in the absence of credit linkage, they will dissolve. Hence more attention should be given to this issue. It is difficult to reach all the FPOs at the ground level. That is why there is an urgent requirement for efficient Producer Organization Promoting Institutions (POPIs) to establish a better connection with the FPOs. This model has been successful as it has been observed the many FPOs have been able to graduate from their nascent stage into successful organizations with aid from the POPIs.

Preparation of the business plans, support of the POPI, strength of the board, constitution of the shareholders are other significant factors that influence the performance and sustainability of the FPOs in a prominent way.

Mr Hari Rajgopal

Mr Rajgopal started the session by drawing lessons from the global experience of working with FPOs. He said the it has been seen that FPOs can be successful. If run as business entities, they can capture business shares even in the most capitalist countries. FPOs have to be run as for profit organizations and not as NGOs. He said that in India, several historical and political factors contribute to the failure of the FPOs. Lack of capital, collateral, systems, management and most importantly a crippling lack of access to finance have resulted in the poor performance of the FPOs. Although, currently significant amount of work is being done to create and sustain the FPOs, till the time an active business component is added to the FPOs, the linkage between FPOs and the farmers will continue to be weak. The FPOs will not survive unless there are enough funds available for the transactional engagement of farmers in FPOs.

He stressed to the fact that till the time FPOs are able to avail standalone mainstream financial support from commercial banks, FPOs in the interim period should be able to avail sufficient quasi-development capital from committed institutions like NABARD, SFAC and other foundations. He called upon Sa-Dhan to act as a match maker between banks and the guarantors, so that a forum can be created for people interested in taking risks and those interested in providing credit enhancement. He also invited Sa-Dhan to act as a facilitating agency to pool in sectoral experts that will eventually help in providing technical support to FPOs and create institutional memory.

Ms Rasha Omar

Ms Omar said that FPOs need to be driven by the need of farmers to come together not by government directives. Farmers must realize that they must work together on a long term basis. She gave an example of the Tea plantation based FPO in Rwanda where the government in the objective to create a long term relation between the factory and the tea growers, invited the farmers to form a collective and take an equity share in the tea factory.

This provided farmers with clear pricing mechanism and now they are also able to negotiate the pricing system. Ms Omar gave another example of the less regulated FPOs from Congo. The FPO movement here has helped revive the cultivation the Arabica coffee. The farmers were provided support in terms of training, working capital and marketing facilitation.

In conclusion, she said that it is very important to carefully select partners and finding the appropriate business model. There are also a number of rating agencies which facilitate linkages between banks and FPOs based on the performance ratings of the FPOs.

Mr John Alex

Mr Alex began by mentioning that although agriculture continues to be labeled as a priority sector, not enough is being done to strengthen this sector. Very often farmers are unable to decide product prices. Farmers must be made aware of the marketing and legal concepts to enable them to handle the marketing aspect of the produces better.

He went on to explain the Equitas models. Mr Alex spoke about the not for profit model, in which they started a food security chain of stores, that worked on demand side aggregation. Equitas has a huge client base, who used to buy staples and millet from the market. Equitas had observed that ten percent of their clients were single mothers whose cash flow would be disturbed by any kind of emergency and the availability of the next meal would be uncertain for them. In order to ensure food security for these clients, Equitas decided to provide an infrastructure which can connect producers with the consumers where they created department stores where food items were made available. They have also created warehouses and brick and mortar shops where clients can buy the produce. Equitas is also training entrepreneurs under the Grocery Entrepreneur Model.

Citing example of the for profit model, that works on the supply side, he gave an example of the wholesale market in Chennai, where Equitas clients were going at one am in the morning, to buy products, that they would eventually sell at profit. Observing the drudgery involved in this model of operation, Equitas decided to open five to six wholesale shops where the clients could come as late as five am in the morning to procure the produces. Equitas now has several cooperatives and also has a highly functional bank.

Mr Amar Nayak

Mr Nayak started his session by focusing on the method of providing credit to FPOs. He argued that one should provide untied credit to GP level FPOs. First there is a need to understand who is the existing credit providing competitor and what is the range of services that he is providing. It is also important to analyse if the FPO or any other organization is able to provide the same services.

Mr Nayak Said that the existing credit competitor is the local sahukar, among many others informal credit providers like traders, shopkeepers and even relatives. This is because of the various provisions given by the sahukar. The sahukar not only provides production credit, but also provides consumption and emergency credit, at any time possible. He procures surplus farm and off-farm produce from the farmer of any quality produced, and supplies external provisions and farm inputs. This represents a single window of service and No other institution can match with this kind of service provision model. In addition to weather and market related challenges, farmers are now faced with a new challenge in the form of credit. Today the small farmer has become a labour in his own farm without a guaranteed wage. He now works to serve his credit. The FPOs now must act as a bridge between farmers and institutions that can provide small scale, low capital and less technology intensive solutions.

“Whether it is profitable or not but it is important to support FPO.”

