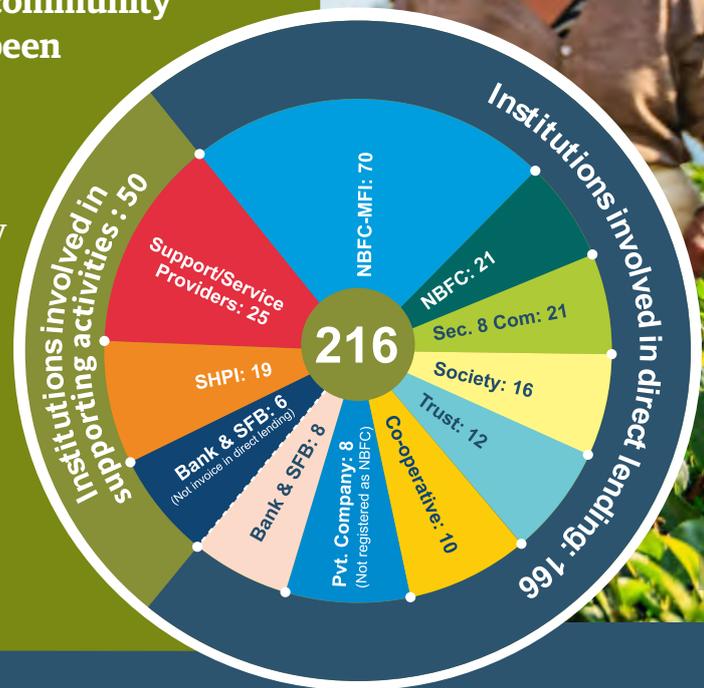




Sa-Dhan: Promoting Inclusive Growth

Sa-Dhan is the first and the largest association of community development finance institutions in India. It has been operational for over two decades.

Sa-Dhan facilitates member development, expanding outreach of existing programs, launch new initiatives and engage in policy advocacy for a favorable environment for microfinance in the country. RBI has recognized Sa-Dhan as a **Self-Regulatory Organization (SRO)** for the microfinance sector in 2015. It monitors and ensures smooth functioning of microfinance operations. Sa-Dhan's member institutions, numbering to 216, reach out to over 44 million clients with loan outstanding of more than ₹1,19,377 crores.



Repositioning of Sa-Dhan

Along with the three decades of walk of Indian microfinance industry, Sa-Dhan is also nearing its 25th year milestone of being a major influential force in the sector. Sa-Dhan was formed in 1999 when microfinance activities had been just taking shape in the country.

Over the period, microfinance industry has seen several changes, including arrival of many new players. Recently, FinTechs are fast emerging as swift and efficient providers of small credit. Microfinance sector, hitherto, not covered by any specific regulation, was brought under the ambit of regulations of RBI, first in 2012 and thereafter, recently with a revised guideline, in March 2022. With the recent regulatory guidelines, there has been a harmonization of norms across industry players. RBI also appointed Self-Regulatory Organisations (SRO) including Sa-Dhan, for overseeing the activities of MFIs, with a special focus on client protection and responsible lending. In addition to micro credit many other developmental areas were opened up in the subsequent period. Many social impact players working on Sustainable Development Goal (SDGs) of UN, climate change related issues, ESG (Environmental, Social, and Governance) etc. came into being. Furthermore, Impact Funding is growing in scale and to cater to these diverse sustainability goals. Sustainable Development has become the buzzword. All these have a direct impact on the lives of the poor people in the country and points to the fact that their sustainable development has to have a multi-pronged approach with integration and collaboration of all these initiatives. Therefore, the focus is moving from financial inclusion to inclusive growth.

Rationale for Repositioning of Sa-Dhan

The direction of an institution is set by its vision, mission and goals. Sa-Dhan set its vision and mission in 1999, nearly 23 years back, when SHG Bank linkage was the major microfinance activities. With the rapid changes in the external environment and emergence of new players catering to the low-income segment, as described above, it is the perfect time for Sa-Dhan to reposition its mission and goals, without changing its basic DNA. This will enable Sa-Dhan to realign its resources and remain relevant, agile, visible and impactful to the needs of this crucial sector in the coming years. Sa-Dhan wishes to be the **Inclusive industry body and impactful SRO** to cover the fast emerging and vital segments such as SDG goals, Impact financing, Fintech, ESG (Environmental, Social and Governance) etc.

As a first step the Tagline, Vision, Mission and Goals are revised as under:

Tagline

Fostering Inclusive Impact Finance.

Vision

Promoting an economically and socially empowered inclusive society.

Mission

To promote and foster inclusive impact finance institutions to support low income households, particularly women, to achieve stable livelihoods, improve their social and financial wellbeing and quality of life and fulfill Sustainable Development Goals.