BREAKAWAY: Session 6

Digital Synergy: Banks Potential of Synergies between Payment Banks and Small Finance Banks, Digital Money and Microfinance Outreach



Moderator:

Ms. Chandani Ohri, CEO, Grameen Foundation India

Speakers:

- Mr Ravi Singh, Chief Business Officer, ItzCash
- Mr Samaresh Parida, Founder, S P Growth Pvt Ltd
- Mr K Paul Thomas, MD, ESAF Microfinance
- Mr Ajay Desai, Senior President & Chief Financial inclusion Officer, YES Bank

Ms Chandani Ohri

While talking about her organisation, Ms. Ohri explained how her organisation is keen on advancing financial services particularly through digital channels in India and across the world. Setting the tone of the session, she explained how the use of digital financial services has exploded in last few years. She explained that though there are huge prospects for digital financial services to prosper in India, there are hardly any examples available on the ground. Talking about the changes that are taking place in the Financial Inclusion domain, she explained how different players are now coming in this sector, namely, Small finance banks, Payment Banks, several money providers and a large segment of commercial banks.

She described that we are at a very interesting confluence with regards to Financial Inclusion in India, where the promise of Digital Money and Digital Financial Service is still there but to a certain extent unexplored. She explained that there is a scope of a very natural partnership between these several players that should be encouraged. However, the ground reality is very different since we do not have many successful partnerships that can be used as a module. She explained that a lot these partnerships start off with a pilot module and then they never go beyond that. Piloting is the stage where one tackles all the challenges and most of these partnerships fall apart because of the myriad of challenges that they face at the piloting stage. She further explained that most of these partnerships never get on the pathway of scaling the partnership and most of the benefits of these kind of partnerships are realized only when you attain a certain scale. As a suggestion, she said that since pilot is the stage to figure out the operational aspects, it would be wise not to constantly question it and if we keep questioning it, it will never go beyond the pilot stage. She concluded by saying that the future looks very promising for this sector and further added that these partnerships are not easy, but we have to constantly amend our policies in order to make these partnership works.

Mr K Paul Thomas

Mr. Paul explained at the onset that with different players coming into this sector there is a lot of scope for collaboration instead of competition. He explained that in addition to their own benefits, payment banks and small banks have their own outreach and existing client base which in a way reduces the chances of competition and provides a platform for sustainable collaboration. He further explained how this collaboration would complement both the parties, for instance, he explained that the payment banks have visibility and more retail presence and have a good merchant network, which can help small finance banks build a customer network. He explained that issues like security, law and order and failure in getting money back can be dealt with through digital disbursement.

He emphasised that with the merchant network and reward programme, payment banks are capable of building infrastructure as well as provide door step payment at their outlets. He said that the challenge to the sector is how to efficiently serve the customers cost effectively and to find a digital space for loan disbursement.

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Mr Ravi Singh

While listing the achievements of Itz Cash, he talked about how his organisation is the first non-banking institution in India to have direct VISA membership. He also talked about the prospects for collaboration between different partners and explicated how it can help the collaborators to not only co-exist but to march towards a sustainable growth environment. He explained that the loan portfolio is 84%, and it helps them grow and make more money to help solve others problems. While talking about the contribution of his organisation he stated that they help by collecting cash and last year alone the cash collection was around 100 crores. He further stated that they plan on establishing pure MFI partnership in order to ensure efficiency of different programmes.

Mr Samaresh Parida

Mr. Samaresh talked about how Financial Inclusion has been encouraging livelihood in countries like India, Tanzania, Africa, Kenya, etcetera. Adducing the experience of his Kenya visit, he explained how M-Pesa caught his attention. Established in 2007, today M-Pesa transacts about 25 billion dollars (whereas the total GDP of Kenya is around 40-45 billion dollar) by largely operating through mobile. He stated that though there has been digitalization of the banking sector in India, but that could not match the success of innovations like M-Pesa. While emphasising the significance of technology in this sector, he explained how technology is bridging the gap of getting the people from the bottom of the pyramid to the centre. He further elaborated that the opportunities are huge despite of the hurdles but suggested that we need to understand that this is not for charity and should make business sense and to have a business model is a prerequisite as it would ensure efficiency of such an enterprise.

Mr Ajay Desai

Mr. Ajay explained that the scope is huge for the MFIs to grow in India and suggested that the need of the hour is to provide a conducive environment wherein MFIs can flourish. While addressing the issue of competition with different players coming in the picture, he metaphorically explained that the pie is too big and each player will get its share and hence more than competition, there is a huge scope for collaboration. He cited the example of Yes Money service that was established five years ago and was urban to rural remittance service, with partners like Itz Cash, Oxygen and Suvidha. He explained that these partners now have started providing with their own network. Before this, he described there was no formal sector to provide service than the India postal Service that charged 5% and took 5 to 15 days to deliver money.

“The pilot is the stage to figure out the operational aspects, and not to constantly question the partnership and if we keep questioning it, it will never go beyond the pilot stage”

BREAKAWAY: Session 7

Bringing Unregulated MFIS under Strategic Framework and Reporting Mechanism: Future and the Role of Different Agencies



Moderator:

Mr Brij Mohan, Sector Expert

Speakers:

- Mr Pankaj Jain, Joint Secretary, DFS, MoF, Govt of India
- Ms Scenta Joy, GM, RBI
- Mr M R Umarji, Legal Expert
- Mr Mukul Jaiswal, MD, Cashpor Micro Credit
- Mr Parshuram Nayak, Director, SMCS

Mr Brij Mohan

Setting the tone for the session, Mr Mohan reflected on the collaborative efforts that he had taken part in, over the years, to facilitate the ease of operation for those MFIs that have been dedicatedly working on ground. He explained how different Micro Finance organisations are working towards the constitution of a Micro Finance Act that would facilitate better administration and smoother operations. He said that he always hoped that with the setting up of a regulator, a certain amount of legitimacy will also be attached to the microfinance activities and that is a very strong safeguard for the smooth operations of MFIs.

He appreciated RBI's initiatives to issue guidelines to regulate the institutions which were NBFCs. He explained how through this initiative, a major issue of regulation was addressed for a very large segment which accounted for about 80% of their clients. He further elaborated how smaller institutions which are working in limited geographies, have a much higher client linkage, special target groups and are keen to serve their clients but are not able to become NBFC. He urged that there should be some sort of a regulation that will cater to the needs of such organisations. He said that there has been a feeling in the Ministry of Finance that some sort of a regulation in whatever form it can come, would be a good alternative to the Micro Finance Act and further explained that once we have that sort of a regulation in place, then Micro Finance Act is not even that necessary. He argued that microfinance being a sector that looks after the poor and marginalised sections of the society, is subject to political sensitivity, so to get an act passed for the MF sector is not an easy job. He said that keeping these factors in mind, the panelist will talk about the possibilities available to them as a Micro Finance sector to get a bill passed. To conclude, he said that even if we are unable to have an act or a regulation, a good clarification on the system of MF operations is very necessary. Explaining this further, he said that the directory on MFIs has been circulated at the district level in all States and to the police headquarters with an aim to inform people about the genuine organisations. He urged the panelists to come up with some suggestions to the government that could take care of some of the problems that MFIs are facing.

Mr Mukul Jaiswal

Mr Jaiswal said that his first contact with microfinance was way back in the nineties and he was moved by the way microfinance attempted to influence the lives of the poor and the marginalized. He soon realized that If the objective is poverty alleviation but the mode of operation is for profit, the three stakeholders are client, management and the entrepreneur. In for profit concerns, there are chances that the management or employees will fail to understand the purpose and the interest of the clients will be affected. This realization is what led him to establish a section 25 company instead of a for profit concern.

In the current circumstances, the concern over access to finance has reduced substantially in even states like Bihar and Uttar Pradesh. Expanding the portfolio of services, Mr Jaiswal has now decided to work in the sectors of health and education as well. This would mean his organization would function as direct lender, business correspondent to other banks and also as an aggregator. The choice of thematic sectors has been done so as to address the issue of inter-generation poverty as well. Mr Jaiswal reflected on the incident where five of his employees were imprisoned as they were not able to produce any paper from RBI or SEBI. Drawing conclusion from this experience, he emphasized that it is difficult for organizations to function without a proper regulator. A regulator is also necessary to keep in check the mushrooming MFIs in the rural areas.

Mr Parshuram Nayak

Mr Nayak recalled the struggles that his organization had to face in managing transactions and proper documentation. He had eventually sought help of politicians who had advised him to put up the papers on the notice boards which eventually helped them avoid harassments at various entry points. He stressed that the lack of awareness among government officials must be addressed and issue like this must be brought up and discussed at the SLBC and DCC meetings. This can help reduce the mis-understandings and misinterpretations.

Mr Nayak also spoke about the surplus tax that is currently being charged in the eastern regions although the organizations in the south are free of the surplus tax. He stressed on the need of homogeneous policies and the fact that the regulation body must institute and enforce these policies. He also said that there is a difference between non-profit NGOs and MFIs. This must be clarified to the central and the state government to avoid confusions and actions must be taken at the earliest to ensure that none of entities are affected due to the lack of awareness and understanding.

Mr M R Umarji

Mr. Umarji working with the government of the legal department and during the course of his work, he had also interacted with Sa-Dhan. The purpose of the engagement was to draft a law for the regulation of the MFI's. With the active participation of top executives, the draft was made and presented to the Finance Minister. The draft was subsequently introduced in the parliament but was rejected. With the issue unregulated MFIs at hand, in 2011 another draft was made assuming that NABARD would be the regulator but instead RBI was elected for the regulation of MFIs. The third draft was made with the establishment of Mudra but was also rejected on the argument that with the existence of a body like RBI as the regulator, there is no need of creating another apex body.

Ms Scenta Joy

Ms. Scenta Joy deliberated on the issue of credit-information that she feels is emerging in contemporary world. She said that there are some credit institutions that are reporting to credit information companies such as the CIBIL, Experian, Equifax's, Highmark. According to the Credit Information Act, 2005 credit institutions were listed like banks, NBFC's, Public Institutions or any one that the RBI specifies. She endorsed the concept of providing credit-information rationalizing that credit information provides the information one may need before lending money to the borrower thus bridging the gap between the borrower and the creditor.

Mr Pankaj Jain

Consolidating the whole session, Mr Jain said that opinion may differ with regards to Regulatory framework. He explained that a single regulatory body will not be able to do justice to the diverse operation patterns of institutions like MFI, NBFC-MFI and NGO. This is because these bodies have different needs and purposes and regulation of these bodies will require a customized approach. He further said that there should be a two-way relationship between the law bodies and different institutions. In order to explain this point, he said if the law gives protection, then the privilege also comes with responsibilities.