Goal

The Goal of Sa-Dhan is to develop, promote and support ecosystems of Impact Financing institutions which enable Inclusive Growth, equity, gender equality and sustainable development in the society and for which undertake, support and facilitate the following:

1. Be the facilitator of Impact finance in India.
2. Provide common platform for advocacy, representing different models and approaches to Inclusion with focus on microfinance in India and elsewhere in the world.
3. Function as SRO of choice, focusing, representing and protecting interest of all stakeholders in microfinance ecosystem including customers, lenders, regulators.
4. Promote transparency and good governance among all members.
5. Facilitate and promote enterprises among weaker sections of society, especially the women.
6. Support and address gender issues, with a focus on women empowerment.
7. Act as a catalyst from financial inclusion to digital inclusion and Inclusive Growth of Bottom of Pyramid clients.
8. Be a catalyst and contribute to social development goal of the country.
9. Work, support and facilitate issues of global and national interest like climate change, compliance to ESG etc.
10. Enable action research, development of tools and resources that facilitate dialogue and synergy of best practices between different operating models and stake holders.

Member Relations & Capacity Building

Handholding & Capacity Building of Small & Medium-sized MFIs: Extended capacity-building support to about 70 small & medium MFIs across India.

Client Interfaces on Financial Inclusion: Provides platform for lawmakers and policymakers to directly interact and listen to the perspectives of the clients.

State Level Member Meets: Organizes state-level member meets round the year with regional heads, to understand the field-level situation in the states.

Digital Financial Literacy Training: Imparted digital financial literacy training with animated videos in vernacular language to Clients and Last Mile Agents.

Webinars on Best Practices and Contemporary Issues: Creates platform to exchange Best Practices in various thematic areas such as Risk Management, HR Management, Regulatory Compliance, Grievance Redressal, where practitioners and experts come together and share their unique practices in the sector.

Special Projects

Sa-Dhan is involved in carrying out special projects aimed at developing new products and processes for the microfinance sector with the help of various donor agencies.

Digital Ecosystem for Improving Access to Finance for the unbanked.

Financing Water and Sanitation projects.

Affordable Housing for Economically Weaker Section (EWS).

Adoption of Renewable Energy.

Promoting Climate Resilient Agriculture.

Thematic focus of Sa-Dhan's work



Engagement with Key Stakeholders

Sa-Dhan engages regularly with Government of India, State Governments, RBI, NABARD, SIDBI and MUDRA in policy matters and other developmental initiatives for the growth of microfinance sector and has achieved several successes. It has been part of various committees constituted at the policy level by GOI, RBI and NABARD.

Recent engagements of Sa-Dhan on policy advocacy

1. **Relief measures during COVID:** Relief and liquidity support for the microfinance sector such as moratorium, restructuring of loans, certain relaxations in guidelines of Additional Special Liquidity Fund (ASLF) for small and medium MFIs, Special Liquidity Funds such as TLTRO 1 & 2 from NABARD/SIDBI, Partial Credit Guarantee Scheme and Credit Guarantee Scheme.
2. **PMSVANidhi Scheme:** Design and take-off of the PMSVANidhi Scheme for street vendors.
3. **Multi stakeholders Meet:** Multi-stakeholder interfaces at national, state and zonal levels to bring together its members and other agencies including investors, banks, bulk lenders, other lenders as well as policymakers.

Regulatory Framework & Compliance

Sa-Dhan was involved in framing new sectoral regulations for the microfinance sector post the legislation introduced by AP Government, restricting the operations of MFIs. Recently, it has also provided necessary inputs to RBI to develop the new regulatory framework which became operational from 1 April 2022 and has shared feedback on its implementations.

Annual National Conference and Regional Interfaces

Sa-Dhan organizes an annual national conference on Financial Inclusion which is an important networking platform for its members. This has been the benchmark forum for a diverse set of panelists and participants to share and learn from each other. The participants include community leaders, SHG-Federation leaders, lawmakers, regulators, leading financial institutions, government representatives, bankers, and academicians.



Data compilation, Research and documentation

Bharat Microfinance Report, an annually published sector report containing operational and financial information of over 215 institutions, working as per the industry standards set by Sa-Dhan.

Q-MF - Sa-Dhan's Quarterly Microfinance Report reflects the latest sectoral changes and helps in updating the stakeholders with information about the status of the microfinance sector on a quarterly basis.

Microfinance Directory provide authentic data of registered MFIs operating in India.

Self-Regulation Organization (SRO)

Reserve Bank of India has recognized Sa-Dhan as an SRO for NBFC-MFIs. The primary roles and responsibilities entrusted to Sa-Dhan include formulating and administering a Code of Conduct having a grievance and dispute redressal mechanism for the clients of NBFC-MFIs, the responsibility of ensuring borrower protection and education, monitoring compliance by NBFC-MFIs with the regulatory framework put in place by the Reserve Bank of India, training and awareness programmes for the members.