BREAKAWAY: Session 8

Peer To Peer Lending: Impact of the Proposed Regulatory Framework on the New Avenues of Financing



Moderator:

Mr C D Srinivasan, CGM, RBI

Speakers:

- Mr Ramakrishna N K, CEO, Rang De
- Mr Sanjay Dharba, CEO, Peerlend
- Mr Arvind Malik, CEO, Udyogini
- Mr Vinay Mathews, Co-Founder, Faircent

Mr C D Srinivasan

Mr. Srinivasan explained how different organizations are trying their best to see how regulations can be framed for this very nascent sector, a very new category of NBFC. He further explained that the RBI has sent the proposal to the Government for having a special category of NBFCs called Peer to Peer lending platform. He further explained how there are already players within this sphere but they are unorganized. However, they are keen to join a regulated sector.

While defining P2P, he said that it is another form of financial intermediation and further explained that it could serve as a platform for multiple lenders to lend money to multiple borrowers. Addressing the panelists he said that they are trying to build the relationship between the lenders and the borrowers in the most facilitating manner so that the lender gets a reasonable return for the money he is investing and the borrower can make use of that money in the best possible manner for the economy to grow. He explained that in this manner the organizations that the panelists represent acts as an intermediary. He further said that this P2P is already cutting across all the spheres of the financial ladder; be it high networth individual or be it the people at the bottom of the pyramid, P2P has already started spreading its root in every part of the hierarchy. He asked the dignitaries to focus on different measures that are required to ensure proper working of these intermediaries and asked the experts to also talk about the different challenges that they as an un-regularized entity face.

Mr Ramakrishna N K

Mr. Ramakrishna stated how his organisation started with the sole mission to truly serve the underserved in this country. He further explained that his organisation defined this under-served sector as First time borrowers. He said that they reached out to them through an extensive network of partners, mostly NGOs and civil society organisation. Mr Ramakrishna further went on to say that there are many others regulations happening in the form of payment banks, UPI, Aadhar etc. He said that there is an opportunity for a platform like Rang De to partner with the payment banks and offer credit to women of low income group. He said that what is amazing about this model which would emerge with such a collaboration is that women could decide for herself and design a loan product on demand.

Mr Vinay Mathews

Mr Vinay while describing the framework of his company said that they are a peer to peer lending platform which aggregates lenders on a side and the borrowers on the other side and sets up meetings for them. He further said that it is a platform that is highly curated platform not free for all. He explained that, out of 100 people 90-95 are excluded. To ensure that the curation happens they use technology, in a single click they can access information regarding the borrower. The technology shortlists the borrower and the next stage is of the risk managers called the underwriters, who look deeply into the profile of the borrower. A lender can lend only 20% of the borrower's requirement as they try to cut down risk for the lender splitting according to the amount of loan.

Mr Sanjay Dharba

Mr Sanjay talked about the journey so far for the microfinance that is predominantly been rural and semi-urban. There are many micro finance companies working in remote areas whereas, P to P is urban. Drawing insights, he said that the P to P in India does not work beyond semi-urban at max. Another point he presented was that micro finance customers are usually called members providing an emotionality and a subjectivity whereas with P to P lending platform there is a market attitude, the customers are lenders and borrowers who are individuals. Microfinance loans are taken mainly for income generation whereas P to P loans are taken as personal loans. Concluding, he said that he wanted to point out that MFI and P to P lending platforms are completely different.

Mr Arvind Malik

While talking about his organisation, Mr Malik explained the nature of their work requires them to work majorly in rural areas and it is oriented towards promoting poor women especially women entrepreneurs. For the past 6 years they have been partners with Rang De that has led them to practice and gain experience on field. Describing their interests, he told that they deal with the unreached because banks do not serve them, as the unreached do not provide them with the purpose that can be catered to. His take away from the model is that it as an integrated kind of model where the investors are looking at people, what they are doing and for what purposes they require money. He finds the entire model to be working on trust relationship, awareness and knowledge.

“Peer to Peer is an another form of financial intermediaries.

Where it could be multi-multi, where multiple lenders can borrow from multiple lenders.”



Deepening of Microfinance: Responsible Finance and New Models



Moderator:

Ms Ragini Bajaj, Private Sector Development Advisor, DFID

Speakers:

- Dr Hema Bansal, Director, South and South East Asia, Smart Campaign
- Mr Debasis Raychoudhari, CEO, Bandhan Konnagar
- Mr G B Bhuyan, GM, Bank of Baroda
- Mr Parijat Garg, AVP, Business Development, Crif Highmark
- Mr Vijay Pratap Singh Aditya, CEO, Kgaon Technology

Ms Ragini Bajaj

Ms. Bajaj started off the session by explaining that the session is about two distinct aspects; one is about the deepening of Micro Finance outreach; and the other is about responsible finance. She further elaborated how both the aspects fall under the gamut of social performance management. She explained that social performance management means that MFIs or any other institution working for some social objective need to also monitor and measure their social performance in a similar way in which they measure their financial performance. She enumerated that there are three aspects of social performance, one is who you are reaching out to, second being what services you are providing and how and the third aspect is what are the changes you are looking for your target client.

She urged all the MFIs to review their agenda and see if the answers to all the three aspects of social performance are embedded in their mission. While talking about the deepening of Micro Finance outreach, she explained that this is about who Micro Finance Institutions are trying to reach, and further described that once you answer who MFIs are reaching to, you can answer what services you can offer and how. Ms. Bajaj while concluding the session said that the panel talked about diverse issues from knowing the needs of clients to not treating them as a homogenous group. As a suggestion to the MFIs she said that knowing target clients is of utmost importance and only when the MFIs do that, they can make substantial change in the lives of their target population.

Mr Debasis Raychoudhari

While talking about the different policies of the Bandhan Bank, Mr. Debasis cited a personal example and described that after running different operations for about six years they realised that there was a segment of women who were not coming forward to be a part of the Micro credit groups. He explained how they were living without any support with no access to opportunities and hardly possessed any skills, he further elaborated how this group was not financeable and there was a need to devise a different strategy that was not needed to be credit driven but more capacity driven. He talked about the significance of educating that group both in terms of traditional education and skill training and explained how once educated and trained, they became a part of the larger ecosystem. He also talked about the importance of linking such groups to the MFIs in order to ensure their sustainable growth.

Mr Vijay Pratap Singh Aditya

Mr. Vijay pondered on the significance of using technology in the MFI sector and elaborated how it can drastically change the present scenario in terms of bridging the gap between MFI policies and people who are at the bottom of the pyramid. He explained how there is a lot of data that is being generated in terms of transactions with the customers, and explicated the need of maintaining that data. He proposed that in such a scenario, technology can play a very prominent role in documenting the data which will eventually facilitate future researches. He said that technology plays a role not only in assessing the data but also in analysing trends which can be useful for the policy makers to design products that caters to the specific need of the customers.

Dr Hema Bansal

Ms. Hema talked about the evolution within the MFI sector and explained that in today's scenario with regulations in place we have come a long way, and it is no more a competitive disadvantage to be transparent, rather it is an advantage. She described that responsible finance is basically set in three ways, vis. regulation, code of conduct and financial capability. She also said that there has been a lot of progress within the large institutions.

Mr G B Bhuyan

Mr. Bhuyan spoke on the issue of poverty at the onset by stating that even after so many years and after so many different governmental and institutional policies, poverty hasn't reduced. He explained that over the last 12 years, MFIs have played a big role and the growth of 60% is noted, despite of this, he explained that there is a need to change our own attitude towards the MFIs. On one hand there has been tremendous interest being generated from the investors companies and on the other MFIs are facing ideological challenges. As some suggestions to the MFIs, he enumerated that there should be some changes in customer services, technology needs to be adopted, and MFIs should devise some methodology to ensure that policies are properly implemented.

Mr Parijat Garg

Mr Garg said that he has been associated with the credit bureau institution and the microfinance sector since 2011, at a time when the industry was recovering from a critical situation. One of the key directives at that time was to control over-leveraging and over-debts. During that time the kind of reports that credit bureaus provided, became the yardstick for institutions to understand what leverage a borrower could have with the various players. It was also supported by the regulations and code-of-conduct guidelines provided by Sa-Dhan and MFIN, which facilitated the use of credit bureau reports and ultimately helped prioritize customer interest. Mr Garg said that the last few years have seen tremendous growth with the NBFC, MFI sector value alone becoming three times its original. This phenomenal growth has been possible because of the support provided and it has also led to streamlined operations. Despite concerns in some pockets, the overall scenario has been very promising. This has been possible because there is an objective mechanism today, available through credit bureau reports to understand the nature of debts that the poor have. Through gradual increase in the adoption of technology and digitization of data, an improvement in KYC has been observed. The quality of information has also improved. The current drive from Sa-Dhan and MFIN on the adoption of Aadhar as one of the key KYC parameters has also catapulted compliance rate. Mr Garg added that this step will also help in ensuring that the right people are getting funds and that the funds are being utilized properly.

**“It is necessary to know your clients well,
understanding their needs and to not treat them as a homogenous loop.”**

Bringing It All Together: Scope for Institutional Partnerships in Achieving Sustainable Development Goals (SDGs).



Dr. Harsh Kumar Bhanwala, Chairman, NABARD

Ms. Jayshree Vyas, Chairperson, Sa-Dhan

Mr P Satish, ED, Sa-Dhan

Mr. P Satish, ED, Sa-Dhan has welcomed Dr. Harsh Kumar Bhanwala and thanked the audience to be a part of the conference. He said that Micro finance sector has a huge potential and there is a need for sustainable development for which DFID like NABARD, SIDBI, MUDRA, NHB and other agencies are supporting.

Dr. Harsh Kumar Bhanwala, Chairman, NABARD, spoke about an array of sustainable development goals in financial inclusion which is about providing money at one step and not just at door step. As per his views, sustainable development has a natural link with financial inclusion and social inclusion along with sustainable development is an integral part of an MFI's mission.

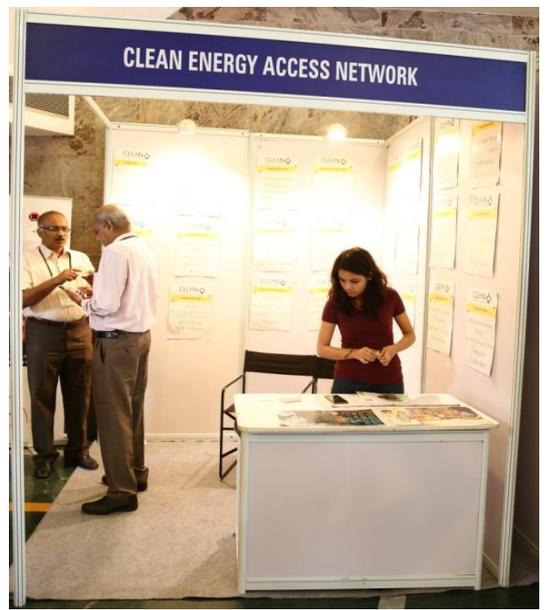
As per NSSO survey done 2 years ago, rural residents and some urban residents are still excluded even after 105 crore aadhar accounts, 24 crore bank account under Prime Minister Jan Dhan Yojna were opened. NABARD is doing well through SHG Bank linkage programme through which tremendous growth in annual disbursement, SHG credibility and coverage households is seen. This is close to 50% in the rural area and financial inclusion is nearly 50%. Apart from this it's also doing certain activity for development like SHG linkage programme on IT platform, sanitation, solar energy, clean energy and natural calamities. NABARD has been given accreditation by the two funds from UNSE for adaptation purposes and green climate fund created for adaptation and mitigation. RBI granted licence to payment bank, small finance banks, postal banks, peer to peer lending for upliftment of livelihoods which is ultimate form of financial inclusion. NABARD has launched a pilot programme for SHGs development. Further, NABARD has enhanced its interaction with different entities like NBFC-MFI, NRLM and SIDBI to enrich sustainable goal through financial inclusion as well as enhancement of financial literacy, infrastructure development and enhancing enterprise creation. However, increase in financial inclusion would increase the GDP of the country.

Ms. Jayshree Vyas, Chairperson, Sa-Dhan drew to a final close with a "Vote of Thanks" and extended her gratitude to all the speakers, sponsors, participants and Sa-Dhan team.

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STALLS



MFIs see higher growth in urban India than rural: Report

SPECIAL CORRESPONDENT

NEW DELHI: Over the last year, microfinance institutions (MFIs) have seen their business grow faster in urban India than in rural, according to an annual report by Sa-Dhan, the self-regulatory body for MFIs.

In addition, the report finds that these loans are being put to increasingly productive uses with a higher proportion of them going towards income generation than before.

"In 2016, total loan amount disbursed increased by Rs.13,433 crore over 2015,

there is a growth of 23 per cent where amount increased in rural areas by 14 per cent and in urban areas by 27 per cent," the Bharat Microfinance Report 2016 said.

The report also found that 94 per cent of the loans disbursed in 2015-16 were used

for income-generating purposes, up from 80 per cent in the previous year.

Income generation

"In 2011, RBI (Reserve Bank of India) regulation stipulated that a minimum of 70 per cent of the MFI loans are to be deployed for in-

come generating activities," the report said.

"Analysis of the loan portfolio held by reporting MFIs for 2014-15 and 2015-16 shows that the proportion of income generation loan to non income generation loan is 94:06."

Within the income-gener-

ating loans, the report found that the largest proportion—39 per cent—went to the animal husbandry sector, followed by 29 per cent to the trading & small business category.

Agriculture received 15 per cent of the loans, according to the report.

Microfinance lending hits \$10 b

In FY16, MFI industry grew 31% and 28 lakh members were added to client base, finds Sa-Dhan report

OUR BUREAU

New Delhi, September 14

India's microfinance industry is close to touching the \$10-billion mark with the total loan portfolio of microfinance institutions (MFIs) at an all-time high of ₹63,853 crore as of March 31, 2016.

This represents a 31 per cent increase over the ₹48,882 crore loan portfolio as of end-March 2015, the Bharat Microfinance Report 2016 showed. The share of NBFC-MFIs stood over 88 per cent, followed by Societies and Trusts at 9 per cent. Nearly 88 per cent of the portfolio



In 2015-16, the average loan per borrower of ₹11,425 was less than the previous year's ₹13,162

is held by MFIs with a portfolio size above ₹500 crore. The Bharat Microfinance Report 2016 — published by self-regulatory organisation Sa-Dhan — was released by Reserve Bank of India Executive Director US Paliwal and SIDBI Chairman and Managing Director

Kshatrapati Shivaji in the Capital on Wednesday. The sector witnessed a healthy growth in client base with over 28 lakh new members taking the total number of clients to over 399 lakh. But the average loan per borrower of ₹11,425 is less than previous year's ₹13,162.

MFI loan portfolio continued to grow at a good clip despite Bandhan, which was then the largest MFI, becoming a bank. If Bandhan's loan portfolio of ₹9,524 crore of 2014-15 is excluded, then the growth rate of the MFI sector between 2014-15 and 2015-16 is over 60 per cent, said P Satish, Executive Director, Sa-Dhan.

"Despite Bandhan going out of the microfinance space, the sector witnessed strong growth. Attaining over 28 lakh clients is no mean feat. This goes to show that the microfinance industry, having reached its inflection point, is growing steadily," Satish added.

Satish, however, expressed some concern over 13 MFIs recording over 100 per cent growth rates. He also said that MFIs are finding the business correspondent model rather attractive on the credit side.

<http://www.thehindubusinessline.com/money-and-banking/microfinance-lending-hits-10-b/article9108049.ece>

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Microfinance lending hits \$10 b

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In 2015-16, the average loan per borrower of ₹11,425 was less than the previous year's ₹13,162

<http://www.thehindu.com/business/Economy/mfis-see-higher-growth-in-urban-india-than-rural-report/article9115834.ece>

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NEW DELHI, September 17, 2016

Updated: September 17, 2016 00:08 IST

MFIs see higher growth in urban India than rural: Report

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Over the last year, microfinance institutions (MFIs) have seen their business grow faster in urban India than in rural, according to an annual report by Sa-Dhan, the self-regulatory body for MFIs.

In addition, the report finds that these loans are being put to increasingly productive uses with a higher proportion of them going towards income generation than before.

<http://www.livemint.com/Industry/4Zb0zp5yOh0toqEdBFz4jL/Indias-microfinance-industry-clocked-60-growth-in-fiscal-2.html>

India's microfinance industry clocked 60% growth in fiscal 2016: Report

Of the total client base of 39.9 million of microfinance firms, the southern region alone contributed to 39% of the total client base

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<https://www.microfinancegateway.org/library/bharat-microfinance-report-2016>



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The Bharat Microfinance Report 2016

PAPER

DATE PUBLISHED: Sep 2016

PUBLISHER: Sa-Dhan

DOCUMENT TITLE	PAGES	SIZE
The Bharat Microfinance Report 2016	132	4.78 MB

An in-depth review of primary data on India's microfinance sector

Publication: Business Standard	Edition: Online	Date: 14.09.2016
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http://www.business-standard.com/article/pti-stories/microfinance-industry-clocked-60-pc-growth-in-fy16-116091401095_1.html

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Press Trust of India | New Delhi
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<http://www.financialexpress.com/industry/banking-finance/microfinance-industry-clocked-60-per-cent-growth-in-fy16/377508/>

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Microfinance industry clocked 60 per cent growth in FY16



http://www.moneycontrol.com/news/business/microfinance-industry-clocked-60-growthfy16_7455581.html

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Sep 15, 2016, 09:42 AM | Source: PTI

Microfinance industry clocked 60% growth in FY16

Country's microfinance industry pegged at Rs 63,853 crore in 2015-16, posting a growth of 60 percent year-on-year, said a report.

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Country's microfinance industry pegged at Rs 63,853 crore in 2015-16, posting a growth of 60 percent year-on-year, said a report.

The high growth rate continues, despite Bandhan, which was the largest MFI, becoming a bank, Sa-Dhan's Bharat Microfinance Report-2016 released today said.

<http://profit.ndtv.com/news/banking-finance/article-indias-microfinance-industry-clocked-60-growth-in-2015-16-1458735>



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India's Microfinance Industry Clocks 60% Growth In 2015-16: Report

Press Trust of India | Last Updated: September 14, 2016 21:32 (IST)

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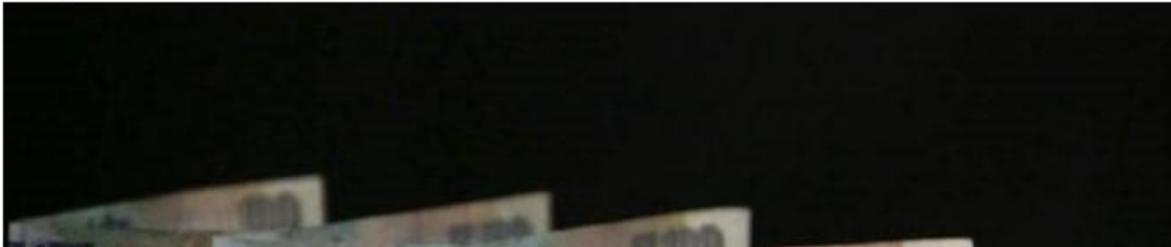
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<http://www.businesstoday.in/current/economy-politics/microfinance-industry-clocked-60-percent-growth-in-fy16/story/237333.html>

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'Microfinance industry clocked 60% growth in FY16'

PTI Last Updated: September 14, 2016 | 00:00 IST



<http://indiamicrofinance.com/2017-2016-bharat-report.html>

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MICROFINANCE REPORTS

By Abhay N / September 14, 2016

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Sa-Dhan, India's premier body of development finance institutions has released it's latest report on the status of microfinance in India for the FY2015-16. The report titled the Bharat Microfinance Report provides the latest data and statistics about the micro-finance sector in India. The much anticipated report serves as a barometer of the sector for Indian MFI's, researchers, regulators and policy makers.

You can download the latest version of the report at the link below. The next report with

up-to-date statistics on Indian Microfinance Companies will be released in September 2017.

<http://knnindia.co.in/news/newsdetails/knowledge-resource/microfinance-industry-mfi-pegged-at-rs-63-853-crores-grows-over-60-y-o-y>



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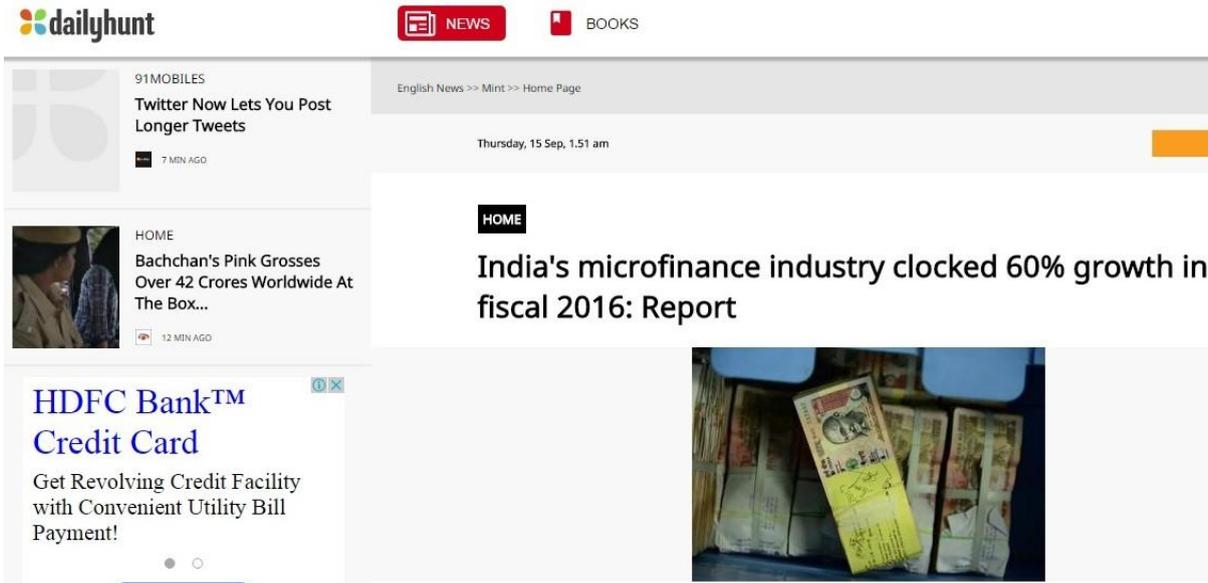
Microfinance Industry (MFI) pegged at Rs. 63, 853 crores; grows over 60% y-o-y



New Delhi, Sep 15 (KNN) According to Sa-Dhan's "Bharat Microfinance Report – 2016", the Indian microfinance industry is pegged at Rs. 63,853 crores making it about US\$ 10 billion industry.

The industry is beginning to see benefits of scale with reduced interest for borrowers. The top 10 NBFC-MFIs contributing 80% of the sector's Gross Loan Portfolio or over Rs. 40,000 crores have a weighted average interest rate of 23.13%, far below the 26% max cap under PSL guidelines.

<http://m.dailyhunt.in/news/india/english/live-mint-epaper-livemint/indias-microfinance-industry-locked-60-growth-in-fiscal-2016-report-newsid-57925300>



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India's microfinance industry clocked 60% growth in fiscal 2016: Report

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<http://www.brunchnews.com/moneycontrol-com/business/nifty-holds-8700-amid-consolidation-rel-cap-top-midcap-gainer-5078577>

Microfinance industry clocked 60 pc growth in FY16

Moneycontrol.com Business Sep 14, 2016

Country's microfinance industry pegged at Rs 63,853 crore in 2015-16, posting a growth of 60 percent year-on-year, said a report. [Read full coverage](#)

Tags: PTI, microfinance, Sa-Dhan's Bharat Microfinance Report, Bandhan, MFIs , NBFC



<http://indiamicrofinance.com/bandhan-bank-loan-portfolio-mfis-rs-1000-cr.html>

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Bandhan Bank to increase loan portfolio for MFIs to Rs. 1,000 cr

SEP 14, 2016



Bharat Microfinance Report 2016 -2017 Released

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Indian Microfinance Industry touches Rs. 64,000 Crores for 2016 - 2017

Bandhan Bank to increase loan portfolio for MFIs to Rs. 1,000 cr

MICROFINANCE

By Abhay N / September 16, 2016

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Speaking at Sa-Dhan National Conference, **CS Ghosh** – MD & CEO, Bandhan Bank said, “It has been a long journey for the microfinance industry. It is heartening to see where it is today, despite the many obstacles it faced.” He said that Bandhan Bank has lent Rs. 325 crores to 8 MFIs across 5 states and added, “There are certain rules we as a Bank have to adhere to. We cannot have excess of unsecured loans. While there is passion, there are also limitations. But we hope to increase MFI loan portfolio to Rs. 1,000 crore this year.”

Moderating a session with parliamentarians and microfinance institution clients, **Vijay Mahajan**, Founder & CEO – Basix, acerbically noted that, “The Andhra Pradesh legislation almost killed the industry, it is criminal. What the legislation has done is that it has not only crippled those who were supporting poverty alleviation in the state but also created 65 lakh loan defaulters in the state.”

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